

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK

AUDIT REPORT FOR THE YEAR ENDED  
JUNE 30, 2018  
INCLUDING REPORTS ON FEDERAL AWARDS  
AND EXTRACLASROOM ACTIVITY FUNDS

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
JUNE 30, 2018  
TABLE OF CONTENTS

<u>SCHEDULE NUMBER</u>	<u>SCHEDULES</u>	<u>PAGE</u>
	<b>Independent Auditor's Report</b>	1 - 3
	<b>Management Discussion and Analysis</b>	4 - 14
	<b>Basic Financial Statements</b>	
1	Statement of Net Position	15
2	Statement of Activities	16
3	Balance Sheet - Governmental Funds	17
4	Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	18
5	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
6	Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
7	Statement of Fiduciary Net Position	21
8	Statement of Changes in Fiduciary Net Position	22
	Notes to Financial Statements	23 - 65
	<b>Required Supplementary Information</b>	
SS-1	Schedule of Changes in the District's Total OPEB Liability and Related Ratios	66
SS-2	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	67 - 68
SS-3	Schedule of the District's Proportionate Share of the Net Pension Liability	69
SS-4	Schedule of District Contributions	70
	<b>Supplementary Information</b>	
SS-5	Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund	71
SS-6	Schedule of Capital Projects Fund - Project Expenditures and Financing Resources	72
SS-7	Net Investment in Capital Assets	73
	<b>Federal Award Program Information</b>	
	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 <i>Government Auditing Standards</i>	74 - 75
	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	76 - 77
	Schedule of Expenditures of Federal Awards	78
	Notes to the Schedule of Expenditures of Federal Awards	79
	Schedule of Findings and Questioned Costs	80 - 81
	<b>Extraclassroom Activity Fund</b>	
	Independent Auditor's Report	82 - 83
	Statement of Assets, Liabilities and Fund Balance - Cash Basis	84
	Summary of Receipts and Disbursements - Cash Basis - High School	85
	Summary of Receipts and Disbursements - Cash Basis - Middle & Intermediate	86
	Notes to Financial Statements	87



**Nugent & Haeussler, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
ESTABLISHED 1925

101 Bracken Road  
Montgomery, New York 12549  
Tel (845) 457-1100  
Fax (845) 457-1160  
e-mail: nh@nhcpas.com

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  
Justin B. Wood, CPA

Richard P. Capicchioni, CPA  
Walter J. Jung, CPA  
Jennifer A. Traverse, CPA

## 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 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **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, 2018, 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.

### Emphasis of Matter

As discussed in Note 3 to the financial statements, management has adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. Our opinion is not modified with respect to that matter.

### 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 66 through 70 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 the Minisink Valley Central School District's basic financial statements. The supplemental schedules on pages 71 through 73 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 71 through 73, 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 71 through 73, 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 9, 2018 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 solely 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 the effectiveness of the District's 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.

*Jugent & Hausler, P.C.*

Montgomery, New York  
October 9, 2018

## 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, 2018. 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"><li>• Statement of Net Position</li><li>• Statement of Activities</li></ul>	<ul style="list-style-type: none"><li>• Balance Sheet</li><li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li></ul>	<ul style="list-style-type: none"><li>• Statement of Fiduciary Net Position</li><li>• Statement of Changes in Fiduciary Net Position</li></ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
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 may
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**

For the year ended June 30, 2018, the District restated its beginning of year net position as a requirement of implementing GASB Statement No. 75. The beginning of year net position was decreased by \$85,439,809 from \$1,582,070 to (\$83,857,739). For more information, see Note 18.

The District's net position at June 30, 2018 is (\$92,714,712). This is an \$8,856,593, decrease from last year's net position as restated. The following table provides a summary of the District's net position:

#### Summary of Net Position

	School District Activities			
	June 30, 2018	June 30, 2017	\$ Change	% Change
Current Assets	\$ 30,272,587	\$ 38,666,738	\$ (8,394,151)	-21.71%
Non-Current Assets	92,710,489	90,749,258	1,961,231	2.16%
Total Assets	122,983,076	129,415,996	(6,432,920)	-7.09%
Deferred Outflows of Resources	27,318,320	24,201,906	3,116,414	12.88%
Current Liabilities	14,605,687	13,621,041	984,646	7.23%
Long-Term Liabilities	202,204,549	221,960,553	(19,756,004)	-8.90%
Total Liabilities	216,810,236	235,581,594	(18,771,358)	-7.97%
Deferred Inflows of Resources	26,205,872	1,894,047	24,311,825	1283.59%
Net Position:				
Net Investment in Capital Assets	34,727,016	29,662,765	5,064,251	17.07%
Restricted	31,224,785	35,203,872	(3,979,087)	-11.30%
Unrestricted	(158,666,513)	(148,724,376)	(9,942,137)	-6.68%
Total Net Position	\$ (92,714,712)	\$ (83,857,739)	\$ (8,856,973)	-10.56%

The prior year information provided above has been adjusted to include the restatement of net position to provide a more meaningful comparison of net position.

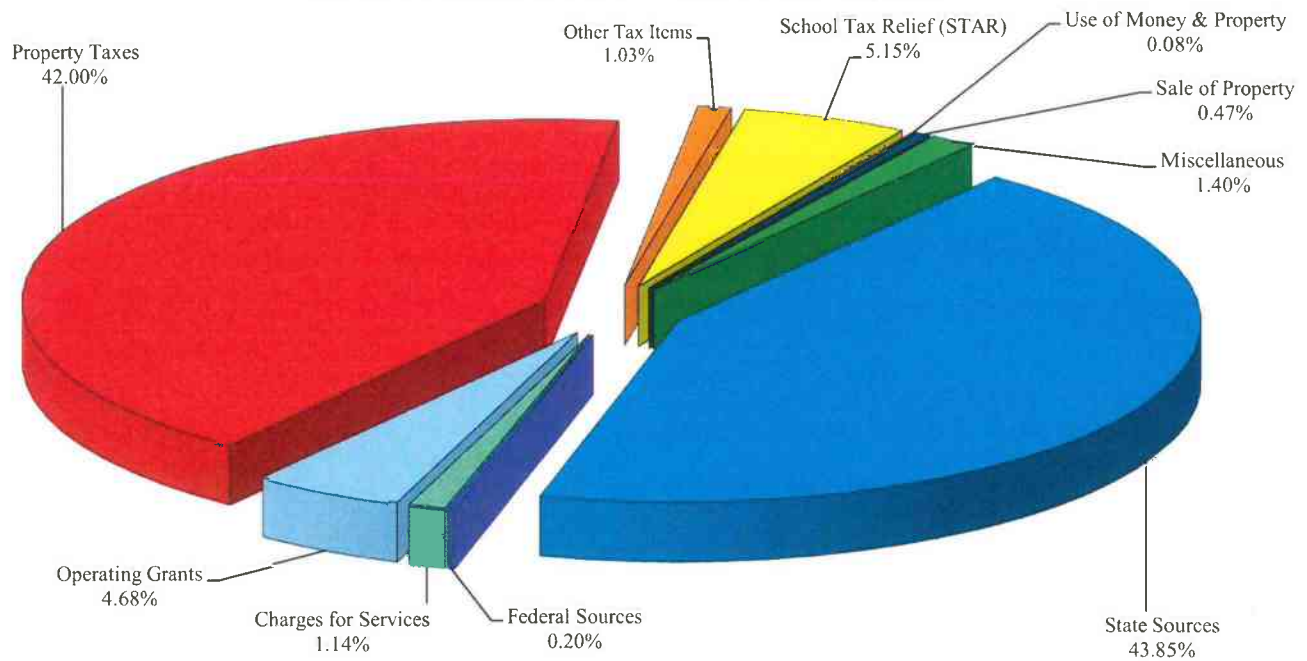
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the years ended June 30, 2018 and 2017:

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

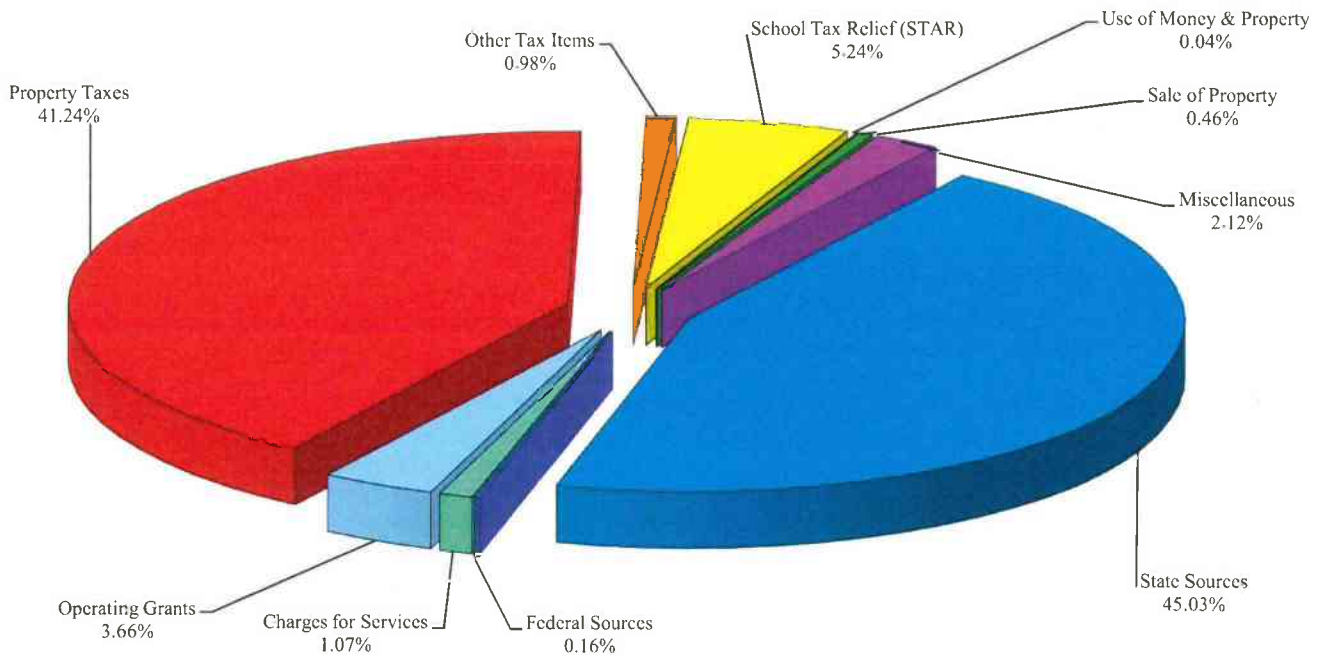
	<u>JUNE 30, 2018</u>	<u>%</u>	<u>JUNE 30, 2017</u>	<u>%</u>	<u>\$ Change</u>	<u>% Change</u>
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 1,054,366	1.14%	\$ 999,391	1.07%	\$ 54,975	5.50%
Operating Grants	4,327,735	4.68%	3,406,903	3.66%	920,832	27.03%
GENERAL REVENUES:						
Property Taxes	38,848,230	42.00%	38,370,518	41.24%	477,712	1.24%
Other Tax Items	957,300	1.03%	912,469	0.98%	44,831	4.91%
School Tax Relief (STAR)	4,764,853	5.15%	4,880,719	5.24%	(115,866)	-2.37%
Use of Money & Property	71,937	0.08%	39,441	0.04%	32,496	82.39%
Sale of Property	432,305	0.47%	426,406	0.46%	5,899	1.38%
Miscellaneous	1,295,520	1.40%	1,971,606	2.12%	(676,086)	-34.29%
State Sources	40,558,567	43.85%	41,911,513	45.03%	(1,352,946)	-3.23%
Federal Sources	187,555	0.20%	151,677	0.16%	35,878	23.65%
TOTAL REVENUES	<u>92,498,368</u>	<u>100.00%</u>	<u>93,070,643</u>	<u>100.00%</u>	<u>(572,275)</u>	<u>-0.61%</u>
<u>EXPENSES</u>						
General Support	7,993,457	7.89%	7,783,022	8.00%	\$ 210,435	2.70%
Instruction	53,482,500	52.76%	49,414,588	50.76%	4,067,912	8.23%
Pupil Transportation	5,461,299	5.39%	5,020,520	5.16%	440,779	8.78%
Community Services	10,375	0.01%	9,347	0.01%	1,028	11.00%
Employee Benefits	26,026,451	25.68%	26,873,595	27.61%	(847,144)	-3.15%
Debt Service Interest	2,036,438	2.01%	2,118,694	2.18%	(82,256)	-3.88%
Depreciation	4,948,889	4.88%	4,808,334	4.94%	140,555	2.92%
School Lunch Program	1,395,932	1.38%	1,302,181	1.34%	93,751	7.20%
TOTAL EXPENSES	<u>101,355,341</u>	<u>100.00%</u>	<u>97,330,281</u>	<u>100.00%</u>	<u>4,025,060</u>	<u>4.14%</u>
CHANGE IN NET POSITION	<u>\$ (8,856,973)</u>		<u>\$ (4,259,638)</u>		<u>\$(4,597,335)</u>	

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK

**SOURCES OF REVENUES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

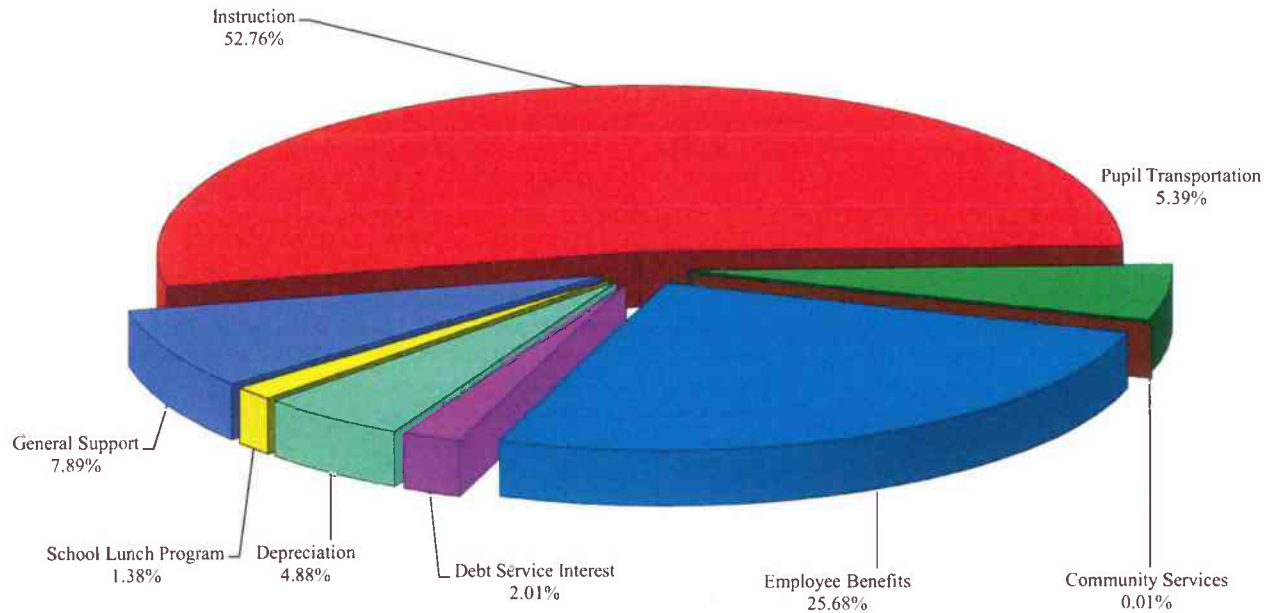


**SOURCES OF REVENUES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

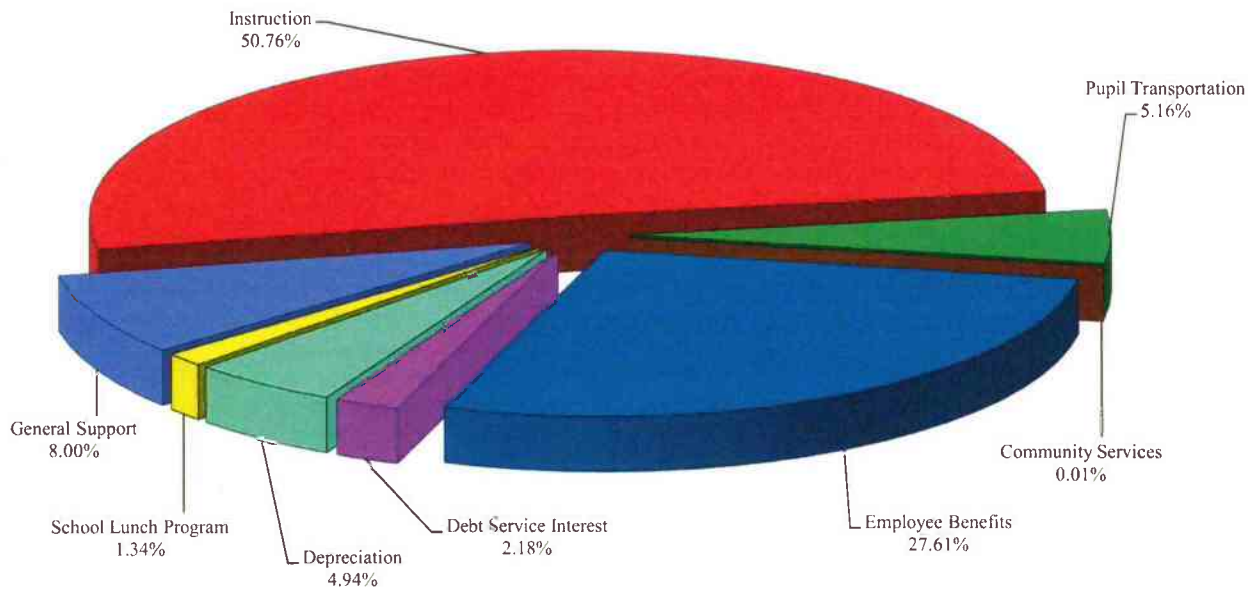


MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK

**EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2018**



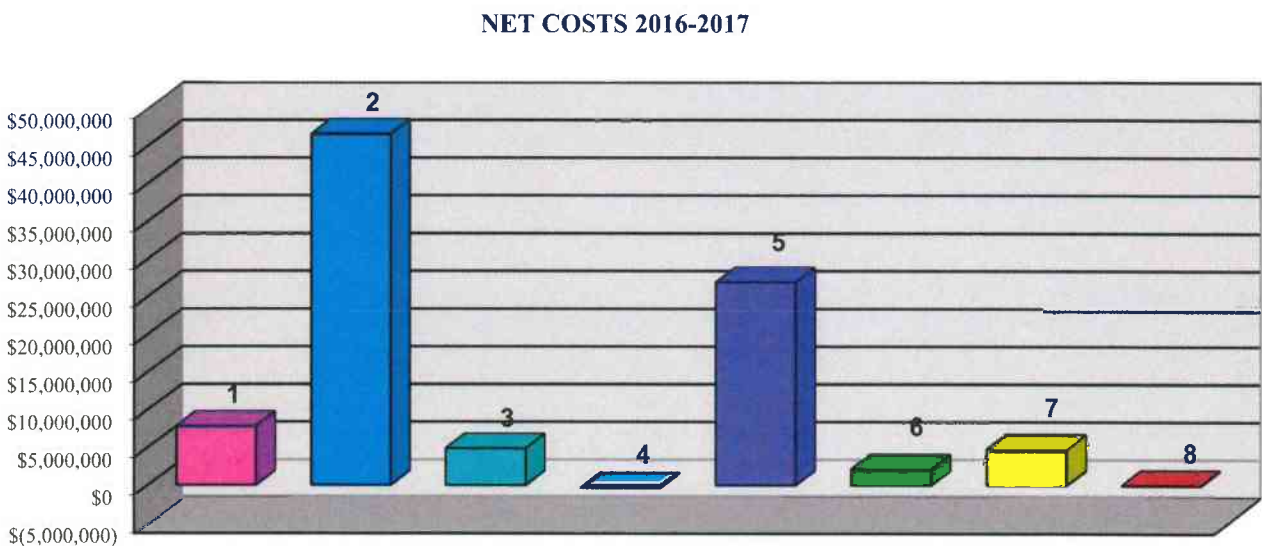
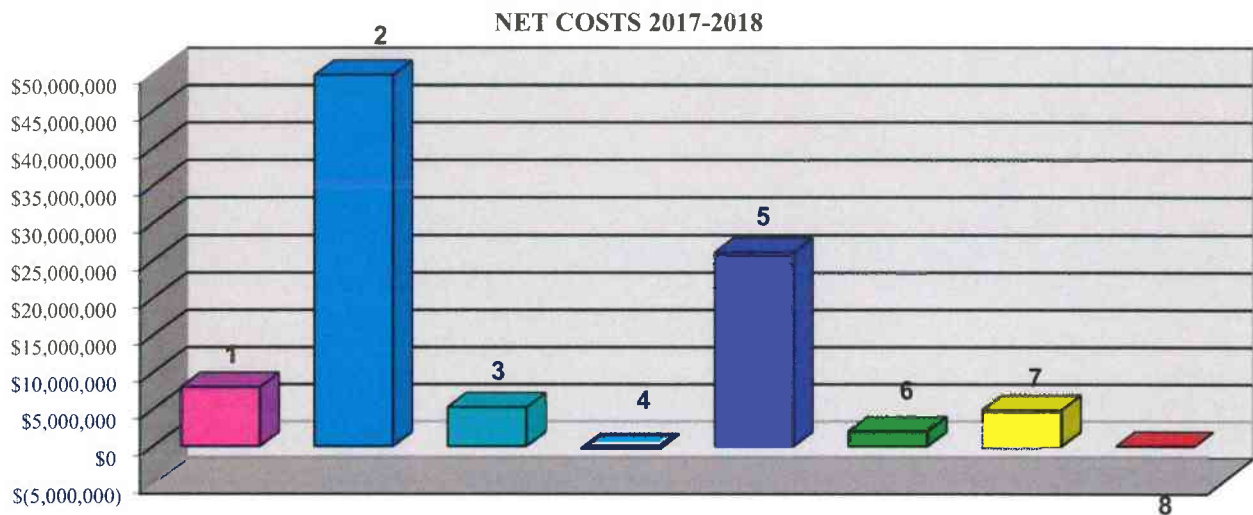
**EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



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 2017-2018	NET COST OF SERVICES 2017-2018	TOTAL COST OF SERVICES 2016-2017	NET COST OF SERVICES 2016-2017
General Support	1	\$ 7,993,457	\$ 7,993,457	\$ 7,783,022	\$ 7,783,022
Instruction	2	53,482,500	49,721,035	49,414,588	46,548,232
Pupil Transportation	3	5,461,299	5,234,857	5,020,520	4,839,526
Community Services	4	10,375	10,375	9,347	9,347
Employee Benefits	5	26,026,451	26,026,451	26,873,595	26,873,595
Debt Service - Interest	6	2,036,438	2,036,438	2,118,694	2,118,694
Depreciation	7	4,948,889	4,948,889	4,808,334	4,808,334
School Lunch Program	8	1,395,932	1,738	1,302,181	(56,763)
		<u>\$ 101,355,341</u>	<u>\$ 95,973,240</u>	<u>\$ 97,330,281</u>	<u>\$ 92,923,987</u>





## 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, 2018					
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	\$ 0	\$ 14,903,872	\$ 9,462,502	\$ 3,101,865	\$ 27,468,239
Special Aid	0	4	0	0	4
School Lunch	18,402	1,277,295	0	0	1,295,697
Capital Projects	0	0	0	(7,936,630)	(7,936,630)
Debt Service	0	198,492	0	0	198,492
	<u>\$ 18,402</u>	<u>\$ 16,379,663</u>	<u>\$ 9,462,502</u>	<u>\$ (4,834,765)</u>	<u>\$ 21,025,802</u>

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>

#### General Fund Budgetary Highlights

In assessing the overall operations of the General Fund for the year ended June 30, 2018, actual expenditures and other uses totaling \$92,884,991 exceeded actual revenues and other sources of \$88,143,044 by (\$4,741,947). The combination of higher than anticipated health insurance claims, increased salary costs due to a contract settlement, hiring of additional staff and a one time expenditure for technology items coupled with lower than anticipated revenue in state aid resulted in expenditures exceeding revenue for the year. The district utilized a portion of various reserves to offset the expenditure excess, while maintaining the District's strong financial position..

In reviewing the actual results of operations for the General Fund for the year ended June 30, 2018 as compared to the adjusted budget, revenues were less than the budget by (\$893,068) (1.00%) and the unencumbered expenditures were \$5,018,198 (5.08%) under budget. For the prior year ended June 30, 2017, earned revenues exceeded the revenue budget by \$1,202,771 (1.36%) and the unencumbered expenditures were \$8,873,111 (9.08%) under budget.

Real property tax STAR and other tax items were \$205,459 (3.47%) under budget. State Aid was \$1,651,340 (3.83%) under budget due to excess costs fluctuations. Miscellaneous Revenues were \$762,131 (.85%) over budget due to refund of prior year's expenses, health insurance recoveries, and BOCES classroom rental revenue.

## **MINISINK VALLEY CENTRAL SCHOOL DISTRICT**

### **Management Discussion and Analysis (Continued)**

#### **General Fund Budgetary Highlights (Continued)**

The District appropriated \$8,578,952 of fund balance to reduce the 2017-2018 tax levy as compared to \$7,856,303 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 2018-2019, the District has appropriated \$8,528,952 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 2018-2019 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 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, 2018, an interfund transfer from the General Fund to the Special Aid Fund in the amount of \$266,429 was made to provide funds for the required 20% local match for the Summer Handicapped Program. Fund balance at year end was \$4.

The School Lunch Fund had expenditures that exceeded revenues by (\$28,672). Fund balance decreased to \$1,345,697 as part of the district’s plan to reinvest surplus into new equipment. The district invested school lunch funds to purchase a new walk in cooler, walk in freezer and turbo ovens at the middle school, to enhance operations and 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 \$198,492. 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 (\$7,936,630). 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, 2018 and 2017, was \$91,295,203 and \$90,749,258 respectively. The total increase in this net investment was .60% for the District as a whole (see schedule below). The District expended \$5,561,082 to acquire and construct capital assets during the fiscal year ended June 30, 2018. Assets retired from service had a net basis of \$66,248 and depreciation expense for the fiscal year was \$4,948,889.

#### CAPITAL ASSETS

##### Net of Accumulated Depreciation

	<u>School District Activities</u>		<u>% Change</u>
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	
<u>Non-Depreciable Assets:</u>			
Land	\$ 879,619	\$ 879,619	0.00%
Construction in Progress	1,617,909	3,190,197	-49.28%
<u>Depreciable Assets:</u>			
Building and Improvements	82,204,348	80,424,092	2.21%
Furniture and Equipment	1,877,891	1,695,625	10.75%
Vehicles	4,715,436	4,559,725	3.41%
<b>TOTALS</b>	<u><u>\$ 91,295,203</u></u>	<u><u>\$ 90,749,258</u></u>	0.60%

##### Long-Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$51,060,000. This amount is backed by the full faith and credit of the 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>
<u>\$ 55,780,000</u>	<u>\$ 0</u>	<u>\$ 4,720,000</u>	<u>\$ 51,060,000</u>

Long-term debt also includes unamortized bond premiums of \$4,728,633 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, 2018

ASSETS

Unrestricted Cash	\$ 7,297,233
Restricted Cash	17,469,886
State & Federal Aid Receivable	4,850,424
Other Receivables, Net	636,642
Inventories	18,402
Net Pension Asset - Proportionate Share	1,415,286
Capital Assets, Net	91,295,203
<b>TOTAL ASSETS</b>	<b>122,983,076</b>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amounts on Refunding	2,704,394
Pensions	21,980,530
Other Postemployment Benefits	2,633,396
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>27,318,320</b>

LIABILITIES

Accounts Payable	889,901
Accrued Liabilities	1,107,931
Due to Other Governments	111
Due to Teachers' Retirement System	3,299,927
Due to Employees' Retirement System	375,805
Other Liabilities	40,235
Bond Anticipation Notes	3,400,000
Overpayments and Collections in Advance	10,909
Unearned Revenue	3,840
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Includes Deferred Refunding Premium \$427,694)	5,202,694
Installment Purchase Debt	274,334
Due and Payable In More Than One Year:	
Bonds Payable (Includes Deferred Refunding Premium \$4,300,939)	50,585,939
Installment Purchase Debt	1,962,848
Compensated Absences	1,705,126
Net Pension Liability - Proportionate Share	1,047,908
Other Postemployment Benefits	146,902,728
<b>TOTAL LIABILITIES</b>	<b>216,810,236</b>

DEFERRED INFLOWS OF RESOURCES

Pensions	7,502,786
Other Postemployment Benefits	18,703,086
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>26,205,872</b>

NET POSITION

Net Investment in Capital Assets	34,727,016
Restricted	31,224,785
Unrestricted	(158,666,513)
<b>TOTAL NET POSITION</b>	<b>\$ (92,714,712)</b>

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, 2018

		PROGRAM REVENUES		NET (EXPENSE) REVENUE & CHANGES IN NET POSITION	
		EXPENSES	CHARGES FOR SERVICES		OPERATING GRANTS
FUNCTIONS & PROGRAMS					
General Support	\$	(11,088,219)	\$ 0	\$ 0	\$ (11,088,219)
Instruction		(78,039,905)	347,927	3,413,538	(74,278,440)
Pupil Transportation		(8,737,204)	0	226,442	(8,510,762)
Community Services		(10,375)	0	0	(10,375)
Debt Service - Interest		(2,036,438)	0	0	(2,036,438)
School Lunch Program		(1,443,200)	706,439	687,755	(49,006)
TOTAL FUNCTIONS & PROGRAMS	\$	(101,355,341)	\$ 1,054,366	\$ 4,327,735	(95,973,240)
GENERAL REVENUES					
Real Property Taxes					38,848,230
Other Tax Items					5,722,153
Use of Money & Property					71,937
Sale of Property & Compensation for Loss					432,305
Miscellaneous					1,295,520
State Sources					40,558,567
Federal Sources					187,555
TOTAL GENERAL REVENUES					87,116,267
CHANGE IN NET POSITION					(8,856,973)
NET POSITION, BEGINNING OF YEAR, AS RESTATED					(83,857,739)
NET POSITION, END OF YEAR	\$				(92,714,712)

See notes to financial statement.



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Unrestricted Cash	\$ 7,291,285	\$ 1,019	\$ 0	\$ 4,929	\$ 0	\$ 7,297,233
Restricted Cash	14,903,872	4	1,267,568	1,100,000	198,442	17,469,886
State & Federal Aid Receivable	2,211,046	2,594,826	44,552	0	0	4,850,424
Due from Other Funds	7,986,834	0	9,296	0	50	7,996,180
Other Receivables, Net	636,554	0	88	0	0	636,642
Inventories	0	0	18,402	0	0	18,402
TOTAL ASSETS	<u>\$ 33,029,591</u>	<u>\$ 2,595,849</u>	<u>\$ 1,339,906</u>	<u>\$ 1,104,929</u>	<u>\$ 198,492</u>	<u>\$ 38,268,767</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 766,456	\$ 0	\$ 13,910	\$ 109,535	\$ 0	\$ 889,901
Accrued Liabilities	738,622	0	0	141,005	0	879,627
Due to Other Governments	0	0	111	0	0	111
Due to Other Funds	9,316	2,595,845	0	5,391,019	0	7,996,180
Due to Teachers' Retirement System	3,299,927	0	0	0	0	3,299,927
Due to Employees' Retirement System	375,805	0	0	0	0	375,805
Other Liabilities	10,047	0	30,188	0	0	40,235
Bond Anticipation Notes	0	0	0	3,400,000	0	3,400,000
Overpayments and Collections in Advance	10,909	0	0	0	0	10,909
Unearned Revenues	3,840	0	0	0	0	3,840
TOTAL LIABILITIES	<u>5,214,922</u>	<u>2,595,845</u>	<u>44,209</u>	<u>9,041,559</u>	<u>0</u>	<u>16,896,535</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Revenues	<u>346,430</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>346,430</u>
<u>FUND BALANCES</u>						
Fund Balance:						
Nonspendable	0	0	18,402	0	0	18,402
Restricted	14,903,872	4	1,277,295	0	198,492	16,379,663
Assigned	9,462,502	0	0	0	0	9,462,502
Unassigned	3,101,865	0	0	(7,936,630)	0	(4,834,765)
TOTAL FUND BALANCES	<u>27,468,239</u>	<u>4</u>	<u>1,295,697</u>	<u>(7,936,630)</u>	<u>198,492</u>	<u>21,025,802</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	<u>\$ 33,029,591</u>	<u>\$ 2,595,849</u>	<u>\$ 1,339,906</u>	<u>\$ 1,104,929</u>	<u>\$ 198,492</u>	<u>\$ 38,268,767</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, 2018

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
<u>ASSETS</u>				
Unrestricted Cash	\$ 7,297,233	\$ 0	\$ 0	\$ 7,297,233
Restricted Cash	17,469,886	0	0	17,469,886
State & Federal Aid Receivable	4,850,424	0	0	4,850,424
Due from Other Funds	7,996,180	0	(7,996,180)	0
Other Receivables, Net	636,642	0	0	636,642
Inventories	18,402	0	0	18,402
Net Pension Asset - Proportionate Share	0	1,415,286	0	1,415,286
Capital Assets, Net	0	91,295,203	0	91,295,203
TOTAL ASSETS	38,268,767	92,710,489	(7,996,180)	122,983,076
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Amounts on Refunding	0	2,704,394	0	2,704,394
Pensions	0	21,980,530	0	21,980,530
Other Postemployment Benefits	0	2,633,396	0	2,633,396
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0	27,318,320	0	27,318,320
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 38,268,767	\$ 120,028,809	\$ (7,996,180)	\$ 150,301,396
<u>LIABILITIES</u>				
Accounts Payable	\$ 889,901	\$ 0	\$ 0	\$ 889,901
Accrued Liabilities	879,627	228,304	0	1,107,931
Due to Other Governments	111	0	0	111
Due to Other Funds	7,996,180	0	(7,996,180)	0
Due to Teachers' Retirement System	3,299,927	0	0	3,299,927
Due to Employees' Retirement System	375,805	0	0	375,805
Other Liabilities	40,235	0	0	40,235
Bond Anticipation Notes	3,400,000	0	0	3,400,000
Overpayments and Collections in Advance	10,909	0	0	10,909
Unearned Revenues	3,840	0	0	3,840
Bonds Payable	0	55,788,633	0	55,788,633
Installment Purchase Debt	0	2,237,182	0	2,237,182
Compensated Absences	0	1,705,126	0	1,705,126
Net Pension Liability - Proportionate Share	0	1,047,908	0	1,047,908
Other Postemployment Benefits	0	146,902,728	0	146,902,728
TOTAL LIABILITIES	16,896,535	207,909,881	(7,996,180)	216,810,236
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Revenues	346,430	(346,430)	0	0
Pensions	0	7,502,786	0	7,502,786
Other Postemployment Benefits	0	18,703,086	0	18,703,086
TOTAL DEFERRED INFLOWS OF RESOURCES	346,430	25,859,442	0	26,205,872
<u>FUND BALANCES / NET POSITION</u>	21,025,802	(113,740,514)	0	(92,714,712)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES/NET POSITION	\$ 38,268,767	\$ 120,028,809	\$ (7,996,180)	\$ 150,301,396

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, 2018

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>						
Real Property Taxes	\$ 38,848,230	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,848,230
Other Tax Items	5,722,153	0	0	0	0	5,722,153
Charges for Services	87,972	0	0	0	0	87,972
Use of Money & Property	65,710	0	5,751	0	476	71,937
Sale of Property & Compensation for Loss	498,553	0	0	0	0	498,553
Miscellaneous	1,270,188	0	358	0	0	1,270,546
State Sources	41,412,683	1,392,757	27,636	0	0	42,833,076
Federal Sources	187,555	1,393,107	660,119	0	0	2,240,781
Sales	0	0	706,081	0	0	706,081
TOTAL REVENUES	88,093,044	2,785,864	1,399,945	0	476	92,279,329
<u>EXPENDITURES</u>						
General Support	7,967,553	0	0	0	0	7,967,553
Instruction	50,886,205	2,552,345	0	0	0	53,438,550
Pupil Transportation	6,180,545	283,052	0	0	0	6,463,597
Community Services	10,375	0	0	0	0	10,375
Employee Benefits	20,347,607	216,896	0	0	0	20,564,503
Debt Service:						
Principal	4,981,140	0	0	0	0	4,981,140
Interest	2,245,137	0	0	0	0	2,245,137
Cost of Sales	0	0	1,428,617	0	0	1,428,617
Capital Outlay	0	0	0	4,147,523	0	4,147,523
TOTAL EXPENDITURES	92,618,562	3,052,293	1,428,617	4,147,523	0	101,246,995
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(4,525,518)	(266,429)	(28,672)	(4,147,523)	476	(8,967,666)
<u>OTHER SOURCES &amp; USES</u>						
Premium on Obligation	0	0	0	0	25,332	25,332
Operating Transfers In	50,000	266,429	0	0	0	316,429
Operating Transfers (Out)	(266,429)	0	(50,000)	0	0	(316,429)
TOTAL OTHER SOURCES & USES	(216,429)	266,429	(50,000)	0	25,332	25,332
NET CHANGES IN FUND BALANCES	(4,741,947)	0	(78,672)	(4,147,523)	25,808	(8,942,334)
FUND BALANCES, BEGINNING OF YEAR	32,210,186	4	1,374,369	(3,789,107)	172,684	29,968,136
FUND BALANCES, END OF YEAR	\$ 27,468,239	\$ 4	\$ 1,295,697	\$ (7,936,630)	\$ 198,492	\$ 21,025,802

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, 2018

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
<u>REVENUES</u>						
Real Property Taxes	\$ 38,848,230	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,848,230
Other Tax Items	5,722,153	0	0	0	0	5,722,153
Charges for Services	87,972	259,955	0	0	0	347,927
Use of Money & Property	71,937	0	0	0	0	71,937
Sale of Property & Compensation for Loss	498,553	0	(66,248)	0	0	432,305
Miscellaneous	1,270,546	0	0	0	0	1,270,546
State Sources	42,833,076	0	0	0	0	42,833,076
Federal Sources	2,240,781	0	0	0	0	2,240,781
Sales	706,081	0	0	0	0	706,081
TOTAL REVENUES	92,279,329	259,955	(66,248)	0	0	92,473,036
<u>EXPENDITURES</u>						
General Support	7,967,553	210,324	(145,029)	0	3,055,371	11,088,219
Instruction	53,438,550	258,141	3,850,773	0	20,492,441	78,039,905
Pupil Transportation	6,463,597	(20,035)	(184,997)	0	2,478,639	8,737,204
Community Services	10,375	0	0	0	0	10,375
Employee Benefits	20,564,503	5,461,948	0	0	(26,026,451)	0
Debt Service:						
Principal	4,981,140	0	0	(4,981,140)	0	0
Interest	2,245,137	(14,802)	0	(193,897)	0	2,036,438
Cost of Sales	1,428,617	0	14,583	0	0	1,443,200
Capital Outlay	4,147,523	0	(4,147,523)		0	0
TOTAL EXPENDITURES	101,246,995	5,895,576	(612,193)	(5,175,037)	0	101,355,341
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(8,967,666)	(5,635,621)	545,945	5,175,037	0	(8,882,305)
<u>OTHER SOURCES &amp; USES</u>						
Premium on Obligation	25,332	0	0	0	0	25,332
Operating Transfers In	316,429	0	0	0	(316,429)	0
Operating Transfers (Out)	(316,429)	0	0	0	316,429	0
TOTAL OTHER SOURCES & USES	25,332	0	0	0	0	25,332
NET CHANGE FOR THE YEAR	\$ (8,942,334)	\$ (5,635,621)	\$ 545,945	\$ 5,175,037	\$ 0	\$ (8,856,973)

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2018

	<u>PRIVATE PURPOSE TRUSTS</u>	<u>AGENCY</u>
<u>ASSETS</u>		
Cash	\$ 301,761	\$ 227,340
TOTAL ASSETS	<u>\$ 301,761</u>	<u>\$ 227,340</u>
<u>LIABILITIES &amp; NET POSITION</u>		
<u>LIABILITIES</u>		
Due to Other Governments	\$ 0	\$ 1,450
Extraclassroom Activity Balances	0	209,131
Other Liabilities	<u>0</u>	<u>16,759</u>
TOTAL LIABILITIES	<u>0</u>	<u>\$ 227,340</u>
<u>NET POSITION</u>		
Restricted for Scholarships	<u>301,761</u>	
TOTAL LIABILITIES & NET POSITION	<u>\$ 301,761</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, 2018

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 247
Investment Earnings	209
TOTAL ADDITIONS	<u>456</u>
<u>DEDUCTIONS</u>	
Scholarships & Awards	<u>1,000</u>
CHANGE IN NET POSITION	(544)
NET POSITION, BEGINNING OF YEAR	<u>302,305</u>
NET POSITION, END OF YEAR	<u><u>\$ 301,761</u></u>

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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, 2018

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 \$13,159,481 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,932,546. 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 Net Position presents the financial position of the District at year end. 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, 2018

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, 2018

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

D. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 1<sup>st</sup> and became a lien on August 14, 2017. Taxes were collected during the period September 1, 2017 through October 31, 2017.

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



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

G. Interfund Transactions (Continued)

expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

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 10 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, 2018

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 inventorable 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.

Land and Construction in Progress are not depreciated. 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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 three 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 the deferred outflows related to pensions, see Note 9.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

M. Deferred Outflows and Inflows of Resources (Continued)

The third deferred outflow is related to other post-employment retirement benefits reported in the Statement of Net Position. For additional information on the deferred outflows related to other post-employment retirement benefits, see Note 11.

In addition to liabilities, the statement of net position reports 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 two items that qualify 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 the deferred inflows related to pensions, see Note 9. The District also reports deferred inflow of resources in the Statement of Net Position related to other post-employment retirement benefits. For additional information on the deferred inflows related to other post-employment retirement benefits, see Note 11.

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.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

O. Vested Employee Benefits (Continued)

1. Compensated Absences (Continued)

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.

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.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenue being less than the amount budgeted for that year. The deficiency notes may mature no later than the close of the year following the year in which they were issued. However, they may mature no later than the close of the second year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the year following the year in which they were issued.



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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.

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 \$18,402.

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:



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

R. Equity Classifications (Continued)

2. Fund Statements (Continued)

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.

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.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

R. Equity Classifications (Continued)

2. Funds Statements (Continued)

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.

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, 2018

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

R. Equity Classifications (Continued)

2. Funds Statements (Continued)

Restricted fund balance at June 30, 2018 consisted of:

General Fund:

Capital Reserve	\$ 5,009,061
Workers' Compensation Reserve	451,311
Unemployment Insurance Reserve	83,898
Property Loss Reserve and Liability Reserve	119,147
Insurance Reserve	5,029,529
Tax Certiorari Reserve	1,514,196
Employee Benefit Accrued Liability Reserve	1,399,506
Retirement Contribution Reserve	<u>1,297,224</u>
	14,903,872
Special Aid Fund	4
School Lunch Fund	1,277,295
Debt Service Fund	<u>198,492</u>
Total Restricted Fund Balance	<u><u>\$ 16,379,663</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, 2018.

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, 2018

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's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignment of fund balance cannot cause a negative unassigned fund balance.

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, 2018, the District implemented the following new standards issued by GASB:

- GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending June 30, 2018.
- GASB Statement 81, *Irrevocable Split-Interest Agreements*, effective for the year ending June 30, 2018.
- GASB Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ending June 30, 2018.
- GASB Statement 85, *Omnibus 2017*, effective for the year ending June 30, 2018.
- GASB Statement 86, *Certain Debt Extinguishment Issues*, effective for the year ending June 30, 2018.

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 has implemented Statement 75, as required.



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

S. New Accounting Standards (Continued)

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 has implemented Statement 81 as required.

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 has implemented Statement 82, as required.

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 has implemented Statement 85, as required.

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 has implemented Statement 86, as required.

T. Future Changes in Accounting Standards

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.



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which will improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2019 financial statements.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2021 financial statements.

GASB has issued Statement 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, which will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information of certain component units. 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.

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.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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:

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, 2018 were as follows:

Original Cost of Capital Assets	\$ 160,510,088
Accumulated Depreciation	(69,214,885)
	<u>\$ 91,295,203</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, 2018 were as follows:

Deferred Amount on Refunding	<u>\$ 2,704,394</u>
------------------------------	---------------------

3. 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, 2018 were as follows:

Net Pension Asset - Proportionate Share	\$ 1,415,286
Deferred Outflows of Resources - Pensions	21,980,530
Net Pension Liability - Proportionate Share	(1,047,908)
Deferred Inflows of Resources - Pensions	(7,502,786)
	<u>\$ 14,845,122</u>

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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)

4. 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, 2018 was as follows:

Accrued Interest	<u>\$ 228,304</u>
------------------	-------------------

5. Long-term liabilities and related deferred inflows and outflows are reported in the Statement of Net Position, but not in the Balance Sheet, because the liabilities are not due and payable in the current period. The balance at June 30, 2018 was as follows:

Bonds Payable (Including Deferred)	55,788,633
Installment Purchase Debt	2,237,182
Compensated Absences	1,705,126
Deferred Outflows of Resources - OPEB	(2,633,396)
Other Postemployment Benefits	146,902,728
Deferred Inflows of Resources - OPEB	18,703,086
	<u>\$ 222,703,359</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, 2018 were as follows:

Deferred Revenue	<u>\$ 346,430</u>
------------------	-------------------

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 five 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

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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)

2. Capital Related Differences (Continued)

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.

5. Other Post Employment Benefit (OPEB) Related Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

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)	\$ 92,304,661
Because some revenue will not be collected for several months after the District's 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.	259,955
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>(66,248)</u>
Total revenues in the Statement of Activities (Schedule 2)	<u>\$ 92,498,368</u>



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

Total expenditures and other uses reported in governmental funds (Schedule 5)                      \$ 101,246,995

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 \$5,561,082 were more than depreciation of \$4,948,889, in the current year. (612,193)

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. 448,430

In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost and changes in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. However, in the governmental funds, OPEB expenditures are measured by the amount of financial resources used (essentially the amount actually paid). This is the amount by which the OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year. 5,066,160

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. 395,788



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS 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)

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.	(14,802)
Premiums and discounts on long-term debt issuances and deferred amounts from debt refundings are recognized in the 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 year.	(193,897)
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.	<u>(4,981,140)</u>
Total expenses in the Statement of Activities (Schedule 2)	<u>\$ 101,355,341</u>

NOTE 3. CHANGE IN ACCOUNTING PRINCIPLES.

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See note 18 for the financial statement impact of the implementation of the statement.

NOTE 4. 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.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 4. STEWARDSHIP AND COMPLIANCE. (Continued)

A. Budgets (Continued)

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.

The General Fund is the only fund with a legally approved budget for the year ended June 30, 2018.

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 5. 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:

Uncollateralized	\$ 0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 27,266,351

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 5. CASH.-CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL (Continued)

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 \$17,469,886 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 6. CAPITAL ASSETS.

Capital asset balances and activity for the year ended June 30, 2018, 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	3,190,197	4,147,523	(5,719,811)	1,617,909
Total Nondepreciable Assets	4,069,816	4,147,523	(5,719,811)	2,497,528
Capital assets that are depreciated:				
Land Improvements	0	0	0	0
Buildings & Improvements	131,820,805	0	5,719,811	137,540,616
Furniture & Equipment	10,657,874	412,589	(177,770)	10,892,693
Vehicles	9,058,208	1,000,970	(479,927)	9,579,251
Total Depreciable Assets	151,536,887	1,413,559	5,062,114	158,012,560
Less: Accumulated Depreciation	(64,857,445)	(4,948,889)	591,449	(69,214,885)
Capital Assets, Net	\$ 90,749,258	\$ 612,193	\$ (66,248)	\$ 91,295,203

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 39,391
Instruction	4,064,964
Transportation	797,266
Cost of Sales	47,268
Total Depreciation	<u>\$ 4,948,889</u>

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 7. SHORT-TERM DEBT.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance June 30, 2018
BAN maturing 6/29/2019 at 2.75%	\$2,300,000	\$1,100,000	\$ 0	\$ 3,400,000
Total Short-Term Debt	<u>\$2,300,000</u>	<u>\$1,100,000</u>	<u>\$ 0</u>	<u>\$ 3,400,000</u>

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

Interest Paid	\$ 32,200
Less: Interest Accrued in the Prior Year	0
Plus: Interest Accrued in the Current Year	379
Interest Expense	<u>\$ 32,579</u>

NOTE 8. LONG-TERM LIABILITIES.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds Payable	\$ 55,780,000	\$ 0	\$ 4,720,000	\$ 51,060,000	\$4,775,000
Deferred Premium on Refunding	5,156,327	0	427,694	4,728,633	427,694
Total Bonds Payable	60,936,327	0	5,147,694	55,788,633	5,202,694
Installment Purchase Debt	2,498,322	0	261,140	2,237,182	274,334
Total Bonds and Notes Payable	<u>63,434,649</u>	<u>0</u>	<u>5,408,834</u>	<u>58,025,815</u>	<u>5,477,028</u>
Other Liabilities:					
Compensated Absences	1,256,696	580,976	132,546	1,705,126	0
Other Postemployment Benefit	160,312,551	10,550,636	23,960,459	146,902,728	0
Net Pension Liability - Proportionate Share	4,771,784	1,113,656	4,837,532	1,047,908	0
Total Other Liabilities	<u>166,341,031</u>	<u>12,245,268</u>	<u>28,930,537</u>	<u>149,655,762</u>	<u>0</u>
Total Long-Term Liabilities	<u>\$229,775,680</u>	<u>\$12,245,268</u>	<u>\$34,339,371</u>	<u>\$207,681,577</u>	<u>\$5,477,028</u>

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, 2018

NOTE 8. 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>
Refunding Series 2013	2013	2024	2.00% - 5.00%	\$ 7,820,000
Refunding Series 2015	2015	2037	1.00% - 5.00%	29,780,000
Serial Bonds, 2016	2015	2019	2.0000%	915,000
Refunding Series 2016	2016	2025	2.00% - 4.00%	12,545,000
				<u>\$ 51,060,000</u>
Installment Purchase Debt				2,237,182
Total Debt				<u>\$ 53,297,182</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>
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	1,464,925	318,050	63,539
2023	4,545,000	1,276,050	334,119	48,470
2024 - 2028	12,850,000	3,975,850	719,731	45,446
2029 - 2033	9,295,000	1,881,290	0	0
2034 - 2038	7,025,000	401,316	0	0
TOTAL	<u>\$ 51,060,000</u>	<u>\$ 14,413,606</u>	<u>\$ 2,237,182</u>	<u>\$ 439,940</u>

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

Interest paid	\$ 2,212,937
Less: Interest accrued in the prior year	(243,106)
Less: Amortization of premium and deferred amount -bond refundi	(193,897)
Plus: Interest accrued in the current year	227,925
Total interest expense	<u>\$ 2,003,859</u>



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 9. 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](http://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](http://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.

**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

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 9. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

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 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.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 9. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

*Tiers 6 (Continued)*

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.

*Disability Retirement Benefits*

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a members tier, years of service, and plan.

*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. 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.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 9. PENSION PLANS. (Continued)

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.

*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.



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 9. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

*Service Retirements (Continued)*

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.

*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.



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 9. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

*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>
2017 - 2018	\$ 3,092,356	\$ 1,414,439
2016 - 2017	3,454,452	1,261,233
2015 - 2016	3,760,213	1,284,248

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, 2018

NOTE 9. PENSION PLANS. (Continued)

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

At June 30, 2018, 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, 2018, for ERS and June 30, 2017 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, 2018, the District's proportion of the NYSERS net pension asset/(liability) was 0.0324686%, which was an increase of .0026267% from its proportion measured as of March 31, 2017.

At June 30, 2018, the District's proportion of the NYSTRS net pension asset/(liability) was 0.186197%, which was an increase of 0.0024720% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District's recognized pension expense of \$1,386,163 for ERS and the actuarial value \$3,516,420 for TRS. At June 30, 2018, 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	\$ 373,755	\$ 1,164,432	\$ 1,538,187	\$ 308,857	\$ 551,803	\$ 860,660
Changes of Assumptions	694,849	14,400,805	15,095,654	0	0	0
Net difference between projected and actual earnings on pension plan investments	1,522,003	0	1,522,003	3,004,281	3,333,407	6,337,688
Changes in proportion and difference between the District's contributions and proportionate share of contributions	356,525	0	356,525	15,806	288,632	304,438
District's contributions subsequent to the measurement date	375,805	3,092,356	3,468,161	0	0	0
Total	<u>\$ 3,322,937</u>	<u>\$ 18,657,593</u>	<u>\$ 21,980,530</u>	<u>\$ 3,328,944</u>	<u>\$ 4,173,842</u>	<u>\$ 7,502,786</u>

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 9. 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>
2019	\$343,620	\$ 285,970
2020	259,383	3,768,468
2021	(680,503)	2,684,962
2022	(304,312)	635,310
2023	0	2,677,029
Thereafter	0	1,339,656

Actuarial Assumptions

The total ERS pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The total TRS pension liability at June 30, 2017 was determined by using an actuarial valuation as of June 30, 2016, with update procedures used to roll forward the total pension liability to June 30, 2017. These actuarial valuations used the following actuarial assumptions.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 9. PENSION PLANS. (Continued)

Actuarial Assumptions (Continued)

	ERS	TRS										
Measurement Date	March 31, 2018	June 30, 2017										
Inflation Rate	2.5%	2.5%										
Projected Salary Increases	3.8%	Rates of increase differ based on										
		<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%											
Cost of Living Adjustments	1.3%	1.5%										
Investment Rate of Return, Including Inflation	7.0%, compounded annually, net of investment expense	7.25%, 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 expected 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 return, net of investment expenses 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, 2018

NOTE 9. PENSION PLANS. (Continued)

Actuarial Assumptions (Continued)

	ERS			TRS	
Measurement Date	March 31, 2018		Measurement Date	June 30, 2017	
	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	35%	5.90%
International Equity	14%	6.35%	International Equities	18%	7.40%
Private Equity	10%	7.75%	Real Estate	11%	4.30%
Real Estate	10%	5.80%	Alternative investments	8%	9.00%
Absolute Return Strategies (1)	2%	4.00%	Domestic fixed income securities	16%	1.60%
Opportunistic Portfolio	3%	5.89%	Global fixed income securities	2%	1.30%
Real Assets	3%	5.54%	High-yield fixed income securities	1%	3.90%
Bonds and Mortgages	17%	1.31%	Mortgages	8%	2.80%
Cash	1%	-0.25%	Short-term	1%	0.60%
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 2.2%.

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.

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, 2018

NOTE 9. 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)	\$ (7,928,752)	\$ (1,047,908)	\$ 4,773,012
TRs	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	(24,381,177)	1,415,286	23,018,543

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)	
Measurement Date	ERS March 31, 2018	TRS June 30, 2017
Employers' total pension asset/(liability)	\$ (183,400,590)	\$ (114,708,261)
Plan net position	180,173,145	115,468,360
Employer's net pension asset/(liability)	<u>\$ (3,227,445)</u>	<u>\$ 760,099</u>
Ratio of plan net position to the employers' total pension asset/(liability)	98.24%	100.66%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2018 represent the projected employer contributions for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$375,805 of employer contributions. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through state aid intercept. Accrued retirement contributions as of June 30, 2018 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, 2018 amounted to \$3,299,927.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 10. INTERFUND BALANCES AND ACTIVITY.

Interfund balances and activity for the year ended June 30, 2018, were as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 7,986,834	\$ 9,316	\$ 50,000	\$ 266,429
Special Aid Fund	0	2,595,845	266,429	0
School Lunch Fund	9,296	0	0	50,000
Capital Fund	0	5,391,019	0	0
Debt Service Fund	50	0	0	0
Total Governmental Activities	7,996,180	7,996,180	316,429	316,429
Fiduciary Agency Fund	0	0	0	0
Totals	<u>\$ 7,996,180</u>	<u>\$ 7,996,180</u>	<u>\$ 316,429</u>	<u>\$ 316,429</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 11. POST-EMPLOYMENT BENEFITS.

General Information about the OPEB Plan

**Plan Description** – The District’s defined benefit OPEB plan (“the District’s OPEB plan”), provides OPEB for eligible retired employees, their spouses and their dependent children. The District’s OPEB plan is a single-employer defined benefit OPEB plan administered by the District based on employment contracts. As these employment contracts are renegotiated, eligibility and benefits may change over time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**Benefits Provided** – The District’s OPEB plan subsidizes the cost of healthcare to eligible retired employees, their spouses and their dependent children. Minimum eligibility requirements for post-employment benefits are as follows:

- Employees are eligible for postretirement benefits if he/she has met the following requirements:
  - Administrators                      Age 55 with 5 Years of Service
  - Cabinet                              Age 55 with 5 Years of Service
  - CSEA                                  Age 55 with 20 Years of Service
  - Teachers                              Age 55 with 10 Years of Service
- The School District reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. Surviving spouses are not eligible for Medicare Part B Reimbursement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11. POST-EMPLOYMENT BENEFITS. (Continued)

- The Medicare part B reimbursement was frozen at \$104.90/ month for all retirees effective September 2016.

Retirees and spouses are required to make a contribution towards the cost of coverage based upon their cost sharing agreement with the District. Current retirees were supplied with their specific cost sharing arrangement in the data provided by the District. Future retirees are assumed to receive the following cost sharing arrangements.

Employment Unit	Years of Service	District Retirement Contribution % for Future Retirees	
		Individual	Family
Administrators	5 - 9	85%	70%
	10+	100%	75%
Cabinet	5+	100%	75%
CSEA	20+	90%	65%
Teachers - hired prior to 7/1/2014	10 - 14	90%	50%
	15+	100%	75%
Teachers - hired on or after 7/1/2014	10 - 14	70%	40%
	15 - 19	80%	50%
	20+	90%	60%

Upon the death of the retiree, surviving spouses will contribute 100% of the cost of the blended premium.

Age	Blended Premium	
	Retiree	Spouse
50	\$ 9,612	\$ 12,072
55	9,612	12,072
60	9,612	12,072
65	5,724	6,240
70	5,724	6,240
75	5,724	6,240
80	5,724	6,240
85	5,724	6,240
90	5,724	6,240

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11. POST-EMPLOYMENT BENEFITS. (Continued)

Employees Covered by Benefit Terms – At July 1, 2016, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	302
Active employees	<u>501</u>
Total Employees Covered by Benefit Terms	<u>803</u>

Total OPEB Liability

The District's total OPEB liability of \$146,902,728 was measured as of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2016 with update procedures used to roll forward the actuarial accrued liability to June 30, 2017.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.50%
Discount Rate	3.58%
Healthcare Cost Trend Rates	Pre-65: 7.09% for 2018, decreasing to an ultimate rate of 4.50% for 2024 and later years  Post-65: 7.79% for 2018, decreasing to an ultimate rate of 4.50% for 2024 and later years
Current Retirees' Share of Benefit Related Costs	Retirees pay 0% - 30% of the cost of single coverage and 25% - 60% for the spouse/family based on years of service with the District. Surviving spouse pays 100% of the Blended Premium cost.

The discount rate was based on a review of the yield derived from the Bond Buyer 20 General Obligation bond Index per Fidelity Investments.

Mortality rates were based on the SOA RP-2014 Headcount Weighted Mortality Table projected generationally with adjustments for mortality improvements based on the SOA Scale MP-2016 from the central year.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11. POST-EMPLOYMENT BENEFITS. (Continued)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study included in the valuation reports for ERS and TRS which are used to estimate the rate of retirement from the active plan and is based on age and gender.

Changes in the Total OPEB Liability

Balance at June 30, 2017	<u>\$ 160,312,551</u>
<u>Changes for the Year:</u>	
Service cost	5,849,078
Interest	4,701,558
Changes in assumptions or other inputs	(21,554,166)
Benefit payments	<u>(2,406,293)</u>
Net Changes	<u>(13,409,823)</u>
Balance at June 30, 2018	<u><u>\$ 146,902,728</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current discount rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 177,544,279	\$ 146,902,728	\$ 123,212,113

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 120,211,577	\$ 146,902,728	\$ 182,360,318

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$7,699,556. At June 30, 2018, the District reported the following deferred outflows of resources and deferred inflows of resources related to OPEB.



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 11. POST-EMPLOYMENT BENEFITS. (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 0	\$ 18,703,086
District's contributions subsequent to the measurement date	<u>2,633,396</u>	<u>0</u>
Total	<u>\$ 2,633,396</u>	<u>\$ 18,703,086</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$(2,851,080)
2020	(2,851,080)
2021	(2,851,080)
2022	(2,851,080)
2023	(2,851,080)
Thereafter	(4,447,686)

The District left the OUSDHP and moved to a self funded plan with Blue Cross Blue Shield, effective September 2016. For purposes of this valuation, the OUSDHP Plan was used since the new plan does not have enough experience to be valued on its own. The new medical plan will be used for the GASB 75 Valuation for the year ended June 30, 2019.

NOTE 12. 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.

Workers' Compensation

Effective July 1, 2017, the District began self insuring its workers' compensation claims. The claims are accounted for in the School District's General Fund. The District's workers compensation program administrator, Benetech, is responsible for the approval, processing and payment of claims which are funded by the District. The District is also responsible for a monthly administrative fee payable to Benetech. At June 30, 2018, the district estimated its workers compensation liability to be \$33,730 which represents reported and unreported claims which were incurred on or before year end, but which were not paid by the District as of that date.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 12. RISK MANAGEMENT. (Continued)

Workers' Compensation (Continued)

The District budgeted approximately one year's worth of workers' compensation claims to be paid from the General Fund. Additionally, in order to provide claims protection for unanticipated large claims, the district purchases excess workers' compensation coverage for claims in excess of \$500,000. The District also maintains a workers' compensation reserve to provide additional protection against higher than expected claims activity.

Self-Funded Medical and Prescription Plan

The District is self-insured for medical and prescription health insurance benefits for all eligible staff and retirees. The benefit program administrators are responsible for the approval, processing and payment of claims which are funded by the District. Empire Blue Cross, Inc. is the third-party claims administrator for the District's health plan. EmpiRx is the third-party claims administrator for the District's prescription plan. The cost of medical and prescription claims are paid out of employee and employer contributions. The District pays the medical claims and related administrative fees on a weekly basis to Empire. The District pays prescription claims and related administrative fees on a bi-weekly basis to EmpiRx. Health claims incurred prior to June 30, 2018, and paid in July in the amount of \$564,153 have been recorded as provided by Empire. Prescription claims incurred prior to June 30, 2018, and paid in July in the amount of \$138,802 have been recorded as provided by EmpiRx.

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 not incur any high cost claims to trigger reimbursement from the stop loss policy for 2017-2018.

Self-Funded Dental and Vision Plans

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.) The benefit program administrators are responsible for the approval, processing and payment of claims which are funded by the District. 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. At June 30, 2018, the district estimated its Dental and Vision claims liability to be \$24,595, which represents reported and unreported claims which were incurred on or before year end, but which were not paid by the District as of that date.

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, 2018. The vision benefits are limited to an annual plan maximum of approximately \$250 per covered individual.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 13. 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.

NOTE 14. 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, 2018 have been included in the assigned fund balances of the following fund as of June 30, 2018:

General Fund	\$ 933,550
Total Encumbrances	<u>\$ 933,550</u>

NOTE 15. OPERATING LEASES.

The District leases equipment and property under operating leases. Rental expense for the year ended June 30, 2018 was \$42,900.

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

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

NOTE 16. 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 17. 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

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

NOTE 17. TAX ABATEMENT. ( Continued)

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, 2018, the District abated property taxes totaling \$81,416 under these property tax abatement agreements and received payments in lieu of tax (PILOT) in the amount of \$880,774.

NOTE 18. RESTATEMENT OF NET POSITION.

For the fiscal year ended June 30, 2018, the District implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB Statement 75 requires the liability of employers and non-employer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position (if any). The District's net position has been restated as follows:

Net Position Beginning of Year, as Previously Stated	<u>\$ 1,582,070</u>
<u>GASB Statement 75 Implementation</u>	
Removal of Total OPEB Liability under Statement 45	72,466,449
Restated Total OPEB Liability under Statement 75	(160,312,551)
Deferred Outflows (Inflows) of Resources under Statement 75:	
District's contributions subsequent to the measurement date	<u>2,406,293</u>
Net Change in Net Position for Statement 75 Implementation	<u>(85,439,809)</u>
Net Position Beginning of Year, As Restated	<u><u>\$ (83,857,739)</u></u>

NOTE 19. SUBSEQUENT EVENTS.

The District has evaluated subsequent events through October 9, 2018 the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

MINISINK VALLEY CENTRAL SCHOOL DISTRICTSLATE HILL, NEW YORKSCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>06/30/18</u>
<u>Total OPEB Liability</u>	
Service cost	\$ 5,849,078
Interest	4,701,558
Changes in assumptions or other inputs	(21,554,166)
Benefit payments	<u>(2,406,293)</u>
Net change in total OPEB liability	(13,409,823)
Total OPEB liability-beginning	<u>160,312,551</u>
Total OPEB liability-ending	<u><u>\$ 146,902,728</u></u>
Covered-employee payroll	\$ 39,497,431
Total OPEB liability as a percentage of covered-employee payroll	371.93%

Notes to Schedule:

*Changes of assumptions.* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

06/30/17	3.58%
06/30/16	2.85%

No Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

\* GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2018, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.



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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) REVISED BUDGET
<u>REVENUES</u>				
LOCAL SOURCES:				
Real Property Taxes	\$ 38,740,977	\$ 38,740,977	\$ 38,848,230	\$ 107,253
Other Tax Items	5,927,612	5,927,612	5,722,153	(205,459)
Charges for Services	137,500	137,500	87,972	(49,528)
Use of Money & Property	50,000	50,000	65,710	15,710
Sale of Property & Compensation for Loss	286,000	286,000	498,553	212,553
Miscellaneous	680,000	680,000	1,270,188	590,188
STATE SOURCES	42,906,023	43,064,023	41,412,683	(1,651,340)
FEDERAL SOURCES	100,000	100,000	187,555	87,555
OTHER SOURCES:				
Operating Transfers In	50,000	50,000	50,000	0
TOTAL REVENUES	88,878,112	89,036,112	\$ 88,143,044	\$ (893,068)
APPROPRIATED FUND BALANCE	9,824,252	9,824,252		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	\$ 98,702,364	\$ 98,860,364		

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, 2018

	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
<b>EXPENDITURES</b>					
<b>GENERAL SUPPORT:</b>					
Board of Education	\$ 63,328	\$ 70,078	\$ 40,777	\$ 0	\$ 29,301
Central Administration	551,676	568,366	559,574	0	8,792
Finance	819,616	795,143	770,291	0	24,852
Staff	450,589	462,184	418,100	7,500	36,584
Central Services	6,239,228	5,786,544	5,085,644	43,152	657,748
Special Items	1,153,745	1,205,030	1,093,167	1,250	110,613
<b>INSTRUCTIONAL:</b>					
Instruction, Administration & Improvement	2,184,176	2,309,461	2,292,033	2,531	14,897
Teaching - Regular School	25,285,738	25,490,892	24,737,161	80,498	673,233
Programs for Children with Handicapping Conditions	16,580,438	16,262,522	15,712,910	277,208	272,404
Occupational Education	2,165,000	2,165,000	2,037,409	0	127,591
Teaching - Special Schools	1,040,266	1,040,677	789,550	0	251,127
Instructional Media	1,631,010	2,271,972	2,139,682	58,668	73,622
Pupil Services	3,189,460	3,432,828	3,177,460	22,099	233,269
PUPIL TRANSPORTATION	6,401,205	7,577,731	6,180,545	440,644	956,542
COMMUNITY SERVICES	16,750	17,400	10,375	0	7,025
EMPLOYEE BENEFITS	21,724,062	21,152,999	20,347,607	0	805,392
<b>DEBT SERVICE:</b>					
Debt Service - Principal	5,346,140	5,346,140	4,981,140	0	365,000
Debt Service - Interest	3,594,937	2,636,397	2,245,137	0	391,260
<b>TOTAL EXPENDITURES</b>	<b>98,437,364</b>	<b>98,591,364</b>	<b>92,618,562</b>	<b>933,550</b>	<b>5,039,252</b>
<b>OTHER USES:</b>					
Operating Transfers Out	265,000	269,000	266,429	0	2,571
<b>TOTAL EXPENDITURES &amp; OTHER USES</b>	<b>\$ 98,702,364</b>	<b>\$ 98,860,364</b>	<b>92,884,991</b>	<b>\$ 933,550</b>	<b>\$ 5,041,823</b>
<b>EXCESS OF REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>			<b>\$ (4,741,947)</b>		

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, 2018

NYSERS Pension Plan  
 Last 10 Fiscal Years\*

	<u>3/31/2018</u>	<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)	0.0324686%	0.0298419%	0.0289498%	0.0304224%	0.0304224%
District's proportionate share of the net pension asset/(liability)	\$ (1,047,908)	\$ (2,804,013)	\$ (4,646,522)	\$ (1,027,743)	\$ (1,374,745)
District's covered-employee payroll	\$ 9,630,182	\$ 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	-10.88%	-30.22%	-54.30%	-13.00%	-16.57%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.68%	97.95%	97.15%

NYSTRS Pension Plan  
 Last 10 Fiscal Years\*

	<u>6/30/2017</u>	<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)	0.186197%	0.183725%	0.182369%	0.179922%	0.176529%
District's proportionate share of the net pension asset/(liability)	\$ 1,415,286	\$ (1,967,771)	\$ 18,942,345	\$ 20,042,154	\$ 1,162,006
District's covered-employee payroll	\$ 29,520,317	\$ 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	4.79%	-6.94%	69.15%	75.41%	4.45%
Plan fiduciary net position as a percentage of the total pension liability	100.66%	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 fourth year of implementation prior year information is only available for 5 years. The data will be accumulated over time and presented according to GASB 68.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2018

NYSERS Pension Plan  
Last 10 Fiscal Years\*

	<u>3/31/2018</u>	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Contractually required contribution	\$ 1,379,410	\$ 1,309,599	\$ 1,346,651	\$ 1,627,679	\$ 1,346,651
Contributions in relation to the contractually required contribution	<u>1,379,410</u>	<u>1,309,599</u>	<u>1,346,651</u>	<u>1,627,679</u>	<u>1,346,651</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 9,630,182	\$ 9,277,692	\$ 8,556,497	\$ 7,905,074	\$ 8,298,551
Contributions as a percentage of its covered-employee payroll	14.32%	14.12%	15.74%	20.59%	16.23%

NYSTRS Pension Plan  
Last 10 Fiscal Years\*

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
Contractually required contribution	\$ 3,458,122	\$ 3,759,290	\$ 4,802,225	\$ 4,318,801	\$ 3,061,543
Contributions in relation to the contractually required contribution	<u>3,458,122</u>	<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>	<u>\$ -</u>
Covered Employee Payroll	\$29,520,317	\$28,350,603	\$27,394,324	\$26,577,235	\$26,116,313
Contributions as a percentage of its covered-employee payroll	11.71%	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 fourth year of implementation prior year information is only available for 5 years. The data will be accumulated over time and presented according to GASB 68.

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, 2018

CHANGE FROM ADOPTED TO FINAL BUDGET

ADOPTED BUDGET	\$ 97,407,064
ADDITIONS:	
Encumbrances from Prior Year	<u>1,295,300</u>
ORIGINAL BUDGET	98,702,364
BUDGET REVISIONS:	
Budget Amendment for NYS State Aid	<u>158,000</u>
FINAL BUDGET	<u><u>\$ 98,860,364</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-2019 Voter-approved expenditure budget maximum allowed (4% of 2018-2019 budget \$99,991,245)	\$ 3,999,650
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 9,462,502
Unassigned Fund Balance	<u>3,101,865</u>
Total Unrestricted Fund Balance	<u>12,564,367</u>
Less:	
Appropriated Fund Balance	8,528,952
Encumbrances Included in Committed and Assigned Fund Balance	<u>933,550</u>
Total Adjustments	<u>\$ 9,462,502</u>
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,101,865</u></u>
Actual Percentage	3.10%

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, 2018

	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	EXPENDITURES TO DATE			UNEXPENDED BALANCE	METHODS OF FINANCING				FUND BALANCE JUNE 30, 2018
			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	16,350,000	16,148,981	0	16,148,981	201,019	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	4,300,269	4,298,132	0	4,298,132	2,137	4,500,000	0	0	4,500,000	201,868
Elementary/Intermediate Excel	13,100,000	9,876,027	10,012,026	0	10,012,026	(135,999)	10,100,000	483,622	0	10,583,622	571,596
High School Excel	5,764,000	4,630,376	4,630,377	0	4,630,377	(1)	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	2,281,605	2,281,606	0	2,281,606	(1)	2,400,000	0	0	2,400,000	118,394
Elementary/Intermediate Excel - Phase II	0	857,000	710,671	0	710,671	146,329	0	0	0	0	(710,671)
High School Excel - Phase II	0	394,332	510,711	0	510,711	(116,379)	0	0	0	0	(510,711)
Middle School Excel - Phase II	93,742	0	21,052	0	21,052	(21,052)	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	2,025,581	46	2,025,627	9,718	0	0	0	0	(2,025,627)
High School Excel - Phase 3B	3,009,000	2,965,870	925,696	2,100,819	3,026,515	(60,645)	0	0	0	0	(3,026,515)
Middle School Excel - Phase 3B	989,600	1,029,600	287,667	515,837	803,504	226,096	0	0	0	0	(803,504)
Otisville Excel - Phase 3B	265,000	268,130	47,042	68,917	115,959	152,171	0	0	0	0	(115,959)
Elementary/Intermediate 2018 Proj B Ph I	1,428,250	1,428,250	880	208,418	209,298	1,218,952	0	0	0	0	(209,298)
Otisville 2018	0	0	440	0	440	(440)	0	0	0	0	(440)
Middle School 2018 - Proj E	0	0	4,776	240,969	245,745	(245,745)	0	0	0	0	(245,745)
High School 2018	0	0	8,904	256,934	265,838	(265,838)	0	0	0	0	(265,838)
Smart School Bond	3,117,700	0	0	133,000	133,000	(133,000)	0	0	0	0	(133,000)
High School Add/Renov Project A2	0	0	0	461,333	461,333	(461,333)	0	0	0	0	(461,333)
Elementary - Intermediate Project C Ph2	0	0	0	63,000	63,000	(63,000)	0	0	0	0	(63,000)
Elementary - Intermediate Project E	0	0	0	88,425	88,425	(88,425)	0	0	0	0	(88,425)
Otisville Renovation Project E	0	0	0	6,550	6,550	(6,550)	0	0	0	0	(6,550)
Transportation Project E	0	0	0	3,275	3,275	(3,275)	0	0	0	0	(3,275)
IIS 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
IIS 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 - 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
	<u>\$ 110,763,295</u>	<u>\$ 102,321,090</u>	<u>\$ 96,764,091</u>	<u>\$ 4,147,523</u>	<u>\$ 100,911,614</u>	<u>\$ 1,409,476</u>	<u>\$ 89,558,835</u>	<u>\$ 816,863</u>	<u>\$ 2,599,286</u>	<u>\$ 92,974,984</u>	<u>\$ (7,936,630)</u>

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, 2018

CAPITAL ASSETS, NET		\$	91,295,203
ADDITIONS:			
Deferred Amount on Refunding			<u>2,704,394</u>
			93,999,597
DEDUCTIONS			
Bond Anticipation Note	\$	3,400,000	
Short-term Portion of Bonds Payable		5,202,694	
Long-term Portion of Bonds Payable		50,585,939	
Short-term Portion of Installment Debt		274,334	
Long-term Portion of Installment Debt		<u>1,962,848</u>	
Total Bonds and Notes Payable		61,425,815	
Less: Unspent Bond Proceeds		<u>(2,153,234)</u>	
Related Debt			<u>(59,272,581)</u>
NET INVESTMENT IN CAPITAL ASSETS		\$	<u><u>34,727,016</u></u>

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



**Nugent & Haeussler, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
ESTABLISHED 1925

101 Bracken Road  
Montgomery, New York 12549  
Tel (845) 457-1100  
Fax (845) 457-1160  
e-mail: nh@nhcpas.com

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  
Justin B. Wood, CPA

Richard P. Capicchioni, CPA  
Walter J. Jung, CPA  
Jennifer A. Traverse, 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 information of Minisink Valley Central School District, as of and for the year ended June 30, 2018, 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 9, 2018.

**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 a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 9, 2018



**Nugent & Haeussler, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
ESTABLISHED 1925

101 Bracken Road  
Montgomery, New York 12549  
Tel (845) 457-1100  
Fax (845) 457-1160  
e-mail: nh@nhcpas.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE 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  
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  
Justin B. Wood, CPA

Richard P. Capicchioni, CPA  
Walter J. Jung, CPA  
Jennifer A. Traverse, CPA

**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, 2018. 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, 2018.

### **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 an 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mugent & Haussler, P.C.*

Montgomery, New York  
October 9, 2018

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

<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		\$ 105,084
Cash Assistance				
National School Breakfast Program	10.553	N/A		74,703
National School Lunch Program	10.555	N/A		480,332
Cash Assistance Subtotal				555,035
TOTAL U.S. DEPT. OF AGRICULTURE, CHILD NUTRITION CLUSTER				660,119
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed-through NYS Education Department:				
Special Education Cluster (IDEA):				
IDEA - Part B, Section 611	84.027	0032-18-0686	\$ 60,017	785,958
IDEA - Part B, Section 619	84.173	0033-18-0686	12,850	25,558
Total Special Education Cluster			72,867	811,516
Title I Parts A&D, Basic Program	84.010	0021-18-2260		446,095
Title II Part A, Teacher & Principal Training & Recruiting	84.367	0147-18-2260		111,871
Emergency Impact Aid - Displaced Students	84.938	0080-18-2260		23,625
TOTAL U.S. DEPARTMENT OF EDUCATION				1,393,107
TOTAL PASSED THROUGH NYS DEPARTMENT OF EDUCATION				2,053,226
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 2,053,226

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, 2018

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 \$105,084 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, 2018

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 NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
84.010	Title I

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, 2018

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

101 Bracken Road  
Montgomery, New York 12549  
Tel (845) 457-1100  
Fax (845) 457-1160  
e-mail: nh@nhcpas.com

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  
Justin B. Wood, CPA

Richard P. Capicchioni, CPA  
Walter J. Jung, CPA  
Jennifer A. Traverse, CPA

## 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, 2018, 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 requirements for Federal Awards (Uniformed 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

Page 2

### **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, 2018, 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.

*Mugent & Haussler, P.C.*

Montgomery, New York  
October 9, 2018

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
EXTRACLASROOM ACTIVITY FUND  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS  
JUNE 30, 2018

ASSETS

Cash in Checking	<u>\$ 210,581</u>
------------------	-------------------

LIABILITIES AND FUND BALANCE

Sales Tax Payable	1,450
-------------------	-------

Fund Balance, Beginning of Year	\$ 223,050	
Excess of Disbursements over Receipts	<u>(13,919)</u>	
Fund Balance, End of Year		<u>209,131</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 210,581</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, 2018

HIGH SCHOOL	CASH BALANCE JUNE 30, 2017	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2018
Senior Class	\$ 236	\$ 46,101	\$ 46,308	\$ 29
Junior Class	5,462	19,416	24,854	24
Sophomore Class	2,777	2,181	2,500	2,458
Freshman Class	1,730	6,412	6,026	2,116
Girl's Basketball	1,993	873	855	2,011
Girl's Softball	10,174	357	4,655	5,876
Choir Club	487	26,755	25,046	2,196
C.A.R.E.	23	0	23	0
Wrestling Club	3,600	5,025	6,333	2,292
Boy's Basketball	4,364	4,603	3,149	5,818
Drama Club	10,689	15,979	17,217	9,451
Tech Club	28,213	19,158	10,430	36,941
Study Buddies	30	4,351	4,368	13
Football Club	555	750	0	1,305
National Honor Society	3,024	2,635	2,012	3,647
SADD Club	596	462	894	164
Boy's Soccer Club	133	476	0	609
Student Council - HS	5,625	4,432	5,036	5,021
Track Club	47	0	47	0
Varsity Club	1,375	0	0	1,375
Girl's Volleyball	2,095	0	0	2,095
Yearbook Club	30,104	25,652	31,036	24,720
Art-Museum Club	1,254	1,995	2,284	965
Girl's Soccer Club	536	0	536	0
School Store	12,068	11,883	11,525	12,426
FBLA Club	807	27,502	25,771	2,538
JROTC	8,459	10,273	13,549	5,183
CAP	10,227	2,595	2,019	10,803
Girl's Swim Club	5,192	6,355	6,538	5,009
Boy's Swim Club	4,570	11,805	12,815	3,560
Boy's & Girl's Tennis Club	94	58	0	152
Golf Club	238	0	238	0
Cheerleading Club	6,127	40,396	38,346	8,177
Boy's Baseball Club	12,538	13,729	16,736	9,531
Band Club HS	7,113	19,570	18,217	8,466
	<u>\$ 182,555</u>	<u>\$ 331,779</u>	<u>\$ 339,363</u>	<u>\$ 174,971</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, 2018

<u>MIDDLE &amp; INTERMEDIATE SCHOOLS</u>	<u>CASH BALANCE JUNE 30, 2017</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH BALANCE JUNE 30, 2018</u>
Band Club	\$ 6,321	\$ 24,980	\$ 24,832	\$ 6,469
SADD Club	199	0	0	199
Chorus	2,334	8,329	8,070	2,593
Student Government - MS	8,525	30,669	35,948	3,246
Tech Crew	141	0	4	137
Yearbook Club	13,697	8,020	10,007	11,710
Chess Club	371	0	185	186
Drama Club	8,907	11,247	12,823	7,331
Technology Club	0	4,728	2,892	1,836
Pet Club	0	504	502	2
Builders Club	0	140	140	0
Ukulele Club	0	100	0	100
Chess Club	0	316	0	316
Robotics Club	0	503	468	35
	<u>\$ 40,495</u>	<u>\$ 89,536</u>	<u>\$ 95,871</u>	<u>\$ 34,160</u>
Total Extraclassroom Activity Funds	<u>\$ 223,050</u>	<u>\$ 421,315</u>	<u>\$ 435,234</u>	<u>\$ 209,131</u>

See notes to financial statement.



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
EXTRACLASSROOM ACTIVITY FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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.