

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK

AUDIT REPORT FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016  
INCLUDING REPORTS ON FEDERAL AWARDS  
AND EXTRACLASSROOM ACTIVITY FUNDS

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
JUNE 30, 2016  
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## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of the  
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 the Minisink Valley Central School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### 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, the each major fund, and the aggregate remaining fund information of the Minisink Valley Central School District as of June 30, 2016, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for other postemployment benefits, the District's proportionate share of the net pension liability and the District's pension contributions on pages 59 through 63 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 64 through 66 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 64 through 66, 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 64 through 66, 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 7, 2016 on our consideration of the Minisink Valley Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. 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 & Haussler, P.C.*

Montgomery, New York  
October 7, 2016

# 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 fiscal year ended June 30, 2016. This section is a summary of the 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.

Figure A-1 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)

Figure A-1 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 can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

### District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

## MINISINK VALLEY CENTRAL SCHOOL DISTRICT

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

- 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.

The district-wide financial statements are presented on pages 15 and 16 of this report.

#### **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.

Budgetary comparison statements are included in the supplemental financial statements for the General Fund. These statements and schedules demonstrate compliance with the District's adopted and final revised budget.

The basic governmental fund financial statements are presented on pages 17 and 19 of this report.

- **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.

The basic fiduciary fund financial statements are presented on pages 21 and 22 of this report.



**MINISINK VALLEY CENTRAL SCHOOL DISTRICT**

**Management Discussion and Analysis  
(Continued)**

**Financial Analysis of the District as a Whole**

The District's net position at June 30, 2016 is \$5,841,708. This is a \$1,886,968, decrease from last year's net position of \$7,728,676. The following table provides a summary of the District's net position:

Summary of Net Position

	School District Activities		
	June 30, 2016	June 30, 2015	% Change
Current Assets	\$ 36,704,752	\$ 36,723,044	-0.05%
Non-Current Assets	110,094,505	114,050,855	-3.47%
Total Assets	146,799,257	150,773,899	-3.48%
Deferred Outflows of Resources	11,500,060	8,260,086	39.22%
Total Assets and Deferred Outflows of Resources	158,299,317	159,033,985	
Current Liabilities	12,175,444	15,801,050	-22.95%
Long-Term Debt Outstanding	132,739,550	120,734,562	9.94%
Total Liabilities	144,914,994	136,535,612	6.14%
Deferred Inflows of Resources	7,542,615	14,769,697	-48.93%
Total Liabilities and Deferred Outflows of Resources	152,457,609	151,305,309	
Net Position:			
Net Investment in Capital Assets	26,257,723	24,151,746	8.72%
Restricted	33,943,526	19,349,266	75.43%
Unrestricted	(54,359,541)	(35,772,336)	-51.96%
Total Net Position	\$ 5,841,708	\$ 7,728,676	-24.42%

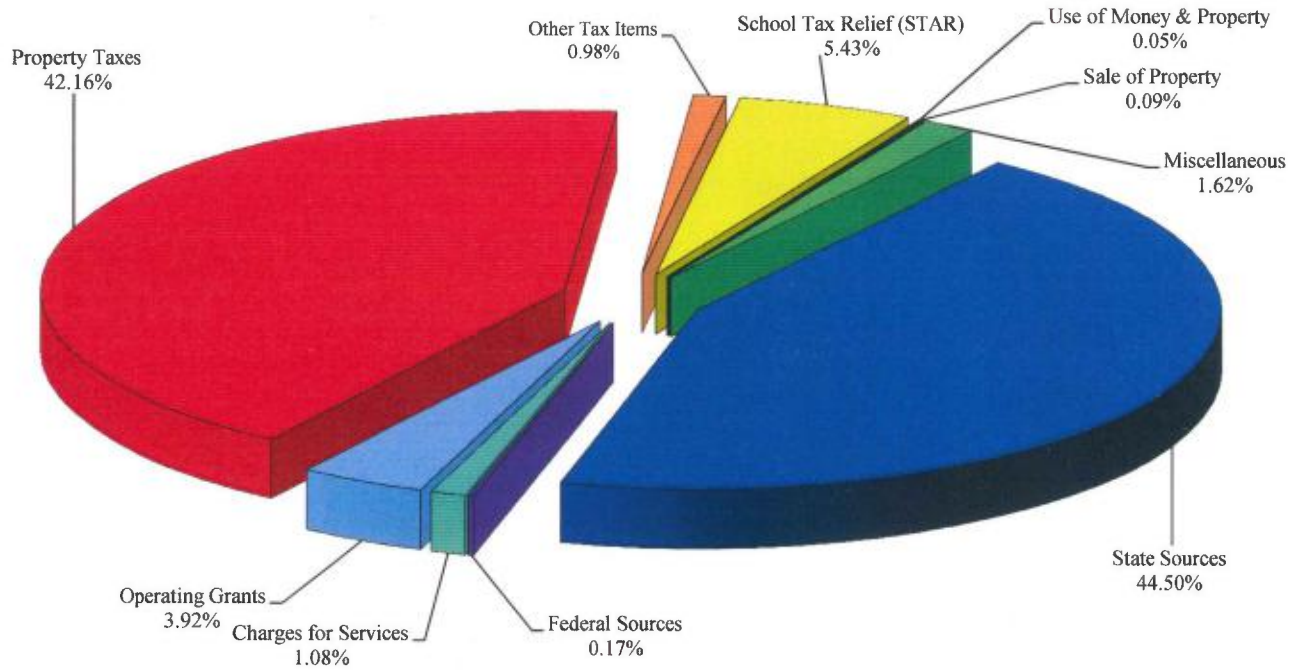
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the years ended June 30, 2016 and 2015:

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

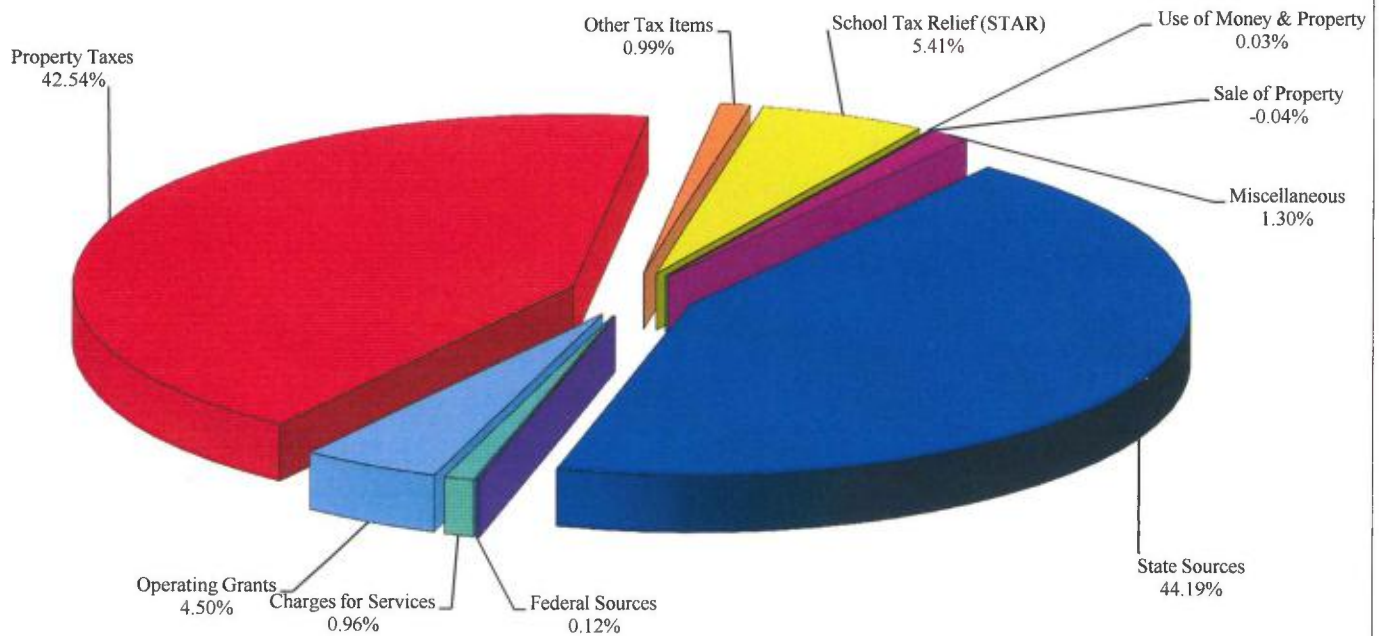
	<u>JUNE 30, 2016</u>	<u>%</u>	<u>JUNE 30, 2015</u>	<u>%</u>	<u>\$ Change</u>	<u>% Change</u>
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 992,012	1.08%	\$ 856,892	0.96%	\$ 135,120	13.62%
Operating Grants	3,612,625	3.92%	4,025,769	4.50%	(413,144)	-11.44%
GENERAL REVENUES:						
Property Taxes	38,851,396	42.16%	38,034,093	42.54%	817,303	2.10%
Other Tax Items	904,910	0.98%	882,550	0.99%	22,360	2.47%
School Tax Relief (STAR)	5,002,949	5.43%	4,836,320	5.41%	166,629	3.33%
Use of Money & Property	49,204	0.05%	26,009	0.03%	23,195	47.14%
Sale of Property	81,947	0.09%	(34,054)	-0.04%	116,001	141.56%
Miscellaneous	1,490,785	1.62%	1,158,463	1.30%	332,322	22.29%
State Sources	41,009,448	44.50%	39,498,106	44.19%	1,511,342	3.69%
Federal Sources	156,713	0.17%	107,204	0.12%	49,509	31.59%
TOTAL REVENUES	<u>92,151,989</u>	<u>100.00%</u>	<u>89,391,352</u>	<u>100.00%</u>	<u>2,760,637</u>	<u>256.36%</u>
<u>EXPENSES</u>						
General Support	7,307,392	7.77%	7,062,170	7.79%	\$ 245,222	3.36%
Instruction	48,031,616	51.07%	45,958,047	50.72%	2,073,569	4.32%
Pupil Transportation	4,504,738	4.79%	4,429,932	4.89%	74,806	1.66%
Community Services	14,311	0.02%	14,237	0.02%	74	0.52%
Employee Benefits	25,895,642	27.54%	24,217,686	26.73%	1,677,956	6.48%
Debt Service Interest	2,416,997	2.57%	3,035,004	3.35%	(618,007)	-25.57%
Depreciation	4,570,520	4.86%	4,609,896	5.09%	(39,376)	-0.86%
School Lunch Program	1,297,741	1.38%	1,279,362	1.41%	18,379	1.42%
TOTAL EXPENSES	<u>94,038,957</u>	<u>100.00%</u>	<u>90,606,334</u>	<u>100.00%</u>	<u>\$ 3,432,623</u>	<u>-8.68%</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ (1,886,968)</u>		<u>\$ (1,214,982)</u>		<u>\$ (671,986)</u>	

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK

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

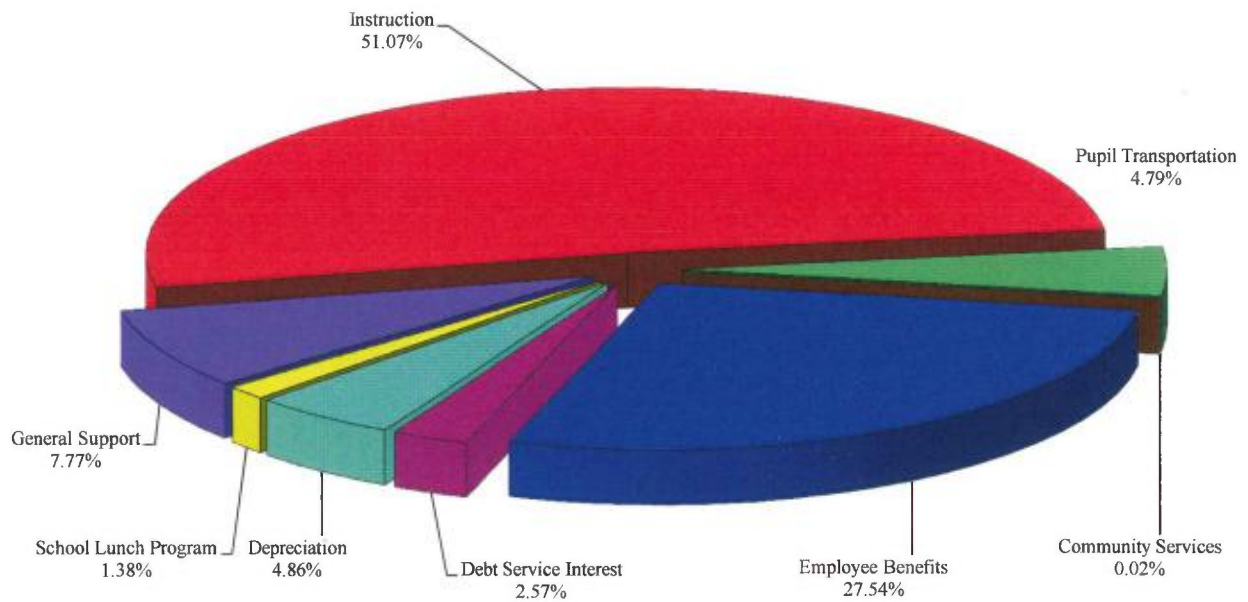


**SOURCES OF REVENUES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

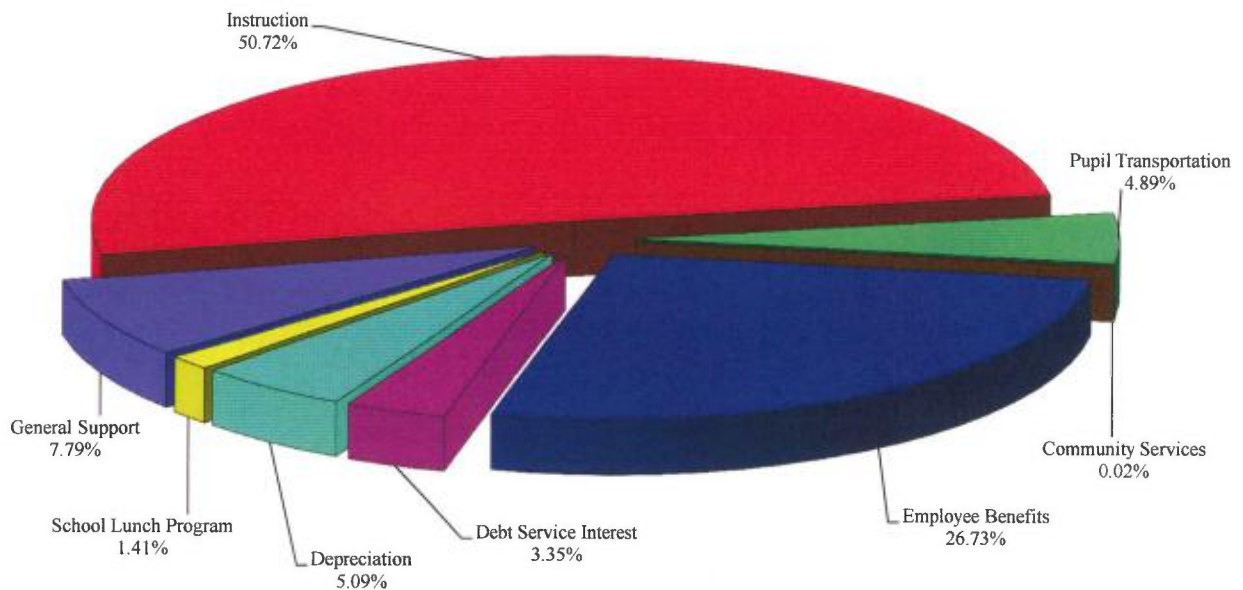


MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK

**EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

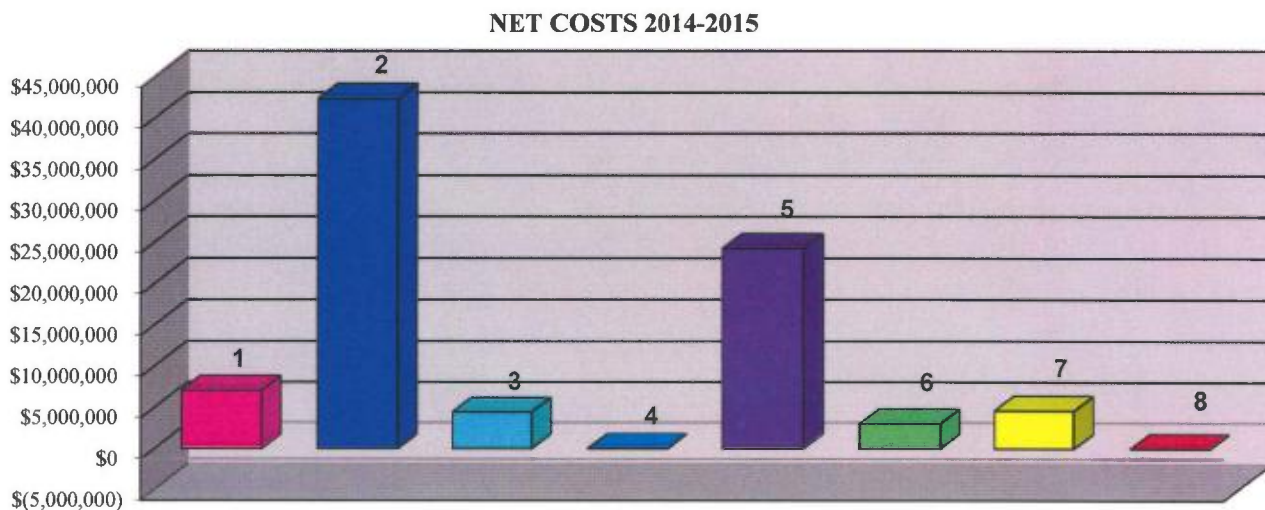
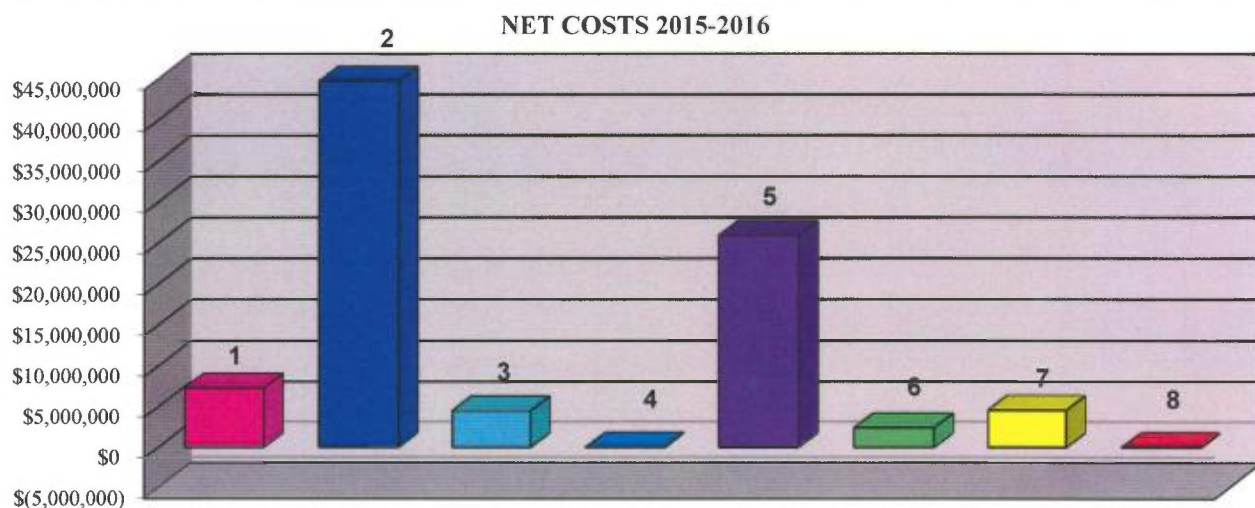




MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
STATEMENT OF ACTIVITIES  
NET COSTS

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

		TOTAL COST OF SERVICES 2015-2016	NET COST OF SERVICES 2015-2016	TOTAL COST OF SERVICES 2014-2015	NET COST OF SERVICES 2014-2015
General Support	1	\$ 7,307,392	\$ 7,307,392	\$ 7,062,170	\$ 7,062,170
Instruction	2	48,031,616	44,759,433	45,958,047	42,358,449
Pupil Transportation	3	4,504,738	4,504,738	4,429,932	4,429,932
Community Services	4	14,311	14,311	14,237	14,237
Employee Benefits	5	25,895,642	25,895,642	24,217,686	24,217,686
Debt Service - Interest	6	2,416,997	2,416,997	3,035,004	3,035,004
Depreciation	7	4,570,520	4,570,520	4,609,896	4,609,896
School Lunch Program	8	1,297,741	(34,713)	1,279,362	(3,701)
		<u>\$ 94,038,957</u>	<u>\$ 89,434,320</u>	<u>\$ 90,606,334</u>	<u>\$ 85,723,673</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, 2016				
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	\$ 0	17,000,236	\$ 9,409,938	3,838,768	\$ 30,248,942
Special Aid	0	4	0	0	4
School Lunch	25,266	1,364,412	0	0	1,389,678
Capital Projects	0	0	0	(605,579)	(605,579)
Debt Service	0	150,321	0	0	150,321
	<u>\$ 25,266</u>	<u>\$ 18,514,973</u>	<u>\$ 9,409,938</u>	<u>\$ 3,233,189</u>	<u>\$ 31,183,366</u>

	June 30, 2015				
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	\$ 0	6,993,888	\$ 8,853,951	11,753,079	\$ 27,600,918
Special Aid	0	4	0	0	4
School Lunch	25,550	1,445,303	0	0	1,470,853
Capital Projects	0	0	0	(3,660,406)	(3,660,406)
Debt Service	0	91,774	0	0	91,774
	<u>\$ 25,550</u>	<u>\$ 8,530,969</u>	<u>\$ 8,853,951</u>	<u>\$ 8,092,673</u>	<u>\$ 25,503,143</u>

#### General Fund Budgetary Highlights

In assessing the overall operations of the General Fund for the year ended June 30, 2016, actual revenues of \$88,356,550 exceeded actual expenditures and other uses totaling \$85,708,526 by \$2,648,024. A portion of these funds along with existing funds of the school district were used to establish a capital reserve of \$5,000,000 as authorized by the voters on May 17, 2016 to assist in defraying costs to the community in subsequent capital projects. A health insurance reserve of \$5,225,000 was established through special legislation to protect the district from unanticipated high cost claims associated with the new self-funded health insurance plan that commenced on September 1, 2016.

In reviewing the actual results of operations for the General Fund for the year ended June 30, 2016 as compared to the adjusted budget, revenues exceeded the budget by \$1,256,490 (1.44%) and the unencumbered expenditures were \$8,691,850 (9.06%) under budget. For the prior year ended June 30, 2015, earned revenues exceeded the revenue budget by \$2,475,440 (2.97%) and the unencumbered expenditures were \$8,425,885 (8.93%) under budget.

Real property tax STAR and other tax items were \$304,135 (5.43%) over budget as a result of additional PILOT revenue that was received based on a sliding scale as outlined in the PILOT agreement. Miscellaneous Revenues were 1,083,728 (310%) over budget due to refund of prior years' expenses and BOCES classroom rental revenue.

## **MINISINK VALLEY CENTRAL SCHOOL DISTRICT**

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

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

The District appropriated \$7,060,094 of fund balance to reduce the 2015-2016 tax levy as compared to \$8,998,762 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 2016-2017, the District has appropriated \$7,856,303 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 as well as costs associated with the Affordable Care Act legislation.
- Continued budgetary demands imposed by legislative mandates.

Management believes that the budget adopted for 2016-2017 is reasonably adaptable to any adverse changes that may arise based on the above factors.

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

#### **Other Fund Highlights**

The Special Aid Fund - for the year ended June 30, 2016, an interfund transfer from the General Fund to the Special Aid Fund in the amount of \$220,375 was made to provide funds for the required 20% local match for the Summer Handicapped Program. The Special Aid Fund balance at year end was \$4.

The School Lunch Fund had expenditures that exceeded revenues by (\$81,175). Fund balance decreased to \$1,389,678. The district used a portion of the unreserved fund balance during the summer of 2015 to install new serving lines at the elementary and intermediate schools in the District. These improvements reduce student wait time in line while providing better equipment to maintain and present quality food options for the students throughout the day. The financial stability of the program has also allowed the district to offer quality menu options with a student lunch price that remains a very affordable option for families.

Debt Service Fund ended the year with a fund balance of \$150,321. This fund balance will be appropriated in future years to offset principal and interest payments.



## 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, 2016 and 2015, was \$91,152,160 and \$94,008,701 respectively. The total decrease in this net investment was -3.04% for the District as a whole (see schedule below). The District expended \$1,792,548 to acquire and construct capital assets during the fiscal year ended June 30, 2016. Assets retired from service had a net basis of \$78,569 and depreciation expense for the fiscal year was \$4,570,520.

#### CAPITAL ASSETS Net of Accumulated Depreciation

	<u>School District Activities</u>		<u>% Change</u>
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	
<u>Non-Depreciable Assets:</u>			
Land	\$ 879,619	\$ 879,619	0.00%
Construction in Progress	2,446,699	1,992,888	22.77%
<u>Depreciable Assets:</u>			
Building and Improvements	81,950,665	85,609,247	-4.27%
Furniture and Equipment	1,497,933	1,494,057	0.26%
Vehicles	4,377,244	4,032,890	8.54%
TOTALS	<u>\$ 91,152,160</u>	<u>\$ 94,008,701</u>	-3.04%

##### Long-Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$61,958,937. 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>\$ 65,395,000</u>	<u>\$ 15,328,937</u>	<u>\$ 18,765,000</u>	<u>\$ 61,958,937</u>

Long-term debt also includes unamortized bond premiums of \$5,682,217 related to various serial bonds used for advanced refunding. The premiums are being amortized over the lives of the bonds which mature between 2017 and 2025.

##### Bond Ratings

Moody's Investors Service ("Moody's") has assigned a rating of AA 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 of 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, 2016

ASSETS

Unrestricted Cash	\$ 13,620,119
Restricted Cash	18,514,973
State & Federal Aid Receivable	4,312,337
Other Receivables, Net	232,057
Inventories	25,266
Net Pension Asset - Proportionate Share	18,942,345
Capital Assets, Net	91,152,160
TOTAL ASSETS	<u>146,799,257</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amounts on Refunding	3,178,078
Pensions	8,321,982
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>158,299,317</u>

LIABILITIES

Accounts Payable	473,124
Accrued Liabilities	417,671
Due to Other Governments	913
Due to Teachers' Retirement System	3,898,855
Due to Employees' Retirement System	389,142
Other Liabilities	30,868
Overpayments and Collections in Advance	11,463
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Includes Deferred Refunding Premium \$525,890)	6,704,827
Installment Purchase Debt	248,581
Due and Payable In More Than One Year:	
Bonds Payable (Includes Deferred Refunding Premium \$5,156,327)	60,936,327
Installment Purchase Debt	2,498,322
Compensated Absences	240,937
Net Pension Liability - Proportionate Share	4,646,522
Other Postemployment Benefits	64,417,442
TOTAL LIABILITIES	<u>144,914,994</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Revenues	353,363
Pensions	7,189,252
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>152,457,609</u>

NET POSITION

Net Investment in Capital Assets	26,257,723
Restricted	33,943,526
Unrestricted ( deficit)	(54,359,541)
TOTAL NET POSITION	<u>\$ 5,841,708</u>

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

		PROGRAM REVENUES		NET (EXPENSE) REVENUE & CHANGES IN NET POSITION	
		EXPENSES	CHARGES FOR SERVICES		OPERATING GRANTS
<u>FUNCTIONS &amp; PROGRAMS</u>					
General Support	\$	(10,489,508)	\$ 0	\$ 0	\$ (10,489,508)
Instruction		(72,167,373)	266,931	3,005,252	(68,895,190)
Pupil Transportation		(7,609,631)	0	0	(7,609,631)
Community Services		(14,311)	0	0	(14,311)
Debt Service - Interest		(2,416,997)	0	0	(2,416,997)
School Lunch Program		(1,341,137)	725,081	607,373	(8,683)
TOTAL FUNCTIONS & PROGRAMS	\$	<u>(94,038,957)</u>	<u>\$ 992,012</u>	<u>\$ 3,612,625</u>	<u>(89,434,320)</u>
<u>GENERAL REVENUES</u>					
Real Property Taxes					38,851,396
Other Tax Items					5,907,859
Use of Money & Property					49,204
Sale of Property & Compensation for Loss					81,947
Miscellaneous					1,490,785
State Sources					41,009,448
Federal Sources					156,713
TOTAL GENERAL REVENUES					<u>87,547,352</u>
CHANGE IN NET POSITION					(1,886,968)
NET POSITION, BEGINNING OF YEAR					<u>7,728,676</u>
NET POSITION, END OF YEAR					\$ 5,841,708

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Unrestricted Cash	\$ 13,615,088	\$ 0	\$ 0	\$ 5,031	\$ 0	\$ 13,620,119
Restricted Cash	17,001,589	1,001	1,362,194	0	150,189	18,514,973
State & Federal Aid Receivable	2,426,209	1,847,662	38,466	0	0	4,312,337
Due from Other Funds	2,454,752	0	0	0	132	2,454,884
Other Receivables, Net	232,057	0	0	0	0	232,057
Inventories	0	0	25,266	0	0	25,266
TOTAL ASSETS	\$ 35,729,695	\$ 1,848,663	\$ 1,425,926	\$ 5,031	\$ 150,321	\$ 39,159,636
<u>LIABILITIES &amp; FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 460,658	\$ 0	\$ 7,781	\$ 4,685	\$ 0	\$ 473,124
Accrued Liabilities	122,721	0	0	0	0	122,721
Due to Other Governments	0	0	913	0	0	913
Due to Other Funds	0	1,848,659	300	605,925	0	2,454,884
Due to Teachers' Retirement System	3,898,855	0	0	0	0	3,898,855
Due to Employees' Retirement System	389,142	0	0	0	0	389,142
Other Liabilities	3,614	0	27,254	0	0	30,868
Overpayments and Collections in Advance	11,463	0	0	0	0	11,463
Compensated Absences	240,937	0	0	0	0	240,937
TOTAL LIABILITIES	5,127,390	1,848,659	36,248	610,610	0	7,622,907
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Revenues	353,363	0	0	0	0	353,363
<u>FUND BALANCES</u>						
Fund Balance:						
Nonspendable	0	0	25,266	0	0	25,266
Restricted	17,000,236	4	1,364,412	0	150,321	18,514,973
Assigned	9,409,938	0	0	0	0	9,409,938
Unassigned	3,838,768	0	0	(605,579)	0	3,233,189
TOTAL FUND BALANCES	30,248,942	4	1,389,678	(605,579)	150,321	31,183,366
TOTAL LIABILITIES & FUND BALANCES	\$ 35,729,695	\$ 1,848,663	\$ 1,425,926	\$ 5,031	\$ 150,321	\$ 39,159,636

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, 2016

ASSETS	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
Unrestricted Cash	\$ 13,620,119	\$ 0	\$ 0	\$ 13,620,119
Restricted Cash	18,514,973	0	0	18,514,973
State & Federal Aid Receivable	4,312,337	0	0	4,312,337
Due from Other Funds	2,454,884	0	(2,454,884)	0
Other Receivables, Net	232,057	0	0	232,057
Inventories	25,266	0	0	25,266
Net Pension Asset - Proportionate Share	0	18,942,345	0	18,942,345
Capital Assets, Net	0	91,152,160	0	91,152,160
<b>TOTAL ASSETS</b>	<b>39,159,636</b>	<b>110,094,505</b>	<b>(2,454,884)</b>	<b>146,799,257</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amounts on Refunding	0	3,178,078	0	3,178,078
Pensions	0	8,321,982	0	8,321,982
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 39,159,636</b>	<b>\$ 121,594,565</b>	<b>\$ (2,454,884)</b>	<b>\$ 158,299,317</b>
<b>LIABILITIES &amp; FUND BALANCES / NET POSITION</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 473,124	\$ 0	\$ 0	\$ 473,124
Accrued Liabilities	122,721	294,950	0	417,671
Due to Other Governments	913	0	0	913
Due to Other Funds	2,454,884	0	(2,454,884)	0
Due to Teachers' Retirement System	3,898,855	0	0	3,898,855
Due to Employees' Retirement System	389,142	0	0	389,142
Other Liabilities	30,868	0	0	30,868
Overpayments and Collections in Advance	11,463	0	0	11,463
Bonds Payable	0	67,641,154	0	67,641,154
Installment Purchase Debt	0	2,746,903	0	2,746,903
Compensated Absences	240,937	0	0	240,937
Net Pension Liability - Proportionate Share	0	4,646,522	0	4,646,522
Other Postemployment Benefits	0	64,417,442	0	64,417,442
<b>TOTAL LIABILITIES</b>	<b>7,622,907</b>	<b>139,746,971</b>	<b>(2,454,884)</b>	<b>144,914,994</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenues	353,363	0	0	353,363
Pensions	0	7,189,252	0	7,189,252
<b>FUND BALANCES / NET POSITION</b>	<b>31,183,366</b>	<b>(25,341,658)</b>	<b>0</b>	<b>5,841,708</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES / NET POSITION</b>	<b>\$ 39,159,636</b>	<b>\$ 121,594,565</b>	<b>\$ (2,454,884)</b>	<b>\$ 158,299,317</b>

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, 2016

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>						
Real Property Taxes	\$ 38,851,396	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,851,396
Other Tax Items	5,907,859	0	0	0	0	5,907,859
Charges for Services	266,931	0	0	0	0	266,931
Use of Money & Property	43,382	0	3,359	0	2,463	49,204
Sale of Property & Compensation for Loss	160,516	0	0	0	0	160,516
Miscellaneous	1,434,701	0	0	0	0	1,434,701
State Sources	41,535,052	1,208,026	25,779	0	0	42,768,857
Federal Sources	156,713	1,271,622	581,594	0	0	2,009,929
Sales	0	0	725,081	0	0	725,081
<b>TOTAL REVENUES</b>	<b>88,356,550</b>	<b>2,479,648</b>	<b>1,335,813</b>	<b>0</b>	<b>2,463</b>	<b>92,174,474</b>
<b>EXPENDITURES</b>						
General Support						
Instruction	7,421,523	0	0	0	0	7,421,523
Pupil Transportation	45,488,877	2,574,675	0	0	0	48,063,552
Community Services	5,544,302	0	0	0	0	5,544,302
Employee Benefits	14,311	0	0	0	0	14,311
Debt Service:	18,034,331	125,348	0	0	0	18,159,679
Principal	6,305,186	0	0	0	0	6,305,186
Interest	2,679,621	0	0	0	0	2,679,621
Cost of Sales	0	0	1,416,988	0	0	1,416,988
Capital Outlay	0	0	0	487,670	0	487,670
<b>TOTAL EXPENDITURES</b>	<b>85,488,151</b>	<b>2,700,023</b>	<b>1,416,988</b>	<b>487,670</b>	<b>0</b>	<b>90,092,832</b>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b>	<b>2,868,399</b>	<b>(220,375)</b>	<b>(81,175)</b>	<b>(487,670)</b>	<b>2,463</b>	<b>2,081,642</b>
<b>OTHER SOURCES &amp; USES</b>						
Proceeds from Debt	0	0	0	2,663,937	0	2,663,937
Bond Anticipation Notes Paid from Current Appropriations	0	0	0	878,560	0	878,560
Premium on Obligation	0	0	0	0	56,084	56,084
Proceeds from Advanced Refunding	0	0	0	0	14,390,707	14,390,707
Payments to Escrow Agent ( Advanced Refunding Bonds)	0	0	0	0	(14,390,707)	(14,390,707)
Operating Transfers In	0	220,375	0	0	0	220,375
Operating Transfers (Out)	(220,375)	0	0	0	0	(220,375)
<b>TOTAL OTHER SOURCES &amp; USES</b>	<b>(220,375)</b>	<b>220,375</b>	<b>0</b>	<b>3,542,497</b>	<b>56,084</b>	<b>3,598,581</b>
<b>EXCESS (DEFICIENCY) REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	<b>2,648,024</b>	<b>0</b>	<b>(81,175)</b>	<b>3,054,827</b>	<b>58,547</b>	<b>5,680,223</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>27,600,918</b>	<b>4</b>	<b>1,470,853</b>	<b>(3,660,406)</b>	<b>91,774</b>	<b>25,503,143</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 30,248,942</b>	<b>\$ 4</b>	<b>\$ 1,389,678</b>	<b>\$ (605,579)</b>	<b>\$ 150,321</b>	<b>\$ 31,183,366</b>

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 AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
<b>REVENUES</b>						
Real Property Taxes	\$ 38,851,396	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,851,396
Other Tax Items	5,907,859	0	0	0	0	5,907,859
Charges for Services	266,931	0	0	0	0	266,931
Use of Money & Property	49,204	0	0	0	0	49,204
Sale of Property & Compensation for Loss	160,516	0	(78,569)	0	0	81,947
Miscellaneous	1,434,701	0	0	0	0	1,434,701
State Sources	42,768,857	0	0	0	0	42,768,857
Federal Sources	2,009,929	0	0	0	0	2,009,929
Sales	725,081	0	0	0	0	725,081
<b>TOTAL REVENUES</b>	<b>92,174,474</b>	<b>0</b>	<b>(78,569)</b>	<b>0</b>	<b>0</b>	<b>92,095,905</b>
<b>EXPENDITURES</b>						
General Support	7,421,523	0	(81,074)	0	3,149,059	10,489,508
Instruction	48,063,552	0	3,709,765	0	20,394,056	72,167,373
Pupil Transportation	5,544,302	0	(287,198)	0	2,352,527	7,609,631
Community Services	14,311	0	0	0	0	14,311
Employee Benefits	18,159,679	7,735,963	0	0	(25,895,642)	0
Debt Service:						
Principal	6,305,186	0	0	(5,426,626)	(878,560)	0
Interest	2,679,621	(95,414)	0	(167,210)	0	2,416,997
Cost of Sales	1,416,988	0	(75,851)	0	0	1,341,137
Capital Outlay	487,670	0	(487,670)	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>90,092,832</b>	<b>7,640,549</b>	<b>2,777,972</b>	<b>(5,593,836)</b>	<b>(878,560)</b>	<b>94,038,957</b>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b>	<b>2,081,642</b>	<b>(7,640,549)</b>	<b>(2,856,541)</b>	<b>5,593,836</b>	<b>878,560</b>	<b>(1,943,052)</b>
<b>OTHER SOURCES &amp; USES</b>						
Proceeds from Debt	2,663,937	0	0	(2,663,937)	0	0
Bond Anticipation Notes Paid from Current Appropriations	878,560	0	0	0	(878,560)	0
Premium on Obligation	56,084	0	0	0	0	56,084
Proceeds from Advanced Refunding	14,390,707	0	0	(14,390,707)	0	0
Payments to Escrow Agent (Advanced Refunding Bonds)	(14,390,707)	0	0	14,390,707	0	0
Operating Transfers In	220,375	0	0	0	(220,375)	0
Operating Transfers (Out)	(220,375)	0	0	0	220,375	0
<b>TOTAL OTHER SOURCES &amp; USES</b>	<b>3,598,581</b>	<b>0</b>	<b>0</b>	<b>(2,663,937)</b>	<b>(878,560)</b>	<b>56,084</b>
<b>NET CHANGE FOR THE YEAR</b>	<b>\$ 5,680,223</b>	<b>\$ (7,640,549)</b>	<b>\$ (2,856,541)</b>	<b>\$ 2,929,899</b>	<b>\$ 0</b>	<b>\$ (1,886,968)</b>

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	PRIVATE PURPOSE TRUSTS	AGENCY
<u>ASSETS</u>		
Cash	\$ 302,504	\$ 217,351
Due from Other Funds	0	0
	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 302,504</u>	<u>\$ 217,351</u>
<u>LIABILITIES &amp; NET POSITION</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 0
Due to Other Governments	0	1,154
Extraclassroom Activity Balances	0	206,874
Other Liabilities	0	9,323
	<u>0</u>	<u>9,323</u>
TOTAL LIABILITIES	<u>0</u>	<u>\$ 217,351</u>
<u>NET POSITION</u>		
Held in Trust for Endowment, Scholarship and Gift Funds	<u>302,504</u>	
TOTAL LIABILITIES & NET POSITION	<u>\$ 302,504</u>	

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Investment Earnings	\$ 303
TOTAL ADDITIONS	<u>303</u>
<u>DEDUCTIONS</u>	
Scholarships & Awards	1,500
Other Expenses	<u>870</u>
TOTAL DEDUCTIONS	<u>2,370</u>
CHANGE IN NET POSITION	(2,067)
NET POSITION, BEGINNING OF YEAR	<u>304,571</u>
NET POSITION, END OF YEAR	<u><u>\$ 302,504</u></u>

See notes to financial statement.



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of the 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

The 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 17 component districts in the Orange/Ulster Board of Cooperative Education Services (BOCES). BOCES is a cooperative association of school districts in a

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

B. Joint Venture (continued)

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.

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 \$12,032,321 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,332,447. 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 and Changes in Net Position present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities and Changes in Net Position 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.

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

C. Basis of Presentation (continued)

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.

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 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.



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

D. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange 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 20, 2015. Taxes were collected during the period September 1, 2015 through October 31, 2015.

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

F. Restricted Resources

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

G. Interfund Transactions

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



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

G. Interfund Transactions (continued)

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

H. Estimates

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

I. Cash and Investments

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

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

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

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

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.

K. Inventories and Prepaid Items

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

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

A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Capital Assets

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

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

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

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

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

M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district has two items that qualify for reporting in this category. The first is deferred charges on refunding reported in the government – wide Statement of Net Position. A deferred charge 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 item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly are the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district – wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

N. Unearned Revenue

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when the District receives resources 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 revenues is removed and revenues are recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

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



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

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.

2. Other Benefits

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.



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

P. Short-Term Debt (Continued)

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

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

Q. Accrued Liabilities and Long-Term Obligations

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

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

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.

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

R. Equity Classifications (Continued)

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 \$25,266.

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

Capital Reserve

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

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

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

R. Equity Classifications (Continued)

2. Funds Statements (Continued)

Unemployment Insurance Reserve (Continued)

to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Property Loss Reserve and Liability Reserve

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

Insurance Reserve

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

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.



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

R. Equity Classifications (Continued)

2. Funds Statements (Continued)

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.

Restricted fund balance at June 30, 2016 consisted of:

General Fund:

Capital Reserve	\$ 5,000,000
Workers' Compensation Reserve	1,204,159
Unemployment Insurance Reserve	142,770
Property Loss Reserve and Liability Reserve	124,986
Insurance Reserve	5,225,000
Tax Certiorari Reserve	2,221,163
Employee Benefit Accrued Liability Reserve	903,838
Retirement Contribution Reserve	2,178,320
	<hr/> 17,000,236
Special Aid Fund	4
School Lunch Fund	1,364,412
Debt Service Fund	<hr/> 150,321
Total Restricted Fund Balance	<hr/> <u>\$ 18,514,973</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, 2016.



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

R. Equity Classifications (Continued)

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose. By reporting particular amounts that are not restricted or committed in the governmental funds other than the General Fund, the district has assigned those amounts to the purposes of the respective funds. Assigned fund balance in the General Fund includes \$1,553,635 assigned for specific purposes through the issuance of purchase orders that encumbered the budget for the year ended June 30, 2016. This assignment is made when purchase orders are approved by the Purchasing Agent who is designated each year by the Board of Education at its annual reorganizational meeting pursuant to the District's purchasing policy.

Assigned fund balance in the General Fund also includes \$7,856,303 assigned to be used for reduce the tax levy for the year ending June 30, 2016. The assignments are made when the tax levy is set by the board of education pursuant to the District's annual budget policy.

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.

Order of Use of Fund Balance:

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

Limitation on Unexpended Surplus Funds:

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

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

S. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2016, the District implemented the following new standards issued by GASB:

- GASB Statement 72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016.
- GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,*, effective for the year ending June 30, 2016.
- GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016

GASB has issued Statement 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. The Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District has implemented Statement 72, as required.

GASB has issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement also amends Statement 67, *financial Reporting for Pension Plans*.

GASB has issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which improves financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. The District has implemented Statement 76, as required.

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

T. Future Changes in Accounting Standards

GASB has issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2017 financial statements.

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves the information provided by state and local governmental employers about support for OPEB that is provided by other entities. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2018 financial statements. GASB has issued Statement 77, *Tax Abatement Disclosures*, which improves financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2017 financial statements.

GASB has issued Statement 78, *Pensions Provided through Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2017 financial statements.

GASB has issued Statement 79, *Certain External Investment Pools and Pool Participants*, which addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2017 financial statements.

GASB has issued Statement 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The District is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2017 financial statements.



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
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NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

T. Future Changes in 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 is currently studying the Statement and plans on adoption if and when required, which will be for the June 30, 2017 financial statements.

GASB has issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses certain issues that have been raised with respect to Statements No. 67, 68, and 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District is currently studying the Statement and plans on adoption if and when required, which will generally be for the June 30, 2017 financial statements.

U. Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

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

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

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



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
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NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

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, 2016 were as follows:

Original Cost of Capital Assets	\$ 151,644,206
Accumulated Depreciation	<u>(60,492,046)</u>
	<u>\$ 91,152,160</u>

2. 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 expensed when it is due, and thus requires the use of current financial resources. This liability at June 30, 2016 was as follows:

Accrued Interest	<u>\$ 294,950</u>
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3. 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, 2016 were as follows:

Deferred Amount on Refunding	<u>\$ 3,178,078</u>
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4. In the Statement of Net Position, a liability is recognized for the District's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the District participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the District's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at June 30, 2016 were as follows:

Net Pension Asset - Proportionate Share	\$ 18,942,345
Deferred Outflows of Resources - Pensions	8,321,982
Net Pension Liability - Proportionate Share	(4,646,522)
Deferred Inflows of Resources - Pensions	<u>(7,189,252)</u>
	<u>\$ 15,428,553</u>

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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

5. Long-term liabilities are reported in the Statement of Net Position, but not in the Balance Sheet, because they are not due and payable in the current period. The balance at June 30, 2016 was as follows:

Bonds Payable (Including Deferred)	67,641,154
Installment Purchase Debt	2,746,903
Other Postemployment Benefits	64,417,442
	<u>\$ 134,805,499</u>

- B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities and Changes in Net Position:

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

1. Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities and Changes in Net Position 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 and Changes in Net Position.

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 Changes in Net Position, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities and Changes in Net Position.

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 and Changes in Net Position as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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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 and Changes in Net Position: (Continued)

Explanation of Differences between Governmental Funds Operating Statement  
and the Statement of Activities and Changes in Net Position

Total Revenues and Other Funding Sources

Total revenues and other funding sources reported in governmental funds (Schedule 5)	95,773,055
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.	(78,569)
Repayment of BANs is reported as revenue in the governmental funds, but is recorded as a liability in the Statement of Net Position and does not affect the Statement of Activities and Changes in Net Position.	(878,560)
The proceeds from the sale of bonds is reported as revenue in the governmental funds, but is reported as a liabilities in the Statement of Net Position and does does not affect the Statement of Activities and Changes in Net Position.	<u>(2,663,937)</u>
Total revenues in the Statement of Activities and Changes in Net Position (Schedule 2)	<u>\$ 92,151,989</u>



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND  
STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

Explanation of Differences between Governmental Funds Operating Statement  
and the Statement of Activities and Changes in Net Position

Total Expenditures & Other Uses/Expenses

Total expenditures and other uses reported in governmental funds (Schedule 5)	\$ 90,092,832
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 \$1,792,548 were less than depreciation of \$4,570,520 in the current year.	2,777,972
In the Statement of Activities, the expense for other postemployment benefits are measured based on the actuarially determined annual required contribution (ARC) of the District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which the ARC exceeded the amount of financial resources used during the year.	12,346,219
In the Statement of Activities and Changes in Net Position, 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.	(4,610,256)
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 exceeds the interest payable this year.	(95,414)



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

Explanation of Differences between Governmental Funds Operating Statement  
and the Statement of Activities and Changes in Net Position

Total Expenditures & Other Uses/Expenses (Continued)

Premiums and discounts on long-term debt issuances and deferred amounts from debt refundings are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities and Changes in Net Position. This is the amount that was amortized during the fiscal year.	(295,881)
Cost for issuance of advanced refunded bonds are not recognized in the governmental fund statements. The amounts are fully recognized an expense in the Statement of Activities and Changes in Net Position.	128,671
Repayment of BANs is an expenditure in the governmental funds, but reduces liabilities in the Statement of Net Assets, and does not affect the Statement of Activities and Changes in Net Position.	(878,560)
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 and Changes in Net Position.	<u>(5,426,626)</u>
Total expenses in the Statement of Activities and Changes in Net Position (Schedule 2)	<u><u>\$ 94,038,957</u></u>

NOTE 3. STEWARDSHIP AND COMPLIANCE.

A. Budgets

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

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

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 3. STEWARDSHIP AND COMPLIANCE. (Continued)

permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

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

B. Encumbrances

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

NOTE 4. CASH.

Custodial credit 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	\$ 33,467,293

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 \$18,514,973 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 typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 5. CAPITAL ASSETS.

Capital asset balances and activity for the year ended June 30, 2016, 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	1,992,888	453,811	0	2,446,699
Total Nondepreciable Assets	2,872,507	453,811	0	3,326,318
Capital assets that are depreciated:				
Buildings & Improvements	129,466,590	24,974	0	129,491,564
Furniture & Equipment	10,170,132	179,545	(45,663)	10,304,014
Vehicles	8,085,563	1,134,218	(697,471)	8,522,310
Total Depreciable Assets	147,722,285	1,338,737	(743,134)	148,317,888
Less: Accumulated Depreciation	(56,586,091)	(4,570,520)	664,565	(60,492,046)
Capital Assets, Net	\$ 94,008,701	\$ (2,777,972)	\$ (78,569)	\$ 91,152,160

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 33,057
Instruction	3,741,701
Transportation	752,366
Cost of Sales	43,396
Total Depreciation	<u>\$ 4,570,520</u>

NOTE 6. SHORT-TERM DEBT.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance June 30, 2016
BAN maturing 08/06/15 at 1.25%	\$3,542,497	\$ 0	\$3,542,497	\$ 0
Total Short-Term Debt	<u>\$3,542,497</u>	<u>\$ 0</u>	<u>\$3,542,497</u>	<u>\$ 0</u>

Interest on short-term debt was composed of:

Interest Paid	\$ 44,281
Less: Interest Accrued in the Prior Year	(40,345)
Plus: Interest Accrued in the Current Year	0
Interest Expense	<u>\$ 3,936</u>



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 7. LONG-TERM DEBT.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds Payable	\$ 65,395,000	15,328,937	18,765,000	\$ 61,958,937	\$ 6,178,937
Deferred Premium on Refunding	4,443,976	1,725,707	487,466	5,682,217	525,890
Total Bonds Payable	69,838,976	17,054,644	19,252,466	67,641,154	6,704,827
Installment Purchase Debt	2,983,529	0	236,626	2,746,903	248,581
Total Bonds and Notes Payable	72,822,505	17,054,644	19,489,092	70,388,057	6,953,408
Other Liabilities:					
Compensated Absences	691,231	0	450,294	240,937	0
Other Postemployment Benefit	52,071,223	14,489,062	2,142,843	64,417,442	0
Total Other Liabilities	52,762,454	14,489,062	2,593,137	64,658,379	0
Total Long-Term Liabilities	\$ 125,584,959	\$ 31,543,706	\$ 22,082,229	\$ 135,046,436	\$ 6,953,408

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

Existing serial bond and note obligations are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Balance
Bond 2006, Series A	2006	2036	4.250% - 4.375%	80,000
Serial Bonds, 2007	2007	2037	4.00% - 4.50%	340,000
Serial Bonds, 2009	2009	2025	1.75% - 3.50%	2,235,000
Serial Bonds, 2011	2011	2037	2.50% - 4.00%	900,000
Refunding Series 2012	2012	2017	4.00% - 5.00%	1,600,000
Refunding Series 2013	2013	2024	2.00% - 5.00%	10,040,000
Refunding Series 2015	2015	2037	1.00% - 5.00%	31,435,000
Serial Bonds, 2016	2015	2019	2.0000%	2,663,937
Refunding Series 2016	2016	2025	2.00% - 4.00%	12,665,000
				\$ 61,958,937
Installment Purchase Debt				2,746,903
Total Debt				\$ 64,705,840



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 7. LONG-TERM DEBT. (Continued)

The following is a summary of maturing debt service requirements:

For the Year Ended June 30,	Serial Bonds		Installment Purchase Debt	
	Principal	Interest	Principal	Interest
2017	\$ 6,178,937	\$ 2,322,533	\$ 248,581	\$ 134,008
2018	4,720,000	2,091,488	261,140	121,449
2019	4,775,000	1,955,500	274,334	108,255
2020	4,025,000	1,813,400	288,194	94,395
2021	4,175,000	1,645,275	302,754	79,835
2022 - 2026	18,540,000	5,465,850	1,371,900	158,455
2027 - 2031	8,635,000	2,555,675	0	0
2032 - 2036	10,150,000	1,277,743	0	0
2037 - 2040	760,000	13,300	0	0
TOTAL	<u>\$ 61,958,937</u>	<u>\$ 19,140,764</u>	<u>\$ 2,746,903</u>	<u>\$ 696,397</u>

On April 20, 2016, the District issued \$12,665,000 in general obligation bonds with an average interest rate of approximately 3.839% to advance refund \$13,575,000 of outstanding bonds with an average interest rate of 3.460%. The net proceeds of \$14,262,036 (after payment of \$128,671 in underwriting fees and other issuance costs) were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements. The district advance refunded the bonds to reduce future debt service requirements. The economic gain (loss) on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$827,819.

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

Interest paid	\$ 2,635,340
Less: Interest accrued in the prior year	(350,019)
Less: Amortization of premium and deferred amount - bond refund	(167,210)
Plus: Interest accrued in the current year	294,950
Total interest expense	<u>\$ 2,413,061</u>

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
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JUNE 30, 2016

NOTE 8. PENSION PLANS.

Pension Obligations

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

Plan Description & Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistance, guidance counselors and administrators employed in New York Public Schools and BOCES who elect to participate in TRS. 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. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystsr.org](http://www.nystsr.org).

Employees' Retirement System (ERS)

The District New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the 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 plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. 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, including information with regard to benefits provided, 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.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8. PENSION PLANS. (Continued)

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>
2015 - 2016	3,760,213	1,284,248
2014 - 2015	4,801,621	1,642,348
2013 - 2014	4,322,390	1,671,732

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

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

At June 30, 2016, 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, 2016 for ERS and June 30, 2015 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, 2016, the District's proportion of the NYSERS net pension asset/(liability) was 0.0289498%, which was a decrease of .0014726 from its proportion measured as of March 31, 2015.

At June 30, 2015, the District's proportion of the NYSTRS net pension asset/(liability) was 0.182369%, which was an increase of 0.002447% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District's recognized pension expense of \$1,697,487 for ERS and the actuarial value (\$1,264,516) for TRS. At June 30, 2016 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8. PENSION PLANS. (Continued)

	Deferred Outflows or Resources		
	ERS	TRS	Total
Differences between expected and actual experience	\$ 23,480	\$ 0	\$ 23,480
Changes of Assumptions	1,239,087	0	1,239,087
Net difference between projected and actual earnings on pension plan investments	2,756,572	0	2,756,572
Changes in proportion and difference between the District's contributions and proportionate share of contributions	153,912	0	153,912
District's contributions subsequent to the measurement date	389,142	3,759,789	4,148,931
Total	<u>\$ 4,562,193</u>	<u>\$ 3,759,789</u>	<u>\$ 8,321,982</u>

	Deferred Inflows or Resources		
	ERS	TRS	Total
Differences between expected and actual experience	\$ 550,768	\$ 524,973	\$ 1,075,741
Changes of Assumptions	0	0	0
Net difference between projected and actual earnings on pension plan investments	0	5,987,774	5,987,774
Changes in proportion and difference between the District's contributions and proportionate share of contributions	31,612	94,125	125,737
District's contributions subsequent to the measurement date	0	0	0
Total	<u>\$ 582,380</u>	<u>\$ 6,606,872</u>	<u>\$ 7,189,252</u>

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8. PENSION PLANS. (Continued)

Actuarial Assumptions (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, 2016. 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>
2016	\$ 0	\$ 2,426,881
2017	917,199	2,426,881
2018	917,199	2,426,881
2019	917,199	(984,016)
2020	839,074	77,213
Thereafter	0	233,032

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2016	June 30, 2015
Inflation Rate	2.5%	3.0%
Projected Salary Increases	3.8%	4.01% - 10.91%
		Rates of increase differ based on age and gender. Calculations have been based upon recent NYSTRS member experience

<u>Age</u>	<u>Female</u>	<u>Male</u>
25	10.35%	10.91%
35	6.26%	6.27%
45	5.39%	5.04%
55	4.42%	4.01%

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8. PENSION PLANS. (Continued)

Actuarial Assumptions (Continued)

Investment Rate of Return	7.00% compounded annually, net of investment expense including inflation	8.00% compounded annually, net of net of investment expense including inflation
Decrement Tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2005 - June 30, 2010 System's Experience
Mortality Improvement	Society of Actuaries Scale MP-2014	Society of Actuaries Scale AA

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	<u>ERS</u> March 31, 2016		Measurement Date	<u>TRS</u> June 30, 2014	
	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	38%	7.30%	Domestic Equities	37%	6.50%
International Equity	13%	8.55%	International Equities	18%	7.70%
Private Equity	10%	11.00%	Real Estate	10%	4.60%
Real Estate	8%	8.25%	Alternative investments	7%	9.90%
Absolute Return Strategies	3%	6.75%	Domestic fixed income securities	17%	2.10%
Opportunistic Portfolio	3%	8.60%	Global fixed income securities	2%	1.90%
Real Assets	3%	8.65%	Mortgages	8%	3.40%
Bonds and Mortgages	18%	4.00%	Short-term	1%	1.20%
Cash	2%	2.25%			
Inflation-indexed bonds	2%	4.00%	Total	100%	
Total	100%				



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8. PENSION PLANS. (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 8.0% 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:

	1% Decrease 6.00%	Current Assumption 7.00%	1% Increase 8.00%
<u>ERS</u>			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (10,477,569)	\$ (4,646,522)	\$ 280,464
	1% Decrease 7.00%	Current Assumption 8.00%	1% Increase 9.00%
<u>TRS</u>			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	1,292,112	(18,942,345)	(36,198,087)

Pension plan fiduciary net position

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 31, 2016	June 30, 2015
Employers' total pension asset/(liability)	\$ (172,303,544)	\$ (99,332,104)
Plan net position	156,253,265	109,718,917
Employer's net pension asset/(liability)	<u>\$ (16,050,279)</u>	<u>\$ 10,386,813</u>
Ratio of plan net position to the employers' total pension asset/(liability)	90.68%	110.46%

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8. PENSION PLANS. (Continued)

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, 2016 represent the projected employer contributions for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to \$389,142.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2016 are paid to the System in September, October and November 2016 through state aid intercept. Accrued retirement contributions as of June 30, 2016 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, 2016 amounted to \$3,898,855.

NOTE 9. INTERFUND BALANCES AND ACTIVITY.

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

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 2,454,752	\$ 0	\$ 0	\$ 220,375
Special Aid Fund	0	1,848,659	220,375	0
School Lunch Fund	0	300	0	0
Capital Fund	0	605,925	0	0
Debt Service Fund	132	0	0	0
Total Governmental Activities	2,454,884	2,454,884	220,375	220,375
Fiduciary Agency Fund	0	0	0	0
Totals	<u>\$ 2,454,884</u>	<u>\$ 2,454,884</u>	<u>\$ 220,375</u>	<u>\$ 220,375</u>

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

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

NOTE 10. POST-EMPLOYMENT BENEFITS.

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

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 10. POST-EMPLOYMENT BENEFITS. (Continued)

The District implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the school year ended June 30, 2009. This required the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2016, the District recognized \$2,142,843 for its share of insurance premiums for currently enrolled retirees.

The District has obtained a rolled forward actuarial valuation report as of July 1, 2015. The total liability indicated in this report for other post-employment benefits as of June 30, 2016 made by the district is \$64,417,442, which is reflected in the Statement of Net Position.

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

Annual Required Contribution	\$ 15,342,590
Interest on Net OPEB Obligation	2,343,205
Amortization of Net OPEB Obligation	<u>(3,196,733)</u>
Annual OPEB Cost (Expense)	14,489,062
Contributions Made	<u>(2,142,843)</u>
Increase in Net OPEB Obligation	12,346,219
Net OPEB Obligation - Beginning of Year	<u>52,071,223</u>
Net OPEB Obligation - End of Year	<u><u>\$ 64,417,442</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 14,489,062	14.8%	\$ 64,417,442
6/30/2015	13,660,065	15.4%	52,071,223
6/30/2014	11,242,502	16.5%	40,514,346



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 10. POST-EMPLOYMENT BENEFITS. (Continued)

Funded Status and Funding Progress.

Funded Status and Funding Progress. As of July 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$146,338,450, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$146,338,450. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions.

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

The actuarial assumptions included a 4.5% investment rate of return, net of administrative expenses on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of for pre-65 claims 7.7% initially, reduced by decrements to an ultimate rate of 5% after 9 years. The annual healthcare cost trend rate for post-65 claims begins at 7.0%, and decreases to 5% after 9 years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2016, ranged from 23 to 30 years.

NOTE 11. RISK MANAGEMENT.

General Information

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

Pool, Non-Risk Retained

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



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12. COMMITMENTS AND CONTINGENCIES.

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

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

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, 2016 have been included in the assigned fund balances of the following fund as of June 30, 2016:

General Fund	\$ 1,553,635
Total Encumbrances	<u>\$ 1,553,635</u>

NOTE 13. OPERATING LEASES.

The District leases equipment and property under operating leases. Rental expense for the year ended June 30, 2016 was \$30,729.

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

<u>For the Year Ended June 30,</u>	
2017	\$ 30,729
2018	14,858

NOTE 14. 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 15. FUND BALANCE.

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Fund Balance Sheet.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 16. SUBSEQUENT EVENTS.

The District has evaluated subsequent events through October 7, 2016 the date that the financial statements were available to be issued. The following subsequent event has been identified:

Effective September 1, 2016, the District will be self-insured for medical and prescription health insurance benefits.

The District is also involved in contract negotiations with its teaching staff to potentially self-fund dental and vision benefits during the 2016-2017 school year. The support staff employees are currently provided self-funded dental and vision benefits from another plan. However, the District is interested in transitioning the support staff and teaching staff to one comprehensive dental and vision plan with the administrators through contract negotiations. The District reached an agreement to self-fund these areas with its administrators effective July 1, 2016.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2014	\$ 0	\$ 136,916,993	\$ 136,916,993	0.00%	\$ 33,090,519	413.8%
7/1/2012	0	105,503,682	105,503,682	0.00%	32,379,462	325.8%
7/1/2010	0	72,619,061	72,619,061	0.00%	31,883,399	227.8%

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

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  
FOR THE YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) REVISED BUDGET
<u>REVENUES</u>				
LOCAL SOURCES:				
Real Property Taxes	\$ 38,868,592	\$ 38,868,592	\$ 38,851,396	\$ (17,196)
Other Tax Items	5,603,724	5,603,724	5,907,859	304,135
Charges for Services	120,500	120,500	266,931	146,431
Use of Money & Property	15,000	15,000	43,382	28,382
Sale of Property & Compensation for Loss	30,000	30,000	160,516	130,516
Miscellaneous	350,131	350,131	1,434,701	1,084,570
STATE SOURCES	42,012,113	42,012,113	41,535,052	(477,061)
FEDERAL SOURCES	100,000	100,000	156,713	56,713
OTHER SOURCES:				
Operating Transfers In	0	0	0	0
TOTAL REVENUES	87,100,060	87,100,060	\$ 88,356,550	\$ 1,256,490
APPROPRIATED FUND BALANCE	8,853,951	8,853,951		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	\$ 95,954,011	\$ 95,954,011		

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, 2016

EXPENDITURES	ORIGINAL BUDGET	FINAL BUDGET	CURRENT YEAR'S		ENCUMBRANCES	UNENCUMBERED BALANCE
			EXPENDITURES			
GENERAL SUPPORT:						
Board of Education	\$ 39,200	\$ 82,130	\$ 75,194	\$ 0	\$ 0	\$ 6,936
Central Administration	525,373	534,089	511,933	7,424		14,732
Finance	657,016	726,296	668,882	21,699		35,715
Staff	389,270	382,916	315,574	19,162		48,180
Central Services	5,989,687	5,863,175	4,739,477	10,883		1,112,815
Special Items	1,132,758	1,200,358	1,110,463	1,050		88,845
INSTRUCTIONAL:						
Instruction, Administration & Improvement	2,107,809	2,141,507	2,055,315	176		86,016
Teaching - Regular School	23,770,062	23,341,931	21,826,630	159,372		1,355,929
Programs for Children with Handicapping Conditions	16,958,125	16,369,609	15,151,467	297,034		921,108
Occupational Education	2,092,154	1,981,104	1,474,375	0		506,729
Teaching - Special Schools	841,800	883,800	851,650	0		32,150
Instructional Media	1,532,829	1,663,214	1,554,993	242		107,979
Pupil Services	2,700,868	2,917,732	2,574,447	5,280		338,005
PUPIL TRANSPORTATION	6,114,823	7,001,013	5,544,302	961,213		495,498
COMMUNITY SERVICES	500	15,500	14,311	0		1,189
EMPLOYEE BENEFITS	21,720,149	21,502,049	18,034,331	70,100		3,397,618
DEBT SERVICE:						
Debt Service - Principal	6,294,123	6,305,188	6,305,186	0		2
Debt Service - Interest	2,862,465	2,817,400	2,679,621	0		137,779
TOTAL EXPENDITURES	95,729,011	95,729,011	85,488,151	1,553,635		8,687,225
OTHER USES:						
Operating Transfers Out	225,000	225,000	220,375	0		4,625
TOTAL EXPENDITURES & OTHER USES	\$ 95,954,011	\$ 95,954,011	85,708,526	\$ 1,553,635	\$	8,691,850
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES			\$ 2,648,024			

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, 2016

NYSERS Pension Plan  
 Last 10 Fiscal Years\*

	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
District's proportion of the net pension asset/(liability)	0.0289498%	0.0304224%	0.0304224%
District's proportionate share of the net pension asset/(liability)	(4,646,522)	(1,027,743)	(1,374,745)
District's covered-employee payroll	8,139,828	7,905,074	8,298,551
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-57.08%	-13.00%	-16.57%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	97.95%	97.15%

NYSTRS Pension Plan  
 Last 10 Fiscal Years\*

NYSTRS Pension Plan information below is presented as of June 30, 2015, the most recent valuation date.

	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
District's proportion of the net pension asset/(liability)	0.182369%	0.179922%	0.176529%
District's proportionate share of the net pension asset/(liability)	18,942,345	20,042,154	1,162,006
District's covered-employee payroll	27,394,324	26,586,932	26,116,313
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	69.15%	75.38%	4.45%
Plan fiduciary net position as a percentage of the total pension liability	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 second year of implementation prior year information is only available for 2 years. The data will be accumulated over time and presented according to GASB 68.

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

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2016

NYSERS Pension Plan  
 Last 10 Fiscal Years\*

	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Contractually required contribution	\$ 1,247,764	\$ 1,346,651	\$ 1,627,679
Contributions in relation to the contractually required contribution	<u>1,247,764</u>	<u>1,346,651</u>	<u>1,627,679</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	8,139,828	7,905,074	8,298,551
Contributions as a percentage of its covered-employee payroll	15.33%	17.04%	19.61%

NYSTRS Pension Plan  
 Last 10 Fiscal Years\*

NYSTRS Pension Plan information below is presented as of June 30, 2015, the most recent valuation date.

	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
Contractually required contribution	\$ 4,802,225	\$ 4,318,801	\$ 3,061,543
Contributions in relation to the contractually required contribution	<u>4,802,225</u>	<u>4,318,801</u>	<u>3,061,543</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	27,394,324	26,586,932	26,116,313
Contributions as a percentage of its covered-employee payroll	17.53%	16.24%	11.72%

\* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this is the second year of implementation prior year information is only available for 2 years. The data will be accumulated over time and presented according to GASB 68.

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

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND  
THE REAL PROPERTY TAX LIMIT  
FOR THE YEAR ENDED JUNE 30, 2016

CHANGE FROM ADOPTED TO FINAL BUDGET

ADOPTED BUDGET	\$ 94,160,154
ADDITIONS:	
Encumbrances from Prior Year	<u>1,793,857</u>
ORIGINAL BUDGET	<u>95,954,011</u>
FINAL BUDGET	<u><u>\$ 95,954,011</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2016-2017 Voter-approved expenditure budget maximum allowed (4% of 2016-2017 budget \$96,070,850)	\$ 3,842,834
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 9,409,938
Unassigned Fund Balance	<u>3,838,768</u>
Total Unrestricted Fund Balance	<u>13,248,706</u>
Less:	
Appropriated Fund Balance	7,856,303
Encumbrances Included in Committed and Assigned Fund Balance	<u>1,553,635</u>
Total Adjustments	<u><u>\$ 9,409,938</u></u>
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,838,768</u></u>
Actual Percentage	4.00%

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



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

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT  
FOR THE YEAR ENDED JUNE 30, 2016

CAPITAL ASSETS, NET		\$ 91,152,160
ADD:		
Deferred Amount on Refunding		3,178,078
		<u>94,330,238</u>
DEDUCT:		
Short-term Portion of Bonds Payable	\$ 6,704,827	
Long-term Portion of Bonds Payable	60,936,327	
Short-term Portion of Installment Debt	248,581	
Long-term Portion of Installment Debt	<u>2,498,322</u>	
Total Bonds and Notes Payable	70,388,057	
Less: Unspent Bond Proceeds	<u>(2,315,542)</u>	
Related Debt		<u>(68,072,515)</u>
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT		<u><u>\$ 26,257,723</u></u>

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



# Nugent & Haeussler, P.C.

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

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

Peter J. Bullis, CPA, FACFEI, DABFA  
Norman M. Sassi, CPA  
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Jennifer A. Traverse, CPA  
Justin B. Wood, CPA

### Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund of Minisink Valley Central School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Minisink Valley Central School District's basic financial statements and have issued our report thereon dated October 7, 2016.

### Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

*Jugent & Hausler, P.C.*

Montgomery, New York  
October 7, 2016





# Nugent & Haeussler, P.C.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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

### 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, 2016. 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, 2016.

Peter J. Bullis, CPA, FACFEI, DABFA  
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Justin B. Wood, CPA

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 OMB Circular A-133, 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mugent & Haussler, P.C.*

Montgomery, New York  
October 7, 2016

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

<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 EDUCATION</u>				
Passed-through NYS Education Department:				
Special Education Cluster (IDEA):				
IDEA - Part B, Section 611	84.027	0032-16-0686	\$ 46,439	\$ 778,263
IDEA - Part B, Section 619	84.173	0033-16-0686	7,774	24,028
Total Special Education Cluster			54,213	802,291
Title I Part A Cluster:				
Title I Parts A&D, Basic Program	84.010	0021-16-2260		367,421
Title I -School Improvements	84.010	0011-16-2620		13,554
Total Special Education Cluster				380,975
Title II Part A, Teacher & Principal Training & Recruiting	84.367	0147-16-2260		88,356
TOTAL U.S. DEPARTMENT OF EDUCATION				1,271,622
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Cash Assistance				
National School Lunch Program	10.555	N/A		425,296
National School Breakfast Program	10.553	N/A		45,090
Cash Assistance Subtotal				470,386
Non-Cash Assistance (food distribution)				
Commodity Supplemental Food Program	10.555	N/A		111,208
TOTAL U.S. DEPT. OF AGRICULTURE, CHILD NUTRITION CLUSTER				581,594
<u>DHSEA (DIVISION OF HOMELAND SECURITY AND EMERGENCY SERVICES)</u>				
Disaster Grants - Public Assistance - (Presidentially Declared Disasters)	97.036	FEMA-4020-DR-NY		17,434
TOTAL US DEPARTMENT OF HOMELAND SECURITY				17,434
TOTAL FEDERAL AWARDS EXPENDED				\$ 1,870,650

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, 2016

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 \$111,208 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, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of Auditor’s Opinion Issued: Unqualified

Internal Control over Financial Reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes X No

Significant deficiencies identified that are  
not considered to be material weaknesses \_\_\_\_\_ Yes X None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes X No

FEDERAL AWARDS

Internal Control over Major Programs:

Material weakness(es) identified? \_\_\_\_\_ Yes X No

Significant deficiencies identified that are  
not considered to be material weaknesses \_\_\_\_\_ Yes X None Reported

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

Any audit findings disclosed that are required to be reported  
in accordance with Section 2 CFR-20.516(a) ? \_\_\_\_\_ Yes X No

IDENTIFICATION OF MAJOR PROGRAMS:

<u>CFDA NUMBERS</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
84.027, 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? X Yes \_\_\_\_\_ No

SECTION II - FINANCIAL STATEMENT FINDINGS

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

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

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.**  
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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statement of the 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, 2016, and the related statement of receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the President and Members  
of the Board of Education of the  
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 the Minisink Valley Central School District as of June 30, 2016, and its cash receipts and cash disbursements for the year then ended, on the basis of accounting described in Note #1.

Basis of Accounting

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

*Jugent & Hausler, P.C.*

Montgomery, New York  
October 7, 2016



MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
EXTRACLASSROOM ACTIVITY FUND  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS  
JUNE 30, 2016

ASSETS

Cash in Checking	<u>\$ 208,028</u>
------------------	-------------------

LIABILITIES AND FUND BALANCE

Sales Tax Payable	1,154
-------------------	-------

Fund Balance, Beginning of Year	\$ 162,416	
Excess of Receipts over Disbursements	<u>44,458</u>	
Fund Balance, End of Year		<u>206,874</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 208,028</u>

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
EXTRACLASSROOM ACTIVITY FUND  
STATEMENT OF RECEIPTS & DISBURSEMENTS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

HIGH SCHOOL	CASH BALANCE JUNE 30, 2015	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2016
Senior Class	\$ 18	\$ 49,303	\$ 35,532	\$ 13,789
Junior Class	3,804	20,340	17,597	6,547
Sophomore Class	3,227	1,101	2,305	2,023
Freshman Class	1,423	5,940	5,095	2,268
Girl's Basketball	1,492	2,610	3,144	958
Girl's Softball	4,271	9,177	9,726	3,722
Choir Club	1,494	73,083	72,409	2,168
C.A.R.E.	23	0	0	23
Wrestling Club	993	3,750	3,732	1,011
Boy's Basketball	873	6,451	5,292	2,032
Drama Club	9,806	33,097	32,533	10,370
Study Buddies	351	2,184	2,312	223
Football Club	255	600	0	855
National Honor Society	5,396	5,411	7,671	3,136
SADD Club	305	547	523	329
Boy's Soccer Club	387	156	30	513
Student Council - HS	4,918	27,125	7,476	24,567
Track Club	47	0	0	47
Varsity Club	865	1,097	355	1,607
Girl's Volleyball	2,095	0	0	2,095
Yearbook Club	33,585	27,921	26,641	34,865
Art-Museum Club	655	1,926	1,688	893
Girl's Soccer Club	549	682	695	536
School Store	9,564	16,580	15,247	10,897
FBLA Club	442	19,450	18,066	1,826
Media Club	14	0	0	14
JROTC	6,091	13,148	11,909	7,330
CAP	8,955	1,640	1,329	9,266
Girl's Lacrosse Club	0	0	0	0
Girl's Swim Club	636	1,724	2,122	238
Boy's Swim Club	4,343	14,220	14,159	4,404
Boy's & Girl's Tennis Club	94	0	0	94
Golf Club	238	0	0	238
Cheerleading Club	6,023	45,533	42,769	8,787
Boy's Baseball Club	6,179	23,614	20,441	9,352
Band Club HS	13,457	34,345	43,067	4,735
	<u>\$ 132,868</u>	<u>\$ 442,755</u>	<u>\$ 403,865</u>	<u>\$ 171,758</u>

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
EXTRACLASSROOM ACTIVITY FUND  
STATEMENT OF RECEIPTS & DISBURSEMENTS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

<u>MIDDLE &amp; INTERMEDIATE SCHOOLS</u>	<u>CASH BALANCE JUNE 30, 2015</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH BALANCE JUNE 30, 2016</u>
Band Club	\$ 4,841	\$ 23,100	\$ 22,534	\$ 5,407
SADD Club	199	0	0	199
Chorus	2,927	13,720	13,280	3,367
Ski Club	964	0	0	964
Student Government - MS	4,078	40,846	38,813	6,111
Tech Crew	234	0	0	234
Yearbook Club	6,459	9,940	5,409	10,990
Chess Club	409	120	158	371
Drama Club	9,437	12,467	14,431	7,473
	<u>\$ 29,548</u>	<u>\$ 100,193</u>	<u>\$ 94,625</u>	<u>\$ 35,116</u>
Total Extraclassroom Activity Funds	<u>\$ 162,416</u>	<u>\$ 542,948</u>	<u>\$ 498,490</u>	<u>\$ 206,874</u>

See notes to financial statement.

MINISINK VALLEY CENTRAL SCHOOL DISTRICT  
SLATE HILL, NEW YORK  
EXTRACLASSROOM ACTIVITY FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

- (a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the 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 the 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.