

**HOOSIC VALLEY CENTRAL  
SCHOOL DISTRICT**

**FINANCIAL STATEMENTS  
JUNE 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Hoosic Valley Central School District  
2 Pleasant Avenue  
Schaghticoke, New York 12154

Dear Board Member:

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Hoosic Valley Central School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and supplementary schedule information on pages 3-10 and 19-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

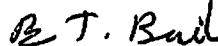
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hoosic Valley Central School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2017 on our consideration of the Hoosic 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 and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hoosic Valley Central School District's internal control over financial reporting and compliance.

Very truly yours,  
STARK & BASILA  
Certified Public Accountants, PC



BRYAN T. BASILA, CPA

Dated: September 26, 2017

## **HOOSIC VALLEY CENTRAL SCHOOL DISTRICT MANAGEMENT AND DISCUSSION ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017**

The following is a discussion and analysis of Hoosic Valley Central School District's financial performance for the fiscal year ended June 30, 2017. The section is a summary of the School District's financial activities based on the currently known facts, decisions or conditions. It is also based on both the government-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.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the year ended June 30, 2017 are as follows:

- For 2016-17, total district-wide revenues were \$20,527,194 and total district-wide expenses were \$20,624,512, resulting in an decrease in net position of \$97,318.
- General revenues accounted for \$19,606,385 in revenue or 95.4% of all revenues. Program specific revenues, in the form of charges for services, sales, grants, and contributions, accounted for \$920,809 or 4.5% of total revenues of \$20,527,194.
- The District had \$20,624,512 in expenses related to governmental activities; only \$920,809 of these expenses were offset by program specific charges for services, sales, grants, and other contributions. General revenues (primarily property taxes, state and federal aid) \$19,606,385 were adequate to provide these programs.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are district-wide (government-wide) financial statements – the Statement of Net Position and the Statement of Activities and Changes in Net Position. These provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general District services were financed in the short term as well as what remains for future spending.
- Fiduciary fund statements provide information about the relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

The financial statements also include notes that explain some of the information in the financial 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.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT AND DISCUSSION ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

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 management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-1: Major Features of the District-Wide and Fund Financial Statements**

	District-wide Statements	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 and changes in net position</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/outflow 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 Statements**

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

## **HOOSIC VALLEY CENTRAL SCHOOL DISTRICT MANAGEMENT AND DISCUSSION ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017**

The two district-wide statements report the District's net position and how it has 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.
- To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base, condition of the school buildings and facilities, and the performance of the students.

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.

Net Position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - 1) Net Position invested in capital assets, net of related debt;
  - 2) Restricted net position are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
  - 3) Unrestricted net position is net position that do not meet any of the above restrictions.

### **Fund Financial Statements**

The District's fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs.

- Some funds have been established by the laws of the State of New York 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).

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT AND DISCUSSION ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

The District has two kinds of funds:

**Governmental funds** – Most of the District's activities are included in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities and Changes in Net Position) and governmental funds is reconciled in the financial statements.

**Fiduciary funds** – the District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and 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 operations. This report should be used to support the District's own programs and is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post employment healthcare plans.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's total net position was \$9,619,434 at June 30, 2017.

**Table A-3  
Condensed Statement of Net Position – Governmental Activities**

	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2016</b>	<b>Percent Change</b>
Current and other assets	10,288,690	9,968,598	3.21
Noncurrent Assets	27,545,629	31,784,597	-13.34
<b>Total Assets</b>	<b>37,834,319</b>	<b>41,753,195</b>	<b>-9.35</b>
Deferred Outflows of Resources	3,878,897	1,002,444	286.94
<b>Total Assets and Deferred Outflows of Resources</b>	<b>41,713,216</b>	<b>42,755,639</b>	<b>-2.44</b>
Current and other liabilities	4,607,988	4,915,415	-6.35
Long-Term Liabilities	27,200,760	26,483,549	2.71
<b>Total Liabilities</b>	<b>31,808,748</b>	<b>31,398,964</b>	<b>1.31</b>
Deferred inflows of resources	285,034	1,639,923	-82.62
<b>Total Liabilities and Deferred inflows of resources</b>	<b>32,093,782</b>	<b>33,038,887</b>	<b>-2.86</b>
Net Position			
Invested in capital assets, net of related debt	15,259,653	13,932,943	9.52
Restricted	6,780,284	5,462,806	24.12
Unrestricted	(12,420,503)	(9,678,997)	-28.32
<b>Total Net Position</b>	<b>9,619,434</b>	<b>9,716,752</b>	<b>-1.00</b>
<b>Total Liabilities and Net Position</b>	<b>41,713,216</b>	<b>42,755,639</b>	<b>-2.44</b>



**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT AND DISCUSSION ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

Most of the District's net position is invested in capital assets (buildings, land and equipment). The remaining unrestricted net position is a combination of assigned, unassigned and nonspendable amounts. The restricted balances are amounts set-aside to fund future purchases, debt payments, tax certioraris, retirement contributions, unemployment insurance benefits, workers compensation benefits or capital projects as planned by the district.

**Table A-4  
Changes in Net Position – Governmental Activities**

	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2016</b>	<b>Percentage Change</b>
<b>Revenues</b>			
Program Revenues			
Charges for Services	158,522	175,888	-9.87
Operating Grants	762,287	785,861	-3.00
Property Taxes	8,733,234	8,832,197	-1.12
State Aid	10,667,579	10,433,128	2.25
Investment Earnings	3,950	9,691	-59.24
Other	201,622	547,988	-63.21
<b>Total Revenues</b>	<b>20,527,194</b>	<b>20,784,753</b>	<b>-1.24</b>
<b>Expenses</b>			
General Support	1,780,821	1,641,196	8.51
Instruction	9,362,299	9,344,635	0.19
Pupil Transportation	1,057,073	926,538	14.09
Community Service	0	0	0
Employee Benefits	6,878,802	5,689,194	20.91
Depreciation Expense	753,848	1,851,431	-59.28
Debt Service – Interest	473,163	500,121	-5.39
Food Services	318,506	283,274	12.44
Other Expenses	0	0	0
<b>Total Expenses</b>	<b>20,624,512</b>	<b>20,236,489</b>	<b>1.92</b>
<b>Increase (Decrease) in Net Position</b>	<b>(97,318)</b>	<b>548,264</b>	<b>-117.75</b>

The District's fiscal year 2016-17 revenues totaled \$20,527,194. Property taxes and state aid accounted for most of the District's revenue by contributing 42.5% and 52.0%, respectively, of every dollar raised. The remainder came from fees charged for services, operating grants, federal sources, school lunch sales, and other miscellaneous sources.

The total cost of all programs and services totaled \$20,624,512 for the fiscal year 2016-17. These expenses are predominantly related to general support, instruction and pupil transportation. The District's general support accounted for \$1,780,821 or approximately 8.6% of the total costs.

The decrease in net position for governmental activities was \$97,318 in the fiscal year 2016-17.

Table A-5 presents the cost of nine major District activities: General Support, Instruction, Pupil Transportation, Community Service, Employee Benefits, Depreciation Expense, Debt Service – Interest, Food Service and Other Expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of the functions.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT AND DISCUSSION ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Table A-5  
Fiscal Year Ended June 30, 2017  
Net Cost of Governmental Activities**

Category	Total Cost	Net Cost
General Support	1,780,821	1,780,821
Instruction	9,362,299	8,790,456
Pupil Transportation	1,057,073	1,012,689
Employee Benefits	6,878,802	6,872,362
Depreciation	753,848	753,848
Food Service	318,506	(20,364)
Interest	473,163	473,163
Other expenses	0	0
Total	<u>20,624,512</u>	<u>19,703,703</u>

- The cost of all governmental activities this year was \$20,624,512.
- The users of the District's programs (\$158,522) financed some of the cost.
- The federal and state governments subsidized certain programs with grants (\$762,287).
- Most of the District's net costs (\$19,606,385) were financed by taxpayers and state aid.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and current payments for debt.

There are no significant variances reflected in the governmental fund financial statements for the fiscal year 2016-2017.

At June 30, 2017, the District governmental funds reported a combined fund balance of \$7,033,772 which is an increase of \$670,576.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT AND DISCUSSION ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At June 30, 2017, the District had \$27,545,629 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$53,954 or 0.20% from last year.

**Table A-6  
Capital assets – net of depreciation**

	June 30, 2017	June 30, 2016
Land	52,600	52,600
Buildings	10,360,710	10,443,770
Construction In Progress	15,810,970	15,682,933
Furniture & Equipment	1,321,349	1,312,372
<b>Total</b>	<u>27,545,629</u>	<u>27,491,675</u>

See Notes in the notes to financial statement for changes.

**DEBT ADMINISTRATION**

At year end, the District had \$10,085,000 in general obligation and other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in Notes to the financial statements.

**Table A-7  
Outstanding Long-Term Debt**

	June 30, 2017	June 30, 2016
General Obligation Bonds	10,085,000	11,260,000
Other General Obligation Debt	0	0
<b>Total</b>	<u>10,085,000</u>	<u>11,260,000</u>

During the year, the District paid \$1,175,000 towards its long-term debt obligations.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

Legislation enacted in 2011 created a property tax cap for school districts that started in the 2012-2013 budget year. For districts other than the Big Five, tax levy growth, with certain exemptions, is limited to the lesser of two percent or the annual increase in the consumer price index (CPI). A district may exceed the cap, with the approval of 60 percent of the voters.

The Gap Elimination Adjustment (GEA) was first introduced for the 2010-2011 fiscal year. Under the legislation, a portion of the state's shortfall was divided among all school districts in New York based on a formula, and each district's state aid was then reduced accordingly. The total reduction in the district's state aid over the years 2011 to 2016 due to the Gap Elimination Adjustment was \$7,723,016. Fortunately, the state increased the Gap Elimination Adjustment Restoration to the school district in 2015-16 which increased the state aid revenue received by the district in that year. The district has experienced additional increases in state aid each year since the restoration of the Gap Elimination Adjustment. Savings realized during the 2016-17 school year enabled the district to add to reserves to assist in anticipated increased cost and revenue decreases in the future. Reserves are maintained to levels suitable to meet future district needs with efforts to maintain the unappropriated Fund Balance. By realizing the recent increases in revenues through state aid the district was able to decrease the tax levy for the second consecutive year after experiencing three years of a consistent tax levy with a zero percent increase.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT AND DISCUSSION ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

The district has the maximum allowable unappropriated Fund Balance at 4.0%. Given the economic uncertainties that both the district and the individual tax payer are currently facing, the district remains financially stable. In summary, based upon the current levels of reserves, the District is poised to withstand a number of years of financial challenges. With a continued commitment from the Board of Education and the District's administrative team, our comprehensive budget planning process will help ensure our stability throughout difficult financial times as state aid revenues potentially decrease with the continued decrease in student enrollment.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate our accountability with the money it receives. If you have questions about this report or wish to request additional financial information, please contact:

Hoosic Valley Central School District  
Attention: Anthony Cammarata, Business Administrator  
2 Pleasant Avenue  
Schaghticoke, NY 12154  
(518) 753-4458

Hoosic Valley Central School District  
Statement of Net Position  
June 30, 2017

<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	
Unrestricted	\$ 2,823,812
Restricted	6,474,110
Investments	
Unrestricted	
Restricted	
Receivables	
Taxes	
Due from fiduciary funds	76,540
State and Federal Aid	466,042
Due from other governments	431,742
Other - Deferred Expenditure	-
Inventories	16,444
Total Current Assets	<u>10,288,690</u>
<b>Noncurrent Assets</b>	
Capital Assets	40,803,104
Less: Accumulated Depreciation	(13,257,475)
Capital Assets, net	<u>27,545,629</u>
Net Pension Asset - Proportionate Share	-
Total Noncurrent Assets	<u>27,545,629</u>
<b>TOTAL ASSETS</b>	<u>37,834,319</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	3,878,897
Total Deferred Outflows of Resources	<u>3,878,897</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 41,713,216</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 64,648
Accrued Liabilities	114,828
Due to other governments	
Due to fiduciary funds	395
Bond interest and matured bonds	
Notes Payable	
Tax anticipation	
Revenue anticipation	
Bond anticipation	2,200,978
Unearned credits	
Overpayments and collections in advance	
Unearned revenues - planned balance	
Unearned revenues - other	
Due and payable within one year	
Bonds payable	1,210,000
Installment purchase debt payable	
Due to teachers' retirement system	789,029
Due to employees' retirement system	84,814
Compensated absences payable	143,500
Other postemployment benefits payable	
Judgement and claims payable	
Total Current Liabilities	<u>4,607,988</u>
<b>Long-Term Liabilities</b>	
Due and payable after one year	
Bonds payable	8,875,000
Installment purchase debt payable	
Due to teachers' retirement system	
Due to employees' retirement system	
Compensated absences payable	
Other postemployment benefits payable	17,311,551
Net pension liability - proportionate share	1,014,209
Judgement and claims payable	
Total Noncurrent Liabilities	<u>27,200,760</u>
<b>Total Liabilities</b>	<u>31,808,748</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	272,736
Deferred revenue	12,298
Total Deferred inflows of Resources	<u>285,034</u>
<b>NET POSITION</b>	
Not investments in capital assets	15,259,653
Restricted	6,780,284
Unrestricted (deficit)	(12,420,503)
Total Net Position	<u>9,619,434</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 41,713,216</u>

See independent auditor's report and notes to financial statements

Hoosic Valley Central School District  
Statement of Activities and Changes in Net Position  
For the Year Ended June 30, 2017

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>					
General Support	\$ 1,780,821	\$ -	\$ -	\$ -	(1,780,821)
Instruction	9,362,299		37,713	534,130	(8,790,456)
Pupil Transportation	1,057,073			44,384	(1,012,689)
Community Service	-				-
Employee Benefits	6,878,802			6,440	(6,872,362)
Debt Service	473,163				(473,163)
Other expenses	-				-
Depreciation - unallocated	753,848				(753,848)
School Lunch Program	318,506		120,809	177,333	(20,364)
<b>Total Functions and Programs</b>	<b>\$ 20,624,512</b>	<b>\$ -</b>	<b>\$ 158,522</b>	<b>\$ 762,287</b>	<b>(19,703,703)</b>
<b>GENERAL REVENUES</b>					
Real property taxes					7,521,387
Other tax items					1,211,847
Nonproperty taxes					
Use of money and property					3,950
Sale of property and compensation for loss					-
Miscellaneous					119,029
Interfund revenue					-
State sources					10,667,579
Federal sources					82,593
<b>Total General Revenues</b>					<b>19,606,385</b>
<b>Change in Net Position</b>					<b>(97,318)</b>
<b>Total Net Position - Beginning of year</b>					<b>9,716,752</b>
<b>Total Net Position - End of year</b>					<b>\$ 9,619,434</b>

See independent auditor's report and notes to financial statements

Hoosic Valley Central School District  
Balance Sheet - Governmental Funds  
June 30, 2017

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Cash						
Unrestricted	2,164,563	106,529	200,598		352,122	\$ 2,823,812
Restricted Investments	6,474,110					6,474,110
Investments						-
Unrestricted						-
Restricted						-
Receivables						-
Taxes						-
Due from other funds	713,938	93,836	60,065		38,509	906,348
State and Federal Aid	249,902	193,464	10,690			454,056
Due from other governments	431,742					431,742
Other	11,401		585			11,986
Inventories			10,444			10,444
Deferred expenditures						-
Capital Assets, net						-
<b>Total Assets</b>	<b>\$ 10,045,656</b>	<b>\$ 393,829</b>	<b>\$ 288,382</b>	<b>\$ -</b>	<b>\$ 390,631</b>	<b>\$ 11,118,498</b>
<b>LIABILITIES</b>						
Payables						
Accounts Payable	34,646	-	-		30,000	\$ 64,646
Accrued Liabilities	96,670		6,290		-	102,960
Due to other funds	255,374	393,829	145,632		35,368	830,203
Due to other governments						-
Due to teachers' retirement system	789,029					789,029
Due to employees' retirement system	84,614					84,614
Judgement and claims payable						-
Bond interest and matured bonds						-
Notes Payable						-
Tax anticipation						-
Revenue anticipation						-
Bond anticipation					2,200,976	2,200,976
Unearned credits						-
Overpayments and collections in advance						-
Unearned revenues						-
Planned balance						-
<b>Total Liabilities</b>	<b>1,260,333</b>	<b>393,829</b>	<b>151,922</b>	<b>-</b>	<b>2,266,344</b>	<b>4,072,428</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue	12,298					12,298
<b>Total Deferred Inflows of Resources</b>	<b>12,298</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,298</b>
<b>FUND BALANCE</b>						
Nonspendable						-
Restricted	6,780,284					6,780,284
Committed						-
Assigned	1,145,934	-	136,460		(1,875,713)	(593,319)
Unassigned	846,807	-				846,807
<b>Total Fund Balance</b>	<b>8,773,025</b>	<b>-</b>	<b>136,460</b>	<b>-</b>	<b>(1,875,713)</b>	<b>7,033,772</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,045,656</b>	<b>\$ 393,829</b>	<b>\$ 288,382</b>	<b>\$ -</b>	<b>\$ 390,631</b>	<b>\$ 11,118,498</b>

See independent auditor's report and notes to financial statements

Hoosic Valley Central School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balance - Governmental Funds  
For the Year Ended June 30, 2017

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues</b>						
Real property taxes	7,521,387					\$ 7,521,387
Other tax items	1,211,847					1,211,847
Nonproperty taxes						-
Charges for services	37,713					37,713
Use of property and compensation for loss	3,948		2			3,950
Miscellaneous	111,713		7,316			119,029
Interfund revenue	-					-
State Sources	10,667,579	151,424	6,077			10,825,080
Federal sources	82,593	433,530	145,845			661,968
Surplus food			25,411			25,411
Sales - school lunch			120,809			120,809
<b>Total Revenues</b>	<b>19,636,780</b>	<b>584,954</b>	<b>305,460</b>	<b>-</b>	<b>-</b>	<b>20,527,194</b>
<b>EXPENDITURES</b>						
General Support	1,780,820					1,780,820
Instruction	8,812,162	550,147				9,362,299
Pupil Transportation	1,012,689	44,384				1,057,073
Community Service	-					-
Employee benefits	4,871,571	6,440	50,293			4,928,304
Debt service						-
Principal	1,422,756					1,422,756
Interest	477,106					477,106
Cost of Sales			268,213			268,213
Other expenditures						-
Capital Outlay					807,803	807,803
<b>Total expenditures</b>	<b>18,377,094</b>	<b>600,971</b>	<b>318,506</b>	<b>-</b>	<b>807,803</b>	<b>20,104,374</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,259,686</b>	<b>(16,017)</b>	<b>(13,046)</b>	<b>-</b>	<b>(807,803)</b>	<b>422,820</b>
<b>OTHER FINANCING SOURCES AND USES</b>						
Proceeds from debt	-	-	-		247,756	247,756
Operating transfers in	-	16,017		-	436,765	452,782
Operating transfers (out)	(452,782)	-	-	-	-	(452,782)
<b>Total Other Sources (Uses)</b>	<b>(452,782)</b>	<b>16,017</b>	<b>-</b>	<b>-</b>	<b>684,521</b>	<b>247,756</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<b>806,904</b>	<b>-</b>	<b>(13,046)</b>	<b>-</b>	<b>(123,282)</b>	<b>670,576</b>
<b>Fund Balances - Beginning of year</b>	<b>7,966,121</b>	<b>-</b>	<b>149,506</b>	<b>-</b>	<b>(1,752,431)</b>	<b>6,363,196</b>
<b>Fund Balances - End of year</b>	<b>\$ 8,773,025</b>	<b>\$ -</b>	<b>\$ 136,460</b>	<b>\$ -</b>	<b>\$ (1,875,713)</b>	<b>\$ 7,033,772</b>

See independent auditor's report and notes to financial statements



Hoosic Valley Central School District  
Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2017

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Cash	9,297,922			\$ 9,297,922
Accounts Receivable	466,042			466,042
Due from other funds	906,348		(906,348)	-
Due from fiduciary funds			76,540	76,540
Due from other governments	431,742			431,742
Inventories	16,444			16,444
Mortgages receivable				-
Deferred expenditure	-			-
Net pension asset - proportionate share		-		-
Land, buildings and equipment (net)		27,545,629		27,545,629
<b>Total Assets</b>	<b>11,118,498</b>	<b>27,545,629</b>	<b>(829,808)</b>	<b>37,834,319</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension		3,878,897		3,878,897
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>3,878,897</b>	<b>-</b>	<b>3,878,897</b>
<b>Total Assets and Deferred inflows of resources</b>	<b>\$ 11,118,498</b>	<b>\$ 31,424,526</b>	<b>\$ (829,808)</b>	<b>\$ 41,713,216</b>
<b>LIABILITIES</b>				
Accounts Payable	64,646			\$ 64,646
Accrued liabilities	102,960	11,868		114,828
Bonds payable		10,085,000		10,085,000
Bond anticipation notes payable	2,200,976			2,200,976
Bond interest and matured bonds				-
Due to other funds	830,203		(830,203)	-
Due to fiduciary funds			395	395
Due to other governments				-
Due to teachers' retirement system	789,029			789,029
Due to employees' retirement system	84,614			84,614
Compensated absences		143,500		143,500
Installment purchase debt payable				-
Postemployment benefits		17,311,551		17,311,551
Net pension liability - proportionate share		1,014,209		1,014,209
Deferred revenues	-			-
<b>Total Liabilities</b>	<b>4,072,428</b>	<b>28,566,128</b>	<b>(829,808)</b>	<b>31,808,748</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions		272,736		272,736
Deferred revenue	12,298			12,298
<b>Total Deferred inflows of Resources</b>	<b>12,298</b>	<b>272,736</b>	<b>-</b>	<b>285,034</b>
<b>FUND EQUITY/NET POSITION</b>				
Total Fund Equity/Net Position	7,033,772	2,585,662	-	9,619,434
<b>Total Liabilities, Deferred inflows of resources, and fund balance/net position</b>	<b>\$ 11,118,498</b>	<b>\$ 31,424,526</b>	<b>\$ (829,808)</b>	<b>\$ 41,713,216</b>

See independent auditor's report and notes to financial statements

Hoosic Valley Central School District  
Reconciliation of Governmental funds Revenues, Expenditures, and Changes in  
Fund Equity to the Statement of Activities  
For the Year Ended June 30, 2017

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Eliminations and Reclassifications	Long-term Debt Transactions	Statement of Activities Totals
<b>REVENUES</b>						
Real property taxes	7,521,387					\$ 7,521,387
Other tax items	1,211,847					1,211,847
Charges for services	37,713					37,713
Use of money and property	3,950					3,950
Sale of property and compensation for loss	-					-
Miscellaneous	119,029					119,029
Interfund revenue	-					-
State sources	10,825,080					10,825,080
Medicaid reimbursement	-					-
Federal sources	661,968					661,968
Surplus food	25,411					25,411
Sales - school lunch	120,809					120,809
<b>Total Revenues</b>	<b>20,527,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,527,194</b>
<b>EXPENDITURES\EXPENSES</b>						
General support	1,780,820		1			1,780,821
Instruction	9,362,299					9,362,299
Pupil transportation	1,057,073					1,057,073
Community service	-					-
Employee benefits	4,928,304			(50,293)	2,000,791	6,878,802
Debt service	1,899,862	(3,943)			(1,422,756)	473,163
Cost of sales	268,213			(268,213)		-
School Lunch Program	-			318,506		318,506
Other expenditures	-					-
Depreciation - unallocated	-		753,848			753,848
Capital outlay	807,803		(807,803)			-
<b>Total Expenditures</b>	<b>20,104,374</b>	<b>(3,943)</b>	<b>(53,954)</b>	<b>-</b>	<b>578,035</b>	<b>20,624,512</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>422,820</b>	<b>3,943</b>	<b>53,954</b>	<b>-</b>	<b>(578,035)</b>	<b>(97,318)</b>
<b>OTHER SOURCES AND USES</b>						
Proceeds from debt	247,756				(247,756)	-
Operating transfers in	452,782			(452,782)		-
Operating transfers (out)	(452,782)			452,782		-
<b>Total Other Sources (Uses)</b>	<b>247,756</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(247,756)</b>	<b>-</b>
<b>Net Change for the Year</b>	<b>\$ 670,576</b>	<b>\$ 3,943</b>	<b>\$ 53,954</b>	<b>\$ -</b>	<b>\$ (825,791)</b>	<b>\$ (97,318)</b>

See independent auditor's report and notes to financial statements

Hoosic Valley Central School District  
Statement of Fiduciary Net Position -  
Fiduciary Funds  
June 30, 2017

	<u>Private Purpose Trusts</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash	92,271	208,049
Due from governmental funds		395
Accounts receivable		
	<u>                    </u>	<u>                    </u>
Total Assets	<u><u>\$ 92,271</u></u>	<u><u>\$ 208,444</u></u>
 <b>LIABILITIES</b>		
Due to governmental funds		\$ 76,540
Extraclassroom activity balances		72,087
Other liabilities		59,817
	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>                    -</u>	<u><u>\$ 208,444</u></u>
 <b>NET POSITION</b>		
Reserved for scholarships	<u><u>\$ 92,271</u></u>	

See independent auditor's report and notes to financial statements

Hoosic Valley Central School District  
Statement of Changes in Fiduciary Net Position -  
Fiduciary Funds  
For The Year Ended June 30, 2017

	<u>Private Purpose Trusts</u>
<b>ADDITIONS</b>	
Contributions	25,262
Investment Earnings	46
Interest	
	<hr/>
Total Additions	<u>25,308</u>
 <b>DEDUCTIONS</b>	
Scholarships and awards	<u>28,218</u>
Change in Net Position	(2,910)
Net Position - Beginning of year	<u>95,181</u>
Net Position - End of year	<u><u>\$ 92,271</u></u>

See independent auditor's report and notes to financial statements

Hoosic Valley Central School District  
Schedule of Change from Original Budget to Final Budget  
And the Real Property Tax Limit  
For the Year Ended June 30, 2017

Supplemental Schedule #1

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 20,885,539
Add: Prior Year Encumbrances	176,343
Original Budget	<u>21,061,882</u>
Budget Revisions:	<u>365,201</u>
Revised Budget	<u><u>\$ 21,427,083</u></u>

See Accompanying Notes to Financial Statements

**SECTION 1318 OF REAL PROPERTY TAX LIMIT CALCULATION**

2017-18 voter approved expenditure budget \$ 21,170,163

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:

Unrestricted fund balance	
Committed fund balance	\$ -
Assigned fund balance	1,145,934
Unassigned fund balance	846,807
Total unrestricted fund balance	<u><u>\$ 1,992,741</u></u>

Less:

Appropriated fund balance	\$ 987,464
Encumbrances included in committed and assigned fund balance	158,470
Total adjustments	<u><u>\$ 1,145,934</u></u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: \$ 846,807

Actual percentage 4.0%

See Paragraph on supplementary schedules included in the Independent Auditor's Report

## Supplemental Schedule #2

Hoosic Valley Central School District  
Schedule of Revenues Compared  
to Budget - General Fund  
For the Year Ended June 30, 2017

REVENUES	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Local Sources</b>				
Real Property Taxes	\$ 7,523,622	\$ 7,523,622	\$ 7,521,387	\$ (2,235)
Other Tax Items	1,210,720	1,210,720	1,211,847	1,127
Charges for Services	7,000	34,625	37,713	3,088
Use of Money and Property	7,500	7,500	2,975	(4,525)
Sale of Property and Compensation for Loss	-	-	973	973
Miscellaneous	114,303	115,114	111,713	(3,401)
Interfund Revenues	-	-	-	-
<b>Total Local Sources</b>	<b>8,863,145</b>	<b>8,891,581</b>	<b>8,886,608</b>	<b>(4,973)</b>
<b>State Sources</b>	<b>10,780,005</b>	<b>10,780,005</b>	<b>10,667,579</b>	<b>(112,426)</b>
<b>Federal Sources</b>	<b>50,000</b>	<b>50,000</b>	<b>82,593</b>	<b>32,593</b>
<b>Total Revenues</b>	<b>19,693,150</b>	<b>19,721,586</b>	<b>19,636,780</b>	<b>(84,806)</b>
<b>Other Sources</b>				
Operating Transfers In	305,000	305,000	-	(305,000)
Proceeds of Long-term Debt	-	-	-	-
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<b>19,998,150</b>	<b>20,026,586</b>	<b>\$ 19,636,780</b>	<b>\$ (389,806)</b>
<b>Designated Fund Balance and Encumbrances</b>				
Carried Forward From Prior Year	887,389	1,400,497		
<b>Appropriated Reserve Revenues</b>	<b>-</b>	<b>-</b>		
<b>Total Revenues, Appropriated Reserves and Designated Fund Balance</b>	<b>\$ 20,885,539</b>	<b>\$ 21,427,083</b>		

See Paragraph on Supplementary Schedules Included in Auditor's Report

## Supplemental Schedule #3

Hoosic Valley Central School District  
Schedule of Expenditures, Other Uses and Encumbrances  
Compared to Budget - General Fund  
For the Year Ended June 30, 2017

EXPENDITURES	Original Budget	Revised Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>General Support</b>					
Board of Education	\$ 24,565	\$ 23,020	\$ 20,414	\$ -	\$ 2,606
Central Administration	208,445	215,963	210,180	-	5,783
Finance	349,809	346,537	293,919	-	52,618
Staff	46,985	46,985	34,353	-	12,632
Central Services	1,160,370	1,253,357	1,074,424	112,070	66,863
Special Items	157,222	157,222	147,530	-	9,692
<b>Total General Support</b>	<b>1,947,396</b>	<b>2,043,085</b>	<b>1,780,820</b>	<b>112,070</b>	<b>150,195</b>
<b>Instructional</b>					
Instruction, Administration & Improvement	611,247	633,651	562,440	2,897	68,314
Teaching - Regular School	4,404,104	4,482,974	4,123,108	3,545	356,321
Programs for Children With Handicapping Conditions	2,829,866	2,828,046	2,235,773	4,736	587,537
Occupational Education	648,310	645,029	607,107	-	37,922
Teaching - Special Schools	41,875	61,810	21,705	-	40,105
Instructional Media	554,322	576,397	561,752	7,863	6,782
Pupil Services	744,123	757,704	700,267	1,405	56,032
<b>Total Instruction</b>	<b>9,833,847</b>	<b>9,985,612</b>	<b>8,812,152</b>	<b>20,448</b>	<b>1,153,012</b>
<b>Pupil Transportation</b>	<b>1,162,176</b>	<b>1,216,946</b>	<b>1,012,689</b>	<b>9,571</b>	<b>194,686</b>
<b>Community Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Employee Benefits</b>	<b>5,876,883</b>	<b>5,779,438</b>	<b>4,871,571</b>	<b>1,381</b>	<b>906,486</b>
<b>Debt Service</b>					
Principal	1,422,756	1,422,756	1,422,756	-	-
Interest	517,481	517,481	477,106	-	40,375
<b>Total Debt Service</b>	<b>1,940,237</b>	<b>1,940,237</b>	<b>1,899,862</b>	<b>-</b>	<b>40,375</b>
<b>Total Expenditures</b>	<b>20,760,539</b>	<b>20,965,318</b>	<b>18,377,094</b>	<b>143,470</b>	<b>2,444,754</b>
<b>Other Uses</b>					
Operating Transfers Out	125,000	461,765	452,782	-	8,983
<b>Total Expenditures &amp; Other Uses</b>	<b>\$ 20,885,539</b>	<b>\$ 21,427,083</b>	<b>\$ 18,829,876</b>	<b>\$ 143,470</b>	<b>\$ 2,453,737</b>

See Paragraph on Supplementary Schedules Included in Auditor's Report

Hoosic Valley Central School District  
Schedule of Project Expenditures  
Capital Projects Fund  
For the Year Ended June 30, 2017

Supplemental Schedule #4

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Proceeds of Operations	State Aid	Local Sources	Total	Fund Balance June 30, 2017
			Prior Years	Current Years	Total						
High School Renovations - Project #: 0002-013, 0001-0007, 0002-015, 0002-019, 0001-006	17,125,000	17,279,041	17,118,555	1,475	17,118,030	161,011	16,720,900	404,100	-	17,125,000	0,670
Roof & Energy Management System Replacement - Project #: 0001-011, 0001-012	2,200,000	2,200,000	1,300,655	384,685	1,685,340	514,660	60,000	-	-	60,000	(1,605,340)
Playground	38,509	38,509	-	38,625	38,625	-	-	-	38,509	38,509	1,884
Capital Projects 15-18	100,000	100,000	-	48,253	48,253	-	-	-	100,000	100,000	51,747
Buses 11-12	305,526	305,526	305,526	-	305,526	-	305,526	-	-	305,526	-
Buses 12-13	90,380	90,380	90,380	-	90,380	-	72,303	-	-	72,303	(18,077)
Buses 14-15	470,382	495,978	482,615	-	482,615	13,363	82,600	-	275,016	358,416	(124,109)
Buses 15-16	336,727	336,727	323,949	-	323,949	12,778	47,170	-	88,075	135,251	(188,098)
Buses 16-17	336,765	336,765	-	336,765	336,765	-	-	-	336,765	336,765	-
<b>Totals</b>	<b>21,003,260</b>	<b>21,182,026</b>	<b>19,618,080</b>	<b>807,803</b>	<b>20,427,483</b>	<b>701,812</b>	<b>17,308,705</b>	<b>404,100</b>	<b>836,885</b>	<b>18,551,770</b>	<b>(1,875,713)</b>

See Paragraph on Supplementary Schedules included in Auditor's Report



Hoosic Valley Central School District  
Schedule of Funding Progress  
Other Post Employment Benefits Plan  
For the Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (in thousands) (b)	Unfunded AAL (UAAL) (in thousands) (b-a)	Funded Ratio (a/b)	Covered Payroll (in thousands) (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
July 1, 2009	\$ -	\$ 27,100	\$ 27,100	0.00%	\$ 9,420	287.69%
July 1, 2010	\$ -	\$ 30,621	\$ 30,621	0.00%	\$ 9,241	331.36%
July 1, 2011	\$ -	\$ 33,677	\$ 33,677	0.00%	\$ 8,837	381.09%
July 1, 2012	\$ -	\$ 34,222	\$ 34,222	0.00%	\$ 8,610	397.47%
July 1, 2013	\$ -	\$ 34,222	\$ 34,222	0.00%	\$ 8,700	393.36%
July 1, 2014	\$ -	\$ 34,009	\$ 34,009	0.00%	\$ 8,480	401.05%
July 1, 2015	\$ -	\$ 34,009	\$ 34,009	0.00%	\$ 8,480	401.05%
July 1, 2016	\$ -	\$ 42,789	\$ 42,789	0.00%	\$ 8,546	500.69%

See paragraph on supplementary schedules included in the independent auditor's report

## Supplemental Schedule #6

Hoosic Valley Central School District  
Investment in Capital Assets, Net of Related Debt  
For the Year Ended June 30, 2017

Capital assets, net	27,545,629
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## Additions:

Unamortized bond issuance costs  
Discounts on bonds payable  
Other:

Total Additions	-
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## Deductions:

Bond anticipation notes	2,200,976
Premium on bonds payable	-
Short-term portion of installment purchase debt	-
Long-Term portion of installment purchase debt	-
Short-term portion of bonds payable	1,210,000
Long-Term portion of bonds payable	8,875,000
Less: unspent bond proceeds	-

Short-term portion of capital leases  
Long-term portion of capital leases  
Other short or long-term debt related to capital assets  
Other:

Total Deductions	12,285,976
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	(12,285,976)	
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Investment in capital assets, net of related debt	15,259,653
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See Paragraph on Supplementary Schedules Included in Auditor's Report

Hoosic Valley Central School District  
Schedule of District's Proportionate Share of the Net Pension Liability  
For the Year Ended June 30, 2017

Teachers' Retirement System		
	2017	2016
District's proportion of the net pension liability	0.040812%	0.041330%
District's proportionate share of the net pension liability	438,188	(4,292,922)
District's Covered Payroll	6,421,047	6,292,626
District's proportionate share of the net pension liability as a percentage of its covered payroll	6.824245%	-68.221471%
Plan fiduciary net position as a percentage of the total pension liability	99.01%	110.46%
Employees' Retirement System		
	2017	2016
District's proportion of the net pension liability	0.0061303%	0.0070343%
District's proportionate share of the net pension liability	861,155	1,129,032
District's Covered Payroll	1,922,125	1,863,683
District's proportionate share of the net pension liability as a percentage of its covered payroll	44.802237%	59.937474%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%

See Paragraph on Supplementary Schedules Included in Auditor's Report.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1 – Summary of Certain Significant Accounting Policies:**

The financial statements for the Hoosic Valley Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as apply 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.

Certain significant accounting principles and policies utilized by the District are described below:

**A) Reporting Entity:**

The Hoosic 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. 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 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 statement 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:

**i) 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. Audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found later 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 a component district in Questar III Board of Cooperative Educational Services. A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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 provision 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(4)(b)(7) 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 \$1,450,874 for BOCES administrative and Program costs.

Participating District's issue debt on behalf of BOCES. During the year, the District issued \$-0- of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$-0-.

The District's share of BOCES aid amounted to \$814,059.

Financial statements for the BOCES are available from the BOCES administrative office.

**C) Basis of Presentation:**

**i) District-Wide Statements:**

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

ii) Fund Financial 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 Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, school lunch operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Funds: These funds are 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. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of the capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

Fiduciary Funds

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.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**D) Measurement Focus and Basis of Accounting:**

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

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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, revenue is 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, except for real property taxes, which are considered to be available if they are collected within 60 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) 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 the United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

**F) Property Taxes:**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 15, 2016. Taxes are collected during the period September 1 to November 1, 2016.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

Uncollected real property taxes are subsequently enforced by the Counties of Rensselaer and Washington in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

**G) Accounts Receivable:**

Accounts receivable are shown net of an allowance for uncollectible accounts, when applicable. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

**H) 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.

**I) 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 with one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

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

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



**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**J) Capital Assets:**

Capital assets are reported at actual cost for acquisitions in which the cost could be determined. For assets in which the actual cost could not be determined, estimated historical costs based on appraisals conducted by independent third-party professionals were used. 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 statement are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,500	Straight-Line	50 yrs
Building Improvements	2,500	Straight-Line	50 yrs
Site improvements	2,500	Straight-Line	20 yrs
Furniture and equipment	2,500	Straight-Line	5-20 yrs

**K) Vested Employee Benefits:**

**Compensated absences:**

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical 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 within 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 pay rates in effect at year-end.

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

**L) Other Benefits:**

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

District employees may choose to participate in the District's elective deferred compensation plan established under Internal Revenue Code Sections 403(b).

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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 provision 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. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

**M) Unearned Revenue:**

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

**N) 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 government has three items that qualify for reporting in this category. First is the deferred charge 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 is 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 three items that qualify for reporting in this category. 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 proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**O) Restricted Resources:**

When an expense is incurred for purposes for which other restricted and unrestricted net assets 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.

**P) Short-Term Debt:**

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

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

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

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

**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.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**R) Equity Classifications:**

**District-wide statements:**

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

Net Investments 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 assets 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 meet the definition of the above two classifications and are deemed to be available for general use by the District.

**Funds statements:**

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$-0-.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or 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 School District has established the following restricted fund balances:

**Capital**

According to Education law §3651, must be 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 of the required legal notice for the vote on establishing the 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 under restricted Fund Balance.

**Debt Service**

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established 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 School District property or capital improvement.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Employee Benefit Accrued Liability**

According to general Municipal Law §6-p, must be used for the payment of accrued employee benefit due to 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.

**Insurance**

According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

**Liability Claims and Property Loss**

According to Education Law §1709(8)(c), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss 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.

**Repairs**

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

**Retirement Contributions**

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

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Tax Certiorari**

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.

**Uncollected Taxes in a City School District**

According to Education Law §3651[1-b], must be used to cover uncollected real property taxes for a given tax fiscal year in city school districts provided the city or county is not required to pay to the treasurer of a city school district the amount of unpaid taxes during the fiscal year for which they are levied. Is created by resolution of the governing board, without voter approval, provided that the ratio of the amount of such reserve to the total principal amount of the district's tax levy for the fiscal year is not less than the ratio of the principal amount of the school district taxes as levied for the last completed fiscal year but not received by the district before the end of that fiscal year, to the total principal amount of the tax levy for the last completed fiscal year. Source of funds generally is through budgetary appropriations. If the city or county is not required to pay to the treasurer of a city school district unpaid taxes pursuant to section 1332 of the Real Property Tax Law, the board of education of the city school district shall establish a reserve pursuant to this subdivision, provided that such reserve shall not be less than the amount of taxes for the fiscal year for which the budget is being prepared which are estimated to be unpaid during such fiscal year under the Real Property Tax Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**Unemployment Insurance**

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 School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

**Worker's Compensation**

According to General Municipal Law §6-j, must be 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.

# HOOSIC VALLEY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2017

#### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balance includes the following:

General Fund:	
Capital	\$ 2,515,089
Debt Service	1,930,579
Employee Benefit Accrued Liability	56,606
Insurance	85,034
Liability Claims and Property Loss	-0-
Repairs	-0-
Retirement Contributions	2,071,174
Tax Certiorari	10,464
Uncollected Taxes in a City School District	-0-
Unemployment Insurance	111,338
Workers' Compensation	-0-
Capital Fund	-0-
Debt Service Fund	-0-
Special Aid Fund	-0-
School Lunch Fund	-0-
	<hr/>
Total Restricted Funds	\$ 6,780,284

**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 not committed fund balances as of June 30, 2016.

**Assigned** – includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the year. Encumbrances and appropriated fund balance reported in the General Fund amounted to \$1,145,934.

#### Reserve for Insurance Recoveries

Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the General Fund.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
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**Unassigned** – includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund 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.

**Order of Use of Fund Balance:**

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

**S) Use of 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.

**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 District-wide statements, 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 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, as applied to the reporting of Capital assets and long-term liabilities, including pensions.



**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories.

- i) Long-term Revenue Differences:  
Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
- ii) Capital Related Differences:  
Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- iii) Long-term Debt Transaction Differences:  
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.
- iv) Pension differences:  
Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

**Note 3 – Stewardship, Compliance and Accountability:**

**Budgets:**

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

**General Fund**

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) which may be incurred.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
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Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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. The following supplemental appropriations occurred during the year:

Donations	\$ 437
Capital Bus Purchase	336,765
Garden Grant	374
Summer Boys Basketball	2,128
Driver Ed Program	22,638
Summer Volleyball	2,775
Summer Girls Basketball	<u>84</u>
 Total	 <u>\$ 365,201</u>

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.

**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.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund 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.

The Capital Project fund has a deficit fund balance of \$1,875,713. This will be funded when the District obtains permanent financing for its current construction projects.

**Note 4 – Cash – Custodial Credit, Concentration of Credit:**

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.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
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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 institutions, or its trust  
department or agent, but not in the District's name \$ 9,618,234

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 \$6,474,110 within the governmental funds and \$313,339 in the fiduciary funds.

**Note 5 – Investments:**

The District had no security Investments during the year.

**Note 6 – Capital Assets:**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclass</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets that are not depreciated:				
Land	\$ 52,600	\$ -0-	\$ -0-	\$ 52,600
Construction in progress	15,682,933	130,767	( 2,730)	15,810,970
Total nondepreciable historical cost	<u>15,735,533</u>	<u>130,767</u>	<u>( 2,730)</u>	<u>15,863,570</u>
 Capital Assets that are depreciated:				
Buildings	19,991,870	303,646	4,540	20,300,056
Furniture and Equipment	4,526,332	373,390	( 260,244)	4,639,478
Total depreciable historical cost	<u>24,518,202</u>	<u>677,036</u>	<u>( 255,704)</u>	<u>24,939,534</u>
Less accumulated depreciation				
Buildings	9,548,100	391,246	-0-	9,939,346
Furniture and Equipment	3,213,960	362,602	( 258,433)	3,318,129
Total Accumulated depreciation	<u>12,762,060</u>	<u>753,848</u>	<u>( 258,433)</u>	<u>13,257,475</u>
 Total depreciable historical Cost, net	<u>\$27,491,675</u>	<u>\$ 53,955</u>	<u>\$ ( 1)</u>	<u>\$27,545,629</u>

Depreciation expense was not charged to a specific governmental function.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**Note 7 – Short-Term Debt:**

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

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN maturing 9/16 at 2.65%	\$ 498,732	\$ -0-	\$ 498,732	\$ -0-
BAN maturing 6/17 at 2.00%	1,800,000	-0-	1,800,000	-0-
BAN maturing 6/18 at 1.41%	-0-	1,870,000	-0-	1,870,000
BAN maturing 9/18 at 1.09%	-0-	330,976	-0-	330,976
Total	<u>\$ 2,298,732</u>	<u>\$ 2,200,976</u>	<u>\$ 2,298,732</u>	<u>\$ 2,200,976</u>

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

Interest paid	\$ 41,405
Less interest accrued in the prior year	5,764
Plus interest accrued in the current year	<u>2,743</u>
Total Expense	<u>\$ 38,384</u>

**Note 8 – Long-term Debt:**

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government activities:					
Bonds and notes payable:					
General obligation debt:					
Serial Bonds – Renovations	\$ 9,940,000	\$ -0-	\$ 1,090,000	\$ 8,850,000	\$ 1,125,000
Advanced Refunding	1,320,000	-0-	85,000	1,235,000	85,000
Total bonds & notes payable	<u>\$11,260,000</u>	<u>\$ -0-</u>	<u>\$1,175,000</u>	<u>\$10,085,000</u>	<u>\$1,210,000</u>
Other Liabilities:					
Postemployment					
Benefits	\$15,269,517	\$2,042,034	\$ -0-	\$17,311,551	\$ -0-
Pension –Proportionate Share	1,129,032	-0-	114,823	1,014,209	-0-
Compensated absences	130,204	13,296	-0-	143,500	143,500
Long term liabilities	<u>\$27,788,753</u>	<u>\$2,055,330</u>	<u>\$1,289,823</u>	<u>\$28,554,260</u>	<u>\$1,353,500</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate
Serial Bonds			
Advanced Refunding	2012	2028	3.3%
Renovation	2009	2024	3.8%

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2018	\$ 1,210,000	\$ 393,125	\$ 1,603,125
2019	1,260,000	349,238	1,609,238
2020	1,300,000	303,450	1,603,450
2021	1,350,000	252,913	1,602,913
2022	1,405,000	200,338	1,605,338
2022 & thereafter	3,560,000	310,186	3,870,186
Totals	<u>\$10,085,000</u>	<u>\$2,809,250</u>	<u>\$12,894,250</u>

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

Interest paid	\$ 435,701
Less interest accrued in the prior year	10,047
Plus interest accrued in the current year	<u>9,125</u>
Total Expense	<u>\$ 434,779</u>

**Note 9 – Pension Plans:**

**General information:**

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

**Provisions and administration:**

The New York State Teachers' Retirement Board administers NYSTRS. The System provides 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. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in the Teachers Retirement System. Once a public employer elects to participate in the System, the election is irrevocable. The New York Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can change for future members only by enactment of a State statute. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

NYSERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New 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. NYSSRSL govern obligations of employers and employees to contribute and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension

# HOOSIC VALLEY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2017

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 trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

#### Funding policies:

The Systems are noncontributory for the employee, except for those who joined the after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined after January 1, 2010 who contribute 3% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under Tier VI vary based on a sliding salary scale. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the Employers' contributions for the NYSERS fiscal year ended March 31. For NYSTRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2016 – 2017	\$ 732,261	\$ 270,409
2015 – 2016	\$ 827,894	\$ 296,176
2014 – 2015	\$1,151,585	\$ 388,098

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

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation required participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.5% interest factor added. Local governments were given the option to prepay this liability. The total unpaid liability at the end of the year was \$-0-.

#### PENSION ASSETS, LIABILITIES, PENSION EXPENSE, AND DEFERED OUTFLOWS OF RESOURCES AND DEFERED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2017, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2017 for ERS and June 30, 2016 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The 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.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	04/01/16	06/30/16
Net pension asset/(liability)	\$( 576,021)	\$( 438,188)
District's portion of Plan's total net pension asset/(liability)	0.0061303%	0.040912%

For the year ended June 30, 2017, the District's recognized pension expense of \$322,263 for ERS and the actuarial value \$625,868 for TRS. At June 30, 2017, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected And actual experience	\$ 14,435	\$ -0-	\$ 87,472	\$ 142,348
Changes of assumptions	\$ 196,790	\$ 2,496,200	\$ -0-	\$ -0-
Net differences between projected and actual earnings on pension plan investments	\$ 115,055	\$ 985,278	\$ -0-	\$ -0-
Changes in proportion and differences between the District's and proportionate share of contributions	\$ 31,256	\$ 39,883	\$ 41,685	\$ 1,231
District's contributions subsequent To the measurement date	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<b>Total</b>	<b><u>\$ 357,536</u></b>	<b><u>\$3,521,361</u></b>	<b><u>\$ 129,157</u></b>	<b><u>\$ 143,579</u></b>

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

	<u>ERS</u>	<u>TRS</u>
Year Ended:		
2018	\$ 104,450	\$ 310,868
2019	104,450	310,868
2020	97,901	1,076,062
2021	( 78,422)	837,988
2022	-0-	387,627
Thereafter	-0-	454,371

**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 valuations used the following actuarial assumptions:

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2017	June 30, 2016
Actuarial valuation date	April 1, 2016	June 30, 2015
Interest Rate	7.0%	7.5%
Salary Scale	3.8%	1.90% - 4.72%
Decrement tables	4/1/10 -03/31/15	07/01/05-06/30/10
	System Experience	System Experience
Inflation Rate	2.5%	2.5%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Societies of Actuaries' scale MP-2014. For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Asset Type		
Domestic Equity	36%	37%
International Equity	14%	18%
Real Estate	10%	10%
Alternative Investments		7%
Domestic Fixed Income Securities		17%
Global Fixed Income Securities		2%
Mortgages		8%
Short-Term		1%
Private Equity	10%	
Absolute Return Strategies	2%	
Opportunistic Portfolio	3%	
Real Assets	3%	
Bonds and Mortgages	17%	
Cash	1%	
Inflation Indexed Bonds	4%	



**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**DISCOUNT RATE**

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' 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 net pension liability calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, 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 (6.0% for ERS and 6.5% for TRS ) or 1 percentage point higher (8.0% for ERS and 8.5% for TRS) than the current rate :

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
<b>ERS</b>			
Employer's proportionate share of the net pension asset (liability)	\$( 1,839,698)	\$( 576,021)	\$ 492,415
<b>TRS</b>			
	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension asset (liability)	\$( 5,717,164)	\$ ( 438,188)	\$ 3,989,540

**PENSION PLAN FIDUCIARY NET POSITION**

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

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

**PAYABLES TO THE PENSION PLAN**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$84,614. Employee contributions are remitted monthly.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$789,029.

**Note 10 – Interfund Transactions – Governmental Funds:**

Interfund balances at June 30, 2017 are as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 713,938	\$ 255,374	\$ -0-	\$ 452,782
Special Aid Funds	93,836	393,829	16,017	-0-
School Lunch Fund	60,065	145,632	-0-	-0-
Debt Service Fund	-0-	-0-	-0-	-0-
Capital Funds	38,509	35,368	436,765	-0-
Total Government Funds	<u>\$ 906,348</u>	<u>\$ 830,203</u>	<u>\$ 452,782</u>	<u>\$ 452,782</u>
Fiduciary Agency Fund	\$ 395	\$ 76,540	\$ -0-	\$ -0-
Totals	<u>\$ 906,743</u>	<u>\$ 906,743</u>	<u>\$ 452,782</u>	<u>\$ 452,782</u>

**Note 11 – Post-Employment Benefits:**

The District provides medical and Medicare B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the District has in place with different classifications of employees.

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.

Currently, 178 retired employees receive medical insurance under the District's group plans. The District pays 75% to 85% of retiree's medical benefits depending on employee group. Employees are required to reach age 55 and have 10 years of service to qualify for OPEB. The District contributes towards the cost of eligible spouses during the retiree's lifetime. Spouses will pay 25% for coverage. The spouse is required to pay 100% of the cost of the benefits following the death of the retiree.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2017, the District recognized \$1,100,598 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of July 1, 2016, which indicates that the total liability for other post-employment benefits is \$42,789,028.

# HOOSIC VALLEY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2017

**Plan Type:** The District provides medical and dental benefits to its eligible retirees. The benefits are provided through fully insured plans that are sponsored by a regional health insurance consortium.

**Funding:** The District does not have legal authority to fund the future OPEB liability. The District can only maintain a pay as you go policy for the OPEB liability.

**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), and 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 to 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	\$ 3,366,578
Interest on net OPEB obligation	573,581
Adjustment to annual required contribution	<u>(797,527)</u>
Annual OPEB cost (expense)	3,142,632
Contributions made	<u>1,100,598</u>
Increase in net OPEB obligation	2,042,034
Net OPEB obligation – beginning of year	<u>15,269,517</u>
Net OPEB obligation – end of year	<u>\$ 17,311,551</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2017 and the two preceding years were as follows (dollar amounts in thousands):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 3,142,632	35.0%	\$17,311,551
6/30/2016	\$ 3,117,386	36.6%	\$15,269,517
6/30/2015	\$ 3,189,212	32.4%	\$13,292,287

**Funded Status and Funding Progress:** As of July 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$42,789,028, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$42,789,028. The covered payroll (annual payroll of active employees covered by the plan) was \$8,546,640 and the ratio of UAAL to the covered payroll was 501%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

In the July 1, 2016, actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and 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 10% initially, reduced by decrements to an ultimate rate of 5% after 5 years. Both rates included a 4% inflation assumption. The UAAL is being amortized on an open basis. The remaining amortization period at June 30, 2017, was 29 years.

**Note 12 – Risk management:**

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.

**Note 13 – Contingent liabilities:**

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 audits, the District's administration believes disallowances, if any, will be immaterial.

**Note 14 – Subsequent Events**

The District has evaluated subsequent events through September 26, 2017, which is the date these financial statements were available to be issued.

**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
MANAGEMENT LETTER  
JUNE 30, 2017**

Our examination of your financial statements is designed to express an opinion as to the fairness of presentation of those statements. During the course of our examination, certain practices or procedures came to our attention which requires comment.

**Internal Control System**

The system of control currently in use is generally adequate.

**Improvements recommended last year (June 30, 2016)**

General Fund

The unreserved fund balance at June 30, 2016 is in excess of the four percent permitted under Section 1318 of the Real Property Tax Law.

Extra Classroom

Our test disclosed instances in which a payment was made without an indication that goods had been received, one disbursement was paid from a statement and one disbursement did not have supporting documentation. Invoices should have the necessary paper work filed with them before they are paid. Invoices should have the remittance voucher attached, be signed received by the club advisor and authorized by the club advisor and student treasurer. The invoice should be marked paid in order to avoid duplicate payments.

**Current Findings (June 30, 2017)**

Extra Classroom

Our test disclosed instances in which a payment was made without an indication that goods had been received, Invoices should have the necessary paper work filed with them before they are paid. Invoices should have the remittance voucher attached, be signed received by the club advisor and authorized by the club advisor and student treasurer. The invoice should be marked paid in order to avoid duplicate payments.

Dated: September 26, 2017

MASSACHUSETTS DEPARTMENT OF REVENUE  
Form 706-1 (Rev. 10-1-80)  
Estate Tax Return

1. Decedent's name (print or type): \_\_\_\_\_  
2. Decedent's date of death: \_\_\_\_\_  
3. Decedent's date of birth: \_\_\_\_\_

4. Decedent's Social Security Number: \_\_\_\_\_

5. Decedent's residence at date of death: \_\_\_\_\_

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6. Decedent's executor (print or type): \_\_\_\_\_  
7. Executor's date of appointment: \_\_\_\_\_

8. Decedent's estate (print or type): \_\_\_\_\_  
9. Decedent's date of death: \_\_\_\_\_  
10. Decedent's date of birth: \_\_\_\_\_  
11. Decedent's Social Security Number: \_\_\_\_\_  
12. Decedent's residence at date of death: \_\_\_\_\_

13. Decedent's executor (print or type): \_\_\_\_\_

14. Decedent's estate (print or type): \_\_\_\_\_  
15. Decedent's date of death: \_\_\_\_\_  
16. Decedent's date of birth: \_\_\_\_\_  
17. Decedent's Social Security Number: \_\_\_\_\_  
18. Decedent's residence at date of death: \_\_\_\_\_

19. Decedent's executor (print or type): \_\_\_\_\_

Marie E. Stark, C.P.A.  
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STARK & BASILA  
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132 Mohawk Street  
PO Box 260  
Cohoes, New York  
12047

**Independent Auditor's Report On Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With  
Government Auditing Standards**

The Board of Education  
Hoosic Valley Central School District  
2 Pleasant Avenue  
Schaghticoke, New York 12154

Dear Board Member:

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 of Hoosic Valley Central School District for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Hoosic Valley Central School District's basic financial statements, and have issued our report thereon dated September 26, 2017.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hoosic 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 that are required to be reported under Government Auditing Standards.

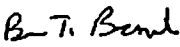
We noted certain matters we have reported to management of Hoosic Valley Central School District in a separate letter dated September 26, 2017.

## **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.

This report is intended solely for the information and use of the audit committee, management and others within the organization and is not intended to be and should not be used by anyone other than the specified parties.

Very truly yours,  
STARK & BASILA  
Certified Public Accountants, PC

  
BRYAN T. BASILA, CPA

Dated: September 26, 2017



Marie E. Stark, C.P.A.  
mstark@wsbcpas.net

Bryan T. Basila, C.P.A.  
basila@wsbcpas.net



**STARK & BASILA**  
Certified Public Accountants, P.C.

132 Mohawk Street  
PO Box 260  
Cohoes, New York  
12047

The Board of Education  
Hoosic Valley Central School District  
2 Pleasant Avenue  
Schaghticoke, New York 12154

Dear Board of Member:

The School District is exempt from the Single Audit Act for the 2016-2017 school year as per Title 2 U.S. Code of Federal regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). This exemption is because total of Federal Awards was less than \$750,000 as shown in the Supplemental Schedule of Federal of Federal Assistance for the year ended June 30, 2017 on page 57.

The School District is still subject to the requirements imposed by Government Auditing Standards or "Yellow Book" audits. The School District must also maintain its records for possible review or audit, and must comply with all other laws, regulations, and the provisions of contracts and grant agreements. The Supplemental Schedule of Federal Assistance for the year ended June 30, 2017 is included in the Independent Auditor's Opinion on Basic Financial Statements on page 1 and 2, and the Independent Auditor's Report On Compliance And On Internal Control Over Financial Reporting on page 54 and 55 of this document.

The Supplemental Schedule of Federal Financial Assistance is presented for additional analysis only.

Very truly yours  
STARK & BASILA  
Certified Public Accountants, PC

BRYAN T. BASILA

Dated: September 26, 2017

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**HOOSIC VALLEY CENTRAL SCHOOL DISTRICT  
SUPPLEMENTAL SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

**Federal Grantor/ Pass Through**

**Grantor/ Program Title US Dept of  
Education Pass-Through NYS Dept  
of Education**

	<b>Federal CFDA Number</b>	<b>Agency or Pass-Through Number</b>	<b>Federal Expenditures</b>
<b><u>Special Education Cluster:</u></b>			
IDEA - Section 611	84.027	032-16-0758	197,001
IDEA - Section 619	84.173	033-16-0758	3,586
IDEA - Section 619	84.173	033-17-0758	9,767
Total Special Education Cluster			<u>210,354</u>
ESEA - Title I	84.010	021-16-2520	4,000
ESEA - Title I	84.010	021-17-2520	177,725
ESEA - Title IIA	84.367	147-16-2520	41,451
Total			<u>223,176</u>
Total US Department of Education			<u>433,530</u>
<b><u>US Dept of Agriculture Pass-Through from New York State Education Department Child Nutrition Cluster:</u></b>			
School Breakfast Program	10.553		24,775
National School Lunch Program	10.555		<u>146,481</u>
Total US Department of Agriculture			<u>171,256</u>
Total Federal Assistance Programs			<u><u>604,786</u></u>

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Certified Public Accountants, P.C.

132 Mohawk Street  
PO Box 260  
Cohoes, New York  
12047

### **Independent Auditor's Opinion of Extraclassroom Activity Fund**

The Board of Education  
Hoosic Valley Central School District  
2 Pleasant Avenue  
Schaghticoke, New York 12154

Dear Board Member:

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity of the Hoosic Valley Central School District for the year ended June 30, 2017.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, 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 fraud or error.

#### **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.

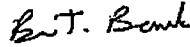
#### **Opinion**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash and fund balances of the Extraclassroom Activity Fund, of the Hoosic Valley Central School District as of June 30, 2017 arising from the cash transactions, cash collected and disbursements made and changes in fund balance during the year then ended, on a basis consistent with that of the preceding year.

**Basis of Accounting**

The financial statement is prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Very truly yours,  
STARK & BASILA  
Certified Public Accountants, PC

  
BRYAN T. BASILA, CPA

Dated: September 26, 2017

HOOSIC VALLEY CENTRAL DISTRICT  
EXTRACLASSROOM FUND  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD ENDING JUNE 30, 2017

<u>Account Name</u>	<u>Opening Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
Band/Choir	10,792	11,078	12,366	9,504
Drama Club	7,673	4,277	3,141	8,809
Elementary Student Council	326	150	211	265
Grade 6 Activity	6,786	14,037	14,641	6,182
NH Society	1,246	394	247	1,393
Jr High NH Society	1,765	876	749	1,892
Language Club	1,089	4,798	4,854	1,033
SADD	1,018	-	-	1,018
Science Club	692	-	-	692
Student Council	13,289	4,327	4,480	13,136
Varsity Club	5,044	11,864	13,691	3,217
Yearbook	10,679	9,788	10,109	10,358
Class 2017	4,276	7,855	12,131	-
Class 2018	3,312	16,346	13,631	6,027
Class 2019	1,644	6,817	750	7,711
Class 2020	-	1,412	562	850
Totals	69,631	94,019	91,563	72,087

See independent auditor's report on Extraclassroom Activity fund.