

**NORTHEASTERN CLINTON
CENTRAL SCHOOL DISTRICT**

FINANCIAL REPORT

JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Northeastern Clinton Central School District
Champlain, New York 12919

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Northeastern Clinton 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 basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the District's 2016 financial statements, and in our report dated September 20, 2016, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

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 of 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, the business-type activities, each major fund and the aggregate remaining fund information of Northeastern Clinton Central School District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 12), budgetary comparison information (pages 50 & 51), Schedule of Funding Progress Other Post-Employment Benefits Plan (page 54) and Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS (pages 55-58) 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northeastern Central School District's basic financial statements as a whole. The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment in Capital Assets, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying 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 of Northeastern Central School District. The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, Net Investment in Capital Assets, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2017, on our consideration of the Northeastern Clinton 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 the 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 Northeastern Clinton Central School District's internal control over financial reporting and compliance.

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC

September 20, 2017

Management Discussion and Analysis

Within this section of the Northeastern Clinton Central School District's annual financial report, the School's management provides narrative discussion and analysis of the financial activities of the School for the fiscal year ended June 30, 2017. The School's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the auditor's opinion letter, which precedes management's discussion and analysis.

Financial Highlights

District revenues increased to \$29.2 million in fiscal year 2017 from \$29.1 million in 2016, a 0.5% increase.

The District expended \$32.6 million in fiscal year 2017 compared to \$29.3 million in 2016. This represents an 11.1% increase.

The District's total assets, in accordance with GASB 34 accounting, were \$39.0 million as of June 30, 2017 compared to \$45.6 million in 2016.

The District's total liabilities, in accordance with GASB 34 accounting, were \$53.7 million as of June 30, 2017 compared to \$51.1 million in 2016.

The District implemented GASB 45 during the year ended June 30, 2009. During the year ended June 30, 2017, a \$3,941,668 expense and \$34,481,434 liability are recognized in the District-Wide Financial Statements.

Overview of the Financial Statements

Management's discussion and analysis introduces the School's basic financial statements. The basic financial statements include: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

District-Wide Financial Statements

The Governmental Accounting Standards Board's Statement #34 requires that reporting financial status take place in a district-wide format. The School's annual report includes two such district-wide financial statements, which provide both long-term and short-term information about the School's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these district-wide statements is the Statement of Net Position. This is a school-wide statement of position presenting information that includes all of the School's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall financial position of the School is improving or deteriorating. In addition to the financial information provided in this report, evaluation of the overall health of the School would extend to other non-financial factors such as diversification of the taxpayer base, the continued financial support of the State and Federal governments, and the condition of the School's infrastructure.

The second district-wide statement is the Statement of Activities. This statement reports how the School's net position changed during the current fiscal year. All current revenues and expenditures are included regardless of when cash is received or paid. An important purpose for the design of the statement of activities is to show the financial reliance of the School's distinct activities or functions on revenues provided by the School's taxpayers.

Both of the district-wide financial statements distinguish government activities of the School that are principally supported by State and Federal sources, intergovernmental revenues, such as operating grants, and revenue from the local tax levy. Fiduciary activities, such as those for which the accounting occurs in the trust and agency fund, are not included in the government-wide statements since these assets are not available to fund the School programs.

The district-wide financial statements are presented on pages 13 and 14 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The School uses funds to ensure and demonstrate compliance with finance-related law and regulations. Within the basic financial statements, fund financial statements focus on the School's most significant funds rather than the School as a whole. Major funds are reported separately while all others are combined in a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report. The School has two kinds of funds:

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide statements, the governmental fund statements focus on the near-term inflows and outflows of resources available for spending. These statements illustrate short-term fiscal accountability in the use of such resources and the balances of such resources at the end of the fiscal year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of such resources for the near-term.

Since the district-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance have been reconciled in the notes to the financial statements to assist in understanding the differences between these two perspectives.

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

The basic governmental fund financial statements are presented on pages 15 through 16 of this report.

Fiduciary Funds such as the scholarship fund and extra-classroom activity fund are reported in the fiduciary fund financial statements, but are excluded from the district-wide reporting. Fiduciary fund financial statements report resources that are not available to fund school programs.

The basic fiduciary fund financial statements are presented on pages 17 and 18 of this report.

Notes to Financial Statements

Notes to Financial Statements provide information essential to a full understanding of the district-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also includes supplementary information beginning on page 47.

Financial Analysis of the District as a Whole

The District's net position at fiscal year-end is (\$8,547,594). This represents a \$3,364,366 decrease from last year's net position of (\$5,183,228). The following table provides a summary of the School's net position:

	<u>Summary of Net Position</u>	
	<u>6/30/2017</u>	<u>6/30/2016</u>
Current and Other Assets	\$ 9,520,613	\$ 15,317,589
Capital Assets	29,460,385	30,292,802
Total Assets	<u>38,980,998</u>	45,610,391
Deferred Outflow of Resources		
Pensions	6,508,294	2,516,795
Total Assets and Deferred Outflow of Resources	<u>\$ 45,489,292</u>	<u>\$ 48,127,186</u>
Long-Term Liabilities	\$ 53,459,748	\$ 50,809,042
Other Liabilities	209,367	249,023
Total Liabilities	<u>53,669,115</u>	<u>51,058,065</u>
Deferred Inflow of Resources		
Pensions	<u>367,771</u>	<u>2,252,349</u>
Net Assets		
Net Investment in Capital Assets	15,730,385	15,484,515
Restricted:		
Debt Service	25,591	1,354
Capital Projects	-	186,713
Unemployment Reserve	37,748	37,579
Insurance Reserve	33,320	33,303
Retirement Reserve	50,484	50,459
Employee Benefit Accrued Liability Reserve	2,315,431	2,359,806
Unrestricted	<u>(26,740,553)</u>	<u>(23,336,957)</u>
Total Net Assets	<u>(8,547,594)</u>	<u>(5,183,228)</u>
Total Liabilities, Deferred Inflows and Net Assets	<u>\$ 45,489,292</u>	<u>\$ 48,127,186</u>

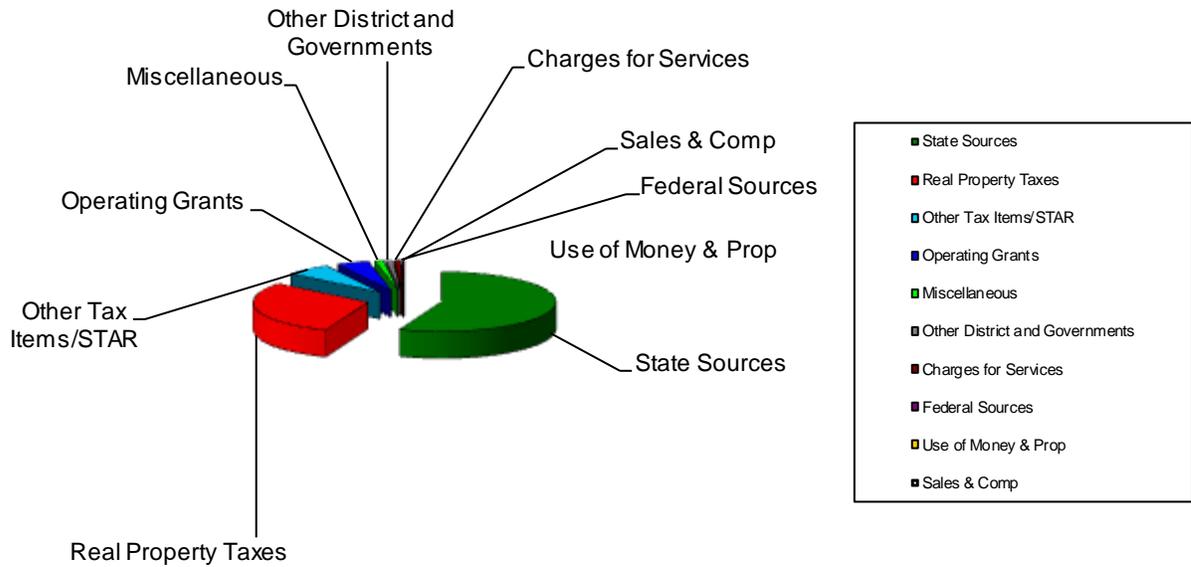
In 2017, Program Revenues of \$1.5 million combined with General Revenues of \$27.7 million to generate total District Revenues of \$29.2 million. This represented a 0.5% increase compared to fiscal 2016 revenues of \$29.1 million. The biggest contributor to this increase included a 2.3% increase in property taxes.

The total cost of all programs and services totaled \$32.6 million in fiscal year 2017 vs. \$29.3 million in fiscal year 2016. This represents an 11.1% increase.

Statement of Activities
Summary of Changes in Net Position

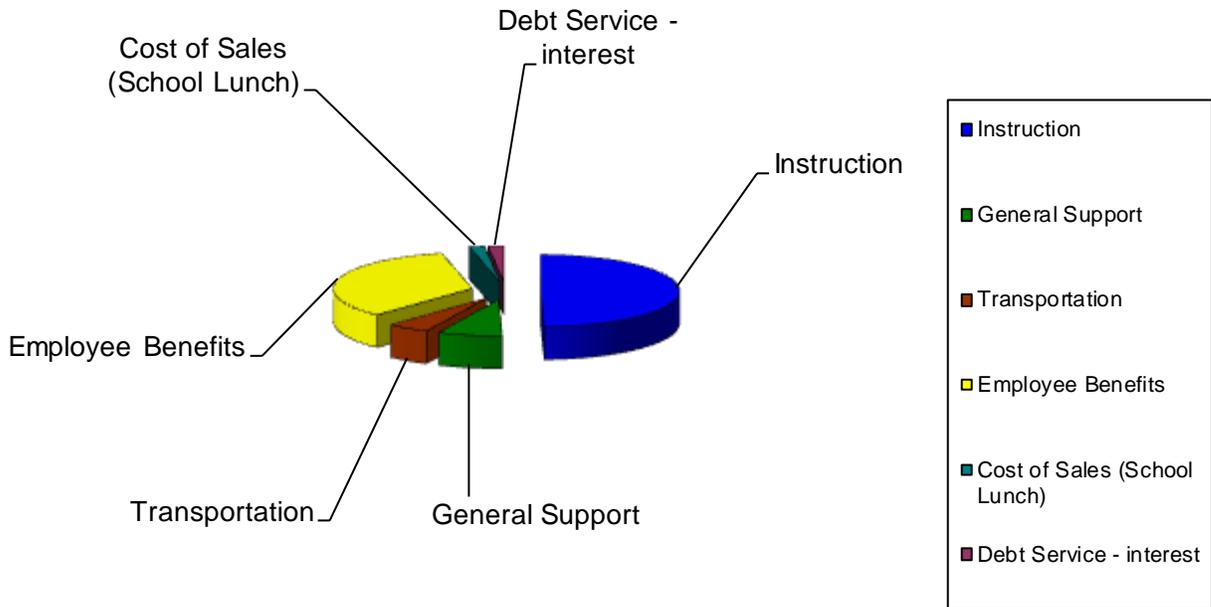
Revenues:	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>% Change</u>
Program Revenues:			
Charges for services	\$ 220,502	\$ 201,829	9.3%
Operating Grants & Contributions	1,320,585	1,401,973	-5.8%
Total Program Revenue	<u>1,541,087</u>	<u>1,603,802</u>	
General Revenues:			
Property Taxes	8,711,649	8,519,577	2.3%
School Tax Relief (STAR)	1,891,800	1,907,168	-0.8%
Charges for Services	8,970	8,475	5.8%
Other District and Governments	276,928	263,696	5.0%
Use of Money and Property	16,237	10,167	59.7%
Sale of Property & Compensation for Loss	11,183	8,907	25.6%
Miscellaneous	346,634	351,366	-1.3%
State Sources	16,355,856	16,304,458	0.3%
Federal Sources	66,194	115,913	-42.9%
Total General Revenue	<u>27,685,451</u>	<u>27,489,727</u>	0.7%
Total Revenues	<u>29,226,538</u>	<u>29,093,529</u>	0.5%
Expenses:			
General Government Support	2,438,609	2,332,616	4.5%
Instruction	16,155,809	14,677,214	10.1%
Pupil Transportation	1,609,104	1,569,705	2.5%
Employee Benefits	11,237,605	9,537,452	17.8%
Debt Service – Interest	586,003	639,596	-8.4%
Cost of Sales – food	563,774	577,545	-2.4%
Total Expenses	<u>32,590,904</u>	<u>29,334,128</u>	11.1%
Increase (decrease) in Net Position:	<u>\$ (3,364,366)</u>	<u>\$ (240,599)</u>	1298.3%

Sources of Revenues for Fiscal Year 2017



<u>Source</u>	<u>Amount</u>
State Sources	\$ 16,355,856
Real Property Taxes	8,711,649
Other Tax Items/STAR	1,891,800
Operating Grants	1,320,585
Miscellaneous	346,634
Other District and Governments	276,928
Charges for Services	229,472
Federal Sources	66,194
Use of Money & Prop	16,237
Sales & Comp	11,183
	<u>\$ 29,226,538</u>

Sources of Expenses for Fiscal Year 2017



<u>Expenditure</u>	<u>Amount</u>	
Instruction	\$ 16,155,809	49.6%
General Support	2,438,609	7.5%
Transportation	1,609,104	4.9%
Employee Benefits	11,237,605	34.5%
Cost of Sales (School Lunch)	563,774	1.7%
Debt Service - interest	586,003	1.8%
	\$ 32,590,904	100%

Financial Analysis of the School District's Funds

As discussed, the School's governmental funds are reported in the fund statements with a modified accrual basis that focuses on the short-term, inflow and outflow of resources available for spending. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the School District consist of the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. The total fund balance is as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Nonspendable	\$ 18,558	\$ 11,935
Restricted	2,462,574	2,669,214
Assigned	902,322	664,102
Unassigned	3,910,437	3,825,874
	<u>\$ 7,293,891</u>	<u>\$ 7,171,125</u>

As assigned balances in this fund are required by State law to be appropriated in the following year's budget, the District has assigned \$902,322 to be used as resources for certain district-wide liabilities during 2017-18. Fund balances of capital projects debt service funds are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

General Fund Budgetary Highlights

	Final Budget	Actual	Over / (Under) Revised Budget
Revenues:			
Real Property Taxes	\$ 8,693,115	\$ 8,711,649	\$ 18,534
Other Tax Items/STAR Aid	1,900,000	1,891,800	(8,200)
Charges for Services	3,750	8,970	5,220
Other Districts and Governments	214,000	276,928	62,928
Use of Money and Property	3,000	16,204	13,204
Sale of Property and Compensation for Loss	2,000	11,183	9,183
Miscellaneous	167,750	337,738	169,988
State Sources	16,752,467	16,355,856	(396,611)
Federal Sources	100,000	66,194	(33,806)
Total Revenues	<u>27,836,082</u>	<u>27,676,522</u>	<u>(159,560)</u>
Expenditures:			
General Support:	2,589,784	2,503,835	(85,949)
Instructional	14,199,219	14,024,424	(174,795)
Pupil Transportation	1,334,682	1,236,682	(98,000)
Employee Benefits	7,982,311	7,157,724	(824,587)
Debt Service	2,328,516	2,322,880	(5,636)
Total Expenditures	<u>28,434,512</u>	<u>27,245,545</u>	<u>(1,188,967)</u>
Other Financing Sources			
Interfund Transfers, net	98,430	(140,578)	(239,008)
Appropriated reserves	-	-	-
	<u>98,430</u>	<u>(140,578)</u>	<u>(1,427,975)</u>
Net Change in Fund Balance	(500,000)	290,399	
Fund Balance - Beginning	<u>6,807,021</u>	<u>6,807,021</u>	
Fund Balance - Ending	<u>\$ 6,307,021</u>	<u>\$ 7,097,420</u>	

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2017, was \$29,460,385, which represents a decrease of 2.7% over the June 30, 2016 balance.

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Land	\$ 84,013	\$ 84,013	-
Construction In Progress	-	130,662	100.0
Buildings	27,055,640	28,060,571	(3.6)
Machinery and Equipment	2,320,732	2,017,556	15.0
Total	<u>\$ 29,460,385</u>	<u>\$ 30,292,802</u>	(2.7)

Long Term Debt

At the end of the fiscal year, the District had \$13.7 million in long-term general obligation bonds.

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Bonds, Current Portion	\$ 1,895,000	\$ 1,735,000	9.2%
Bonds, Long-Term	11,835,000	13,260,000	-10.7%
Total	<u>\$ 13,730,000</u>	<u>\$ 14,995,000</u>	-8.4%

Factors Bearing on the District's Future

The District is planning on limited state aid growth over the next few years as the Governor's budgets have increased aid to Education and Medicaid with other State Agencies still operating on 3-5 years of aid freezes. The next few years we feel the Governor will slow aid to Education and Medicaid to increase aid to other State Agencies struggling with limited aid allocations to offset rising operating costs. With limited aid increases, along with the Property Tax Cap, districts will have to curb spending in order to meet contractual obligations and the rising cost of Health Care.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Northeastern Clinton Central School District
District Offices
103 Route 276
Champlain, NY 12919
(518) 298-7978

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 1

STATEMENTS OF NET POSITION
June 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Cash:		
Unrestricted	\$ 5,259,112	\$ 4,484,074
Restricted	2,464,158	2,791,474
Receivables:		
State and Federal Aid Receivable	1,758,798	2,039,117
Accounts Receivable	6,450	53,348
Inventories	18,558	11,935
Deposit, Electric Reserve	13,537	14,338
Capital Assets, Net	29,460,385	30,292,802
Net pension asset-proportionate share	-	5,923,303
Total Assets	<u>38,980,998</u>	<u>45,610,391</u>
 DEFERRED OUTFLOW OF RESOURCES		
Pensions	6,508,294	2,516,795
Total Assets and Deferred Outflows of Resources	<u>\$ 45,489,292</u>	<u>\$ 48,127,186</u>
 LIABILITIES		
Payables:		
Accounts Payable and Accrued Expenses	\$ 201,738	\$ 193,393
Due to Other governments	325	320
Due to Fiduciary Fund	-	47,908
Unearned Revenues	7,304	7,402
Long-Term Liabilities		
Due and payable within one year:		
Bonds Payable - Current	1,895,000	1,735,000
Due to Teacher's Retirement System	1,146,264	1,193,538
Due to Employee's Retirement System	89,044	93,608
Compensated Absences Payable	285,713	192,535
Due and payable after one year:		
Bonds Payable - Non-Current	11,835,000	13,260,000
Compensated Absences Payable	2,315,431	2,359,806
Other Post Employment Benefits	34,481,434	30,539,766
Net pension liability- proportionate share	1,411,862	1,434,789
Total Liabilities	<u>53,669,115</u>	<u>51,058,065</u>
 DEFERRED INFLOWS OF RESOURCES		
Pensions	<u>367,771</u>	<u>2,252,349</u>
 NET POSITION		
Net Investment in Capital Assets	15,730,385	15,484,515
Restricted		
Debt Service	25,591	1,354
Capital Projects	-	186,713
Unemployment Reserve	37,748	37,579
Insurance Reserve	33,320	33,303
Retirement Reserve	50,484	50,459
Employee Benefit Accrued Liability Reserve	2,315,431	2,359,806
Unrestricted	<u>(26,740,553)</u>	<u>(23,336,957)</u>
Total Net Position	<u>(8,547,594)</u>	<u>(5,183,228)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 45,489,292</u>	<u>\$ 48,127,186</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 2

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2017 and 2016

Functions/ Programs	2017			2016	
	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
General Support	\$ (2,438,609)	\$ -	\$ -	\$ (2,438,609)	\$ (2,332,616)
Instruction	(16,155,809)	-	939,405	(15,216,404)	(13,683,559)
Pupil Transportation	(1,609,104)	-	-	(1,609,104)	(1,569,705)
Employee Benefits	(11,237,605)	-	-	(11,237,605)	(9,537,452)
Debt Service	(586,003)	-	-	(586,003)	(639,596)
School Lunch Program	(563,774)	220,502	381,180	37,908	32,602
Total Functions and Programs	\$ (32,590,904)	\$ 220,502	\$ 1,320,585	(31,049,817)	(27,730,326)
General Revenues					
Real Property Taxes				8,711,649	8,519,577
Other Tax Items/STAR Aid				1,891,800	1,907,168
Charges for services				8,970	8,475
Other District and Governments				276,928	263,696
Use of Money and Property				16,237	10,167
Sale of Property and Compensation for Loss				11,183	8,907
Miscellaneous				346,634	351,366
State Sources				16,355,856	16,304,458
Federal Sources				66,194	115,913
Total General Revenues				27,685,451	27,489,727
Change in Net Position				(3,364,366)	(240,599)
Total Net Position - Beginning of Year				(5,183,228)	(4,942,629)
Total Net Position - End of Year				\$ (8,547,594)	\$ (5,183,228)

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 3

BALANCE SHEETS - GOVERNMENTAL FUNDS
June 30, 2017 and 2016

ASSETS	General	Special Revenue	Capital Projects	Debt Service	2017	2016
					TOTAL	TOTAL
Cash	\$ 5,124,366	\$ 134,746	\$ -	\$ -	\$ 5,259,112	\$ 4,484,074
Cash Restricted	2,436,983	-	27,175	-	2,464,158	2,791,474
Due from Other Funds	313,143	-	-	25,591	338,734	462,312
Accounts Receivable	6,450	-	-	-	6,450	53,348
Inventories	-	18,558	-	-	18,558	11,935
Deposit, Electric Reserve	13,537	-	-	-	13,537	14,338
Due from State and Federal	902,819	336,764	-	-	1,239,583	1,519,902
Total Assets	\$ 8,797,298	\$ 490,068	\$ 27,175	\$ 25,591	\$ 9,340,132	\$ 9,337,383
LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 178,857	\$ -	\$ -	\$ -	\$ 178,857	\$ 168,635
Due to Other Governments	-	325	-	-	325	320
Due to Other Funds	-	311,559	27,175	-	338,734	510,220
Due to Teachers' Retirement System	1,146,264	-	-	-	1,146,264	1,193,538
Due to Employees' Retirement System	89,044	-	-	-	89,044	93,608
Compensated Absences	285,713	-	-	-	285,713	192,535
Unearned Revenue	-	7,304	-	-	7,304	7,402
Total Liabilities	1,699,878	319,188	27,175	-	2,046,241	2,166,258
Fund Balances:						
Nonspendable						
Inventories	-	18,558	-	-	18,558	11,935
Restricted						
Capital Projects	-	-	-	-	-	186,713
Retirement of Long Term Debt	-	-	-	25,591	25,591	1,354
Unemployment Reserve	37,748	-	-	-	37,748	37,579
Insurance Reserve	33,320	-	-	-	33,320	33,303
Retirement Reserve	50,484	-	-	-	50,484	50,459
Employee Benefit Accrued Liability	2,315,431	-	-	-	2,315,431	2,359,806
Assigned						
School Lunch	-	152,322	-	-	152,322	164,102
Appropriated Fund Balance	750,000	-	-	-	750,000	500,000
Unassigned						
Tax Reduction	-	-	-	-	-	47,156
Unassigned Fund Balance	3,910,437	-	-	-	3,910,437	3,778,718
Total Fund Balances	7,097,420	170,880	-	25,591	7,293,891	7,171,125
Total Liabilities and Fund Balances	\$ 8,797,298	\$ 490,068	\$ 27,175	\$ 25,591	\$ 9,340,132	\$ 9,337,383

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 4

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2017 and 2016

	General	Special Revenue	Capital Projects	Debt Service	2017 TOTAL	2016 TOTAL
REVENUES						
Real Property Taxes	\$ 8,711,649	\$ -	\$ -	\$ -	\$ 8,711,649	\$ 8,519,577
Other Tax Items/STAR Aid	1,891,800	-	-	-	1,891,800	1,907,168
Charges for Services	8,970	-	-	-	8,970	8,475
Other Districts and Governments	276,928	-	-	-	276,928	263,696
Use of Money and Property	16,204	-	-	33	16,237	10,167
Sale of Property and Compensation for Loss	11,183	-	-	-	11,183	8,907
Miscellaneous	337,738	-	-	-	337,738	351,366
State Sources	16,355,856	266,281	-	-	16,622,137	16,570,519
Federal Sources	66,194	1,010,742	-	-	1,076,936	1,206,886
Surplus Food	-	43,562	-	-	43,562	44,939
Sales	-	220,502	-	-	220,502	201,829
Total Revenues	27,676,522	1,541,087	-	33	29,217,642	29,093,529
EXPENDITURES						
General Support	2,503,835	23,074	-	-	2,526,909	2,372,035
Instruction	14,024,424	791,622	-	-	14,816,046	13,352,427
Pupil Transportation	1,236,682	16,232	-	-	1,252,914	1,216,540
Employee Benefits	7,157,724	158,289	-	-	7,316,013	7,207,579
Debt Service	2,322,880	-	-	-	2,322,880	2,296,845
Cost of Sales	-	584,765	-	-	584,765	583,879
Capital Outlay	-	-	745,349	-	745,349	570,515
Total Expenditures	27,245,545	1,573,982	745,349	-	29,564,876	27,599,820
Excess (Deficit) of Revenues over Expenditures	430,977	(32,895)	(745,349)	33	(347,234)	1,493,709
OTHER SOURCES AND USES						
Proceeds from Debt	-	-	470,000	-	470,000	450,000
Operating Transfers In	1,293	27,738	114,133	24,204	167,368	26,169
Operating Transfers (Out)	(141,871)	-	(25,497)	-	(167,368)	(26,169)
Total Other Sources and Uses	(140,578)	27,738	558,636	24,204	470,000	450,000
Excess (Deficiency) Revenues and Other Sources Over Expenditures and Other Uses	290,399	(5,157)	(186,713)	24,237	122,766	1,943,709
Fund Balances, Beginning of Year	6,807,021	176,037	186,713	1,354	7,171,125	5,227,416
Fund Balances, End of Year	\$ 7,097,420	\$ 170,880	\$ -	\$ 25,591	\$ 7,293,891	\$ 7,171,125

See Notes to the Financial Statements

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 5

STATEMENTS OF FIDUCIARY NET POSITION

June 30, 2017 and 2016

	Private Purpose Trusts	Agency	<u>2017</u> Total	<u>2016</u> Total
ASSETS				
Cash	\$ 119,566	\$ 278,338	\$ 397,904	\$ 203,844
Due from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,908</u>
Total Assets	<u>\$ 119,566</u>	<u>\$ 278,338</u>	<u>\$ 397,904</u>	<u>\$ 251,752</u>
LIABILITIES				
Other Liabilities		\$ 191,660	\$ 191,660	\$ 48,567
Extraclassroom Activities	<u>-</u>	<u>86,678</u>	<u>86,678</u>	<u>89,770</u>
Total Liabilities	<u>-</u>	<u>278,338</u>	<u>278,338</u>	<u>138,337</u>
NET POSITION				
Reserved for Scholarships	<u>119,566</u>	<u>-</u>	<u>119,566</u>	<u>113,415</u>
Total Net Position	<u>119,566</u>	<u>-</u>	<u>119,566</u>	<u>113,415</u>
Total Liabilities and Net Position	<u>\$ 119,566</u>	<u>\$ 278,338</u>	<u>\$ 397,904</u>	<u>\$ 251,752</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 6

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 Years Ended June 30, 2017 and 2016

	Private Purpose Trust	
	<u>2017</u>	<u>2016</u>
ADDITIONS		
Gifts and contributions	\$ 11,001	\$ 30,049
Investment Earnings	115	105
Total Additions	<u>11,116</u>	<u>30,154</u>
DEDUCTIONS		
Scholarships and awards	<u>4,965</u>	<u>11,775</u>
Total Deductions	<u>4,965</u>	<u>11,775</u>
Changes in Net Position	6,151	18,379
Net Position, Beginning of Year	<u>113,415</u>	<u>95,036</u>
Net Position, End of Year	<u><u>\$ 119,566</u></u>	<u><u>\$ 113,415</u></u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 7

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2017

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
ASSETS				
Cash	\$ 5,259,112	\$ -	\$ -	\$ 5,259,112
Cash Restricted	2,464,158	-	-	2,464,158
Due from Other Funds	338,734	-	(338,734)	-
Accounts Receivable	6,450	-	-	6,450
Inventories	18,558	-	-	18,558
Deposit, Electric Reserve	13,537	-	-	13,537
Due from State and Federal	1,239,583	519,215	-	1,758,798
Capital Assets, Net	-	29,460,385	-	29,460,385
Total Assets	<u>9,340,132</u>	<u>29,979,600</u>	<u>(338,734)</u>	<u>38,980,998</u>
DEFERRED OUTFLOW OF RESOURCES				
Pensions	-	6,508,294	-	6,508,294
Total Deferred Outflows of Resources	<u>\$ 9,340,132</u>	<u>\$ 36,487,894</u>	<u>\$ (338,734)</u>	<u>\$ 45,489,292</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 178,857	\$ 22,881	\$ -	\$ 201,738
Due to Other Governments	325	-	-	325
Due to Other Funds	338,734	-	(338,734)	-
Due to Teacher's Retirement System	1,146,264	-	-	1,146,264
Due to Employee's Retirement System	89,044	-	-	89,044
Bonds Payable	-	13,730,000	-	13,730,000
Compensated Absences	285,713	2,315,431	-	2,601,144
Unearned revenues	7,304	-	-	7,304
Other Post Employment Benefits	-	34,481,434	-	34,481,434
Net pension liability- Proportionate share	-	1,411,862	-	1,411,862
Total Liabilities	<u>2,046,241</u>	<u>51,961,608</u>	<u>(338,734)</u>	<u>53,669,115</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	-	367,771	-	367,771
Total Deferred inflows of Resources	<u>-</u>	<u>367,771</u>	<u>-</u>	<u>367,771</u>
FUND BALANCE/ NET POSITION				
Total Fund Balance/ Net Position	<u>7,293,891</u>	<u>(15,841,485)</u>	<u>-</u>	<u>(8,547,594)</u>
Total Liabilities, Fund Balance and Deferred Inflows of Resources	<u>\$ 9,340,132</u>	<u>\$ 36,487,894</u>	<u>\$ (338,734)</u>	<u>\$ 45,489,292</u>

See Notes to the Financial Statements

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXHIBIT 8

RECONCILIATION OF GOVERNMENTAL FUNDS - REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real Property Taxes	\$ 8,711,649	\$ -	\$ -	\$ -	\$ -	\$ 8,711,649
Other Tax Items/STAR Aid	1,891,800	-	-	-	-	1,891,800
Charges for Services	8,970	-	-	-	-	8,970
Other Districts and Governments	276,928	-	-	-	-	276,928
Use of Money and Property	16,237	-	-	-	-	16,237
Sale of Property and Compensation for Loss	11,183	-	-	-	-	11,183
Miscellaneous	337,738	-	8,896	-	-	346,634
State Sources	16,622,137	-	-	-	-	16,622,137
Federal Sources	1,076,936	-	-	-	-	1,076,936
Surplus Food	43,562	-	-	-	-	43,562
Sales	220,502	-	-	-	-	220,502
Total Revenues	29,217,642	-	8,896	-	-	29,226,538
EXPENDITURES						
General Support	2,526,909	-	(88,300)	-	-	2,438,609
Instruction	14,816,046	-	1,339,763	-	-	16,155,809
Pupil Transportation	1,252,914	-	356,190	-	-	1,609,104
Employee Benefits	7,316,013	3,921,592	-	-	-	11,237,605
Debt Service	2,322,880	-	-	(1,736,877)	-	586,003
Cost of Sales	584,765	-	(20,991)	-	-	563,774
Capital Outlay	745,349	-	(745,349)	-	-	-
Total Expenditures	29,564,876	3,921,592	841,313	(1,736,877)	-	32,590,904
Excess (Deficit) of Revenues over Expenditures	(347,234)	(3,921,592)	(832,417)	1,736,877	-	(3,364,366)
OTHER SOURCES AND USES						
Proceeds from Debt	470,000	-	-	(470,000)	-	-
Operating Transfers In	167,368	-	-	-	(167,368)	-
Operating Transfers Out	(167,368)	-	-	-	167,368	-
Total Other Sources and Uses	470,000	-	-	(470,000)	-	-
Net Change for the Year	\$ 122,766	\$ (3,921,592)	\$ (832,417)	\$ 1,266,877	\$ -	\$ (3,364,366)

See Notes to the Financial Statements

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies

- A. Reporting entity: The Northeastern Clinton Central School District (the "District") is governed by the Education Law and other general laws of the State of New York. The governing body is the Board of Education of Northeastern Clinton Central School (Board). The Board is the basic level of government, which has oversight responsibilities and control over all activities related to the public school education in the region of Northeastern Clinton Central School District. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Extraclassroom Activity Funds: The Extraclassroom activity funds of the Northeastern Clinton Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Trust and Agency Funds of the School District.

B. Basis of presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program 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 good or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Functional 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. Nonmajor funds are aggregated and

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

presented in a single column. The District elects to report all governmental funds as major funds.

The District reports the following major governmental funds:

General Fund - the general fund is the principal operating fund of the District and is used to account for all financial resources, except those accounted for in another fund.

Special Revenue Funds - special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

- School Lunch Fund - used to account for transactions for the School District food service programs.
- Special Aid Fund - used to account for special operating projects or programs supported in whole, or in part, with federal funds or state grants.

Capital Projects Fund - the capital projects funds are to account for and report financial resources to be used for the acquisition, or construction or renovation of major capital facilities, or equipment.

Debt Service - the debt service funds are to account for the accumulation of resources and the payment of general long-term debt principal and interest.

Fiduciary Fund - the fiduciary funds consist of private purpose trust funds and agency funds that are used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. Private purpose trust funds include scholarship funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Assets are held by the District as agent for various student groups or extra-classroom activity funds and for payroll or employee withholding. 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.

C. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

value in exchange, include property taxes, grants and donations. On a modified accrual basis, revenue from property taxes is recognized by estimating how much will be collected during the ensuing fiscal year. Revenue from grants and donations is in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred except for:

- a. Prepays and inventory-type items are recognized at the time of purchase.
 - b. Principal and interest on indebtedness are not recognized as an expenditure until due.
 - c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
 - d. Pension costs are recognized as an expenditure when billed by the state.
 - e. The School District recognizes the cost of providing post retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as an expenditure in the year paid.
- D. Cash and Cash Equivalents: For financial statement purposes, all highly liquid investments having maturities of three months or less are considered as cash equivalents.
- E. Inventories: Inventories of food and supplies 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 supplies in other funds are recorded as expenditures at the time of purchase, and year-end inventory balances are not maintained.
- F. Capital Assets: Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to July 1, 2002, 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 statements are as follows:

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,000	Straight Line	40 years
Building Improvements	\$ 1,000	Straight Line	40 years
Furniture, Equipment and Vehicles	\$ 1,000	Straight Line	5-10 years

Acquisitions of equipment and capital facilities are treated as expenditures in the various funds of the District, and are also reflected in the general fixed asset group of accounts.

- G. Unearned revenue: Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability of unearned revenues is removed and revenues are recognized.
- H. Post-Employment Benefits: In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. The cost of providing post-retirement benefits is paid by the District or is shared between the District and the retired employee, depending on length of service and/or classification of employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums for retirees and their dependents as an expenditure or operating transfer to other funds in the General Fund in the year paid.
- I. Property Taxes: Real property taxes are levied annually by the Board of Education no later than September 1st. Uncollected real property taxes are subsequently enforced by the County of Clinton. An amount representing uncollected real property taxes is transmitted to the county for enforcement and is paid by the county to the District no later than the forthcoming April 1st.
- J. Retirement plan: The School District provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State Teachers' Retirement System and the New York State Employees' Retirement System. These systems provide various plans and options, some of which require employee contributions.

Note 1. Summary of Significant Accounting Policies (continued)

K. Budgetary Procedures and Budgetary Accounting

a. General

The School District's policy relating to budgetary information as shown in the accompanying financial statements is as follows:

A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education. The budget is then approved by the voters within the School District.

Appropriations established by adoption of the budget constitute limitations on expenditures (and encumbrances) which may be incurred.

The New York Uniform System of Accounts requires that fixed budgetary control be used for all governmental fund types.

Budget appropriations lapse at year-end.

b. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as part of assigned fund balance and such commitments will be honored through budget appropriations in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

L. Equity Classifications:

District- wide statements:

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

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

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

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

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

Fund 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 \$18,558.

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:

Employee Benefits 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.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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.

Tax Certiorari

According to General Municipal 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.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to 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 she 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.

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.

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

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$0.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

Tax Reduction Reserve

Tax Reduction Reserve is used for the gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the General Fund.

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 purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

- M. Reclassifications: Certain amounts in the 2016 financial statements may have been reclassified to conform to the 2017 presentation.
- N. Events Occurring After Reporting Date: The District has evaluated events and transactions that occurred between June 30, 2017 and September 20, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.
- O. 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.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

- P. 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 two items that qualify for reporting in this category. The first 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 system not included in pension expense. Lastly, are the Districts 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 one item that qualifies for reporting in this category and it 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 the pension expense.

- Q. New Accounting Standards:

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2017:

GASB has issued Statement No. 77, *Tax Abatement Disclosures*.

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 differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources of the governmental funds.

- A. Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differs 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.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

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

Original cost of capital assets	\$ 51,444,814
Accumulated depreciation	21,984,429
Capital assets, net	<u>\$ 29,460,385</u>

Long-term assets are reported in the Statements of Net Position, but not in the governmental funds, because they are not available in the current period. Balances at year-end were:

Long-term building aid receivable	<u>\$ 519,215</u>
-----------------------------------	-------------------

Long-term liabilities are reported in the Statements of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds payable and other long-term debt	\$ 13,730,000
Other post employment benefits	34,481,434
Compensated absences	2,315,431
	<u>\$ 50,526,865</u>

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

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

1. Long-Term Revenue Differences

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

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

2. Capital Related Differences

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

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur as a result of proceeds from serial bonds reflected as revenue in governmental funds whereas they are a liability on the statement of net position. Also both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Other Post-Employment Benefits

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 45 requires an actuarial calculation of the future liability and to record the Net OPEB Obligation in the Statement of Net Position.

5. 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.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Following are reconciliations of revenues and expenditures Governmental Funds to Statement of Activities.

Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities

Total Revenues and other Funding Sources

Revenues:

Total revenues and other funding sources of governmental funds (Exhibit 4)	\$ 29,217,642
Value of donated equipment	<u>8,896</u>
Total Revenues Statement of Activities (Exhibit 2)	<u><u>\$ 29,226,538</u></u>

Expenditures:

Total expenditures reported in governmental funds (Exhibit 4)	\$ 29,564,876
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences used were more than the amount earned during the year. (Exhibit 8)	(44,375)
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital expenditures in the current year. (Exhibit 8)	841,313
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets, and does not effect the Statement of Activities, (Exhibit 8)	(1,735,000)

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

The payment of Other Post-Employment Benefits (OPEB) is recorded in the governmental funds as expenditures when incurred. However, in the Statement of Activities, the current cost plus the actuarial cost of future benefits are combined and recognized as an expense. This is the amount by which the Annual OPEB Cost exceeded the premiums paid.	3,941,668
Interest on long-term debt in the Statement of Activities differs from the amount reported in the government funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest expense was less than the prior year accrual.	(1,877)
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for, or require, the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds.	
Teachers' Retirement System	(100,503)
Employees' Retirement System	124,802
	<hr/>
Total expenses of governmental activities in the Statement of Activities (Exhibit 2)	<u><u>\$ 32,590,904</u></u>
 <u>Other Sources and Uses:</u>	
Total other sources and uses in governmental funds (Exhibit 4)	470,000
Proceeds from long term debt are other sources of income in the Capital Projects Fund, but are removed from the Statement of Activities and shown as a long term liability on the Statement of Net Position	(470,000)
	<hr/>
Total other sources and uses in the Statement of Activities (Exhibit 2)	<u><u>\$ -</u></u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 3. Cash and Investments

The District's investment policies are governed by State statutes and the District's own written policy. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and Districts.

At June 30, 2017, the District's bank balances totaled \$3,973,921 of which, \$250,000 was covered by Federal depository insurance and \$3,723,921 was covered by collateral held by the pledging banks in the District's name.

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 at June 30, 2017 was \$2,464,158.

Note 4. Interfund Balances and Activity

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

<u>Fund Type</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General	\$ 313,143	\$ -	\$ 1,293	\$ 141,871
Capital	-	27,175	114,133	25,497
Debt Service	25,591	-	24,204	-
Special Revenue:				
Special Aid	-	311,559	27,738	-
Total	<u>\$ 338,734</u>	<u>\$ 338,734</u>	<u>\$ 167,368</u>	<u>\$ 167,368</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

The District typically transfers money from the General Fund to the Special Aid Fund for its share of special aid programs.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 5. Capital Assets

The following is a summary of changes in capital assets:

Capital Assets

	June 30, 2016		Retirements/ Reclassifications	June 30, 2017
	Ending Balance	Additions		Ending Balance
Governmental Activities				
Capital Assets that are not Depreciated:				
Land	\$ 84,013	\$ -	\$ -	\$ 84,013
Construction in process	130,662	(130,662)	-	-
Total Nondepreciable Historical Cost	<u>214,675</u>	<u>(130,662)</u>	-	<u>84,013</u>
Capital Assets that are Depreciated:				
Buildings	44,986,630	303,815	-	45,290,445
Machinery and Equipment	5,873,717	727,806	531,167	6,070,356
Total Depreciable Historical Cost	<u>50,860,347</u>	<u>1,031,621</u>	<u>531,167</u>	<u>51,360,801</u>
Less Accumulated Depreciation:				
Buildings	16,926,059	1,308,746	-	18,234,805
Machinery and Equipment	3,856,161	424,630	531,167	3,749,624
Total Accumulated Depreciation	<u>20,782,220</u>	<u>1,733,376</u>	<u>531,167</u>	<u>21,984,429</u>
Total Depreciable Historical Cost, Net	<u>30,078,127</u>	<u>(701,755)</u>	-	<u>29,376,372</u>
Total Net Assets	<u>\$ 30,292,802</u>	<u>\$ (832,417)</u>	<u>\$ -</u>	<u>\$ 29,460,385</u>

Depreciation was charged to governmental functions as follows:

	<u>6/30/2017</u>
General Support	\$ 20,435
Instruction	1,356,751
Pupil Transportation	356,190
	<u>\$ 1,733,376</u>

Note 6. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation 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.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 6. Compensated Absences (continued)

District employees are granted vacation in varying amounts, based primarily on length of service and service position.

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 fund 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.

Note 7. Indebtedness

Short-term Debt: For Governmental Funds, Notes issued in anticipation of the receipt of revenues is recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. At June 30, 2017 there was no short-term debt.

Long-term Debt: The following is a summary of changes in long-term debt:

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
Serial Bonds	\$ 14,045,000	\$ -	\$ 1,490,000	\$ 12,555,000
Statutory Installment Bonds	950,000	470,000	245,000	1,175,000
Compensated Absences	2,359,806	-	44,375	2,315,431
Other Post Employment Benefits	30,539,766	3,941,668	-	34,481,434
Total	\$ 47,894,572	\$ 4,411,668	\$ 1,779,375	\$ 50,526,865

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/17
Serial Bonds	2009	2024	Var. Rates	\$ 12,555,000
Statutory Installment Bond	2016	2021	Var. Rates	360,000
Statutory Installment Bond	2013	2018	Var. Rates	40,000
Statutory Installment Bond	2014	2019	Var. Rates	100,000
Statutory Installment Bond	2015	2020	Var. Rates	205,000
Statutory Installment Bond	2017	2022	Var. Rates	470,000
Total				\$ 13,730,000

Interest expense incurred on serial bonds, bond anticipation notes, and other debt was \$586,003 for the year ended June 30, 2017.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 7. Indebtedness (continued)

The following is a summary of maturing debt service requirements:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,895,000	\$ 533,902	\$ 2,428,902
2019	1,940,000	465,504	2,405,504
2020	1,970,000	394,389	2,364,389
2021	1,980,000	320,900	2,300,900
2022	1,970,000	245,738	2,215,738
2023-2027	3,975,000	255,212	4,230,212
	<u>\$ 13,730,000</u>	<u>\$ 2,215,645</u>	<u>\$ 15,945,645</u>

Note 8. Pension Plans

General Information

The District participates in the New York Teachers' retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). 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 administrations

Teachers' Retirement System (TRS)

The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 8. Pension Plans (continued)

election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State statute. The District also participated in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

Contributions

	ERS	TRS
2017	\$ 348,290	\$ 1,193,538
2016	\$ 413,035	\$ 1,551,568
2015	\$ 437,687	\$ 1,384,835

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

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

At June 30, 2017 the District reported the following asset/(liability) for its proportionate share of the net pension 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 System relative to the projected contributions of all participating

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 8. Pension Plans (continued)

members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	3/31/2017	6/30/2016
Net Pension asset/(liability)	\$ (812,221)	\$ (599,641)
District's portion of the Plan's total net pension asset/(liability)	0.0086441%	0.055987%

For the year ended June 30, 2017, the District's recognized pension expense of \$468,526 for ERS and the Actuarial value \$998,666 for TRS. At June 30, 2017 the District's reported deferred outflows of resources and deferred inflows of resources related to pension 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	\$ 20,353	\$ -	\$ 123,340	\$ 194,797
Changes of assumptions	277,484	3,415,936	-	-
Net difference between projected and actual earnings on pension plan investments	162,233	1,348,308	-	-
Changes in proportion and differences between the Districts' contributions and proportionate share of contributions	20,130	75,866	10,683	38,951
District's contributions subsequent to the measurement date	89,044	1,098,940	-	-
Total	<u>\$ 569,244</u>	<u>\$ 5,939,050</u>	<u>\$ 134,023</u>	<u>\$ 233,748</u>

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 or resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2017	\$ -	\$ 423,866
2018	157,005	423,866
2019	157,005	1,470,999
2020	142,255	1,145,206
2021	(110,088)	528,907
Thereafter	-	613,518
Total	<u>\$ 346,177</u>	<u>\$ 4,606,362</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 8. Pension Plans (continued)

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 to total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2017	6/30/2016
Actuarial valuation date	4/1/2016	6/30/2015
Interest rate	7.0%	7.5%
Salary scale	3.8%	1.90%-4.72%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 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 MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 – June 20, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

For ERS, the Actuarial assumptions used in the April 1, 2015 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, 2009 – June 30, 2014.

The Long term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rate of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized below:

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 8. Pension Plans (continued)

Measurement Date	<u>ERS</u> 3/31/2017	<u>TRS</u> 6/30/2016
Asset Type:	%	%
Domestic equity	4.55	6.10
International equity	6.35	7.30
Private equity	7.75	9.20
Real estate	5.80	5.40
Absolute return strategies	4.00	-
Domestic fixed income securities	-	1.00
Global fixed income securities	-	0.80
Mortgages and bonds	1.31	3.10
Opportunistic portfolio	5.89	-
Real assets	5.54	-
Cash	(0.25)	-
Inflation-indexed bonds	1.50	-
Short-term	-	0.10

Discount Rate

The discount rate used to calculate the total pension liability was 7% 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 for 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% 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% (6% for ERS and 6.5% for TRS) or 1% higher (6.5% for ERS and 8.5% for TRS) than the current rate:

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 8. Pension Plans (continued)

ERS	1% Decrease 6%	Current Assumption 7%	1% Increase 8%
Employer's proportionate share of the net pension asset (liability)	\$ (2,594,072)	\$ (812,221)	\$ 694,331

TRS	1% Decrease 6.5%	Current Assumption 7.5%	1% Increase 8.5%
Employer's proportionate share of the net pension asset (liability)	\$ (7,823,678)	\$ (599,641)	\$ 5,459,503

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:

	ERS	TRS	Total
Valuation date	3/31/2017	6/30/2016	
Employers' total pension asset/(liability)	\$ (177,400,586)	\$ (108,577,184,039)	\$ (108,754,584,625)
Plan Net Position	168,004,363	107,506,142,099	107,674,146,462
Employers' net pension asset/(liability)	<u>\$ (9,396,223)</u>	<u>\$ (1,071,041,940)</u>	<u>\$ (1,080,438,163)</u>
Ratio of plan net position to the			
Employers' total pension asset/ (liability)	-94.70%	-99.01%	-99.01%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$89,044.

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 for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contribution for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$1,146,264.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 9. Post-Employment Benefits

The District provides post employment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Post-employment benefits aggregating \$1,824,305 for 174 employees were charged to expenses/ expenditures in the Governmental Funds in the current year.

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

The District has obtained an actuarial valuation report for the year ended June 30, 2017, which indicates that the total liability for other post-employment benefits is \$34,481,434 which is reflected in the Statement of Net Position.

Annual OPEB Cost and Net OPEB Obligation: The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 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:

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Annual required contribution	\$ 6,661,667	\$ 6,487,095	\$ 6,112,817
Interest on net OPEB obligation	1,068,892	1,066,328	919,161
Adjustment to annual required contribution	<u>(1,945,459)</u>	<u>(1,725,325)</u>	<u>(1,449,155)</u>
Annual OPEB cost (expense)	5,785,100	5,828,098	5,582,823
Contributions made	<u>(1,843,432)</u>	<u>(1,946,521)</u>	<u>(1,903,661)</u>
Increase in net OPEB obligation	3,941,668	3,881,577	3,679,162
Net OPEB obligation - beginning of year	<u>30,539,766</u>	<u>26,658,189</u>	<u>22,979,027</u>
Net OPEB obligation - end of year	<u><u>\$ 34,481,434</u></u>	<u><u>\$ 30,539,766</u></u>	<u><u>\$ 26,658,189</u></u>
Annual OPEB Cost	\$ 5,785,100	\$ 5,828,098	\$ 5,582,823
Percentage of Annual OPEB Cost Contributed	31.9%	33.4%	34.1%
Net OPEB Obligation at end of year	\$ 34,481,434	\$ 30,539,766	\$ 26,658,189

Funding Status and Funding Progress: As of June 30, 2017, the actuarial accrued liability for benefits was \$60,874,725 all of which was unfunded. The covered payroll for all active employees was \$12,334,298 and the ratio of the unfunded actuarial accrued liability to the

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 9. Post-Employment Benefits (continued)

covered payroll was 494%. 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 liabilities for benefits.

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

The following simplifying assumptions were made:

Retirement age for active employees – Retirement age was based on the experience under the NYS & Local Retirement System.

Marital status – It is assumed that 70% of retirees will be married at the time of their retirement.

Mortality – Life expectancies were based on the RPH-2014 Mortality Table for males and females, and projected forward with scale MP-2015.

Turnover – Turnover was based on the experience under the NYS & Local Retirement System.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was initially set at 4.5%.

Discount rate – A 3.5% discount was used.

The unfunded actuarial accrued liability is being amortized over a level period of 30 years. The remaining amortization period at June 30, 2017 was 21 years.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 10. Commitments and Contingencies

Risk Financing and Related Insurance - The Northeastern Clinton Central School District is exposed to the risk of various types of loss which includes torts; theft of, damage to, and destruction of assets; and injuries to employees and students. These risks, and settled claims, 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.

The District incurs costs related to an employee health insurance plan (Plan) sponsored by Clinton-Essex-Warren-Washington BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risk reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The District is a defendant in certain lawsuits arising out of the ordinary course of business. While the outcome of lawsuits and other proceedings against the District cannot be predicted with certainty, the District does not expect that these matters will have a material adverse effect on its financial position.

The District has received Federal and State Aid/Grants which are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The District believes disallowances, not previously provided for, if any, will be immaterial.

From time to time the Northeastern Clinton Central School District is involved in tax certiorari proceedings from residents petitioning to have their assessed taxable values lowered. The District is not aware of any petitions for tax certiorari proceedings. A reserve for tax certiorari is \$0.

Operating Leases - The District Leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2017 were approximately \$26,223. Estimated future rents to be paid are as follows:

<u>Year Ending Date</u>	<u>Amount</u>
2018	<u>\$ 26,223</u>
	<u>\$ 26,223</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

Note 11. Joint Venture

The Northeastern Clinton Central School is one of 17 component school districts in the Clinton-Essex-Warren-Washington Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards are also considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2017 the Northeastern Clinton Central School District was billed \$3,668,157 for BOCES administrative and program costs. Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2017, the Northeastern Clinton Central School District issued no serial bonds on behalf of BOCES. General-purpose financial statements for the Clinton-Essex-Warren-Washington BOCES are available from BOCES administrative office at P.O. Box 485, Plattsburgh, New York. The District's share of BOCES aid amounted to \$1,118,588. BOCES also refunded the District \$156,368 for excess expenses billed in prior years.

Note 12. Stewardship, Compliance and Accountability

The District's unassigned general fund balance was in excess of the New York State Real Property Tax Law Section 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The unassigned fund balance at June 30, 2017 was \$3,910,437 which represents 13.29% of next year's budget. The excess amounted to \$2,733,484.

Note 13. Prior Period Information

Comparative prior period information has been presented in summary form. This information was derived from the District's June 30, 2016 financial statements, and in our report dated September 20, 2016, we expressed an unmodified opinion.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**Combining Balance Sheets - Special Revenue Funds
June 30, 2017 and 2016**

	<u>Special Aid</u>	<u>School Lunch</u>	<u>2017 Total</u>	<u>2016 Total</u>
ASSETS				
Cash	\$ -	\$ 134,746	\$ 134,746	\$ 142,976
State and Federal Aid Receivable	311,559	25,205	336,764	483,128
Inventories	-	18,558	18,558	11,935
Total Assets	<u>\$ 311,559</u>	<u>\$ 178,509</u>	<u>\$ 490,068</u>	<u>\$ 638,039</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to Other Funds	\$ 311,559	\$ -	\$ 311,559	\$ 454,280
Due to Other Governments	-	325	325	320
Unearned Revenue	-	7,304	7,304	7,402
Total Liabilities	<u>311,559</u>	<u>7,629</u>	<u>319,188</u>	<u>462,002</u>
Fund Balance:				
Nonspendable				
Inventories	-	18,558	18,558	11,935
Assigned				
School Lunch	-	152,322	152,322	164,102
Total Fund Balance	<u>-</u>	<u>170,880</u>	<u>170,880</u>	<u>176,037</u>
Total Liabilities and Fund Balance	<u>\$ 311,559</u>	<u>\$ 178,509</u>	<u>\$ 490,068</u>	<u>\$ 638,039</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

SPECIAL REVENUE FUNDS - COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Years Ended June 30, 2017 and 2016

	Special Aid	School Lunch	2017 Total	2016 Total
REVENUES				
Surplus Foods	\$ -	\$ 43,562	\$ 43,562	\$ 44,939
State Sources	254,308	11,973	266,281	266,061
Federal Sources	685,097	325,645	1,010,742	1,090,973
Sales	-	220,502	220,502	201,829
Total Revenues	<u>939,405</u>	<u>601,682</u>	<u>1,541,087</u>	<u>1,603,802</u>
EXPENDITURES				
General	1,000	22,074	23,074	53,691
Pupil transportation	16,232	-	16,232	13,204
Instruction	791,622	-	791,622	819,276
Employee Benefits	158,289	-	158,289	180,109
Cost of Sales	-	584,765	584,765	583,879
Total Expenditures	<u>967,143</u>	<u>606,839</u>	<u>1,573,982</u>	<u>1,650,159</u>
Excess (Deficit) of Revenues over Expenditures	(27,738)	(5,157)	(32,895)	(46,357)
OTHER SOURCES				
Operating Transfers	27,738	-	27,738	26,121
Excess (Deficit) of Revenues and Other Sources over Expenditures	-	(5,157)	(5,157)	(20,236)
Fund Balance, Beginning	-	176,037	176,037	196,273
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 170,880</u>	<u>\$ 170,880</u>	<u>\$ 176,037</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
Year Ended June 30, 2017**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 28,576,383
Add: Prior year's encumbrances	<u>-</u>
Final budget	<u><u>\$ 28,576,383</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2017-2018 expenditure budget	\$ 29,423,825
Maximum allowed (4% of 2017-18 budget)	

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

Unrestricted fund balance:	
Assigned fund balance	\$ 750,000
Unassigned fund balance	<u>3,910,437</u>
Total unrestricted fund balance	<u>4,660,437</u>
Less:	
Appropriated fund balance	750,000
Encumbrances included in committed and assigned fund balance	<u>-</u>
Total adjustments	<u>750,000</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u><u>\$ 3,910,437</u></u>
Actual percentage	<u><u>13.29%</u></u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2017

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenues:				
Local Sources:				
Real Property Taxes	\$ 8,693,115	\$ 8,693,115	\$ 8,711,649	\$ 18,534
Other Tax Items/STAR Aid	1,900,000	1,900,000	1,891,800	(8,200)
Charges for Services	3,750	3,750	8,970	5,220
Other Districts and Governments	214,000	214,000	276,928	62,928
Use of Money and Property	3,000	3,000	16,204	13,204
Sale of Property and Compensation for Loss	2,000	2,000	11,183	9,183
Miscellaneous	167,750	167,750	337,738	169,988
State Sources	16,752,467	16,752,467	16,355,856	(396,611)
Federal Sources	100,000	100,000	66,194	(33,806)
Total Revenues	27,836,082	27,836,082	27,676,522	(159,560)
Other Financing Sources				
Interfund Transfers	240,301	240,301	1,293	(239,008)
	240,301	240,301	1,293	(239,008)
Total Revenues and Appropriated Fund Balance	\$ 28,076,383	\$ 28,076,383	\$ 27,677,815	\$ (398,568)

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General Support:					
Board of Education	\$ 22,715	\$ 20,923	14,201	\$ -	\$ 6,722
Central Administration	183,500	187,945	185,649	-	2,296
Finance	288,183	290,430	273,290	-	17,140
Staff	103,450	111,525	100,070	-	11,455
Central Services	1,452,487	1,446,385	1,411,633	-	34,752
Special Items	532,576	532,576	518,992	-	13,584
Instructional:					
Administration and Improvement	646,528	637,223	622,720	-	14,503
Teaching - Regular School	6,291,011	6,446,348	6,415,195	-	31,153
Programs for Children with Handicapping Conditions	4,864,385	4,728,755	4,679,806	-	48,949
Occupational Education	789,250	871,707	871,707	-	-
Teaching - Special Schools	4,000	6,321	6,321	-	-
Instructional Media	730,669	727,024	669,552	-	57,472
Pupil Service	755,172	781,841	759,123	-	22,718
Pupil Transportation	1,336,442	1,334,682	1,236,682	-	98,000
Employee Benefits	8,147,499	7,982,311	7,157,724	-	824,587
Debt Service	2,328,516	2,328,516	2,322,880	-	5,636
Total Expenditures	28,476,383	28,434,512	27,245,545	-	1,188,967
Other Uses:					
Interfund Transfer	100,000	141,871	141,871	-	-
Total Expenditures and Other Uses	28,576,383	28,576,383	27,387,416	\$ -	\$ 1,188,967
Net Change in Fund Balance	(500,000)	(500,000)	290,399		
Fund Balance - Beginning	6,807,021	6,807,021	6,807,021		
Fund Balance - Ending	\$ 6,307,021	\$ 6,307,021	\$ 7,097,420		

See Independent Auditor's Report

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

Year Ended June 30, 2017

Project Title	Expenditures					Methods of Financing					Fund Balance June 30, 2017	
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total		
District-Wide Renovation	\$ 22,500,000	\$ 22,500,000	\$ 22,007,924	\$ 162,509	\$ 22,170,433	\$ 329,567	\$ 21,193,006	\$ 523,631	\$ 478,000	\$ 22,194,637	\$ 24,204	
Buses	470,000	470,000	-	468,707	468,707	1,293	470,000	-	-	470,000	1,293	
Fuel Tank	114,133	114,133	-	114,133	114,133	-	-	-	114,133	114,133	-	
Totals	\$ 23,084,133	\$ 23,084,133	\$ 22,007,924	\$ 745,349	\$ 22,753,273	\$ 330,860	\$ 21,663,006	\$ 523,631	\$ 592,133	\$ 22,778,770	25,497	
											Transfer excess to General Fund and Debt Service Fund	(25,497)
											Fund Balance at June 30, 2017	\$ -

See Independent Auditor's Report

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2017

Capital Assets, Net	\$	29,460,385
Deduct:		
Short-term portion of bonds payable		1,895,000
Long-term portion of bonds payable		11,835,000
Net investment in capital assets	<u>\$</u>	<u>15,730,385</u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFITS PLAN
Year Ended June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
6/30/2017	\$ -	\$ 60,874,725	\$ 60,874,725	0%	\$ 12,334,298	493.5%
6/30/2016	\$ -	\$ 61,240,346	\$ 61,240,346	0%	\$ 10,850,000	564.4%
6/30/2015	\$ -	\$ 58,528,756	\$ 58,528,756	0%	\$ 10,988,997	532.6%
6/30/2014	\$ -	\$ 69,930,689	\$ 69,930,689	0%	\$ 10,437,397	670.0%
6/30/2013	\$ -	\$ 66,957,868	\$ 66,957,868	0%	\$ 11,811,777	566.9%
6/30/2012	\$ -	\$ 58,353,289	\$ 58,353,289	0%	\$ 12,134,203	480.9%
6/30/2011	\$ -	\$ 55,641,744	\$ 55,641,744	0%	\$ 11,934,430	466.2%
6/30/2010	\$ -	\$ 53,957,112	\$ 53,957,112	0%	\$ 11,842,338	455.6%
6/30/2009	\$ -	\$ 51,451,987	\$ 51,451,987	0%	\$ 12,120,531	424.5%

NORTHEASTERN CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30, 2017

NYSERS Pension Plan
Last 10 Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.0086441%	0.0089393%	0.0089727%							
District's proportionate share of the net pension liability (asset)	\$ 812,221	\$ 1,434,789	\$ 303,120							
District's covered- employee payroll	\$ 2,706,842	\$ 3,228,509	\$ 2,712,004							
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.01%	44.44%	11.18%							
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%							

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

NORTHEASTERN CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2017

NYSERS Pension Plan
Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 348,290	\$ 413,035	\$ 437,687	\$ 473,123	\$ 486,792	\$ 354,644	\$ 275,012	\$ 190,803	\$ 218,118	\$ 193,446
Contributions in relation to the contractually required contribution	\$ 348,290	\$ 413,035	\$ 437,687	\$ 473,123	\$ 486,792	\$ 354,644	\$ 275,012	\$ 190,803	\$ 218,118	\$ 193,446
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 2,706,842	\$ 3,228,509	\$ 2,712,004							
Contributions as a percentage of covered employee payroll	12.9%	12.8%	16.1%							

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

NORTHEASTERN CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30, 2017

NYSTRS Pension Plan
Last 10 Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.055987%	0.057027%	0.055612%	0.058882%						
District's proportionate share of the net pension liability (asset)	\$ 599,641	\$ (5,923,303)	\$ (6,194,777)	\$ (387,593)						
District's covered- employee payroll	\$ 10,457,436	\$ 8,457,912	\$ 8,378,993							
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.73%	-70.03%	-73.93%							
Plan fiduciary net position as a percentage of the total pension liability	99.01%	110.46%	111.48%							

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

NORTHEASTERN CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2017

NYSTRS Pension Plan
Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 1,145,573	\$ 1,501,664	\$ 1,334,887	\$ 1,021,194	\$ 997,747	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ 1,145,573	\$ 1,501,664	\$ 1,334,887	\$ 1,021,194	\$ 997,747	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 10,457,436	\$ 8,457,912	\$ 8,378,993							
Contributions as a percentage of covered employee payroll	10.95%	17.75%	15.93%							

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Pass-Through New York State Department of Education:			
Special Education Cluster:			
IDEA Section 611	84.027	0032-17-0134	\$ 342,252
IDEA Section 619	84.173	0033-17-0134	10,471
Total Special Education Cluster			<u>352,723</u>
Title I A & D Improvement	84.010	0021-17-0485	257,601
Title II A Teach/ Prin Trng/ Recruitmt	84.367	0147-17-0485	74,773
Total Department of Education			<u><u>685,097</u></u>
U.S. Department of Agriculture			
Pass-through New York State Department of Education			
National School Lunch Program - Cash	10.555	N/A	243,907
National School Lunch Program - Commodities	10.555	N/A	43,562
School Breakfast Program	10.553	N/A	81,738
Total Child Nutrition Cluster			<u>369,207</u>
Total Department of Agriculture			<u><u>369,207</u></u>
Total Federal Assistance Expended			<u><u>\$ 1,054,304</u></u>

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2017

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon an established rate by New York State. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniforms Guidance applied to overall expenditures.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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

To the Board of Education
Northeastern Clinton Central School District
Champlain, New York 12919

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, the business-type activities, each major fund and the aggregate remaining fund information of Northeastern Clinton Central School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Northeastern Clinton Central School District's basic financial statements and have issued our report thereon dated September 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northeastern Clinton Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeastern Clinton Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Northeastern Clinton 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 Northeastern Clinton Central School District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that

might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiencies. The finding is referenced as 17-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeastern Clinton 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 17-1.

District's Response to Findings

Northeastern Clinton Central School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Northeastern Clinton Central School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Boulrice & Wood CPAs, PC

Boulrice & Wood CPA's, PC
September 20, 2017

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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

To the Board of Education
Northeastern Clinton Central School District
Champlain, New York 12919

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northeastern Clinton Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeastern Clinton Central School District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northeastern Clinton Central School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Boulrice & Wood CPAs, PC

Boulrice & Wood CPA's, PC
September 20, 2017

**NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
· Material weakness(es) identified?	_____ yes	___X___ no
· Significant deficiency(ies) identified that are not considered to be material weaknesses?	___X___ yes	_____ no
Noncompliance material to financial statements noted?	_____ yes	___X___ no

Federal Awards

Internal control over major programs:		
· Material weakness(es) identified?	_____ yes	___X___ no
· Significant deficiency(ies) identified not considered to be a material weakness?	_____ yes	___X___ no
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)	_____ yes	___X___ no

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I A & D Improvement

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as low-risk Auditee?	___X___ yes	_____ no

**NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
JUNE 30, 2017**

SECTION II – FINANCIAL STATEMENTS

17-1 Excess Fund Balance

Condition: The District's unassigned general fund balance was 13.29% of next year's budget.

Effect: The District's unassigned general fund balance was 9.29% or \$2,733,484 over the amount allowable by law.

Criteria: According to New York State Real Property Tax Law Section 1318, a district's unappropriated fund balance may not exceed an amount equal to 4% of next year's budget.

Recommendation: We recommend the District keep in mind this law when preparing next year's budget.

Corrective Action: The District recognizes that its Fund Balance exceeds the 4% allowable amount; however, the District has taken steps to slow any further growth in Fund Balance. First, for the 2017-2018 budget, the district increased the amount it allocated as Fund Balance Appropriation from \$500,000 to \$750,000 to use some additional Fund Balance and to keep the tax levy at 1.6%, well below our allowable tax levy limit of 3.4%. The district also is budgeting expenditures and revenues to as close to actual costs as possible, limiting the amount of carryover that gets added to fund balance at the end of the year.

SECTION III – MAJOR FEDERAL AWARDS

None

**NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2017**

There were no prior year audit findings.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board
Northeastern Clinton Central School District
Champlain, New York 12919

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Northeastern Clinton Central School District as of and for the year June 30, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and minimum program procedures established by the New York State Department of Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Northeastern Clinton Central School District as of June 30, 2017, and its receipts, disbursements and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Boulrice & Wood CPAs, PC

Boulrice & Wood CPA's, PC
September 20, 2017

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 86,678</u>	<u>\$ 89,770</u>
Total Assets	<u><u>\$ 86,678</u></u>	<u><u>\$ 89,770</u></u>
 FUND BALANCE		
Extraclassroom Activity	<u>\$ 86,678</u>	<u>\$ 89,770</u>
Total Fund Balance	<u><u>\$ 86,678</u></u>	<u><u>\$ 89,770</u></u>

See Notes to the Financial Statements – Extraclassroom Activity Funds.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND ENDING BALANCES -
CASH BASIS
Year Ended June 30, 2017**

Activity	Balance 6/30/2016	Receipts	Disbursements	Balance 6/30/2017
Class of 2017	\$ 3,306	\$ 4,260	\$ 7,411	\$ 155
Class of 2018	4,356	14,752	15,855	3,253
Class of 2019	5,393	8,409	6,254	7,548
Class of 2020	1,845	4,936	4,457	2,324
Class of 2021	1,821	6,502	6,613	1,710
Class of 2022	771	6,622	5,909	1,484
Class of 2023	-	4,492	2,775	1,717
Band	2,556	185	131	2,610
Cheerleaders	206	1,169	356	1,019
Co-Ed Varsity	3,191	-	-	3,191
Co-Ed Varsity Baseball	1,639	1,535	1,539	1,635
Co-Ed Boys Basketball	508	-	-	508
CFES	1,760	-	-	1,760
Drama Club	4,536	6,750	7,586	3,700
Foosball Club	539	2,510	2,500	549
French Club	683	3,327	3,325	685
French Club - M.S.	113	-	-	113
Key Club	213	-	-	213
National Honor Society	253	1,693	1,658	288
Student Council	800	3,650	3,783	667
Student Council- Sub	1,733	6,746	6,883	1,596
Model UN	5,186	17,762	20,067	2,881
Outdoors Education	9,019	5,940	3,622	11,337
Boy's Soccer Club	8,151	6,380	5,614	8,917
Girl's Soccer Club	2,981	-	-	2,981
Girl's Varsity B-Bal	-	1,235	-	1,235
Hockey Club	48	-	-	48
Yearbook Club	2,796	14,365	16,326	835
Builder's Club	664	1,606	1,283	987
Builder's Club-Sub	1,586	3,018	2,228	2,376
NCCS Outdoor Club	277	-	-	277
Chorus	4,179	5,618	3,931	5,866
Science Olympiad	1,175	183	1,358	-
Science Olympiad- Sub	183	-	183	-
Shelf Sitters	22	14	-	36
Marketing Club	8,896	22,638	26,962	4,572
Marketing Club- Sub	6,217	-	849	5,368
yearbook Club- Sub Art	674	-	626	48
Golf Club	34	6,916	6,838	112
Sales Tax	1,460	3,506	2,889	2,077
Total	\$ 89,770	\$ 166,719	\$ 169,811	\$ 86,678

See Notes to the Financial Statements – Extraclassroom Activity Funds.

NORTHEASTERN CLINTON CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Basis of Accounting: The books and records of the Northeastern Clinton Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Northeastern Clinton Central School 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. The cash and investment balances are reported in the Trust and Agency Funds of the District.

Cash Equivalents: For financial statement purposes all highly liquid investments having maturities of three months or less are considered as cash equivalents.