JUNIATA VALLEY SCHOOL DISTRICT

ALEXANDRIA, PENNSYLVANIA

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
ON BASIC FINANCIAL STATEMENTS
****

FOR THE YEAR ENDED JUNE 30, 2017

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Young, Oakes, Brown & Company, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Juniata Valley School District
7775 Juniata Valley Pike
PO Box 318
Alexandria, PA 16611-0318

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 the Juniata Valley School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the contents.

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

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

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

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

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

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 17, Defined Benefit Post-Employment Healthcare Plan Information, Defined Benefit Pension Plan Information related to the Pennsylvania Public School Employees' Retirement System (PSERS), and Budgetary Comparison Information on pages 56 to 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 10, 2017, on our consideration of the Juniata Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Juniata Valley School District's internal control over financial reporting and compliance.

Young, Oakes, Brown & Company, P.C.

Altoona, Pennsylvania
October 10, 2017

JUNIATA VALLEY SCHOOL DISTRICT
Management Discussion and Analysis

The Management Discussion and Analysis section of Juniata Valley School District's annual financial report provides an overall review of the District's financial activities for the year ended June 30, 2017. Please read this segment in conjunction with the District's financial statements, which immediately follow this section. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The statements present both government-wide and fund level information using both the accrual and modified accrual bases of accounting, respectively.

Financial Highlights

- At the close of the fiscal year ending June 30, 2017, the District's total (including Business-Type Activities) Liabilities and Deferred Inflows of Resources exceeded its total Assets and Deferred Outflows of Resources by **($7,378,757)** (*net position*). The District's negative net position is primarily due to the implementation of GASB 68, which requires the District to carry a portion of the total unfunded liability of the Public School Employees' Retirement System (PSERS). The District's pro-rata portion of PSERS' unfunded liability is recorded at **$16,899,000**, an increase of **$2,734,000** from the close of the prior fiscal year due to a change in actuarial assumptions used by PSERS in its measurement of pension liability beginning June 30, 2016.

- As a consequence of the change in actuarial assumptions noted above, the District's total net position was reduced by **($134,890)** in comparison to 2015-2016. Exclusive of the impact of this change, the District's financial status continues to demonstrate improvement. This result is primarily the result of continued efficiency in the collection of Earned Income Taxes pursuant to Act 32 of 2008 as well as a strong collection rate for 2016 Real Estate Taxes, in conjunction with the District's continuing aggressive efforts to pursue value in all of its spending decisions.

- The District's total revenues amounted to approximately **$12,510,034**.

- The District's total expenditures and operating costs totaled approximately **$11,770,312**.

- The net position of the District's business activity-our food service operation- was approximately **$115,994** at the close of the fiscal year.

- The District's outstanding long-term General Obligation Bond debt at June 30, 2017, was approximately **$11,225,000**, a decrease of **$805,000**.

- The District's real estate tax levy for 2016 was increased from **48.5** mills to **50.1** mills.

- The total Governmental Fund Balance was **$5,210,368** as of June 30, 2017, an increase of **$752,750** over the previous fiscal year-end.

Overview of the Financial Statements
This discussion and analysis are intended to serve as an introduction to the Juniata Valley School District's annual report. The annual report is comprised of three major components: 1) Management's Discussion and Analysis of the financial statements (this section), 2) the basic financial statements, and 3) required supplementary information. In turn, the basic financial statements consist of three main parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to that used by a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources, as well as its liabilities and deferred inflows of resources; the difference between these categories is reported as *net position.* Over time, *increases or decreases in net position* may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. In order to assess the District's overall financial condition, it is necessary to consider other factors, such as changes in the District's property tax base, the condition of District buildings and other facilities, and the impact of recent accounting pronouncements.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and other intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). In the district-wide financial statements, the district's activities are divided into these two categories:

- Governmental Activities: Most of the district's basic services are included here, such as regular and special educational services, transportation, and administration.
- Business-type Activities: The District charges fees to help it recover the costs of certain services it provides, such as the District's food service program.

Fund Financial Statements - The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" *funds* - not on the District as a whole. *Funds* are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some *funds* are required by state law and by bond covenants.
- The District may establish other *funds* to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District's three types of *funds* (governmental, proprietary and fiduciary) utilize different accounting approaches as described below.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how much money flows into and out of those funds as well as the balances left at year-end that are available for spending in future periods. These funds are reported using the *modified accrual method* of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources available to spend in the near future to finance the District's programs. The relationships (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Proprietary Funds - Proprietary funds use the *accrual basis* of accounting, the same method used in the *government-wide* statements. As a result, the proprietary fund statements will essentially match the business-type activities portion of the *government-wide* statements.

Fiduciary Funds - Fiduciary funds are used to account for resources that are held for the benefit of parties outside of the control of the District. Fiduciary funds are not reflected in the *government-wide* financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Student Activities account. The District is responsible for ensuring that the assets reported in such accounts are used only for their intended purposes and by those to whom the assets belong.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data presented in the *government-wide* and *fund* financial statements. The notes to the financial statements are listed in the index of this report.

Government-wide Financial Analysis

As noted earlier, *net position* may serve as a useful indicator of the District's financial condition over time. As of June 30, 2017, the District's combined net position was **($7,378,757)**, compared to **($7,243,867)** at the close of the prior fiscal year (please refer to Table 1). The net position is negative due to the implementation of GASB 68, which requires the District to include its pro-rata share of the Public School Employees' Retirement System unfunded liability. The District's net position decrease of approximately **($134,890)** was primarily due to a change in actuarial assumptions used by PSERS in its measurement of pension liability. As a result of this these changes, the District's pro-rata share of outstanding PSERS debt increase from **$14,165,000** as of June 30, 2017, to **$16,899,000**, an increase of **$2,734,000**. Consequently, the District's net Deferred Outflows/Inflows related to Defined Benefit Pension Plan amounts, over which the District has no control, increased by **$1,689,026**. These entries effectively negated the District's otherwise positive results due to increases in Local Revenue (primarily in the form of improved tax collections) and to continued diligence in monitoring and controlling District expenditures.

The following table presents a comparative analysis of fiscal years 2016 and 2017.

Table 1

Condensed Statement of Net Position: 2016-2017

	Governmental Activities		Business-Type Activities		Total School District	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	$6,376,311	$5,415,018	$85,012	$85,972	$6,461,323	$5,500,990
Capital Assets	13,051,948	13,536,218	60,298	73,326	13,112,246	13,609,544
Total Assets	$19,428,259	$18,951,236	$145,310	$159,298	$19,573,569	$19,110,534
Total Deferred Outflows	$3,049,466	$1,416,223	$0	$0	$3,049,466	$1,416,223
Long-term Debt	$27,877,050	$25,818,523	$0	$0	$27,877,050	$25,818,523
Other Liabilities	1,928,170	1,703,546	29,316	30,276	1,957,486	1,733,822
Total Liabilities	$29,805,220	$27,522,069	$29,316	$30,276	$29,834,536	$27,552,345
Total Deferred Inflows	$167,256	$218,279	$0	$0	$167,256	$218,279
Net Capital Assets	$1,853,224	$1,530,142	$60,298	$73,326	$1,913,522	$1,603,468
Restricted	442,904	414,407	0	0	442,904	414,407
Unrestricted	($9,790,879)	($9,317,438)	$55,696	$55,696	($9,735,183)	($9,261,742)
Total Net Position	($7,494,751)	($7,372,889)	$115,994	$129,022	($7,378,757)	($7,243,867)

Governmental Activities

The Statement of Activities shows the cost to the District of providing program services; it also shows the charges assessed and grants received by the District that are used to offset those costs. Table 2 (below) reflects the total cost of program services and the net cost of those services after accounting for applicable program revenues. A negative figure (in parentheses) represents a net expense that is not covered by program revenues, but instead is funded by taxes, state subsidies, and other revenues. Governmental activities typically show a net expense (negative). Total costs increased by approximately **$1,278,896** from the previous year (due in large part to increased Instruction, Instructional Student Support, Maintenance and Operational, and Community Services expenditures), while net costs increased by **$1,138,794**. Both of these figures were heavily influenced by the change in actuarial assumptions instituted by PSERS as mentioned above. The District continues to seek new sources of revenue while aggressively reducing non-program costs wherever possible in its efforts to continue to provide quality educational services to its students.

Table 2

Condensed Statement of Activities: 2016-2017

	Total Costs of Services 2017	Net Costs of Services 2017	Total Costs of Services 2016	Net Costs of Services 2016
Governmental Activities				
Instruction	$7,187,147	($5,265,263)	$6,281,715	($4,450,090)
Instructional Student Support	1,010,702	(900,795)	884,464	(783,204)
Administration and Business	1,191,937	(1,071,677)	1,070,602	(925,146)
Maintenance and Operational	1,389,727	(1,288,582)	1,245,568	(1,168,352)
Pupil Transportation	590,898	(123,489)	616,332	(177,975)
Community Services	414,295	(365,905)	370,443	(335,464)
Facilities Improvements	1,800	(1,800)	19,221	(19,221)
Interest on Long-Term Debt	295,037	(295,037)	314,302	(314,302)
Total Governmental Activities	$12,081,543	($9,312,547)	$10,802,647	($8,173,753)

Table 3 (below) lists program revenues, general revenues and total costs for District services. Program revenues of **$3.17 million** consist of charges for services and operating grants; these funding sources contributed approximately **25.36** percent of revenue (net of inter-fund transfers). State revenues, on which the District continues to be heavily reliant, increased by approximately **$172,305** over the prior fiscal year. Federal grants increased by **$84,742** as a result of a partial drawdown of available Medical ACCESS funds that had accumulated during the prior few fiscal years.

General revenues included property taxes of approximately **$2.7 million**, or **21.62** percent of District-wide net revenues. Other taxes collected by the District were approximately **$1.2 million**, comprising **9.61** percent of net revenues. The largest share of general revenue (**$5.4 million**, or **43.13** percent of net revenues) is received from the Commonwealth of Pennsylvania in the form of unrestricted basic educational subsidies. The District continues to rely heavily upon this source of revenue in order to fund its operations, even as it continues to explore new and alternative revenue streams in the continuing reality of state budget woes. The remaining **0.28** percent of net revenues consisted of interest earnings, which increased by more than **231%**, and other miscellaneous revenues.

The District's Total Revenue (net of inter-fund transfers) increased by **$276,539** from the prior fiscal year due principally to increases in Grants and Contributions, Property Tax collections, and Unrestricted Grants and Subsidies. In comparison, the District's Total Net Expenditures (net of inter-fund transfers) increased by **$1,278,958** from the prior fiscal year, due principally to the change in actuarial assumptions relative to the PSERS retirement plan mentioned above.

Table 3

Change in Net Position from Operating Results: 2016-2017

	Governmental Activities		Business-Type Activities		Total School District	
	2017	2016	2017	2016	2017	2016
Revenue						
Program Revenue						
Charges for Services	$60,342	$45,417	$181,313	$193,164	$241,655	$238,581
Grants & Contributions	2,708,654	2,583,477	221,729	228,859	2,930,383	2,812,336
General Revenues						
Property Taxes	2,703,703	2,607,738	0	0	2,703,703	2,607,738
Other Taxes	1,202,516	1,205,093	0	0	1,202,516	1,205,093
Unrestricted Grants, Subsidies	5,394,040	5,311,121	0	0	5,394,040	5,311,121
Investment Earnings	20,813	6,271	45	22	20,858	6,293
Other	13,886	51,116	0	(1,240)	13,886	49,876
Transfers In	0	0	144,272	128,602	144,272	128,602
Total Revenue	$12,103,953	$11,810,233	$547,359	$549,407	$12,651,312	$12,359,640
Expense						
Instruction	$7,187,147	$6,281,715	$0	$0	$7,187,147	$6,281,715
Pupil & Instructional Services	1,010,702	884,464	0	0	1,010,702	884,464
Administration & Business	1,191,937	1,070,602	0	0	1,191,937	1,070,602
Maintenance & Operational	1,389,727	1,245,568	0	0	1,389,727	1,245,568
Transportation	590,898	616,332	0	0	590,898	616,332
Other	711,132	703,966	560,387	560,862	1,271,519	1,264,828
Transfers Out	144,272	128,602	0	0	144,272	128,602
Total Expenses	$12,225,815	$10,931,249	$560,387	$560,862	$12,786,202	$11,492,111
Excess (Deficiency)	($121,862)	$878,984	($13,028)	($11,454)	($134,890)	$867,530
Net Position - Beginning	($7,372,889)	($8,251,873)	$129,022	$140,476	($7,243,867)	($8,111,397)
Net Position - Ending Balance	($7,494,751)	($7,372,889)	$115,994	$129,022	($7,378,757)	($7,243,867)

Business-type Activity

The District's business-type activity consisted of the provision of food services to our students, faculty and staff. Revenues generated by the food service operation continue to be insufficient to finance its operations. In order to maintain the operation's solvency, the District transferred **$144,272** from the General Fund to the Cafeteria Fund, an increase of **$15,670 (12.18** percent) from the prior fiscal year. This transfer represented **26.36** percent of the operation's total revenue, compared to **23.41** percent during 2015-2016. Other Food Service revenues consisted of meal charges (**$174,988**), federal and state subsidies (**$221,729**), interest earnings (**$45**), and revenue from special functions and vending (**$6,325**). Food Service expenses totaled **$560,387** for the fiscal year, a decrease from the prior year of **$475.**

The District's administration team continues to closely monitor the food service operation in an effort to control expenses. During the 2016-2017 fiscal year, the District, in collaboration with its Food Service Management Company (FSMC), continued to explore methods to decrease costs, increase operational efficiency, improve student participation, and address additional changes mandated by the federal Healthy Hunger Free Kids Act (HHFKA). The District's meal revenues and subsidies decreased, which was at least partly attributable to decreased enrollment, in spite of efforts to increase the number of reimbursable meals in lieu of ala carte purchases. The District is also committed to the aggressive pursuit and use of federal commodities in its meal programs. In addition, the District's meals continue to be in compliance with the nutritional requirements of the HHFKA, generating additional revenue of $0.06 for each reimbursable lunch served. However, this source of revenue serves to reimburse the District for only a portion of the additional costs incurred to provide the additional quantities of fresh fruits, vegetables, and whole grains that are required by the HHFKA. The net position of the District's food service program was **$115,994** at the conclusion of the fiscal year.

Financial Analysis of the District's Funds

As previously noted, the District utilizes fund accounting to ensure accuracy and to demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the District's use of governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. This type of information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the conclusion of the fiscal year.

Table 4 (below) displays each fund balance at the conclusion of each of the last two fiscal years, as well as the net change in each fund balance from the prior year. The District's governmental fund balances totaled **$5,210,368** at the close of the current fiscal year. The balance in the General Fund increased by **$724,253**, while the Capital Reserve balance increased by **$28,497**. The increase in the General Fund balance is the result of a combination of increased revenues and the continued implementation of a variety of cost-saving measures. The Capital Reserve Fund balance increase was the result of a transfer from the General Fund to replenish funds that had been expended for capital improvements. The Capital Reserve Fund consists of funds that have been set aside for the future repair or replacement of the District's capital assets.

Table 4

Governmental Fund Balances			
	Balances		Increase
Fund	June 30, 2017	June 30, 2016	(Decrease)
General	$4,767,464	$4,043,211	724,253
Capital Reserve	442,904	414,407	28,497
TOTAL	$5,210,368	$4,457,618	$752,750

General Fund Highlights

The General Fund is the primary operating fund of the District. At the end of the fiscal year, the Unassigned Fund balance of the General Fund was **$1,171,573**, or **24.57** percent of General Fund balances. The Committed Fund balance of **$600,000 (12.59** percent) was set aside at the close of the 2009-2010 fiscal year for potential future construction and retirement contribution costs. The Nonspendable Fund balance of **$120,789 (2.53** percent) represents net prepaid insurance premiums, while the Assigned Fund balance of **$ 2,875,102 (60.31** percent) includes funds set aside for future energy efficiency enhancement projects (**$400,000**), anticipated building security and technology infrastructure upgrades (**$200,102**) and anticipated renovations to the District's elementary school building (**$2,275,000**).

As a measure of the General Fund's liquidity, it may be useful to compare both the Unassigned Fund balance and the Total Fund Balance to total General Fund expenditures and other financing uses, which amounted to **$11,382,342**. The Unassigned Fund balance is equivalent to **10.3** percent of total expenses and other financing uses, while the Total Fund Balance is equivalent to **41.9** percent of that same amount.

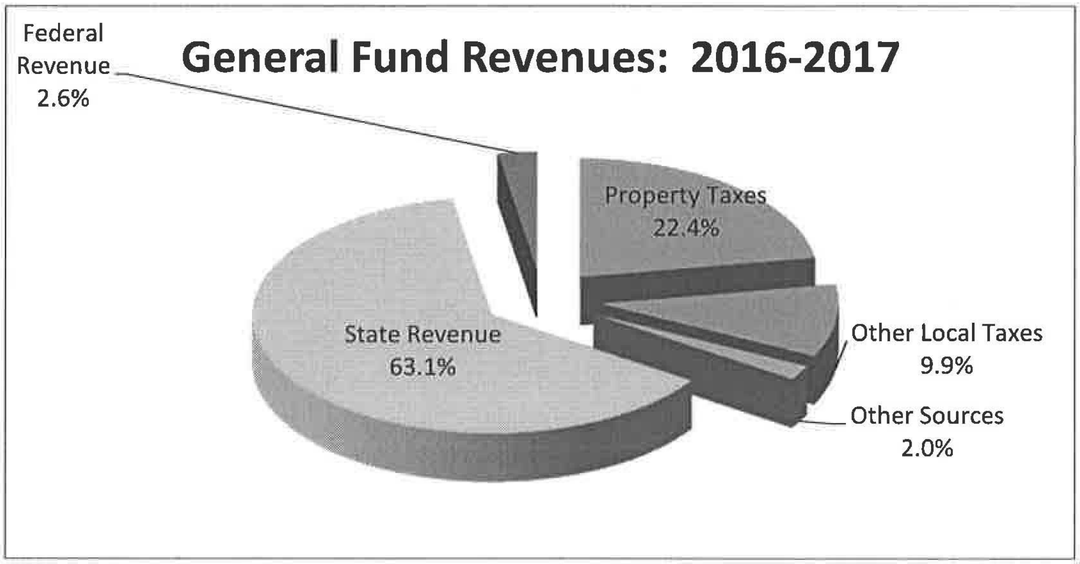
Tables 5 & 6 and Figures 1 & 2 (following) illustrate the financial activities and balances of the General Fund.

Table 5

General Fund Revenues: 2016-2017				
	Amounts		Changes	
Revenues	2017	2016	Amount	Percent
Property Taxes	$2,706,697	$2,609,677	97,020	3.7%
Other Local Taxes	1,202,516	1,177,615	24,901	2.1%
Investment Earnings	20,461	5,831	14,630	250.9%
State Revenue	7,638,547	7,466,243	172,304	2.3%
Federal Revenue	319,624	234,882	84,742	36.1%
Other Sources	218,750	290,182	(71,432)	-24.6%
TOTAL REVENUE	$12,106,595	$11,784,429	322,165	2.7%

Total General Fund Revenue for the 2016-2017 fiscal year increased by 2.7% compared to the prior year. Federal Revenue rose significantly as the result of a drawdown of funds accrued under the School Based ACCESS Program. State Revenue increased moderately due to a modest increase in the Basic Educational Funding subsidy as well as increased reimbursement for the District's retirement costs (due to the rising employer contribution rate). The amount of Real Property Taxes (current and delinquent) collected increased by **3.7** percent from the prior year as a result of a **1.6** mill increase in the millage rate. In addition, Investment Earnings continued to grow as a result of the Federal Reserve's actions to increase interest rates. The District's finances continue to be influenced by fluctuations in Other Sources of income, the continued historically-low interest rate environment, and the sluggish economic recovery.

Figure 1



The information presented in Figure 1 illustrates the District's heavy reliance upon assistance from the commonwealth, which was moderately increased during the fiscal year. A total of **65.7** percent of the District's revenues are received from federal and state entities (compared to **65.4** percent in 2015-2016), while the district's remaining revenue (**34.3** percent) is generated from local sources. As the District continues to identify additional sources of revenue, it also encourages the commonwealth to provide fair and equitable funding to all local education agencies.

The District's General Fund expenditures in 2016-2017 increased by **$296,021**, or **2.7** percent, from the previous fiscal year. Approximately half of this increase was the result of a **$150,000** transfer to the Capital Reserve Fund. The increase in Instructional Support costs was largely due to contractual salary increases and continued increases in the District's required contributions to PSERS. The District's Maintenance and Operational costs increased due to the completion of required repairs and preventive maintenance for various components of the District's mechanical systems. The increase in Transfers/Other costs was the result of the Capital Reserve Fund transfer mentioned above as well as the increase in the amount of the transfer to the District's Food Service Fund that has been previously mentioned.

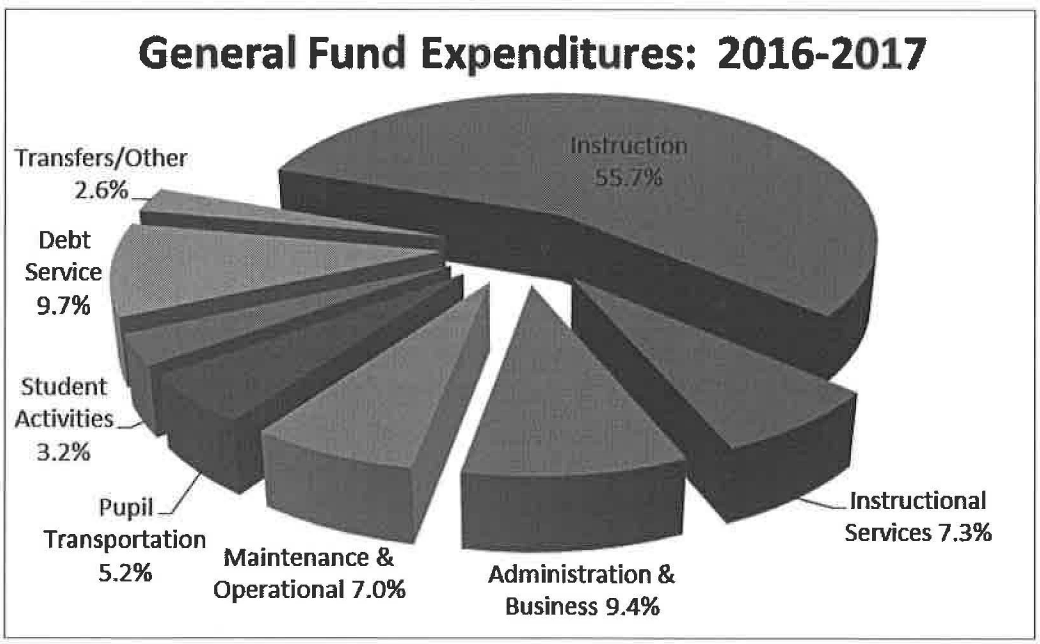
Table 6

General Fund Expenditures: 2016-2017				
	Amounts		Changes	
Expenditures	2017	2016	Amount	Percent
Instruction	$ 6,334,677	$ 6,197,120	137,557	2.2%
Instructional Support	835,995	850,702	(14,707)	-1.7%
Administration & Business	1,067,003	1,090,350	(23,347)	-2.1%
Maintenance & Operational	791,469	748,105	43,364	5.8%
Pupil Transportation	590,898	616,332	(25,434)	-4.1%
Student Activities	363,282	359,687	3,595	1.0%
Debt Service	1,104,746	1,095,064	9,682	0.9%
Transfers/Other	294,272	128,961	165,311	128.2%
TOTAL EXPENDITURES	$11,382,342	$11,086,320	296,021	2.7%

In spite of continued increases in special transportation needs, the District's Pupil Transportation costs exhibited a moderate decrease. In order to control these costs, the District continues to conduct a continual analysis of the efficiency of its bus runs and special routes. As revenue streams fail to keep pace with rising costs, the District will face continuing challenges as it strives to maintain a balanced budget. The District is actively exploring programs that will enable it to operate more efficiently, thereby enhancing its ability to make effective use of its funding sources. In addition, the District continues to work with its Food Service Management Company to reduce costs associated with its Food Service program.

Figure 2 (below) illustrates the allocation of expenses within the District's budget. As one might expect, the majority of our expenditures are incurred for Instruction and Instructional Services.

Figure 2



General Fund Budgetary Highlights

Table 7 (below) is a comparison of actual expenditures to the final budget for the fiscal year.

Table 7

Budget Analysis: 2016-2017	Final Budget	Actual	Budget Variance
Instructional Services			
Regular Programs	$4,409,505	$4,258,391	$151,114
Special Programs	1,671,841	1,595,559	76,282
Vocational Programs	484,511	477,502	7,009
Other Instructional Programs	32,699	3,225	29,474
Community/Junior College Education	0	0	0
Total Instructional Services	$6,598,556	$6,334,677	$263,879
Support Services			
Pupil Personnel Services	$260,710	$251,665	$9,045
Instructional Staff Support Services	569,731	500,089	69,642
Administrative Services	963,360	869,208	94,152
Pupil Health	105,830	99,613	6,217
Business Services	187,164	182,063	5,101
Operation and Maintenance of Plant Services	855,664	791,469	64,195
Student Transportation Services	609,000	590,898	18,102
Other Support Services	100	360	(260)
Total Support Services	$3,551,559	$3,285,365	$266,194
Operation of Non-Instructional Services			
Food Service	$0	$0	$0
Student Activities	384,204	363,282	20,922
Total Operation of Non-Inst. Services	$384,204	$363,282	$20,922
Debt Service	$1,104,745	$1,104,746	($1)
Other Financing Uses			
Refund of Prior Year Receipts	$4,000	$0	$4,000
Interfund Transfers - Out	125,000	294,272	(169,272)
Fund Balance Drawdown	(82,665)	0	(82,665)
Total Other Financing Uses	$46,335	$294,272	($247,937)
TOTAL BUDGETED EXPENDITURES	$11,685,399	$11,382,342	$303,057

The District's annual General Fund Budget is prepared using the modified accrual basis of accounting. Budgeted amounts reflect District management's best estimates at the time the budget was prepared. The final budget for expenditures (including inter-fund transfers) reflects required changes in functional categories in response to current spending patterns. The final budget included total expenditures of **$11,685,399**; actual expenditures totaled **$11,382,342**, yielding a positive budget variance of **$303,057** (expenditures less than budgeted). This favorable outcome is a direct result of a concerted effort on the part of all District employees to limit expenditures in an effort to make the most efficient use of all District resources.

Proprietary Funds

The District's Proprietary Fund (Food Service) statements provide the same type of information found in the Government-wide Financial Statements but include more detail. The Total Net Position of the Proprietary Fund at the conclusion of the fiscal year was **$115,994**. The decrease in Total Net Position when compared to the prior fiscal year is equal to the amount of Capital Asset Depreciation recognized in the current fiscal year. The District's Food Service Management Company continues to work to improve the operating results of the Food Service operation and to develop more realistic budgeting regarding the amount of funds that will be required to be transferred from the District's General Fund in support of its operations. The factors that contributed to the performance of the District's Food Service Operation are discussed elsewhere in this report.

Fiduciary Funds

The District is the trustee, or fiduciary, of various Student Activity Accounts. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and of changes in fiduciary net position (please refer to the index). These activities are separated from the District's other financial statements because these assets cannot be utilized by the District to finance its operations.

Capital Assets and Debt Administration

As of June 30, 2017, the District had a net Capital Asset value of **$13,112,246**. This amount includes the value of the District's land, site improvements, buildings and equipment as listed in Table 8 (below).

Capital improvements and acquisitions for the fiscal year totaled **$127,155**. These expenditures included the replacement of the District's core network infrastructure; improvements to and maintenance of the physical plant, including measures designed to enhance energy efficiency; improvements to the varsity baseball and junior high softball fields; and the replacement of carpeting in the elementary school. The District continued to explore various alternatives for the improvement and/or renovation of its elementary building, including options that will provide for a system of air conditioning that will improve the building's energy efficiency as well as enhance the teaching and learning environment for the District's faculty, staff, and students. The District's net depreciation expense for the fiscal year amounted to **$624,453**.

Table 8

Capital Assets (net of depreciation): 2016-2017

Asset Type	Governmental Activities 2017	Governmental Activities 2016	Business-type Activities 2017	Business-type Activities 2016	Total School District 2017	Total School District 2016
Land	$12,955	$12,955			$12,955	$12,955
Site Improvements	284,667	309,709			284,667	309,709
Buildings	11,999,848	12,397,745			11,999,848	12,397,745
Equipment & Furniture	754,478	815,809	60,298	73,326	814,776	889,135
Total	$13,051,948	$13,536,218	$60,298	$73,326	$13,112,246	$13,609,544

Long-term Debt

At year-end, the District's principal balance of outstanding bonds was **$11,225,000**. The District carried two bond issues during 2016-2017, both of which were issued to support the extensive renovations of its high school building during 2008 and 2009. Both of the original bond issues were advance refunded (during 2013 and 2014, respectively) in order to reduce their interest rates and attendant debt service. Bond debt service payments applied during the fiscal year to principal and interest totaled **$805,000** and **$290,916**, respectively. During 2016-2017, the District leased three copiers under capital leases with payments that totaled **$8,829**. The outstanding principal balance of these copier leases at fiscal year-end was **$24,747**.

Labor Relations

Juniata Valley School District has two collective bargaining agreements. Our professional staff of **66** employees is represented by the Juniata Valley Education Association (JVEA), which is affiliated with the Pennsylvania State Education Association (PSEA) and the National Education Association (NEA). The current collective bargaining agreement (CBA) with the JVEA will expire on June 30, 2018. Consequently, the District will enter into negotiations with the JVEA during the 2017-2018 fiscal year. The District does not anticipate any difficulties in reaching an amicable agreement and looks forward to a successful conclusion to its negotiations.

Our support staff of **24** employees is represented by the Juniata Valley Education Support Professionals Association (JVESPA), which is also affiliated with the PSEA and the NEA. The District successfully negotiated a two-year CBA with the JVESPA during 2016-2017; this CBA will expire on June 30, 2019.

The District's Future

At the present time, we believe the District is financially sound and in a strong financial position. The District's General Fund revenues exceeded expenditures in the 2016-2017 fiscal year by **$724,253**. However, the District faces a number of challenges in the near future in conjunction with other school districts throughout the commonwealth as a result of the current economic and legislative climates:

- Act 25 of 2011 amended Act 1 of 2006, eliminating a number of the referendum exceptions in the original legislation and thereby limiting the District's ability to raise real estate tax millage above the yearly index in response to changing economic and demographic conditions.
- The state legislature continues to consider legislation that would further restrict the District's ability to raise real estate taxes without voter approval, or even to completely eliminate school district real estate taxes. While not passed in the recently completed legislative session, such measures would severely limit the District's ability to exert local control over its sources of revenue.
- Enrollment continues to experience moderate declines as the District addresses the challenges presented by charter school enrollments and by minimal job growth within the District and surrounding areas.
- Medical care premiums continue to have a significant impact upon the District's annual budget. As expected, healthcare reform has contributed significantly to the escalation of the District's health-related costs.
- The volatility of oil, liquid propane, electricity and diesel fuel costs will have the potential to significantly impact delivery, utility and transportation costs.
- Student enrollments at charter schools and other alternative schools have a considerable impact upon the District's tuition and transportation expenses. These costs will continue to drain the resources of the District in the absence of far-reaching changes in the manner of funding such schools.
- The District is addressing its Special Education costs by providing on-site services that were formerly contracted to off-site providers.
- The District's decisions concerning whether or not to fund its Other Post-Employment Benefits (OPEB) liability under GASB 45/75 could have an impact upon its future ability to obtain financing at favorable rates.
- The District's contributions to the Public School Employees' Retirement System (PSERS) have increased from 8.65% of employee salaries in 2011-2012 to **30.03%** of salaries in 2016-2017. This rate has increased to **32.57%** of salaries for the 2017-2018 fiscal year. The amount of each annual increase has been somewhat mitigated by Act 120 of 2010. However, the state legislature's continued reluctance to address the system's fund deficit will continue to impact the District's personnel costs for the foreseeable future.
- The District is continuing to explore options to upgrade and/or renovate its elementary school building in order to provide an updated learning environment that will be conducive to the fulfillment of the District's educational objectives and to meeting the needs of all of its students.

Information Requests

This financial report is intended to provide a general overview of the District's financial operations and condition. If you have questions about the report or any of the information contained therein, please contact the Business Office, Juniata Valley School District, 7775 Juniata Valley Pike, Alexandria PA 16611-0318.

JUNIATA VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 5,344,922	$ 2,053	$ 5,346,975
Taxes Receivable (net)	417,151	0	417,151
Accounts Receivable	10,194	1,825	12,019
Prepaid Expenses	120,789	0	120,789
Internal Fund	(61,083)	61,083	0
Due from Other Governments	544,338	0	544,338
Inventories	0	20,051	20,051
Capital Assets, not being depreciated:			
Land	12,955	0	12,955
Capital Assets, net of accumulated depreciation:			
Buildings and Building Improvements	12,284,515	0	12,284,515
Furniture and Equipment	754,478	60,298	814,776
Total Assets	$19,428,259	$145,310	$19,573,569
DEFERRED OUTFLOW OF RESOURCES			
Deferred Charge on Refunding	$ 121,091	$ 0	$ 121,091
Deferred Outflows related to Defined Benefit Pension Plan	2,928,375	0	2,928,375
Total Deferred Outflow of Resources	$ 3,049,466	$ 0	$ 3,049,466
LIABILITIES			
Accounts Payable	$ 95,265	$ 8,585	$ 103,850
Accrued Salaries and Benefits	963,344	5,678	969,022
Unearned Revenue	0	15,020	15,020
Other Current Liabilities	39,787	33	39,820
Due to Other Governments	2,218	0	2,218
Noncurrent Liabilities:			
Due Within One Year	827,556	0	827,556
Due in More than One Year	27,877,050	0	27,877,050
Total Liabilities	$29,805,220	$ 29,316	$29,834,536
DEFERRED INFLOW OF RESOURCES			
Unamortized Bond Premium	$ 70,068	$ 0	$ 70,068
Deferred Inflows related to Defined Benefit Pension Plan	97,188	0	97,188
Total Deferred Inflow of Resources	$ 167,256	$ 0	$ 167,256
NET POSITION			
Net Investment in Capital Assets	$ 1,853,224	$ 60,298	$ 1,913,522
Restricted for:			
Capital Projects	442,904	0	442,904
Unrestricted	(9,790,879)	55,696	(9,735,183)
Total Net Position	($ 7,494,751)	$115,994	($ 7,378,757)

See Accompanying Notes and Independent Auditor's Report

JUNIATA VALLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Expenses
Functions/Programs	
Governmental Activities	
Instruction	$ 7,187,147
Instructional Student Support	1,010,702
Administrative and Financial Support Services	1,191,937
Operation and Maintenance of Plant Services	1,389,727
Pupil Transportation	590,898
Community Services	414,295
Facilities Acquisitions and Improvements	1,800
Interest on Long-Term Debt	295,037
Total Governmental Activities	$12,081,543
Business-Type Activities	
Food Service (Business-Type Activity)	$ 560,924
Total Primary Government	$12,642,467
General Revenues	
Taxes:	
Property Taxes, Levied for General Purposes, Net	
Other Taxes Levied	
Grants, Subsidies, and Contributions Not Restricted	
Investment Earnings	
Miscellaneous Revenue	
Total General Revenues	
Transfers	
Change in Net Position	
Net Position – Beginning	
Net Position – Ending	

See Accompanying Notes and Independent Auditor's Report

JUNIATA VALLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
$ 11,952	$1,909,932	($ 5,265,263)	$ 0	($ 5,265,263)
0	109,907	(900,795)	0	(900,795)
0	120,260	(1,071,677)	0	(1,071,677)
0	101,146	(1,288,581)	0	(1,288,581)
0	467,409	(123,489)	0	(123,489)
48,390	0	(365,905)	0	(365,905)
0	0	(1,800)		(1,800)
0	0	(295,037)	0	(295,037)
$ 60,342	$2,708,654	($ 9,312,547)	$ 0	($ 9,312,547)
$181,313	$ 221,729	$ 0	($157,882)	($ 157,882)
$241,655	$2,930,383	($ 9,312,547)	($157,882)	($ 9,470,429)
		$ 2,703,702	$ 0	$ 2,703,702
		1,202,516	0	1,202,516
		5,394,040	0	5,394,040
		20,813	45	20,858
		13,886	537	14,423
		$ 9,334,957	$ 582	$ 9,335,539
		($ 144,272)	$144,272	$ 0
		($ 121,862)	($ 13,028)	($ 134,890)
		(7,372,889)	129,022	(7,243,867)
		($ 7,494,751)	$115,994	($ 7,378,757)

See Accompanying Notes and Independent Auditor's Report

JUNIATA VALLEY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Capital Project Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$5,052,018	$292,904	$5,344,922
Taxes Receivable (net)	418,166	0	418,166
Accounts Receivable	10,194	0	10,194
Due from Other Funds	0	150,000	150,000
Due from Other Governments	544,338	0	544,338
Prepaid Items	120,789	0	120,789
TOTAL ASSETS	$6,145,505	$442,904	$6,588,409
LIABILITIES			
Accounts Payable	$ 95,265	$ 0	$ 95,265
Accrued Salaries and Benefits	963,344		963,344
Due to Other Funds	211,083		211,083
Due to Other Governments	2,218		2,218
Other Current Liabilities	4,601	0	4,601
Total Liabilities	$1,276,511	$ 0	$1,276,511
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenues - Property Taxes	$ 101,530	$ 0	$ 101,530
FUND BALANCES			
Nonspendable Fund Balance	$ 120,789	$ 0	$ 120,789
Committed Fund Balance	600,000	0	600,000
Restricted Fund Balance	0	442,904	442,904
Assigned Fund Balance	2,875,102	0	2,875,102
Unassigned Fund Balance	1,171,573	0	1,171,573
Total Fund Balances	$4,767,464	$442,904	$5,210,368
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$6,145,505	$442,904	$6,588,409

JUNIATA VALLEY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balances – Governmental Funds		$ 5,210,368
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported as assets in governmental funds. The cost of the assets is $25,432,585 and the related accumulated depreciation is $12,380,637.		13,051,948
The net pension liability is not due and payable in the current period and, therefore, are not reported in the funds.		(16,899,000)
The deferred outflows and inflows of resources related to defined benefit pension plans are not reported in the funds since they are measured on the accrual basis:		
Deferred Outflows of Resources	$2,928,375	
Deferred Inflows of Resources	(97,188)	2,831,187
Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and, therefore, are deferred in the funds statements.		101,530
Long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consists of:		
Bonds Payable	($11,225,000)	
Unamortized Bond Premium	(70,068)	
Compensated Absences	(293,131)	
Post-Retirement Benefits	(262,728)	
Capital Lease Payable	(24,747)	(11,875,674)
Interest on long-term debt accrued and shown as an expense on the government-wide financial statements, but not recognized on the fund financial statements until paid.		(35,186)
Payment to refunded bond escrow agent reported as other financing uses in the fund statements and shown on the government-wide financial statements as an increase in deferred outflows of resources, net of accumulated amortization.		121,091
Other		
Establish Allowance for Doubtful Accounts – Property Taxes Receivable		(1,015)
Total Net Position – Governmental Activities		($ 7,494,751)

See Accompanying Notes and Independent Auditor's Report

JUNIATA VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Capital Project Fund	Total Governmental Funds
Revenues			
Local Sources	$ 4,148,424	$ 352	$ 4,148,776
State Sources	7,638,547	0	7,638,547
Federal Sources	319,624	0	319,624
Total Revenues	$12,106,595	$ 352	$12,106,947
Expenditures			
Current:			
Instruction	$ 6,330,008	$ 0	$ 6,330,008
Support Services	3,282,935	0	3,282,935
Noninstructional Services	363,282	1,799	365,081
Capital Outlay:			
Instruction	4,670	0	4,670
Support Services	2,429	0	2,429
Facilities Acquisition, Construction, and Improvement	0	120,056	120,056
Debt Service:			
Principal	812,112	0	812,112
Interest	292,634	0	292,634
Total Expenditures	$11,088,070	$121,855	$11,209,925
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 1,018,525	($121,503)	$ 897,022
Other Financing Sources (Uses)			
Transfers Out	($ 294,272)	$ 0	($ 294,272)
Transfers In	0	150,000	150,000
Total Other Financing Sources (Uses)	($ 294,272)	$150,000	($ 144,272)
Net Change in Fund Balances	$ 724,253	$ 28,497	$ 752,750
Fund Balances - July 1, 2016	4,043,211	414,407	4,457,618
Fund Balances - June 30, 2017	$ 4,767,464	$442,904	$ 5,210,368

See Accompanying Notes and Independent Auditor's Report

JUNIATA VALLEY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2017

Total Net Change in Fund Balances – Governmental Funds		$ 752,750
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.		
Depreciation Expense	($611,424)	
Capital Outlays	127,155	(484,269)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year.		100,515
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		812,112
		$1,181,108
Other		
The additional pension expense associated with the Defined Benefit Pension Plan (PSERS) that does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		($1,044,974)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and, thus, requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease of interest accrued in the statement of activities is shown here.		2,357
In the statement of activities, certain operating expenses - compensated absences (vacations and sick days) and post-retirement benefits - are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.		(152,083)
Delinquent real estate taxes which was recognized as revenue in the governmental funds but not in the statement of activities.		(103,510)
Amortization of deferred charge on refunding which is in the statement of activities.		(10,971)
Amortization of bond premium which is in the statement of activities.		6,211
Total Other		($1,302,970)
Change in Net Position of Governmental Activities		($ 121,862)

See Accompanying Notes and Independent Auditor's Report

JUNIATA VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Food Service
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 2,053
Due from Other Funds	61,083
Other Receivables	1,825
Inventories	20,051
Total Current Assets	$ 85,012
Capital Assets	
Furniture and Equipment (net)	$ 60,298
Total Assets	$145,310
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 8,585
Accrued Salaries and Benefits	5,678
Deferred Revenues	15,020
Other Current Liabilities	33
Total Current Liabilities	$ 29,316
NET POSITION	
Net Investment in Capital Assets	$ 60,298
Unrestricted	55,696
Total Net Position	$115,994

JUNIATA VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Food Service
Operating Revenues	
Food Service Revenue	$181,313
Operating Expenses	
Salaries	$ 17,408
Employee Benefits	13,571
Purchased Professional and Technical Services	764
Purchased Property Service	7,529
Other Purchased Services	476,533
Supplies	31,554
Depreciation	13,028
Total Operating Expenses	$560,387
Operating (Loss)	($379,074)
Nonoperating Revenues (Expenses)	
Earnings on Investments	$ 45
State Sources	16,266
Federal Sources	205,463
Total Nonoperating Revenues (Expenses)	$221,774
(Loss) Before Transfers	($157,300)
Transfers	
Transfers In	$144,272
Change in Net Position	($ 13,028)
Net Position - July 1, 2016	129,022
Net Position - June 30, 2017	$115,994

See Accompanying Notes and Independent Auditor's Report

JUNIATA VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Food Service
Cash Flows from Operating Activities	
Cash Received from Users	$180,732
Cash Payments to Employees for Services	(30,026)
Cash Payments to Suppliers for Goods and Services	(488,794)
Net Cash (Used) by Operating Activities	($338,088)
Cash Flows from Noncapital Financing Activities	
State Sources - Subsidy	$ 16,266
Federal Sources - Subsidy	178,133
Transfers In	138,185
Net Cash Provided by Noncapital Financing Activities	$332,584
Cash Flows from Capital and Related Financial Activities	
Cash Paid for Purchase of Fixed Assets	$ 0
Cash Flows from Investing Activities	
Earnings on Investments	$ 45
Net (Decrease) in Cash and Cash Equivalents	($ 5,459)
Cash and Cash Equivalents – Beginning	7,512
Cash and Cash Equivalents – Ending	$ 2,053
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:	
Operating (Loss)	($379,074)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:	
Depreciation	$ 13,028
Donated Commodities	27,330
Decrease in Other Receivable	393
Decrease in Inventories	1,195
Decrease in Accounts Payable	(945)
Increase in Accrued Salaries/Benefits	953
Decrease in Deferred Revenue	(974)
Increase in Other Current Liabilities	6
Total Adjustments	$ 40,986
Net Cash (Used) by Operating Activities	($338,088)

See Accompanying Notes and Independent Auditor's Report

JUNIATA VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Activity
ASSETS	
Cash and Cash Equivalents	$44,442
LIABILITIES	
Other Current Liabilities	$44,442
NET POSITION	$ 0

See Accompanying Notes and Independent Auditor's Report

Note 1: Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The Juniata Valley School District is a school district governed by a nine-member elected board and provides instruction, support services, and certain noninstructional services.

The District had no blended or discretely presented component units as part of its reporting entity.

The following are not component units of the Juniata Valley School District and are not included in this report.

Tuscarora Intermediate Unit 11 is a separate legal entity. It was organized by a group of public school districts to provide them specific services. Each public school district appoints one member to serve on the Board of Directors of the Unit. The District contracts with the Unit for special education services for district students.

Huntingdon County Career and Technology Center is a separate legal entity. It was organized by a group of public school districts to provide specific services. Each of the public school districts appoints one member to serve on the Joint Operating Committee and each district has an ongoing financial responsibility to the Center.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the School District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the School District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Note 1: **Summary of Significant Accounting Policies** (Continued)

D. Basis of Presentation - Fund Financial Statements (Continued)

The School District reports the following major governmental funds:

- The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those specifically required to be accounted for in another fund.

- The *capital project fund* is used to account for the acquisition or construction of the School District's major capital equipment and facilities.

The School District reports the following major enterprise fund:

- The *food service fund* accounts for the operation of the School District's cafeterias.

Additionally, the School District reports the following fund types:

- The *agency funds* account for assets held by the School District as an agent for the individual schools, students, and school organizations as well as for the individual school's faculty.

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

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

Note 1: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the School District.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/ Fund Balance

1. **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Pennsylvania Local Government Investment Trust (PLGIT).

2. **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., current portion of interfund loans).

Note 1: Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/ Fund Balance (Continued)

3. Inventories and Prepaid Items

General Fund
The cost is recorded as an expenditure at the time individual inventory items are purchased.

Enterprise Fund
Food inventories of $20,051 include $10,178 of food commodities donated by the federal government, which are valued at an estimated market value. All other food or supply inventories are valued at last unit cost in accordance with the recommendations of the Food and Nutrition Service of the Department of Agriculture and are expensed as used.

Prepaid
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets
Capital assets, which include land, land improvements, buildings, building and leasehold improvements, computer hardware, telephone systems, audio visual equipment, office furniture and equipment, classroom equipment, teaching aides, and vehicles are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $1,500 for computer hardware, teleconferencing equipment, audio visual equipment, office furniture and equipment, classroom equipment, teaching aides, and vehicles. The District's capitalization policy states any asset purchased with borrowed funds will be capitalized and may include land, land improvements, buildings, and building and leasehold improvements and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Land improvements, buildings, building and leasehold improvements, computer hardware, teleconferencing equipment, audiovisual equipment, office furniture and equipment, classroom equipment, teaching aides, and vehicles of the District are depreciated using the straight-line method over the following estimated lives:

Note 1: Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/ Fund Balance (Continued)

4. Capital Assets (Continued)

Assets	Years
Land Improvements	20
Buildings	40 +
Building and Leasehold Improvements	40 +
Computer Hardware	5
Telephone Systems	10
Audio Visual Equipment	6
Office Equipment	8
Classroom Equipment	10
Teaching Aides	5
Vehicles	8
Machinery/Vocational Equipment	15
Janitorial/Maintenance Equipment	15
Food Service Equipment	15

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has five items that qualify for reporting in this category. They are the deferred outflows resulting from changes in proportions, changes in assumptions, net differences between projected and actual investment earnings, as well as contributions subsequent to the measurement date related to the District's defined benefit pension plan, a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition prices. These amounts are deferred. The deferred outflow resulting from changes in proportions, changes in assumptions, net difference between projected and actual investment earnings is amortized over the next four years, while the contributions subsequent to the measurement date are reported in the subsequent year. The deferred outflow related to refunding debt is amortized over the shorter life of the refunded or refunding debt.

In addition to liabilities, the statement of financial 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 future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has four types of items that qualify for reporting in this category. A deferred inflow resulted from the net difference between projected and actual investment earnings, net difference between actual experience, changes in proportions and is reported in the government-wide statement of net position and bond premium related to the refunding of debt. The amount deferred related to the defined pension plan is amortized over the next four years. The bond premium is amortized over the shorter of life of the refunded or refunding debt.

Note 1: Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/ Fund Balance (Continued)

6. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

7. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent because they are in a nonspendable form (e.g., inventory or prepaid expenses) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).
2. Restricted Fund Balance to the extent that expenditures related to the restriction contributed to the excess of expenditures over revenues.
3. Committed Fund Balance to the extent that expenditures related to the commitment contributed to the excess of expenditures over revenues. If a plan for periodic use of committed fund balance is reviewed and approved by the Board, committed fund balance will not be reduced by more than the amount designated in the plan.
4. Assigned Fund Balance to the extent that expenditures related to the assignment contributed to the excess of expenditures over revenues.
5. Unassigned Fund Balance for any remaining excess of expenditures over revenues.

The Business Manager or designee may assign fund balance for items deemed appropriate at any time prior to the issuance of the audited financial statements for a given year.

The Business Manager or designee shall be responsible for the enforcement of this policy.

Note 1: Summary of Significant Accounting Policies (Continued)

G. Revenues and Expenditures/Expenses

1. ***Program Revenues***
Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All internally dedicated resources are reported as general revenues rather than as program revenues.

2. **Property Taxes**
Real estate taxes for the School District are collected from its eight townships and boroughs. The tax on real estate in these taxing districts for public school purposes for fiscal year 2017 was 50.1 mills ($50.10 per $1,000 of assessed valuation) as levied by the board. Assessed valuations of property are determined by Huntingdon County and the elected tax collectors are responsible for collection. The Board of School Directors also levies per capita taxes based on the census of residents in the school district. The total per capita tax levied by the District is $10/person.

The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	- Levy Date
July 1 - August 31	- 2% Discount Period
September 1 - October 31	- Face Payment Period
November 1 - December 31	- 5% Penalty Period
January 1	- Lien Date

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements. All taxes, net of uncollectible amounts, are recognized in the period for which levied in the government-wide financial statements, regardless of when collected.

3. ***Compensated Absences***
Under the terms of personnel policies and union contracts, employees of the School District accumulate sick, personal, and/or vacation leave hours in varying amounts according to length of service and employee type. These benefits can be available for subsequent use or for payment upon termination or retirement. Accumulated sick, personal and vacation expense to be paid in future periods is accrued when the benefits are earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due and are not yet paid.

Note 1: Summary of Significant Accounting Policies (Continued)

G. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds Operating and Nonoperating Revenues and Expenses*
Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 2: Detailed Notes on All Activities and Funds

A. Cash Deposits with Financial Institutions
Deposits at June 30, 2017, appear in the financial statements as summarized below:

Cash and Cash Equivalents	$5,391,417

Interest Rate Risk
In accordance with its investment policy, the District acknowledges the risk that the market value of securities will fall due to changes in general interest rates.

Credit Risk
State law requirements for School District deposits include the following:

- Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (3) of any political subdivision of the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District.

Concentrations of Credit Risk
As of June 30, 2017, the District had no investments.

Note 2: **Detailed Notes on All Activities and Funds** (Continued)

A. **Cash Deposits with Financial Institutions** (Continued)

Custodial Credit Risk - Deposits
In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk but follows state law. As of June 30, 2017, the District's bank balance of $5,426,150 was exposed to custodial credit risk because $277,154 of the bank balance was uninsured and collateralized with pooled deposit funds not held in the School District's name. As of the same date, the District had exposure to custodial credit risk because $4,898,996 of the bank balance was in (PLGIT) which is uncategorized in accordance with GASB #40.

B. **Capital Assets**
Capital asset activity for the year ended June 30, 2017 is as follows:

	Beginning Balance July 1, 2016	Increases	Decreases	Ending Balance June 30, 2017
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$ 12,955	$ 0	$ 0	$ 12,955
Total Capital Assets, not being depreciated	$ 12,955	$ 0	$ 0	$ 12,955
Capital Assets, being depreciated:				
Buildings and Improvements	$20,964,041	$ 52,556	$ 0	$21,016,597
Furniture and Equipment	4,333,285	74,599	(4,850)	4,403,034
Total Capital Assets, being depreciated	$25,297,326	$127,155	($ 4,850)	$25,419,631
Accumulated Depreciation for:				
Buildings and Improvements	$ 8,256,587	$475,495	$ 0	$ 8,732,082
Furniture and Equipment	3,517,476	135,930	(4,850)	3,648,556
Total Accumulated Depreciation	$11,774,063	$611,425	($ 4,850)	$12,380,638
Governmental Activities Capital Assets, Net	$13,536,218	($484,270)	$ 0	$13,051,948
Business-Type Activities				
Furniture and Equipment	$ 335,051	$ 0	$ 0	$ 335,051
Less: Accumulated Depreciation	(261,725)	(13,028)	0	(274,753)
Business-Type Activities Capital Assets, Net	$ 73,326	($ 13,028)	$ 0	$ 60,298

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 43,529
Instruction Student Support	9,717
Maintenance	558,179
Total Depreciation Expense, Governmental Activities	$611,425
Business-Type Activities	
Food Service	$ 13,028

Note 2: Detailed Notes on All Activities and Funds (Continued)

C. Retirement Plans

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The investments are reported at fair value.

General Information about the Pension Plan

Plan Description
PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided
PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Note 2: Detailed Notes on All Activities and Funds (Continued)

C. Retirement Plans (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)
Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Note 2: Detailed Notes on All Activities and Funds (Continued)

C. Retirement Plans (Continued)

General Information about the Pension Plan (Continued)

Contributions (Continued)

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2017 was 29.20% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $1,296,375 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of $16,899,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2015 to June 30, 2016. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2016, the District's proportion was .0341%, which was an increase of .0014% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of $2,341,349. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 457,500	$ 0
Net difference between projected and actual experience	0	102,125
Net difference between projected and actual investment earnings	706,500	(105,875)
Changes in proportions	468,000	100,938
Contributions subsequent to the measurement date	1,296,375	0
	$2,928,375	$ 97,188

The $1,296,375 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note 2: **Detailed Notes on All Activities and Funds** (Continued)

C. **Retirement Plans** (Continued)

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

Year Ended June 30:	
2018	$380,187
2019	673,187
2020	481,438

Changes in Actuarial Assumptions

The total pension liability as of June 30, 2016 was determined by rolling forward the System's total pension liability as of June 30, 2015 to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2016:

- The Investment Rate of Return was adjusted from 7.50% to 7.25%.

- The inflation assumption was decreased from 3.0% to 2.75%.

- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. The actuarial assumptions used in the June 30, 2016 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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

Note 2: Detailed Notes on All Activities and Funds (Continued)

C. Retirement Plans (Continued)

Changes in Actuarial Assumptions (Continued)

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	22.5%	5.3%
Fixed Income	28.5%	2.1%
Commodities	8.0%	2.5%
Absolute Return	10.0%	3.3%
Risk Parity	10.0%	3.9%
Infrastructure/MLPs	5.0%	4.8%
Real Estate	12.0%	4.0%
Alternative Investments	15.0%	6.6%
Cash	3.0%	0.2%
Financing (LIBOR)	(14.0%)	0.5%
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Districts Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	$20,672,000	$16,899,000	$13,728,000

Note 2: Detailed Notes on All Activities and Funds (Continued)

C. Retirement Plans (Continued)

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

Condensed summary information of the District's proportionate share of the PSERS assets, liabilities, and net position from the PSERS Comprehensive Annual Financial Report for the year ended June 30, 2016 is as follows:

Assets	$18,051,919
Liabilities	(1,062,616)
Net Position Held in Trust for Benefits	$16,989,303

As of June 30, 2017, the District had the following elements related to its PSERS Plan:

Total Pension Expense	$2,341,349
Total Pension Expenditures	$1,427,615

In addition, as of June 30, 2017, the District had a payable of $467,833 to the PSERS pension plan. The amount of $336,593 represents the second quarter 2017 required contributions, while $131,240 represents the liability related to accrued payroll as of June 30, 2017.

D. Other Post-Employment Benefits

Separate financial statements are not prepared for the defined benefit healthcare plan described below.

Plan Description

The following retirement benefits are valued under GASB 45:

Medical Coverage

No other benefits are valued under GASB 45.

- **Description**
  PPO Teachers and Administrators, PPO Service Personnel, Dental
- **Eligibility**
  Employees who retire from active service
- **Employer Contributions**
  None
- **Retiree Contributions**
  100% of premium

Note 2: Detailed Notes on All Activities and Funds (Continued)

D. Other Post-Employment Benefits (Continued)

Plan Description (Continued)

Medical Coverage (Continued)

- **Period of Coverage**
  - **Retiree**
    Until age 65 or Medicare eligibility. One retired participant is eligible to continue medical coverage for life.
  - **Spouse**
    Until spouse or retiree reaches age 65 or Medicare eligibility, whichever is first.
- **Coverage**
  - **Until Age 65**
    Medical coverage of an active employee at retirement will be continue for eligible retirees to age 65 or Medicare eligibility.
  - **Over Age 65**
    None for future retirees and most retirees. One retired participant is eligible to continue medical coverage for life, paying the full premium.

Funding Policy
The retiree medical plan is operated on a pay-as-you-go basis. There are no assets that have been segregated and restricted to provide for retiree medical benefits.

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). This is a pay-as-you-go funded plan. The following table shows the components of the District's annual OPEB cost for the year, the estimated amount to be contributed by the employees, and changes in the District's net OPEB obligation to the plan.

Net OPEB Obligation as of June 30, 2017:

Annual Required Contribution (ARC)	$205,093
Interest on Net OPEB Obligation	6,211
Adjustment to Annual Required Contribution	(10,985)
Annual OPEB Cost	$200,319
Projected pay-as-you-go Expense	(92,858)
Net OPEB Obligation - Beginning of Year	155,267
Prefunding	0
Net OPEB Obligation - End of Year	$262,728

Note 2: Detailed Notes on All Activities and Funds (Continued)

D. Other Post-Employment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)
The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last seven fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Expense	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Increase in Net OPEB Obligation
June 30, 2017	$200,319	$92,858	46%	$262,728	$107,461
June 30, 2016	$ 90,325	$50,024	55%	$155,267	$ 40,301
June 30, 2015	$ 90,854	$58,596	64%	$114,966	$ 32,258
June 30, 2014	$ 91,130	$74,310	82%	$ 82,708	$ 16,820
June 30, 2013	$ 92,476	$78,829	85%	$ 65,888	$ 13,647
June 30, 2012	$ 92,826	$71,456	44%	$ 52,241	$ 21,370
June 30, 2011	$ 93,332	$62,461	67%	$ 30,871	$ 30,871

The Net OPEB Obligation was recorded in the following:

Governmental Activities	$262,728

Funding Status and Funding Progress
The funded status of the plan as of July 1, 2016, was as follows:

Actuarial Accrued Liability (AAL)	$1,619,973
Actuarial Value of Plan Assets	0
	$1,619,973
Funded Ratio	0%
Covered Payroll	$4,149,320
UAAL as a Percentage of Covered Payroll	39.04%

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 mortality, and healthcare cost trends. 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 multi-year trend information that shows whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 2: Detailed Notes on All Activities and Funds (Continued)

D. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions
The following assumptions were made:

Premium Rates
The assumed premium rate is a blending of rates for PPO Teachers and Administrators and PPO Service Personnel Insurance Premiums. Blending is based on active participant departments of employment.

Type	Single Premium	2 Party Premium	Blending
PPO Teachers and Administrators	$554.50	$1,493.96	76%
PPO Service Personnel	$565.19	$1,522.81	24%
Blended Premium	$557.07	$1,500.88	

Starting Costs
Medical starting costs for July 1, 2016.

Age	Estimated Full Annual Cost Retiree/Spouse	Annual Cost Paid by Employer for Retiree/Spouse	Annual Cost Paid by Retiree/Spouse	Implicit Rate Subsidy Paid by Employer for Retiree/Spouse
0 - 49	$ 6,990 / $11,926	$0 / $0	$6,990 / $11,926	$ 0 / $ 0
50 - 54	$ 9,664 / $16,456	$0 / $0	$6,990 / $11,926	$2,674 / $ 4,530
55 - 59	$11,670 / $19,854	$0 / $0	$6,990 / $11,926	$4,680 / $ 7,928
60 - 64	$13,341 / $22,685	$0 / $0	$6,990 / $11,926	$6,351 / $10,759

One retired participant is eligible to continue medical coverage for life, paying the full premium.

Health Care Cost Trend
The following health care cost trend rate assumptions used in the July 1, 2016 valuation recognize increases due to health care inflation, utilization and intensity, technology and quality of care changes and regulatory requirements.

Year	Trend
2016-17	10.0%
2017-18	9.0%
2018-19	8.0%
2019-20	7.0%
2020-21	6.0%
2021 +	5.0%

Note 2: Detailed Notes on All Activities and Funds (Continued)

D. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

Generational Factors
The following percentages have been applied to reflect the implicit rate subsidy:

Age	Generational Factor
0 - 49	100%
50 - 54	140%
55 - 59	170%
60 - 64	195%

Actuarial Methods

Actuarial Cost Method
Unit Credit under which the benefits (projected or unprojected) of each individual included in an Actuarial Valuation are allocated by a consistent formula to valuation years. The Actuarial Present Value of benefits allocated to a valuation year is called the Normal Cost, The Actuarial Present Value of benefits allocated to all periods prior to a valuation year is called the Actuarial Accrued Liability. The attribution period ends when a Participant is eligible for benefits.

Amortization of Unfunded Liability
Unfunded Liability is amortized under the level dollar method over a weighted average of the average future service of active employees for similar plans, which is estimated to be 20 years.

Treatment of Gains (Losses)
Actuarial Gains (Losses), as they occur, generally reduce (increase) the Unfunded Actuarial Accrued Liability.

Initial Adoption of GASB Valuation Date
July 1, 2010

Valuation Date
First day of the Fiscal Year (July 1, 2016)

Asset Valuation Method
The benefits are funded on a pay-as-you-go basis.

Actuarial Assumptions

Discount Rate
An annual rate of 4.00%

Note 2: Detailed Notes on All Activities and Funds (Continued)

D. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial Assumptions (Continued)

Assumed Retirement Age
100% of employees hired before July 1, 2011 are assumed to retire when eligible for unreduced benefits under the Public School Employees' Retirement System of Pennsylvania or the Juniata Valley School District at the earlier of:

- Age 60 with 30 years of service, or
- At least 35 years of service, or
- Age 62 with at least 1 year of service

100% of employees hired on or after July 1, 2011 are assumed to retire when eligible for unreduced benefits under the Public School Employees' Retirement System of Pennsylvania, or the Juniata Valley School District, as follows:

- Age 65 with at least 3 Years of Service, or
- Age plus at least 35 Years of Service equals 92

Pre-Retirement Mortality
RP-2014 Employee (Male and Female) as published by the Society of Actuaries

Post-Retirement Mortality
RP-2014 Healthy Annuitant (Male and Female) as published by the Society of Actuaries

Mortality Improvement
Scale MP-2016 (Male and Female) as published by the Society of Actuaries

Turnover before Retirement
Actuary's Turnover Table T-5; the following are sample rates:

Age	Rate
25	7.7%
40	5.1%
55	0.0%

Marriage Assumption
100% of employees are assumed to be married, with the beneficiary being the opposite sex and the same age as the retiree.

Note 2: **Detailed Notes on All Activities and Funds** (Continued)

D. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial Assumptions (Continued)

Coverage
It is assumed that 50% of future retirees and 50% of spouses will participate in the retiree medical program. All current participating retirees and spouses are assumed to continue participation in the medical program. Dependents of retirees may be covered; however, it is assumed that the participant pays 100% of the full cost of dependent coverage.

Expenses
Expenses are included in the claim costs.

E. Other Significant Commitments
Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration of the general fund.

F. Taxes Receivable
The balances at June 30, 2017 are as follows:

	Net Estimated to be Collectible	Allowance for Uncollectible Taxes	Gross Taxes Receivable	Tax Revenue Recognized	Unearned Taxes
Real Estate	$193,031	$1,015	$194,046	$ 92,516	$101,530
Wage Taxes	224,120	0	224,120	224,120	0
Total	$417,151	$1,015	$418,166	$316,636	$101,530

The unearned revenue balance in the general fund of $101,530 consists of real estate taxes.

The wage taxes amount $224,120 includes additional wage tax collections in the amount of $124,908 because of Act 1.

G. Lease Obligations
The School District has entered into a number of operating leases which contain cancellation provisions and are subject to annual appropriation. These leases primarily support governmental activities.

Rent expense for the year was $1,200.

Note 2: Detailed Notes on All Activities and Funds (Continued)

H. Long-Term Liabilities

The amount of long-term debt is $28,704,606. The presentation of the debt is consistent with the generally accepted accounting principles in that the presentation excludes interest and administrative expenses payable in future years from debt statements on general obligation bonds or other long-term debts. The total long-term debt represents the following:

2014 General Obligation Bonds	$ 4,680,000
2013 General Obligation Bonds	6,545,000
2014 Capital Lease - Copier	3,893
2015 Capital Lease - Copiers	20,854
Long-Term Portion of Compensated Absences (Accumulated Sick Leave)	86,751
Long-Term Portion of Compensated Absences (Accrued Vacation)	184,399
Long-Term Portion of Compensated Absences (Accrued Severance and Personal Leave)	21,981
Net Pension Liability	16,899,000
Post-Retirement Benefits (Note 2. D.)	262,728
Total Long-Term Debt Obligations	$28,704,606

2014 General Obligation Bonds

During fiscal year 2014, the School District issued $5,460,000 in General Obligation Bonds which were used to advance refund all $5,405,000 aggregate principal of the Series of 2009 General Obligation Bonds and to pay the costs and expenses of issuing the bonds. The proceeds redeemed the Refunded 2009 Bonds on March 18, 2014 at the redemption price of 100% of the principal amount plus interest accrued to date fixed for redemption. The present value savings to the District from the 2014 Refunded Bond Issue was $424,211. The balance as of June 30, 2017 on this general obligation issue is $4,680,000.

The future debt service on the 2014 General Obligation Bonds is summarized as follows:

Date	Principal	Interest	Total
June 30, 2018	$ 285,000	$ 132,730	$ 417,730
June 30, 2019	285,000	124,180	409,180
June 30, 2020	300,000	116,905	416,905
June 30, 2021	305,000	110,855	415,855
June 30, 2022	310,000	104,395	414,395
June 30, 2023-2027	1,695,000	387,434	2,082,434
June 30, 2028-2029	1,500,000	64,759	1,564,759
Total	$4,680,000	$1,041,258	$5,721,258

Note 2: Detailed Notes on All Activities and Funds (Continued)

H. Long-Term Liabilities (Continued)

2013 General Obligation Bonds

During fiscal year 2013, the School District issued $8,625,000 in General Obligation Bonds which were used to advance refund all $8,400,000 aggregate principal of the Series of 2008 General Obligation Bonds and to pay the costs and expenses of issuing the bonds. The proceeds redeemed the Refunded 2008 Bonds on November 15, 2013 at the redemption price of 100% of the principal amount plus interest accrued to date fixed for redemption. The present value savings to the District from the 2013 Refunded Bond Issue was $723,087. The balance as of June 30, 2017 on this general obligation issue is $6,545,000.

Debt service to maturity on the 2013 General Obligation Bonds is summarized as follows:

Date	Principal	Interest	Total
June 30, 2018	$ 535,000	$ 139,136	$ 674,136
June 30, 2019	550,000	128,286	678,286
June 30, 2020	555,000	117,236	672,236
June 30, 2021	570,000	105,986	675,986
June 30, 2022	580,000	94,486	674,486
June 30, 2023-2027	3,085,000	274,944	3,359,944
June 30, 2028	670,000	8,710	678,710
Total	$6,545,000	$ 868,784	$7,413,784

Capital Lease Purchase Agreements

Savin Copier Leases

During 2014-2015 fiscal year, the School District has entered into a lease agreement for one copier with De Lage Landen Financial Services, Inc. in the amount of $6,606 at a fixed interest rate of 9.064% and a five-year amortization with a $1 buyout at the end of the lease term. The transaction is accounted for as a capital lease. The balance as of June 30, 2017 is $3,893.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

For the Year Ended:	
June 30, 2018	$1,649
June 30, 2019	1,649
June 30, 2020	1,099
Total Minimum Lease Payments	$4,397
Less: Amount Representing Interest	(504)
Present Value of Minimum Lease Payments	$3,893

Note 2: Detailed Notes on All Activities and Funds (Continued)

H. Long-Term Liabilities (Continued)

Capital Lease Purchase Agreements (Continued)

Savin Copier Leases (Continued)
During 2015-2016 fiscal year, the School District has entered into a lease agreement for two copiers with De Lage Landen Financial Services, Inc. in the amount of $31,394 at a fixed interest rate of 5.41% and a five-year amortization with a $1 buyout at the end of the lease term. The transaction is accounted for as a capital lease. The balance as of June 30, 2017 is $20,854.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

For the Year Ended:	
June 30, 2018	$ 7,180
June 30, 2019	7,180
June 30, 2020	7,180
June 30, 2021	1,198
Total Minimum Lease Payments	$22,738
Less: Amount Representing Interest	(1,884)
Present Value of Minimum Lease Payments	$20,854

Long-Term Portion of Compensated Absences
Pursuant to the various employment agreements (JVEA and JVESPA) and employment contracts, unused accumulated sick days will be paid at a fixed, per day amount to employees meeting certain criteria as was described in Note 1.

The long-term portion of compensated absences (sick leave) to be paid in future years is estimated to be $86,751.

Pursuant to the various employment agreements (JVEA and JVESPA) and employment contracts, unused accumulated vacation will be paid as described in Note 1.

The long-term portion of compensated absences (vacation) to be paid in future years is estimated to be $184,399.

Pursuant to the various employment agreements (JVEA and JVESPA) and employment contracts, unused personal leave days will be paid at the employee's pay rate at the time of departure and severance pay will be paid at a fixed rate, per years of employment.

The long-term portion of compensated absences (severance and personal leave) to be paid in future years is estimated to be $21,981.

Note 2: **Detailed Notes on All Activities and Funds** (Continued)

H. **Long-Term Liabilities** (Continued)

Long-Term Portion of Compensated Absences (Continued)
Long-term liability activity for the year ended June 30, 2017 is as follows:

	Restated Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017	Due Within One Year
Governmental Activities					
General Obligation Bonds:					
2014 General Obligation Bonds	$ 4,955,000	$ 0	($ 275,000)	$ 4,680,000	$285,000
2013 General Obligation Bonds	7,075,000	0	(530,000)	6,545,000	535,000
Total General Obligation Bonds	$12,030,000	$ 0	($ 805,000)	$11,225,000	$820,000
2015 Capital Lease - Copiers	26,732	0	(5,878)	20,854	6,204
2014 Capital Lease - Copier	5,127	0	(1,234)	3,893	1,352
Compensated Absences	248,510	103,411	(58,790)	293,131	0
Net Pension Liability	14,165,000	2,734,000	0	16,899,000	0
Post-Retirement Benefits	155,267	107,461	0	262,728	0
Total Governmental Activities Long-Term Liabilities	$26,630,636	$ 2,944,872	($ 870,902)	$28,704,606	$827,556

Payments on the General Obligation Bonds were made by the general fund. The accumulated compensated absences will be paid by the fund for which the employee worked.

I. **Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

J. **Related Party Transactions**

Intermediate Unit Participation

The District is a member of Tuscarora Intermediate Unit 11. Through the membership, the District is able to secure various special services including special education, curriculum development, and certain internal service functions.

Joint Venture

Huntingdon County Career and Technology Center Participation

The District is served by the Huntingdon County Career and Technology Center. Students of the District have available at the Center, courses and curricula related to various technical training fields. Costs of the Center are shared with other local school districts with Juniata Valley contributing approximately 11.47% of the total. The Juniata Valley School District paid approximately $230,540 as its share to the Huntingdon County Career and Technology Center during the 2016-2017 fiscal year. The District

Note 2: Detailed Notes on All Activities and Funds (Continued)

J. Related Party Transactions (Continued)

Intermediate Unit Participation (Continued)

Joint Venture (Continued)

Huntingdon County Career and Technology Center Participation (Continued)
currently has no residual interest in this joint venture; however, it would have an obligation to contribute its prorated share of unfunded future compensated absences in the estimated amount of $11,563 and other post-employment benefits in the estimated amount of $3,089. A copy of the Annual Financial Report can be acquired by contacting the Business Manager at the Huntingdon County Career and Technology Center, Post Office Box E, Mill Creek, PA 17060.

K. Litigation
In the normal course of conducting the business affairs and in providing education to the students of the area, the District sometimes becomes involved in lawsuits.

Management indicates that it is presently not involved in any lawsuits regarding issues and incidents of the District.

L. Federal and State Compliance Under Financial Assistance Grants and Programs
Grantor agencies reserve the right to perform certain audit work in addition to the work performed by the District's independent auditors. Disallowed costs, if any, resulting from such additional work, would have to be absorbed by the District. Management does not believe that any significant costs will be incurred by the District if such additional audits should occur.

M. Participation in the Huntingdon County Schools Insurance Trust
Effective January 1, 1993, the District agreed to participate in an insurance trust, comprised of six local educational agencies, which has been specifically established to purchase health and medical insurance coverage from Highmark Blue Cross/Blue Shield and dental and vision coverage on a cost plus plan in an effort to contain and limit the cost of such coverages, while establishing a Premium Stabilization Fund which will be used to pay settlement charges and ultimately contain such coverage's cost. Since charges are currently being levied and paid by the District, and since the contract period ends on June 30, 2017, no receivable or payable to the Trust has been reflected on these financial statements. As of June 30, 2017, the Trust had a positive funding status; however, final settlement relative to that period has not been made. As a result, the District has expensed all premiums through June 30, 2017. The Trust has available separate audited financial statements.

N. Subsequent Events
In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 10, 2017, the date the financial statements were available to be issued.

Note 2: Detailed Notes on All Activities and Funds (Continued)

O. On Behalf of Payments for Fringe Benefits

The Commonwealth of Pennsylvania's share of social security of $208,190 and retirement benefits of $833,511 are included in the basic financial statements as revenue.

P. Nonmonetary Transactions

The District receives USDA Donated Commodities in the enterprise food service fund, which is a proprietary fund. These donated commodities are valued at an estimated market value and recognized as federal revenue with unused commodities recorded as inventory. The total food commodities donated by the federal government for fiscal year 2017 was $29,533.

Q. Other Taxes Collected

The following is a breakdown of other taxes collected:

Occupation Tax	$ 76
Per Capita Tax	27,992
Earned Income	519,145
Act 1 Earned Income	655,303
Total	$1,202,516

R. Fund Balances

The District has classified its fund balances with the following hierarchy:

Nonspendable

The District has prepaid expenses in the amount of $120,789, which are classified as nonspendable.

Spendable

The District has classified the spendable fund balances as Restricted, Committed, Assigned, and Unassigned and considered each to have been spent when expenditures are incurred.

Restricted for Capital Projects

The restricted fund balance in the amount of $442,904 consist of funds transferred to the capital reserve fund, which are legally restricted for capital expenditures.

Committed

The School Board has committed spendable fund balance in the amount of $600,000 for projected construction costs and future retirement contributions to PSERS.

Note 2: Detailed Notes on All Activities and Funds (Continued)

R. Fund Balances (Continued)

Spendable (Continued)

Assigned for School Operations
The Business Manager has set aside certain spendable fund balance for school operations. At year end, the assigned fund balance in the general fund is $2,875,102, of which $400,000 is for Energy Efficiency Enhancement Projects, and remaining balance of $2,475,102 is allocated toward anticipated building security and technology infrastructure upgrades, including future renovations to the Elementary School.

Unassigned
The unassigned fund balance for the general fund is $1,171,573.

S. Transfers

From	To	Amount	Purpose
General	Capital Project	$150,000	To Replenish Capital Project Fund
General	Cafeteria	$144,272	To Fund Cafeteria Fund Shortfall

T. Interfund Receivable/Payable

From	To	Amount	Purpose
General	Cafeteria	$ 61,083	To Fund Cafeteria Fund Shortfall
General	Capital Project	$150,000	To Replenish Capital Project Fund

U. Economic Dependency
The School District is economically dependent on the Commonwealth of Pennsylvania to provide both pass-through federal funds and direct state funds.

JUNIATA VALLEY SCHOOL DISTRICT
HUNTINGDON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT POST-EMPLOYMENT HEALTHCARE PLAN

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/16	$0	$1,619,973	($1,619,973)	0%	$4,749,320	39.04%
7/1/13	$0	$ 941,174	($ 941,174)	0%	$3,653,089	25.76%
7/1/10	$0	$ 852,163	($ 852,163)	0%	$4,402,622	19.36%

TBD=To Be Determined

JUNIATA VALLEY SCHOOL DISTRICT
HUNTINGDON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	As of June 30, 2016 Measurement Date	As of June 30, 2015 Measurement Date	As of June 30, 2014 Measurement Date
District's Proportion of the Collective Net Pension Liability	.0341%	.0327%	.0321%
District's Proportionate Share of the Collective Net Pension Liability	$16,899,000	$14,165,000	$12,705,000
District's Covered Employee Payroll	$ 4,414,782	$ 4,202,794	$ 4,092,000
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	382.78%	337.04%	310.48%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	50.14%	54.36%	57.24%

JUNIATA VALLEY SCHOOL DISTRICT
HUNTINGDON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)
SCHEDULE OF DISTRICT'S CONTRIBUTION

	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2015
Contractually Required Employer Contribution	$1,296,375	$1,131,161	$ 885,491
Contributions in Relation to the Contractually Required Contribution	(1,296,375)	(1,131,161)	(885,491)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0
District's Covered Employee Payroll	$4,475,912	$4,273,844	$4,208,867
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	28.96%	26.47%	21.04%

JUNIATA VALLEY SCHOOL DISTRICT
HUNTINGDON COUNTY, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in Benefit Terms
None

Changes in Assumptions used in Measurement of the Total Pension Liability beginning June 30, 2016
The Investment Rate of Return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.0% to 2.75%.

Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The GASB 67 accounting valuation can be found on PSERS' website at www.psers.pa.gov.

Method and Assumptions used in Calculations of Actuarially Determined Contributions
The actuarially determined contributions are calculated as of the June 30 preceding the fiscal year in which contributions are made. That is, the contribution calculated as of the June 30, 2015 actuarial valuation will be made during the fiscal year ended June 30, 2017. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

- Investment return - 7.50%, includes inflation at 3.00%
- Salary growth - Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1%, and merit or seniority increases of 1.50%
- Benefit payments - no postretirement benefit increases assumed in the future
- Multiple decrement tables - mortality, vesting, retirement age, and withdrawal estimates are based upon tables provided by the actuary

10-Year Reporting Requirements
Required Supplementary Schedules, as related to pensions, are intended to show information for 10 years. Additional years will be displayed as they become available.

JUNIATA VALLEY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local Sources	$ 3,912,947	$ 3,912,947	$ 4,148,424	$ 235,477
State Sources	7,530,165	7,530,165	7,638,547	108,382
Federal Sources	276,889	276,889	319,624	42,735
Total Revenues	$11,720,001	$11,720,001	$12,106,595	$ 386,594
Expenditures				
Regular Programs	$ 4,363,405	$ 4,409,505	$ 4,258,391	$ 151,114
Special Programs	1,715,731	1,671,841	1,595,559	76,282
Vocational Programs	484,511	484,511	477,502	7,009
Other Instructional Programs	32,699	32,699	3,225	29,474
Community/Junior College Education	0	0	0	0
Pupil Personnel Services	260,710	260,710	251,665	9,045
Instructional Staff Support Services	566,231	569,731	500,089	69,642
Administrative Services	963,360	963,360	869,208	94,152
Pupil Health	105,830	105,830	99,613	6,217
Business Services	187,164	187,164	182,063	5,101
Operation and Maintenance of Plant Services	851,664	855,664	791,469	64,195
Student Transportation Services	609,000	609,000	590,898	18,102
Other Support Services	100	100	360	(260)
Student Activities	378,516	384,204	363,282	20,922
Debt Service	1,104,745	1,104,745	1,104,746	(1)
Total Expenditures	$11,623,666	$11,639,064	$11,088,070	$ 550,994
Excess of Revenues Over Expenditures	$ 96,335	$ 80,937	$ 1,018,525	$ 937,588
Other Financing Sources (Uses)				
Transfers Out	($ 125,000)	($ 125,000)	($ 294,272)	($ 169,272)
Refund of Prior Year Receipts	(4,000)	(4,000)	0	4,000
Anticipated Fund Balance Drawdown	82,665	82,665	0	(82,665)
Total Other Financing Sources (Uses)	($ 46,335)	($ 46,335)	($ 294,272)	($ 247,937)
Net Change in Fund Balances	$ 50,000	$ 34,602	$ 724,253	$ 689,651
Fund Balances - July 1, 2016	(50,000)	(34,602)	4,043,211	4,077,813
Fund Balances - June 30, 2017	$ 0	$ 0	$ 4,767,464	$4,767,464

Budgetary Data

An operating budget is adopted each year for the general fund on a modified accrual basis of accounting.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School District's budget and reporting of its financial statements, specifically:

The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The School District must prepare a proposed budget at least thirty (30) days prior to the adoption of the annual budget. Final action cannot be taken on the proposed budget until after ten (10) days public notice. The District at its option may hold a public hearing on the proposed budget. The proposed budget must be available for public inspection at least twenty (20) days prior to the date set for adoption of the budget.

The board of directors may make transfers of funds appropriated to any particular item of expenditure during the last nine months of the fiscal year. An affirmative vote of a majority of all members of the board is required.

Fund balances in the budgetary reserve may be appropriated based on resolutions passed by the Board of Education, which authorize the School District to make expenditures.

Included in the general fund budget are program budgets as prescribed by the state and federal agencies funding the program. These budgets are approved on a program-by-program basis by the state or federal funding agency.

At the end of the year, any remaining amount in a budgeted item must be closed, as it is not permissible to carry the balance into the next year.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The expenditures of the District presented on the financial statements are classified by Function.

Young, Oakes, Brown & Company, P.C.
Certified Public Accountants

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 Directors
Juniata Valley School District
7775 Juniata Valley Pike
PO Box 318
Alexandria, PA 16611-0318

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 the Juniata Valley School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Juniata Valley School District's basic financial statements, and have issued our report thereon dated October 10, 2017.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Juniata Valley 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 the Juniata Valley School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Juniata Valley School District's internal control.

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Young, Oakes, Brown & Company, P.C.

Altoona, Pennsylvania
October 10, 2017

JUNIATA VALLEY SCHOOL DISTRICT
ALEXANDRIA, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

A. **Finding - Financial Statements Audit**

There were no Audit Findings for the year ended June 30, 2017.

JUNIATA VALLEY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

There were no prior year audit findings.

Young, Oakes, Brown & Company, P.C.
Certified Public Accountants

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AT THE CONCLUSION OF THE AUDIT

To the Board of Directors
Juniata Valley School District
7775 Juniata Valley Pike
PO Box 318
Alexandria, PA 16611-0318

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Juniata Valley School District for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 10, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Juniata Valley School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2016-2017 year. We noted no transactions entered into by the Juniata Valley School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Juniata Valley School District's financial statements were:

Management's estimate of the compensated absences is based on accumulated sick days and related per diem rate. We evaluated the key factors and assumptions used to develop the compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

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Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

Appraisals and other estimates related to the GASB #34, GASB #45, and GASB #68 compliance and disclosure.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated October 10, 2017.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Juniata Valley School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Juniata Valley School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AT THE CONCLUSION OF THE AUDIT (CONTINUED)

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Defined Benefit Post-Employment Healthcare Plan Information, Defined Benefit Pension Plan Information related to the Pennsylvania Public School Employees' Retirement System (PSERS) Information, and Budgetary Comparison Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Juniata Valley School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Young, Oakes, Brown & Company, P.C.

Altoona, Pennsylvania
October 10, 2017