

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

***WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS***

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

2014 FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Bolivar-Richburg Central School District
Bolivar, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of *Bolivar-Richburg Central School District* as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the *Bolivar-Richburg Central School District's* basic financial statements as listed in the accompanying table of contents. We have also audited the fiduciary fund types of the *Bolivar-Richburg Central School District* as of June 30, 2014, as displayed in the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the *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, and each major fund of *Bolivar-Richburg Central School District* as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the *Bolivar-Richburg Central School District's* June 30, 2013 financial statements, and our report dated September 30, 2013, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 35 through 36, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Bolivar-Richburg Central School District's** basic financial statements as a whole. The combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2014 on our consideration of **Bolivar-Richburg Central School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Bolivar-Richburg Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2014**

I. Discussion and Analysis

The following is a discussion and analysis of the *Bolivar-Richburg Central School District's* financial performance for the year ended June 30, 2014. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the *Bolivar-Richburg Central School District* during the fiscal year ended June 30, 2014:

- Overall net position of the District increased during the current year in the amount of \$510,000 as compared to an increase of \$1,296,000 during the prior fiscal year. The District also recorded a prior period adjustment in the prior year, which increased net position by approximately \$73,000.
- The District's enrollment was 850 students as compared with 856 during the prior year.
- The District's total revenue decreased 1% from \$17,798,000 during June 30, 2013 to \$17,618,000 during June 30, 2014. This decrease was primarily the result of a decrease in state aid related to BOCES aid, excel aid and excess cost aid. These decreases were partially offset by an increase in charges for services related to reimbursements of shared services with surrounding school districts and federal sources related to Medicaid.
- The District's total expenses increased 4% from \$16,502,000 during the year ended June 30, 2013 to \$17,108,000 during the year ended June 30, 2014 resulting from increases in salaries and benefits, primarily related to higher Teachers' Retirement System contributions and BOCES expenditures.
- The District's had capital outlays during the current year in the amount of \$969,000, which primarily related to construction work associated with the Phase VI capital project and the purchase of transportation vehicles.

III. Overview of the Financial Statements

A. Reporting the School District as a Whole (District-wide Financial Statements):

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of *Bolivar-Richburg Central School District*.

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 10) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements):

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently the governmental funds

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements)(continued):

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

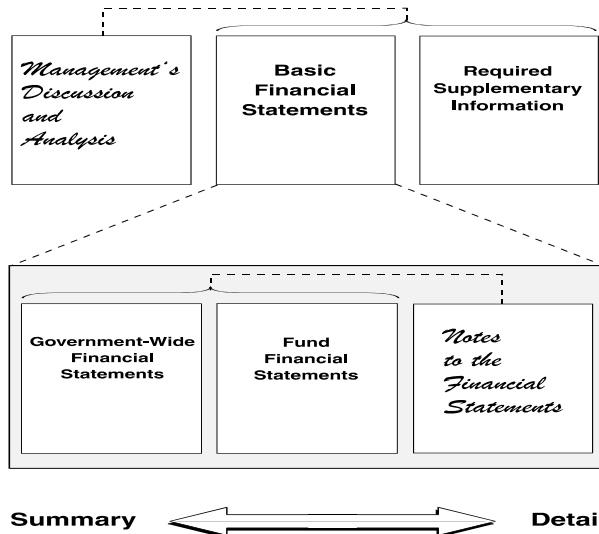
2. Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

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

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$33,153,000. The components of net position include: net investment in capital assets, of \$23,681,000; restricted net position of \$8,809,000; and unrestricted net position of \$663,000 as of June 30, 2014.

Changes in Net Position

The District's total government-wide revenue decreased by approximately 1% to \$17,618,000. Approximately 16%, 7% and 74% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 3% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

The total cost of all programs and services of the District increased 4% to \$17,108,000. The District's expenses cover a range of services, with 71% related to instruction and 16% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

IV. Financial Analysis of the School District as a Whole (continued)

Governmental Activities

Revenue of the District's governmental activities decreased 1%, while total expenses increased 4%. The District's total net position increased approximately \$510,000 during the fiscal year ended June 30, 2014.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$17,618,000 for the fiscal year ended June 30, 2014. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 16% of the District's total revenue for governmental activities increased approximately 2% during the year ended June 30, 2014. The increase primarily resulted from an increase in the tax levy approved by the Board and voters.
- The District's most significant revenue is state sources which represent \$13,074,000 or 74% of total governmental revenue. The District's state sources decreased approximately 3% which was primarily related to a decrease in BOCES aid, excel aid, and excess cost aid.
- During the year ended June 30, 2014, the District saw an increase in program revenue in the amount of \$69,000 which primarily resulted from an increase in charges for services in the amount of \$111,000 due to shared service agreements for a physical therapist and mechanic. This increase was partially offset by a decrease in operating grants and contributions in the amount of \$42,000 which primarily related to a decrease in grant allocations.

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$17,108,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$62,000 or 2% which was primarily due to an increase in BOCES services, teachers' retirement system costs and contractual services.
- The District's instruction costs increased by approximately \$585,000 or 5% which was the result of an increase in salaries and employee benefits and BOCES services.
- Debt service of the District decreased approximately \$59,000 during the year ended June 30, 2014.
- Transportation costs of the District did not change during the year ended June 30, 2014.
- The District's cost of sales (food service fund) totaled \$471,000 during the current year as compared to \$453,000 during the fiscal year ended June 30, 2013. This increase was the result of an increase in salary and benefits.
- The District received approximately \$1,402,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$15.7 million) were financed by real property taxes and state aid.

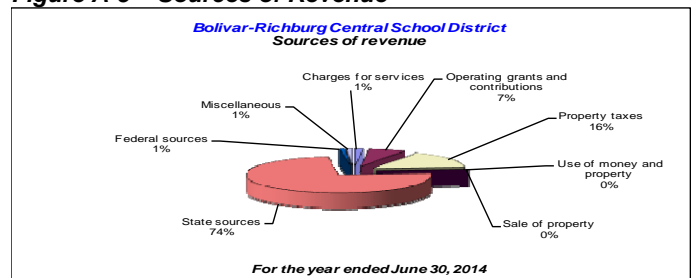
Figure A-3 – Condensed Statement of Net Position

<i>Bolivar-Richburg Central School District</i>			
<i>Condensed Statement of Net Position (in thousands of dollars)</i>			
	Governmental Activities and Total District-wide		
	2014	2013	% Change
Assets			
Current and other assets	\$ 11,285	\$ 11,997	-6%
Capital assets	36,686	37,629	-3%
Total assets	\$ 47,971	\$ 49,626	-3%
Liabilities			
Other liabilities	\$ 1,710	\$ 1,547	11%
Long-term debt outstanding	13,108	15,437	-15%
Total liabilities	14,818	16,984	-13%
Net Position			
Net investment in capital assets	23,681	22,197	7%
Restricted	8,809	9,127	-3%
Unrestricted	663	1,318	-50%
Total net position	33,153	32,642	2%
Total liabilities and net position	\$ 47,971	\$ 49,626	-3%

Figure A-4 – Changes in Net Position

<i>Bolivar-Richburg Central School District</i>			
<i>Changes in Net Position from Operating Results (in thousands of Dollars)</i>			
	Governmental Activities and Total District-wide		
	2014	2013	% Change
Revenue			
Program revenue			
Charges for services	\$ 255	\$ 144	77%
Operating grants and contributions	1,147	1,189	-4%
General revenue			
Real property taxes	2,771	2,717	2%
Use of money & property	17	23	-23%
State sources	13,074	13,418	-3%
Federal sources	156	73	113%
Miscellaneous	198	234	-15%
Total revenue	17,618	17,798	-1%
Expenses			
General support	2,817	2,755	2%
Instruction	12,034	11,449	5%
Transportation	1,222	1,222	0%
Debt service - interest	564	623	-9%
Cost of sales	471	453	4%
Total expenses	17,108	16,502	4%
Increase in net position	\$ 510	\$ 1,296	

Figure A-5 – Sources of Revenue



**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Figure A-6 - Expenses

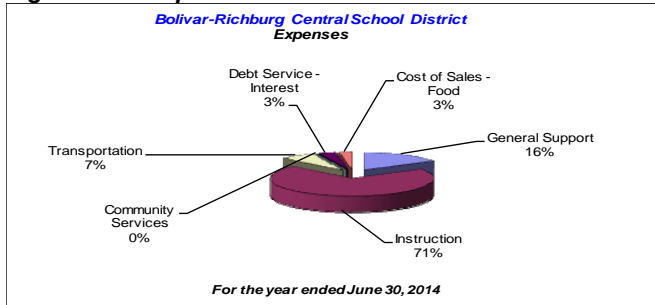


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District			
	2014		2013	
Expenditures supported with general revenue (from taxes & other sources)	\$ 15,706	92%	\$ 15,169	92%
Expenditures supported with program revenue	1,402	8%	1,333	8%
Total expenditures related to governmental activities	\$ 17,108	100%	\$ 16,502	100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2014	2013	Change	2014	2013	Change
General support	\$ 2,817	\$ 2,755	\$ 62	\$ 2,817	\$ 2,755	\$ 62
Instruction	12,034	11,449	585	11,082	10,545	537
Transportation	1,222	1,222	0	1,204	1,222	(18)
Debt service - interest	564	623	(59)	564	623	(59)
Cost of sales - food	471	453	18	39	24	15
Total	\$ 17,108	\$ 16,502	\$ 606	\$ 15,706	\$ 15,169	\$ 537

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the

V. Financial Analysis of the School District's Funds (continued)

current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund expenditures exceeded its revenues by approximately \$484,000.
- The District's general fund unassigned fund balance equated to approximately \$1,212,000 at June 30, 2014.
- The District established many fund balance reserves during the year ended June 30, 2014, and had a total restricted fund balance approximated \$7,515,000.
- The District's total assets decreased approximately \$692,000 as of June 30, 2014. The District's liabilities decreased approximately \$208,000. The decrease in assets was primarily related to a decrease in cash, partially offset by an increase in due from other funds. The decrease in liabilities was the result of a decrease in due to other funds, partially offset by an increase in due to Teachers' Retirement System.
- Total revenue in the District's general fund increased \$94,000, which was primarily related to an increase in Medicaid assistance and charges for services from shared service agreements, partially offset by a decrease in BOCES aid. Total expenditures in the District's general fund increased by \$825,000 primarily as a result of an increase in salaries, Teachers' Retirement System costs and operating transfers to other funds.

Food Service Fund

- The District's food service fund experienced a \$11,000 decrease in fund equity during the current year.
- Revenue in the District's food service fund was \$462,000 during 2014 as compared with \$460,000 in 2013. Revenues increased as a result an increase in meals sales. Expenditures increased approximately \$20,000 as a result of an increase in salaries, benefits and equipment.

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately \$43,000 or 5% which was primarily a result of a decrease in Summer School aid, Teachers of Tomorrow grant and Title I grant.

Capital Projects Fund

The District had expenditures in the amount of \$864,000 in capital projects during the year ended June 30, 2014, which was primarily related to costs associated with the District's Phase VI capital project and the purchase of transportation vehicles.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers, which is the common method utilized to manage the budget throughout the year. Actual expenditures were approximately \$733,000 below the revised budget. The most significant positive variance was in the area of general support, instruction, transportation and employee benefits which totaled \$112,000, \$150,000, \$181,000 and \$301,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$398,000 below the final budgeted amount. Significant variance of revenue items consisted of state sources and interfund revenue which was approximately \$457,000 and \$227,000, respectively, below that budgeted and local funds which was approximately \$195,000 above that budgeted.

Figure A-9 – Budget vs. Actual Comparison

<i>Bolivar-Richburg Central School District</i>					
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>					
	Revised				
	Budget	Actual	Difference	%	
Revenue					
Local sources	\$ 2,913	\$ 3,108	\$ 195	7%	
State sources	13,531	13,074	(457)	-3%	
Federal sources	65	156	91	140%	
Interfund revenue	227	-	(227)	-100%	
Total revenue	\$ 16,736	\$ 16,338	\$ (398)	-2%	
Expenditures					
General support	\$ 2,318	\$ 2,206	\$ 112	5%	
Instruction	7,564	7,414	150	2%	
Transportation	871	690	181	21%	
Employee benefits	3,439	3,138	301	9%	
Debt service	3,014	3,012	2	0%	
Operating transfers	349	362	(13)	-4%	
Total expenditures	\$ 17,555	\$ 16,822	\$ 733	4%	

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2014, the District had invested approximately \$36,686,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2014, totaled approximately \$969,000 and consisted primarily of building space and upgrades, along with the purchase of transportation vehicles. More detailed information about the District's capital assets is presented in the notes of the financial statements.

VII. Capital Assets and Debt Administration (continued)

Long-term Debt

As depicted in Figure A-11, as of June 30, 2014, the District had approximately \$13,107,000 in bonds, capital leases, other post-employment benefits liabilities and compensated absences, a decrease of approximately 15% as compared with the previous year. The decrease in bonds payable was the result of the District not issuing any new bonds during the current year and making regularly scheduled principal and interest payments. The energy performance contract decrease was the result of the District making regularly scheduled principal payments. The District previously implemented GASB 45 and therefore recorded an other post-employment liability which decreased during the current year as a result of current year contributions exceeding the annual required cost (ARC).

Figure A-10 – Capital Assets

<i>Bolivar-Richburg Central School District</i>			
<i>Capital Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2014	2013	Change
Land	\$ 92,686	\$ 92,686	0%
Buildings	53,394,774	53,365,024	0%
Construction in progress	544,859	-	n/a
Equipment	5,879,610	5,666,266	4%
Accumulated depreciation	(23,225,540)	(21,494,670)	8%
Total Capital Assets, net	\$ 36,686,389	\$ 37,629,306	-3%

Figure A-11 – Outstanding Long-term Debt

<i>Bolivar-Richburg Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2014	2013	Change
Bonds payable	\$ 12,725,148	\$ 14,984,140	-15%
Energy performance contract	-	25,163	-100%
Other post-employment benefits	23,139	36,084	-36%
Retirement incentive	93,130	134,662	-31%
Compensated absences	265,876	257,235	3%
Total Long-Term Debt	\$ 13,107,293	\$ 15,437,284	-15%

VIII. Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that could significantly affect its financial health in the future.

IX. Contacting the District's Financial Management

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

Bolivar-Richburg Central School District
Attention: Ms. Jenny Bilotta
Business Administrator
100 School Street
Bolivar, New York 14715

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

Schedule 1

Page 10

	<u>2014</u>	<u>2013</u>
Assets		
Cash		
Unrestricted	\$ 1,835,417	\$ 1,812,871
Restricted	8,809,007	9,127,232
Receivables		
State and federal aid	536,053	565,315
Other receivables	14,324	247,338
Due from other governments	73,415	56,971
Due from other fiduciary funds	6,180	150,170
Inventories	9,769	11,135
Cash to be used for capital assets	-	25,786
Capital assets, net	36,686,389	37,629,306
Total assets	<u>\$ 47,970,554</u>	<u>\$ 49,626,124</u>
Liabilities		
Current liabilities		
Accounts payable and retainage payable	\$ 188,798	\$ 100,239
Accrued liabilities	156,575	144,528
Accrued interest	96,747	117,470
Due to other governments	270	298
Due to retirement systems	981,361	751,889
Unearned revenue	6,624	9,201
Bond anticipation notes payable	280,400	422,900
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	2,310,000	2,235,000
Energy performance contract	-	25,163
Portion due or payable after one year		
Bonds payable	10,415,148	12,749,140
Other post-employment benefits	23,139	36,084
Retirement incentive	93,130	134,662
Compensated absences	265,876	257,235
Total liabilities	<u>14,818,068</u>	<u>16,983,809</u>
Net Position		
Net investment in capital assets	23,680,841	22,197,103
Restricted	8,809,007	9,127,232
Unrestricted	662,638	1,317,980
Total net position	<u>33,152,486</u>	<u>32,642,315</u>
Total liabilities and net position	<u>\$ 47,970,554</u>	<u>\$ 49,626,124</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 2

Page 11

	Expenses	Indirect Expenses Allocation	Program Revenues		2014 Net (Expense) Revenue and Changes in Net Position	2013 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
Functions/Programs						
General support	\$ 2,488,277	\$ 328,643	\$ -	\$ -	\$ (2,816,920)	\$ (2,754,838)
Instruction	10,818,450	1,215,749	100,846	850,982	(11,082,371)	(10,545,275)
Pupil transportation	857,659	364,589	18,216	-	(1,204,032)	(1,222,220)
Debt service	563,990	-	-	-	(563,990)	(623,061)
Food service program	470,642	-	136,360	295,928	(38,354)	(23,770)
Depreciation	1,908,981	(1,908,981)	-	-	-	-
Total functions and programs	<u>\$ 17,107,999</u>	<u>\$ -</u>	<u>\$ 255,422</u>	<u>\$ 1,146,910</u>	<u>(15,705,667)</u>	<u>(15,169,164)</u>
General Revenues						
Real property taxes					2,770,476	2,717,282
Use of money and property					16,466	22,619
Sale of property and compensation for gain (loss)					228	(396)
Miscellaneous					198,250	234,233
State sources					13,074,193	13,418,018
Federal sources					156,225	73,357
Total general revenues					<u>16,215,838</u>	<u>16,465,113</u>
Change in net position					510,171	1,295,949
Net position - beginning of year					32,642,315	31,273,339
Prior period adjustment					-	73,027
Net position - end of year					<u>\$ 33,152,486</u>	<u>\$ 32,642,315</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2014

Schedule 3

Page 12

	Governmental Funds					2014	2013
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Assets							
Unrestricted cash	\$ 1,834,589	\$ -	\$ 828	\$ -	\$ -	\$ 1,835,417	\$ 3,107,005
Restricted cash	7,514,873	-	-	1,294,134	-	8,809,007	7,858,884
Due from other funds	892,346	-	-	-	-	892,346	1,294,184
State and federal aid receivable	209,611	302,564	23,878	-	-	536,053	565,315
Other receivables	8,538	-	5,786	-	-	14,324	247,338
Due from other governments	73,415	-	-	-	-	73,415	56,971
Inventories	-	-	9,769	-	-	9,769	11,135
Total assets	\$ 10,533,372	\$ 302,564	\$ 40,261	\$ 1,294,134	\$ -	\$ 12,170,331	\$ 13,140,832
Liabilities and Fund Equity							
Liabilities							
Accounts payable	\$ 157,105	\$ -	\$ -	\$ -	\$ 12,824	\$ 169,929	\$ 100,239
Retainage payable	-	-	-	-	18,869	18,869	-
Accrued liabilities	155,636	-	939	-	-	156,575	144,528
Bond anticipation notes payable	-	-	-	-	280,400	280,400	422,900
Due to other funds	-	302,564	103,120	-	480,482	886,166	1,144,014
Unearned revenue	-	-	6,624	-	-	6,624	9,201
Due to other governments	-	-	270	-	-	270	298
Due to Teachers' Retirement System	899,361	-	-	-	-	899,361	660,889
Due to Employees' Retirement System	82,000	-	-	-	-	82,000	91,000
Total liabilities	1,294,102	302,564	110,953	-	792,575	2,500,194	2,573,069
Fund Equity							
Fund equity:							
Nonspendable	-	-	9,769	-	-	9,769	11,135
Restricted	7,514,873	-	-	1,294,134	-	8,809,007	9,127,232
Assigned	512,539	-	-	-	-	512,539	500,000
Unassigned (deficit)	1,211,858	-	(80,461)	-	(792,575)	338,822	929,396
Total fund equity (deficit)	9,239,270	-	(70,692)	1,294,134	(792,575)	9,670,137	10,567,763
Total liabilities and fund equity	\$ 10,533,372	\$ 302,564	\$ 40,261	\$ 1,294,134	\$ -	\$ 12,170,331	\$ 13,140,832

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 4

Page 13

	Governmental Funds					2014	2013
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Revenue							
Real property taxes	\$ 2,770,476	\$ -	\$ -	\$ -	\$ -	\$ 2,770,476	\$ 2,717,282
Charges for services	119,062	-	-	-	-	119,062	10,430
Use of money and property	16,452	-	14	-	-	16,466	22,619
Sale of property compensation for loss	3,108	-	-	-	-	3,108	(396)
Miscellaneous	198,250	-	5,982	-	-	204,232	245,623
State sources	13,074,193	312,333	10,433	-	-	13,396,959	13,762,488
Federal sources	156,225	538,649	258,005	-	-	952,879	887,724
Surplus food	-	-	27,490	-	-	27,490	29,964
Sales (school food service)	-	-	130,378	-	-	130,378	121,814
Total revenue	16,337,766	850,982	432,302	-	-	17,621,050	17,797,548
Expenditures							
General support	2,206,059	-	164,209	-	-	2,370,268	2,274,429
Instruction	7,414,147	774,545	-	-	-	8,188,692	7,906,627
Pupil transportation	690,381	-	-	-	318,801	1,009,182	828,496
Employee benefits	3,137,458	90,031	117,678	-	-	3,345,167	3,040,462
Debt service							
Principal	2,402,662	-	-	-	-	2,402,662	2,319,812
Interest	608,706	-	-	-	-	608,706	755,995
Capital outlay	-	-	-	-	544,859	544,859	121,827
Cost of sales	-	-	177,935	-	-	177,935	177,283
Other expenses	-	-	13,705	-	-	13,705	9,687
Total expenditures	16,459,413	864,576	473,527	-	863,660	18,661,176	17,434,618
Excess (deficiency) of revenue over expenditures	(121,647)	(13,594)	(41,225)	-	(863,660)	(1,040,126)	362,930
Other sources and uses							
BANS redeemed from appropriations	-	-	-	-	142,500	142,500	142,500
Operating transfers in	-	13,594	30,000	-	318,801	362,395	151,089
Operating transfers out	(362,395)	-	-	-	-	(362,395)	(151,089)
Total other sources (uses)	(362,395)	13,594	30,000	-	461,301	142,500	142,500
Excess (deficiency) of revenue and other sources over expenditures and other uses	(484,042)	-	(11,225)	-	(402,359)	(897,626)	505,430
Fund equity (deficit), beginning of year	9,723,312	-	(59,467)	1,294,134	(390,216)	10,567,763	10,062,333
Fund equity (deficit), end of year	\$ 9,239,270	\$ -	\$ (70,692)	\$ 1,294,134	\$ (792,575)	\$ 9,670,137	\$ 10,567,763

See accompanying independent auditor's report and notes to financial statements.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
AS OF JUNE 30, 2014

Schedule 5

Page 14

	Private Purpose Trusts	Agency Funds	Total 06/30/14	(Memo only) Total 06/30/13
Assets				
Cash	\$ 147,703	\$ 59,963	\$ 207,666	\$ 379,009
Investments	2,400,904	-	2,400,904	1,998,694
Other receivables	-	-	-	50
Due from other funds	3,623	13	3,636	9,185
Total assets	<u>\$ 2,552,230</u>	<u>\$ 59,976</u>	<u>\$ 2,612,206</u>	<u>\$ 2,386,938</u>
Liabilities				
Accrued liabilities	\$ -	\$ 7,825	\$ 7,825	\$ 7,109
Due to other funds	9,816	-	9,816	159,355
Student extraclassroom activity funds	-	52,151	52,151	46,922
Total liabilities	<u>9,816</u>	<u>59,976</u>	<u>69,792</u>	<u>213,386</u>
Net position				
Reserved for scholarships	<u>2,542,414</u>	-	<u>2,542,414</u>	<u>2,173,552</u>
Total liabilities and net position	<u>\$ 2,552,230</u>	<u>\$ 59,976</u>	<u>\$ 2,612,206</u>	<u>\$ 2,386,938</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 6

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	06/30/14	(Memo only) 06/30/13
Additions		
Gifts and contributions	\$ 12,179	\$ 98,722
Interest earnings	146,243	49,768
Gain on investments	256,165	231,467
Total additions	414,587	379,957
Deductions		
Scholarships awarded	45,725	148,932
Total deductions	45,725	148,932
Change in net position	368,862	231,025
Net position - beginning of year	2,173,552	1,942,527
Net position - end of year	\$ 2,542,414	\$ 2,173,552

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

Total fund balances - governmental funds \$ 9,670,137

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. Capital assets consist of the following at year-end:

Cost of the assets	\$ 59,911,929	
Accumulated depreciation	<u>(23,225,540)</u>	36,686,389

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(96,747)
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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 consist of the following:

Bonds payable	(12,725,148)	
Other post-employment benefits	(23,139)	
Retirement incentive	(93,130)	
Compensated absences	<u>(265,876)</u>	<u>(13,107,293)</u>

Total net position - governmental activities	<u><u>\$ 33,152,486</u></u>
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	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 10,644,424	\$ -	\$ -	\$ -	\$ 10,644,424
Due from other funds	892,346	-	-	(886,166)	6,180
State and federal aid receivable	536,053	-	-	-	536,053
Other receivables	14,324	-	-	-	14,324
Due from other governments	73,415	-	-	-	73,415
Inventories	9,769	-	-	-	9,769
Capital assets, net	-	36,686,389	-	-	36,686,389
Total assets	\$ 12,170,331	\$ 36,686,389	\$ -	\$ (886,166)	\$ 47,970,554
Liabilities and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 169,929	\$ -	\$ -	\$ -	\$ 169,929
Retainage payable	18,869	-	-	-	18,869
Accrued liabilities	156,575	-	-	-	156,575
Accrued interest	-	-	96,747	-	96,747
Due to other funds	886,166	-	-	(886,166)	-
Unearned revenue	6,624	-	-	-	6,624
Due to other governments	270	-	-	-	270
Due to retirement systems	981,361	-	-	-	981,361
Bond anticipation notes payable	280,400	-	-	-	280,400
Bonds payable	-	-	12,725,148	-	12,725,148
Other post-employment benefits	-	-	23,139	-	23,139
Retirement incentive	-	-	93,130	-	93,130
Compensated absences	-	-	265,876	-	265,876
Total liabilities	2,500,194	-	13,204,040	(886,166)	14,818,068
Fund equity and net position	9,670,137	36,686,389	(13,204,040)	-	33,152,486
Total liabilities and fund equity/net position	\$ 12,170,331	\$ 36,686,389	\$ -	\$ (886,166)	\$ 47,970,554

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Total net change in fund balances - governmental funds \$ (897,626)

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. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 968,944	
Depreciation expense	<u>(1,908,981)</u>	(940,037)

Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities a gain or loss on sale is reported. (2,880)

Repayment of bond principal, including bond refundings, capital lease principal and bond anticipation notes principal is an expenditure the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,402,663

Bond anticipation notes redeemed from appropriations is recorded as revenue and other sources in the governmental funds, whereas the repayment reduces short-term liabilities in the statement of net position. (142,500)

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 required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 44,715

In the statement of activities, certain operating expenses - compensated absences, special termination benefits and other post-employment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences, special termination benefits and other post-employment benefits used exceeded amounts earned. 45,836

Change in net position of governmental activities \$ 510,171

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 2,770,476	\$ -	\$ -	\$ -	\$ 2,770,476
Charges for services	119,062	-	-	(119,062)	-
Use of money and property	16,466	-	-	-	16,466
Sale of property compensation for loss	3,108	(2,880)	-	-	228
Miscellaneous	204,232	-	-	(5,982)	198,250
State sources	13,396,959	-	-	(322,766)	13,074,193
Federal sources	952,879	-	-	(796,654)	156,225
Surplus food	27,490	-	-	(27,490)	-
Sales (school food service)	130,378	-	-	(130,378)	-
Total revenue	17,621,050	(2,880)	-	(1,402,332)	16,215,838
Expenditures					
General support	2,370,268	258,219	-	188,433	2,816,920
Instruction	8,188,692	1,215,749	(45,836)	1,723,766	11,082,371
Pupil transportation	1,009,182	13,813	-	181,037	1,204,032
Employee benefits	3,345,167	-	-	(3,345,167)	-
Debt service	3,011,368	-	(2,447,378)	-	563,990
Capital outlay	544,859	(544,859)	-	-	-
Cost of sales	177,935	-	-	(139,581)	38,354
Other expenses	13,705	(2,885)	-	(10,820)	-
Total expenditures	18,661,176	940,037	(2,493,214)	(1,402,332)	15,705,667
Excess (deficiency) of revenue over expenditures	(1,040,126)	(942,917)	2,493,214	-	510,171
Other sources and uses					
BANs redeemed from appropriation	142,500	-	(142,500)	-	-
Operating transfers in	362,395	-	-	(362,395)	-
Operating transfers out	(362,395)	-	-	362,395	-
Total other sources (uses)	142,500	-	(142,500)	-	-
Net change for year	\$ (897,626)	\$ (942,917)	\$ 2,350,714	\$ -	\$ 510,171

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

The accompanying financial statements of the *Bolivar-Richburg Central School District* have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the *Bolivar-Richburg Central School District* represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Agency Fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are included as supplementary information to these audited financial statements, located on pages 56-59 of this report.

B. Joint Venture

The *Bolivar-Richburg Central School District* is one of 22 component school districts in the Cattaraugus-Allegany Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

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

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

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

During the year, the District was billed \$2,794,000 for BOCES administration and program costs. The District's share of BOCES aid and refunds amounted to \$1,321,000 for the year ended June 30, 2014. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

C. Basis of Presentation

1. District-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants, that are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service - is used to account for all revenue and expenditures pertaining to the cafeteria operations.

Capital Projects - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service - is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Fiduciary Fund Types - This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. Included in the Fiduciary Fund are Private Purpose Trust Funds and Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis which approximates the modified accrual basis of accounting. Private Purpose Trust Funds are accounted for on the accrual basis of accounting.

D. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2004. For assets acquired prior to June 30, 2004, estimated historical costs, based on appraisals conducted by independent third-party professionals was used. Donated assets are reported at estimated fair market value at the time received.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 2,000	Straight-line	15-40 years
Land improvements	2,000	Straight-line	15-40 years
Furniture and equipment	2,000	Straight-line	5-20 years
Transportation Vehicles	2,000	Straight-line	8 years

I. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represent amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

J. Deferred Inflows and Outflows of Resources

The District reports increases in net assets that relate to future periods as deferred inflows of resources in a separate section of its government-wide and governmental fund financial statements. The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and governmental fund financial statements. No deferred inflows or outflows of resources affect either of the government-wide or governmental fund financial statements in the current year.

K. Compensated Absences

Sick leave and Retirement Incentive Pay - certain of the District's employee groups have negotiated retirement incentive benefits payable based on accumulated unused sick days. Generally the employee must have accumulated minimum years of service with the District and must be eligible for retirement under the provisions of either the teacher or employee retirement systems. The District has recorded an estimated liability in the District-wide financial statement amounting to \$265,876 to recognize the cost of the incentive benefits for those employees eligible to receive such a benefit. Payment of these benefits is dependent on many factors; therefore, the timing of future payments is not readily determinable

The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the governmental funds.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized. Unearned revenues recorded in the governmental funds are not recorded in the District-wide statements.

M. Post-Employment Benefits

In addition to the retirement benefits described in Note 3VA, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Certain administrators, upon reaching normal retirement age while working for the District, will have the District pay their health insurance premiums from their retirement incentive benefits (until exhausted) in accordance with their respective employment contract.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes

GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

A. Nonspendable (continued)

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve.

2. Insurance Reserve

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following type of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. The reserve is recorded in the General Fund.

3. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

4. Unemployment Reserve

Unemployment Insurance Reserve is used to pay the cost of reimbursement to the State Unemployment Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

5. Workers' Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

6. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. The Board of Education, by resolution, has reserved fund equity to provide for debt service on retirement incentives, retirees' health insurance liabilities and compensated absences. These monies must be used to pay the debt service of the obligations from which they originated or were designated by Board resolution. These reserves are accounted for in the General Fund and Debt Service Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

7. Reserve for Repairs

This reserve is used to accumulate funds to finance future costs of major repairs to capital improvements or equipment. Voter authorization is required to fund the reserve. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public hearing with approval of two-thirds of the Board of Education. The emergency expenditure must be repaid within the next two succeeding years. This reserve is accounted for in the General Fund.

8. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held in trust by the School District. These monies and earnings must be used for the specific purpose of the original contribution.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District did not have any committed fund balance as of June 30, 2014.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned (continue)

1. Encumbrance Reserve

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund.

The cost of construction contract commitments generally is recorded as an encumbrance of Capital Projects Fund and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year-end are reported as reservations of fund equity since they do not constitute expenditures or liabilities. Reserve for encumbrances totaled \$12,539 as of June 30, 2014.

2. Appropriated Fund Equity

General Fund - The amount of \$500,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2015 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide financial statements

A. Net investment in capital assets

This designation of net position is used to accumulate the capital asset balance in the statement of net position less accumulated depreciation and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

2. Government-wide financial statements (continued)

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had no supplemental appropriations during the fiscal year ended June 30, 2014.

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 31.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties, in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

Q. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

R. Deferred Compensation Plan

Bolivar-Richburg Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

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

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

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

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

3. Long-term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

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

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

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2014, the District's deposits were fully collateralized.

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- (3) Uncollateralized

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

I. Cash (continued)

A. Deposits (continued)

Total financial institution (bank) balances at June 30, 2014 per the bank were approximately \$10,909,000. Deposits on hand at June 30, 2014 are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 687,000	\$ 10,222,000	\$ -	\$ 10,909,000

II. Investments

Investments are stated at current market value and are categorized as either:

- (1) Insured or registered, or investments are held by the School District or by the School District's agent in the School District's name,
- (2) Uninsured and unregistered, with the investments held by the financial institutions trust department in the School District's name,
- (3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

Trust and Agency	Market Value
Mutual Funds	\$ 2,400,904

These investments are held in the School District's name. The market value of the investments as of June 30, 2014 is based on unadjusted quoted prices in active markets for identical assets and liabilities.

III. Interfund Transactions

Interfund balances and transactions as of and during the year ended June 30, 2014 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 892,346	\$ -
School Lunch Fund	-	103,120
Special Aid Fund	-	302,564
Capital Fund	-	480,482
Fiduciary Funds	3,636	9,816
Total	\$ 895,982	\$ 895,982

	Interfund Revenue	Interfund Expenditures
General Fund	\$ -	\$ 362,395
School Lunch Fund	30,000	-
Special Aid Fund	13,594	-
Capital Fund	318,801	-
Total	\$ 362,395	\$ 362,395

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

III. Interfund Transactions

During the year ended June 30, 2014, the District transferred \$30,000 from the general fund to the school lunch to subsidize operations. The District transferred \$318,801 from the transportation reserve in the general fund to the capital fund for the purchase of transportation vehicles. The District also transferred \$13,594 from general fund to the special aid fund representing the local share of the preschool program.

IV. Receivables

Receivables at June 30, 2014 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

Fund	Description	Amount
Special Aid	State and Federal Aid	\$ 302,564
Food Service	State and Federal Aid	23,878
Food Service	Other receivables	5,786
General	State and Federal Aid	209,611
General	Other Receivables	8,538
	Due from Other Governments	73,415
		<u>\$ 623,792</u>

V. Capital Assets

Capital asset balances and activity for the year ended June 30, 2014 were as follows:

	Beginning Balance 06/30/13	Net change	Ending Balance 06/30/14
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 92,686	\$ -	\$ 92,686
Construction-in-progress	-	544,859	544,859
Capital assets that are depreciated:			
Buildings and improvements	53,365,024	29,750	53,394,774
Furniture and equipment	5,666,266	213,344	5,879,610
Total depreciable historical cost	59,123,976	787,953	59,911,929
Less accumulated depreciation:			
Buildings and improvements	17,257,929	1,559,820	18,817,749
Furniture and equipment	4,236,741	171,050	4,407,791
Total accumulated depreciation	21,494,670	\$ 1,730,870	23,225,540
Total net book value	<u>\$ 37,629,306</u>		<u>\$36,686,389</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

V. Capital Assets (continued)

Depreciation expense was charged to governmental functions during the current year as follows:

General support	\$	328,643
Instruction		1,215,749
Pupil transportation		364,589
	\$	<u>1,908,981</u>

VI. Liabilities

A. Pension Plans

1. General Information

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

2. Plan Descriptions

a. Teachers' Retirement System (ERS)

The NYS TRS is administered by the New York State Teachers' Retirement Board. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The NYS TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

2. Plan Descriptions (continued)

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

3. Funding Policies

The Systems are noncontributory except for employees who joined the Systems after July 27, 1976. Employees who joined the Teachers' Retirement System after 1976, who have less than ten years of service are required to contribute 3% of their salary. Employers are required to contribute at an actuarially determined rate, currently at 16.25%, of the annual covered payroll for the fiscal year ended June 30, 2014. Rates applicable to the fiscal years ended June 30, 2013 and 2012 were 11.84% and 11.11%, respectively. For the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of members' payroll, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, rates are established annually for TRS by the New York State Teachers' Retirement Board.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

3. Funding Policies (continued)

The School District is required to contribute at an actuarially determined rate. The required and actual contributions for the current year and two preceding years were:

Year		TRS		ERS
2014	\$	899,000	\$	364,000
2013		661,000		278,000
2012		643,000		272,000

The School District contributions made to the Systems were equal to 100% of the contributions required for each year.

Since 1989, the TRS' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis.

Over the years, State Legislature authorized local governments to make available retirement incentive programs to qualifying employees. The District had no expenditures incurred or liability accrued related to the retirement incentive liabilities as of and for the year ended June 30, 2014.

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with no current funding of actuarially determined liabilities.

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

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

The following table summarizes the District's annual OPEB cost for 2014, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation:

Normal Cost	\$	11,409
Amortization of unfunded actuarial accrued liability		32,682
Interest adjustment		1,984
Annual required contribution adjustment		(1,150)
Annual OPEB cost (expense)		44,925
Contributions made		(57,870)
Increase in net OPEB obligation		(12,945)
Net OPEB obligation – beginning of year		36,084
Net OPEB obligation-end of year	\$	23,139

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	\$ 44,925	129%	\$ 23,139
6/30/13	\$ 48,817	114%	\$ 36,084
6/30/12	\$ 59,901	71%	\$ 43,044

Funding Status and Funding Progress

As of June 30, 2014, the actuarial accrued liability for benefits was \$444,256, all of which was unfunded. The covered payroll (annual payroll of active employees covered under the plan) was approximately \$6,700,000 and the ratio of unfunded actuarial liability to the covered payroll was 7%.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Funding Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual ARC of the District are subject to continual revision as actual results compared with past expectations and new estimates are made about the future. The schedule of funding progress 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 of benefits.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the Plan as understood by the District and Plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the District and Plan members. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Valuation assumptions are as follows:

Retirement age for active employees – based on the historical average retirement age for the covered group.

Marital status – Based on actual health coverage election for active employees and retirees, with male spouses assumed to be three years older than female spouses. Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Life expectancies were based on the RP-2000 Combined Mortality Table projected to 2010 using Scale AA.

Turnover – Assumed .5% annually to retirement eligibility.

Healthcare cost trend rate – The initial trend rate was selected based on a combination of employer history, national trend surveys, and professional judgment. The ultimate trend rate was selected based on historical medical CPI information. A rate of 9.0% initially, reduced to an ultimate rate of 5% after ten years, was used.

Health insurance premiums – 2012 health insurance premiums are used as the basis for calculation of the present value of total benefits to be paid.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Methods and Assumptions (continued)

Discount rate and cost method - Based on the historical and expected returns of the District's general assets, a discount rate of 4.5% was used. In addition, the projected unit credit actuarial cost method with linear prorating to decrement was used.

Amortization - The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over twenty years.

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

The District may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds.

State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

On December 30, 2011, the District issued bond anticipation notes in the amount of \$71,000. These notes had an interest rate of 2.51% and matured on December 28, 2012 at which time the District issued new bond anticipation notes in the amount of \$35,500. These notes had an interest rate of 2.00% and matured on December 27, 2013. On October 12, 2012, the District issued bond anticipation notes in the amount of \$121,800. These notes carried an interest rate of 1.50% and matured on October 11, 2013 at which time the District issued bond anticipation notes in the amount of \$81,200. These notes carry an interest rate of 1.75% and are scheduled to mature on October 10, 2014. Lastly, the District issued bond anticipation notes on August 10, 2012 in the amount of \$265,600. These notes carried an interest rate of 1.27% and matured on August 9, 2013 at which time the District issued bond anticipation notes in the amount of \$199,200. These notes carry an interest rate of 1.95% and are scheduled to mature on August 8, 2014. Proceeds received from the issuance of bond anticipation notes were utilized to purchase transportation vehicles in prior years.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

1. Short-Term Debt (continued)

b. Short-Term Debt Interest

The District had \$5,894 of interest on short-term debt for the year ended June 30, 2014.

2. Long-Term Debt

a. Debt Limit

At June 30, 2014, total indebtedness represents 83% of its debt limit.

b. Serial Bonds and Energy Performance Contract

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the Statement of Net Position. The provisions to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. The District also has issued installment purchase debt over the years to finance the purchase of transportation vehicles and buses.

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2014 and 2013 are as follows:

	Balance June 30, 2014	Balance June 30, 2013
2003 Serial Bonds	\$ 1,100,000	\$ 1,625,000
2003 Serial Bonds	1,105,000	1,635,000
2007 Serial Bonds	3,105,000	3,485,000
2011 Serial Bonds	3,012,188	3,467,626
2012 Serial Bonds	4,402,960	4,771,514
2004 EPC	-	25,163
Other post-employment benefits	23,139	36,084
Compensated absences	265,876	257,235
Retiree health insurance	93,130	134,662
	<u>\$ 13,107,293</u>	<u>\$ 15,437,284</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes (continued)

During the year, the District made principal payments on its serial bonds in the amount of \$2,310,000 and \$25,163 respectively. The District's contributions for post-employment benefits exceeded the annual cost in the amount of \$12,945 during the fiscal year ended June 30, 2014. The District's compensated absences liability increased by \$8,641. Lastly, the District paid \$41,532 towards the long-term liability for prior year's local retirement incentives.

d. Maturity

1. The following is a summary of long-term debt outstanding:

Description of Issue	June 30, 2014
Serial Bonds, issued in 2003 with a maturity date of 2016, bonds carry interest at 3.37%.	<u>\$ 1,100,000</u>
Serial Bonds, issued in 2003 with a maturity date of 2016, bonds carry interest at 3.52%.	<u>\$ 1,105,000</u>
Serial Bonds, issued in 2007 with a maturity date of 2021, bonds carry interest at 3.875%.	<u>\$ 3,105,000</u>
Serial Bonds, issued in 2011 with a maturity date of 2019, bonds carry interest at 4.00%. Refunded 2002A & 2002B serial bonds. Plus: unamortized bond premium on bond issuance.	<u>\$ 2,855,000</u> <u>157,188</u> <u>\$ 3,012,188</u>
Serial Bonds, issued in 2012 with a maturity date of 2028, bonds carry interest at 3.0%-5.0%. Plus: unamortized bond premium on bond issuance.	<u>\$ 3,985,000</u> <u>417,960</u> <u>\$ 4,402,960</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

2. The following is a summary of maturing debt service requirements for serial bonds, installment purchase debt and energy performance contracts:

Year	Serial Bonds – 2003 Series A Construction Bond	
	Principal	Interest
2015	\$ 540,000	\$ 30,788
2016	560,000	10,500
Total	\$ 1,100,000	\$ 41,288

Year	Serial Bonds – 2003 Construction Bond	
	Principal	Interest
2015	\$ 540,000	\$ 39,381
2016	565,000	20,481
Total	\$ 1,105,000	\$ 59,862

Year	Serial Bonds – 2007 Construction Bond	
	Principal	Interest
2015	\$ 395,000	\$ 120,788
2016	410,000	105,480
2017	425,000	89,594
2018	440,000	73,125
2019	460,000	55,965
2020-2021	975,000	57,330
Total	\$ 3,105,000	\$ 502,282

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

Year	Serial Bonds – 2011 Refunding Construction Bond	
	Principal	Interest
2015	\$ 525,000	\$ 129,200
2016	545,000	108,200
2017	570,000	86,400
2018	590,000	60,750
2019	625,000	31,250
Total	\$ 2,855,000	\$ 415,800

Year	Serial Bonds – 2012 Construction Bond	
	Principal	Interest
2015	\$ 310,000	\$ 197,938
2016	325,000	182,437
2017	340,000	166,187
2018	355,000	149,188
2019	375,000	131,438
2020-2024	2,180,000	355,938
2025-2028	100,000	8,687
Total	\$ 3,985,000	\$ 1,191,813

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$602,812 for the year ended June 30, 2014.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

f. Premiums, Debt Issuance Costs and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds were expensed in accordance with GASB 65.

VII. Fund Equity

A. Deficit Fund Balance

Capital Project Fund

The District's capital project fund had an accumulated deficit in the amount of \$792,575 as of June 30, 2014. It is not uncommon for school districts to have deficit fund balances in the capital project funds as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or redeemed at which time such proceeds are recorded as other financing sources revenue.

School Lunch Fund

As of June 30, 2014, the District had an accumulated deficit in the amount of \$70,692 in the food service fund resulting from losses from operations. Management is currently reviewing options to alleviate this deficit.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Fund Equity (continued)

B. Classifications

The District's fund equity is comprised of the follow components:

Fund	Reservation Purposes	Balance June 30, 2014
Nonspendable:		
Food Service	Inventory	\$ 9,769
Restricted:		
General	Liability reserve	\$ 499,899
	Unemployment reserve	209,654
	Reserve for insurance	1,275,008
	Reserve for retirement system contributions	613,640
	Capital reserve	3,471,125
	Capital reserve – transportation	575,370
	Repair reserve	66,517
	Employee benefits reserve	803,660
		<u>\$ 7,514,873</u>
Debt Service	Reserve for debt service	\$ 1,294,134
Private Purpose	Reserve for endowment scholarships	\$ 2,542,414
Assigned:		
General	Appropriated fund balance	\$ 500,000
	Reserve for encumbrances	12,539
		<u>\$ 512,539</u>

C. District-wide Net Position

Net position of the District include restricted net position of \$8,809,007 which represent restricted amounts in the general and debt service funds as presented above.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VIII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

The *Bolivar-Richburg Central School District* is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

2. Risk Sharing Pools

For its employee health and accident coverage, *Bolivar-Richburg Central School District* is a participant in the Cattaraugus-Allegany Regional Medical Plan, a public entity risk pool operated for the benefit of 22 individual governmental units located within Allegany and Cattaraugus Counties. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$100,000 per insured event. The Cattaraugus-Allegany Regional Medical Plan obtains independent coverage for insured events in excess of this amount.

The *Bolivar-Richburg Central School District* also participates in a risk sharing pool, Cattaraugus-Allegany BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds.

Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VIII. Commitments and Contingencies (continued)

C. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately \$420,000 as of June 30, 2014 for accumulating non-vesting sick leave.

D. Retirement Incentive

In prior years the District offered a local retirement incentive to all employees eligible to retire under the rules of the NYS Teachers Retirement System. The incentive was unique to the position of the employee. Administrators were required to have worked a minimum of 30 years in public education, teachers were required to have worked 30 year in education and support staff were required to have worked 20 years for the District. Administrators were required to retire effective June 30, 2010 while teachers and support staff could retire June 30, 2010 or June 30, 2011. Administrators received 50% of their final base contract salary. Teachers received 20% of their 2009-10 or 2010-11 annual salary, depending on retirement date, and \$90 per unused sick day up to 230 days. Support staff received 20% of their 2009-10 or 2010-11 annual salary, depending on retirement date, and 72% of their daily rate per unused sick day up to 180 days. The retirement incentive outstanding as of June 30, 2014 totaled \$93,130.

In the prior year, the District offered a retirement incentive to all employees with 25 years of teaching experience, as credited by the District. Each qualified employee who retired at the end of the 2012-13 school year received a 403-b contribution equal to \$90 per unused sick day up to 230 days. This incentive was accepted by two teachers. The District recorded an accrued liability in the amount of \$35,010 as of June 30, 2013 for this retirement incentive in both the governmental funds and district-wide financial statements as of June 30, 2013. This liability was paid for during the year ended June 30, 2014.

E. Contingencies

The District, in the normal course of its operations, is involved in various other litigation and arbitration cases. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 4 - CAPITAL PROJECTS

On May 15, 2007, *Bolivar-Richburg Central School District* held a public hearing at which time the voters of the District approved a \$7,500,000 renovation project (Phase VI). The proposed budget of this capital project included expenditures for architectural and improvement costs. The District had expenditures related to the capital project in the amount \$121,827 during the year ended June 30, 2013. Total expenditures of \$6,275,746 were incurred during the project which was completed during the year ended June 30, 2013.

On June 18, 2013, *Bolivar-Richburg Central School District* held a public hearing at which time the voters of the District approved a \$1,350,000 renovation project. The proposed budget of this capital project included expenditures for architectural and improvement costs. The District had expenditures related to the capital project in the amount \$544,859 through June 30, 2014.

Lastly, during the current year the District purchased transportation vehicles in the amount of \$318,801 with capital reserve funds transferred from the general fund.

NOTE 5 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment in the amount of \$73,027 was recorded in the prior year related to the net book value of additions and disposals of vehicles not previously included on the District's independent appraisal. As a result, government-wide net assets have been increased by this amount.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 17, 2014, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 2,758,076	\$ 2,758,076	\$ 2,754,287	\$ (3,789)
Real property tax items	10,000	10,000	16,189	6,189
Charges for services	1,000	1,000	119,062	118,062
Use of money and property	25,000	25,000	16,452	(8,548)
Sale of property and compensation for loss	3,000	3,000	3,108	108
Miscellaneous	116,000	116,000	198,250	82,250
State Sources:				
Basic formula	12,258,199	12,258,199	11,791,817	(466,382)
BOCES	1,192,597	1,192,597	1,177,318	(15,279)
Textbooks	46,193	46,193	46,251	58
All other aid	33,843	33,843	58,807	24,964
Federal Sources:				
Medicaid reimbursement	65,000	65,000	156,225	91,225
Total revenue	16,508,908	16,508,908	16,337,766	(171,142)
Other Sources				
Operating transfer in	226,702	226,702	-	(226,702)
Total revenue and other sources	16,735,610	16,735,610	<u>\$ 16,337,766</u>	<u>\$ (397,844)</u>
Appropriated fund equity and carryover encumbrances	500,000	818,801		
Total revenue, other sources and appropriated fund equity	<u>\$ 17,235,610</u>	<u>\$ 17,554,411</u>		

	Original Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 16,500	\$ 16,500	\$ 10,776	\$ -	\$ 5,724
Central administration	163,947	163,947	162,694	-	1,253
Finance	186,808	188,419	171,117	-	17,302
Staff	216,840	228,693	216,127	-	12,566
Central services	1,421,139	1,426,528	1,375,375	-	51,153
Special items	293,633	293,633	269,970	-	23,663
Instructional:					
Instruction, administration and improvement	498,918	515,991	475,031	-	40,960
Teaching - regular school	3,797,102	3,797,102	3,733,057	12,539	51,506
Programs for children with handicapping conditions	1,575,692	1,610,146	1,609,168	-	978
Teaching - special schools	21,220	33,290	33,290	-	-
Occupational education	600,164	600,164	574,902	-	25,262
Instructional media	373,839	387,983	388,025	-	(42)
Pupil services	594,245	619,759	600,674	-	19,085
Pupil Transportation	870,504	870,504	690,381	-	180,123
Employee Benefits	3,561,491	3,439,383	3,137,458	-	301,925
Debt Service:					
Debt service principal	2,402,662	2,402,662	2,402,662	-	-
Debt service interest	610,906	610,906	608,706	-	2,200
Total expenditures	17,205,610	17,205,610	16,459,413	12,539	733,658
Other Uses:					
Transfer to other funds	30,000	348,801	362,395	-	(13,594)
Total other uses	30,000	348,801	362,395	-	(13,594)
Total expenditures and other uses	\$ 17,235,610	\$ 17,554,411	16,821,808	\$ 12,539	\$ 720,064
Excess (deficiency) of revenue and other sources over expenditures and other uses			\$ (484,042)		

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Schedule SS1A

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	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 9,000	\$ 10,433	\$ 1,433
Federal sources	260,000	258,005	(1,995)
Sales	137,000	130,378	(6,622)
Miscellaneous	5,000	5,982	982
Surplus food	28,000	27,490	(510)
Use of money and property	-	14	14
Total revenue	<u>439,000</u>	<u>432,302</u>	<u>(6,698)</u>
Expenditures			
General support	148,000	164,209	(16,209)
Employee benefits	122,000	117,678	4,322
Cost of sales	179,000	177,935	1,065
Other expenses	20,000	13,705	6,295
Total expenditures	<u>469,000</u>	<u>473,527</u>	<u>(4,527)</u>
Deficiency of revenue over expenditures	<u>(30,000)</u>	<u>(41,225)</u>	<u>(11,225)</u>
Other sources (uses)			
Transfer from general fund	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Deficiency of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>(11,225)</u>	<u>\$ (11,225)</u>
Fund deficit, beginning of year		<u>(59,467)</u>	
Fund deficit, end of year		<u>\$ (70,692)</u>	

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2014

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 17,235,610
Additions:	
Prior year encumbrances	<u>-</u>
Original Budget	17,235,610
Budget Revisions:	
Supplemental appropriations - transfer to capital project fund	<u>318,801</u>
Final budget	<u><u>\$ 17,554,411</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2014-15 voter-approved expenditure budget	
Maximum allowed (4% of 2014-15 budget)	\$ 17,654,000
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	512,539
Unassigned fund balance	<u>1,211,858</u>
Total unrestricted fund balance	<u>1,724,397</u>
Less:	
Appropriated fund balance	500,000
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	<u>12,539</u>
Total adjustments	<u>512,539</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,211,858</u></u>
Actual percentage	<u><u>6.9%</u></u>

* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of the General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECTS EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Overexpended) Balance	Methods of financing				Fund Balance June 30, 2014
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
Phase VI	\$ 7,500,000	\$ 7,500,000	\$ 6,275,746	\$ -	\$ 6,275,746	\$ 1,224,254	\$ 6,021,080	\$ 278,920	\$ 8,430	\$ 6,308,430	\$ 32,684
2013 Project	1,350,000	1,350,000	-	544,859	544,859	805,141	-	-	-	-	(544,859)
Buses	768,489	768,489	437,829	318,801	756,630	11,859	332,000	-	424,630	756,630	-
	<u>\$ 9,618,489</u>	<u>\$ 9,618,489</u>	<u>\$ 6,713,575</u>	<u>\$ 863,660</u>	<u>\$ 7,577,235</u>	<u>\$ 2,041,254</u>	<u>\$ 6,353,080</u>	<u>\$ 278,920</u>	<u>\$ 433,060</u>	<u>\$ 7,065,060</u>	<u>(512,175)</u>
							Less: Bond anticipation notes outstanding				(280,400)
							Ending fund equity (deficit) balance				<u><u>\$ (792,575)</u></u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Schedule SS4A

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Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school	N/A	2014	\$ 54,376	\$ 54,376	\$ 54,376
Teachers of Tomorrow grant	0644-14-0002	2014	17,000	17,000	17,000
Universal Pre-kindergarten *	0409-14-7053	2014	238,689	252,283	252,283
Mentor Teacher	0663-14-0117	2014	7,200	2,268	2,268
School breakfast programs	N/A	2014	3,299	3,299	3,299
School lunch programs	N/A	2014	7,134	7,134	7,134
			<u>\$ 327,698</u>	<u>\$ 336,360</u>	<u>\$ 336,360</u>

* Included in revenue is an interfund transfer from the general fund for the local share of the grant in the amount of \$13,594.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Bolivar-Richburg Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - Non-monetary Federal Program

The accompanying **Bolivar-Richburg Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2014, the District reported in the Schedule of Federal Awards \$27,490 of donated commodities at fair market value received and disbursed.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
U.S. Department of Education:					
<i>Passed through NYS</i>					
<i>Department of Education:</i>					
Title I	84.010A	0021-14-0140	\$ 224,262	\$ 224,022	\$ 224,022
Title I	84.010A	0021-13-0140	2,786	2,786	2,786
Title II, Part A	84.367A	0147-14-0140	73,710	70,736	70,736
Title II, Part A	84.367A	0147-13-0140	10,504	10,504	10,504
Title VI - Part B - Rural Schools	84.358B	0006-14-0140	15,952	15,952	15,952
IDEA Part B, Section 611 **	84.027A	0032-14-0039	183,616	183,616	183,616
IDEA Part B, Section 619 **	84.173A	0033-14-0039	4,917	4,917	4,917
Race to the Top, ARRA	84.395A	5500-14-0140	27,900	26,116	26,116
U.S. Department of Agriculture:					
<i>Passed through NYS</i>					
<i>Department of Education:</i>					
National School Breakfast Program ***	10.553	N/A	N/A	57,692	57,692
National School Lunch Program ***	10.555	N/A	N/A	198,282	198,282
National Summer Food Program ***	10.559	N/A	N/A	2,031	2,031
<i>Passed through NYS Office of General Services (Division of Donated Foods):</i>					
National School Lunch Program					
Donated Commodities ***	10.555	N/A	N/A	27,490	27,490
Total expenditures and revenue				\$ 824,144	\$ 824,144

** Constitutes a cluster of Federal programs

*** Constitutes a cluster of Federal programs

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF MAJOR PROGRAMS TESTED
FOR THE YEAR ENDED JUNE 30, 2014

Schedule SS4D

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<u>Federal Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Total expenditures of Federal Awards		<u>\$ 824,144</u>
Major Programs Tested (Type B):		
U.S. Department of Education - IDEA Part B, Section 611 **	84.027A	\$ 183,616
U.S. Department of Education - IDEA Part B, Section 619 **	84.173A	4,917
U.S. Department of Education - Title I	84.010A	<u>226,808</u>
Total major programs tested		<u>\$ 415,341</u>
% of Federal programs tested		<u>50.4%</u>

** Constitutes a cluster of Federal programs

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF CERTAIN REVENUE AND EXPENDITURES
COMPARED TO ST-3 DATA – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

Schedule SS5

Page 42

	Account Code	ST-3 Amount	Audited Amount
Revenues			
Property taxes	A-1001	\$ 2,770,476	\$ 2,770,476
State aid	AT-3999	13,074,193	13,074,193
Federal aid	AT-4999	156,225	156,225
Total revenue	AT-5999	16,337,766	16,337,766
Expenditures			
General support	AT-1999	2,206,059	2,206,059
Pupil transportation	AT-5599	690,381	690,381
Debt service - principal	AT-9798.6	2,402,662	2,402,662
Debt service - interest	AT-9798.7	608,706	608,706
Total expenditures	AT-9999	\$ 16,821,808	\$ 16,821,808

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2014

Schedule SS6

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Capital Assets	\$ 36,686,389
Less:	
Serial bonds	(12,725,148)
Bond anticipation notes	<u>(280,400)</u>
Net investment in capital assets	<u>\$ 23,680,841</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
AS OF JUNE 30, 2010 THROUGH JUNE 30, 2014

Schedule SS7

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Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded Actuarial Accrued Liability ("UAAL")	Funded Ratio	Budgeted Covered Payroll	Ratio of UAAL to Budgeted Covered Payroll
June 30, 2014	\$ -	\$ 444,256	\$ 444,256	0%	\$ 6,716,057	7%
June 30, 2013	\$ -	\$ 495,037	\$ 495,037	0%	\$ 6,520,444	8%
June 30, 2012	\$ -	\$ 515,904	\$ 515,904	0%	\$ 6,000,000	9%
June 30, 2011	\$ -	\$ 531,911	\$ 531,911	0%	\$ 6,753,207	8%
June 30, 2010	\$ -	\$ 602,971	\$ 602,971	0%	\$ 6,671,032	9%

**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 President and
Members of the Board of Education
Bolivar-Richburg Central School District
Bolivar, New York**

We have audited 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, the financial statements of the governmental activities and each major fund of *Bolivar-Richburg Central School District* as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise *Bolivar-Richburg Central School District's* basic financial statements and have issued our report thereon dated September 17, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that deficiencies, significant deficiencies and material weaknesses have been identified. However, as discussed below, we identified one deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in the District's internal control described in the accompanying schedule of findings and questioned costs as item II.A.2014-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Bolivar-Richburg Central School's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2014-002.

We noted other matters that we have reported to management of *Bolivar-Richburg Central School District* in a separate letter dated September 17, 2014.

Bolivar-Richburg Central School District's Responses to Findings

Bolivar-Richburg Central School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. *Bolivar-Richburg Central School's* responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of that testing, and not provided 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2014**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**To the President and
Members of the Board of Education
Bolivar-Richburg Central School District
Bolivar, New York**

Report on Compliance for Each Major Federal Program

We have audited the compliance of *Bolivar-Richburg Central School District* with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of *Bolivar-Richburg Central School District's* major federal programs for the year ended June 30, 2014. *Bolivar-Richburg Central School District's* major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of *Bolivar-Richburg Central School District's* major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about *Bolivar-Richburg Central School District's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, *Bolivar-Richburg Central School District* complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of *Bolivar-Richburg Central School District* is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered *Bolivar-Richburg Central School District's* internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Report on Internal Control Over Compliance (continued)

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

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

We noted other matters that we have reported to the management of *Bolivar-Richburg Central School District* in a separate letter dated September 17, 2014.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2014**

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unqualified opinion on the financial statements of *Bolivar-Richburg Central School District*.
2. One material weaknesses relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Governmental Auditing Standards". This material weakness is reported in the accompanying schedule of findings and questioned costs as item II.A.2014-001.
3. There was one instance of noncompliance material to the financial statements of *Bolivar-Richburg Central School District* reported in the 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". This instance of noncompliance is reported within the accompanying schedule of findings and questioned costs as item II.B.2014-002.
4. No significant deficiencies relating to the audit of the major federal assistance programs of the *Bolivar-Richburg Central School District* are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal assistance programs for the *Bolivar-Richburg Central School District* expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:

Name	CFDA#	Program Type	Expenditures Amounts
IDEA, Part B, 611**	84.027A	Type B	\$ 183,616
IDEA, Part B, 619**	84.173A	Type B	4,917
Title I	84.010A	Type B	<u>226,808</u>
Total tested			<u>\$ 415,341</u>
Percentage of total programs tested			<u>50.4%</u>

** Constitutes a cluster of Federal programs.

8. The threshold for distinguishing between Types A and B programs was \$300,000.
9. *Bolivar-Richburg Central School District* does not qualify as a low-risk auditee.

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2014-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2014

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for GASB 34 purposes. In addition, a draft of the financial statements was prepared by the auditors.

Effect: AU-C Section 265 entitles Communicating Internal Control related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statement to be indicative of an internal controls deficiency. Without assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Auditor's Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

School District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

Year ended June 30, 2013

Similar finding was reported upon during the year ended June 30, 2013.

B. COMPLIANCE AND OTHER MATTERS

2014-002 Unassigned Fund Balance

Year ended June 30, 2014

Conditions and criteria: **Bolivar-Richburg Central School District's** unassigned fund balance in the general fund as of June 30, 2014 amounted to approximately \$1,212,000. This amount constitutes approximately 7% of the 2014-2015 school budget.

In addition, the District also has certain reserves (insurance, liability, retirement and repair) whose balances are at levels that could not be substantiated with supporting documentation.

Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

In addition, dollar amounts of certain reserves were not substantiated.

Auditor's Recommendation: **Bolivar-Richburg Central School District** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance. We recommend that the District ensure that as reserves are established and utilized, New York State required procedures are closely followed. Further, for existing and future reserves we recommend that the District document its rationale to support the purpose and dollar level of reserves.

School District's Response: The District has and will continue to closely monitor fund equity in the future and will review all options with regards to reservation and designation of fund balance. In addition, the District will review each of its reserves and document the rationale for their levels.

Year ended June 30, 2013

Similar finding was reported upon during the year ended June 30, 2013.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

III. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2014

No findings related to compliance are being reported upon during the fiscal year ended June 30, 2014.

Year ended June 30, 2013

No findings related to compliance were reported upon during the fiscal year ended June 30, 2013.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2014

No findings related to internal control over compliance are being reported on during the fiscal year ended June 30, 2014.

Year ended June 30, 2013

No findings related to internal control over compliance were reported on during the fiscal year ended June 30, 2013.

**To the President and Members of the
Board of Education
and School Administration
Bolivar-Richburg Central School District
Bolivar, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2014 of the District's financial statements and have issued our reports thereon dated September 17, 2014. Our audit report expressed an unqualified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Bolivar-Richburg Central School District* for the year ended June 30, 2014, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation. Except as noted within the body of such reports, the District generally was in compliance with laws and regulations and maintains a reasonable system of accounting internal controls.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2010 through June 30, 2014. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Bolivar-Richburg Central School* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2014**

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
REVENUE AND EXPENDITURES COMPARISON AND ANALYSIS OF FUND
EQUITY - GENERAL FUND (AMOUNTS IN \$1,000)

	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10
Revenue and other sources					
Property taxes	\$ 2,770	\$ 2,717	\$ 2,663	\$ 2,595	\$ 2,506
State aid	13,074	13,186	12,885	13,051	13,298
All other	494	340	222	642	933
	<u>16,338</u>	<u>16,243</u>	<u>15,770</u>	<u>16,288</u>	<u>16,737</u>
Expenditures and other uses					
General support	2,206	2,126	2,020	2,109	2,034
Instruction	7,414	7,097	7,109	7,840	7,570
Transportation	690	723	681	593	603
Benefits	3,138	2,824	2,881	2,723	2,604
Debt	3,012	3,076	2,886	2,882	3,030
Transfers	362	151	14	13	8
	<u>16,822</u>	<u>15,997</u>	<u>15,591</u>	<u>16,160</u>	<u>15,849</u>
Excess (deficiency) of revenue over expenditures	(484)	246	179	128	888
Fund equity					
Beginning of year	9,723	9,477	9,298	9,170	8,282
End of year	<u>\$ 9,239</u>	<u>\$ 9,723</u>	<u>\$ 9,477</u>	<u>\$ 9,298</u>	<u>\$ 9,170</u>
Analysis of fund equity					
Restricted					
Reserve for repairs	\$ 67	\$ 67	\$ 66	\$ 66	\$ 66
Miscellaneous reserves	804	804	804	810	710
Reserve for capital	4,046	4,364	4,471	3,896	2,836
Reserve for retirement system	614	614	614	614	614
Reserve for property loss	500	499	498	497	495
Reserve for insurance	1,275	1,275	1,275	1,275	1,275
Reserve for unemployment insurance	210	210	210	203	203
Assigned					
Reserve for encumbrances	12	-	78	12	19
Next year's budget	500	500	500	750	500
Unassigned	1,211	1,390	961	1,175	2,452
	<u>\$ 9,239</u>	<u>\$ 9,723</u>	<u>\$ 9,477</u>	<u>\$ 9,298</u>	<u>\$ 9,170</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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Equipment and Inventory

The District reports approximately \$37 million of capital assets. The most significant dollar amount of these assets consist of the District buildings and capital improvements that are not as susceptible to the risk of loss or misuse. Assets that are more susceptible to such risk include equipment and inventory items. It is extremely important for the District to be aware of the risks associated with these assets and have processes in place to safeguard against their loss or misuse. Internal controls that the District may consider include the following:

- Continued updating of the District's fixed asset and inventory additions and disposals within its asset database;
- Obtaining a full independent appraisal every few years, that would compare the assets listed within the database compared with those physically counted;
- Maintaining a perpetual inventory system for higher risk equipment and inventory items;
- Periodically perform random spot checks of equipment and inventory and compare to asset database;
- Performing annual physical inventory counts and investigating any differences between the appraisal/inventory reports and physical count;

District's response: **The District continues to use many of the internal controls suggested above. We continue to investigate perpetual inventory systems that may be practical in our Cafeteria and Maintenance Departments. However, at this time we have not found a system that is both cost effective and practical to use in our facilities.**

Technology

In an ever changing technological society the District should continue to monitor the risks associated with technology so that key operational and financial data are safeguarded. Some of the general and application IT controls that should continue to be consider include the following:

- Procedures for developing, testing, documenting, reviewing, and approving systems or program changes and subsequent modification.
- Controls over access to computer equipment, software and data contained therein.
- Disaster/recovery plans, including backup procedures, off-site storage, and contingency planning.
- Developing formal procedures and guidelines for tasks performed by IT staff.
- Formal documentation of IT policies and processes.
- Identifying those individuals who have access within accounting systems and routinely monitoring such access.

We recommend that the District continue to consider its technology risks and how such risks are mitigated.

District's response: **The District continues to closely monitor and develop policies and procedures to safeguard our technology and access to data information. We are in the process of finalizing our Disaster Recovery Plan and continue to work closely with Erie 1 BOCES to maintain the utmost security.**

Food Service Fund

During the fiscal year ended June 30, 2014, the District's Food Service Fund has an accumulated deficit of approximately \$71,000 at year end. The District should continue to evaluate this deficit and develop an approach to alleviate this deficit in the future. The District may consider transferring additional funds from the General Fund to the Food Service Fund as they did in the current year.

District response: **The District began to subsidize the cafeteria during the 2012-2013 school year and will continue to monitor the long range deficit in the cafeteria.**

Real Property Tax Cap

Because the tax cap is still relatively new and more information continues to be relayed by various New York State agencies, we recommend that the District continue to participate in seminars and webinars in future years to keep abreast of any changes or further clarification. In addition the District should maintain substantiation for all exclusion calculation, PILOT adjustments and carry forward amounts.

District's response: **The Business Administrator calculates the Tax Cap each year and submits this calculation to the appropriate offices. The Board of Education is continually updated throughout the process. Supporting documentation is maintained in the business office. The Business Administrator will continue to attend webinars and meetings regarding the Tax Cap calculation.**

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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Fund Balance Reserves

Over the years, the District has earned interest and premiums related to bond proceeds issued to fund capital projects. These funds have been accumulated in the debt service fund and are required to be utilized in the future towards debt service principal and interest payments. We recommend that the District consider developing worksheet which outlines a plan for when the funds will be transferred to the general fund in future years to be applied against debt service. This plan should also consider the impact on the tax cap.

District's response: The District continues to monitor our debt service fund balance and will likely begin to use much more of this funding over the next 10 years as budgets continue to be much tighter and state funding continues to decrease. District officials will address this yearly when we revise our Reserve Plan.

GASB 68 - Accounting and Financial Reporting for Pensions

The Government Accounting Standards Board issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. Statement No. 68 will be effective for the District in the fiscal year ending June 30, 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

Currently, governments must only report as an expenditure the amount of their required contribution based on current contribution rates. The new standard will require the District to report in their government-wide financial statements their proportionate share of the net pension liability of the pension systems (TRS and ERS Systems). The net pension liability is equal to the difference between the total pension liability and the value of assets set aside in a pension plan to pay benefits to current employees, retirees and their beneficiaries. The District should begin to familiarize itself with this new GASB and calculated its impact once projected net pension liabilities are calculated and communicated by the Teacher and Employee Retirement Systems. Once an evaluation is made, the District should begin to educate the users of the financial statements as to the new Statement's impact.

District response: District officials will continue to educate themselves on the new GASB 68 standards over the next year.

Cafeteria-Paid Lunch Equity Pricing

The District is required to ensure sufficient funds are received for meals served to students not eligible for free or reduced priced meals. The District can meet this requirement by increasing the paid lunch prices until it reaches the free reimbursement rates (less the paid reimbursement rate), through other non-Federal sources being provided to the school lunch fund (an example would be a transfer from the general fund), or a combination of both. This requirement is referred to as Paid Lunch Equity or PLE. During the current year, the Food and Nutrition Service (FNS) issued an updated version of a PLE tool which calculates the required level of school lunch prices based on prior year experience. We recommend that the District review and complete this tool annually to verify that its lunch prices charged to students not eligible for free and reduced lunches and its level of non-federal sources of revenue is adequate.

District response: The District reviews this calculation annually and provides a report to the Board of Education with a recommendation on whether or not price of the school meals should be adjusted. We will continue to monitor this closely each year. Our Cafeteria Manager and Business Administrator also attend trainings throughout the year hosted by the New York State Education Department's Child Nutrition division.

Title I Program

The District currently has a board adopted policy regarding parental involvement, which encompasses the Title I program. The District is designated a school-wide program and utilizes federal funding at its pre-k, elementary and middle/high school buildings. According to Title I regulations, districts are required to maintain a parental involvement policy for each Title I building. Each building may adopt the board approved policy but must make it clear in such policy that is adopted by each building. We recommend the district modify its board approved district-wide parental involvement policy to clearly indicate that it approved and applicable for all Title I buildings within the District.

Title I guidelines also require districts to maintain evidence (agendas, handouts, parent meeting signed attendance rosters) that the Title I parent meeting occurred. It is recommended that the District begin maintaining this support to evidence the annual Title I parent meeting has taken place.

District response: The District will be focusing a lot more attention this year on the implementation of Title 1 curriculum through the addition of a BOCES Curriculum Director and the purchasing of software data to help monitor student achievement. The district will also be reviewing our Board Policies to make sure they comply with all Title 1 regulations.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
Bolivar-Richburg Central School District
Bolivar, New York**

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the *Bolivar-Richburg Central School District* for the year ended June 30, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 the *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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Basis for Qualified Opinion

The records of the Extraclassroom funds of the *Bolivar-Richburg Central School District* were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Qualified Opinion

In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the basis for qualified opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of the *Bolivar-Richburg Central School District* for the year ended June 30, 2014 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2014**

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
ANNUAL FINANCIAL STATEMENT ON EXTRACLASROOM ACTIVITY FUND
JULY 1, 2013 THROUGH JUNE 30, 2014

	Balances July 01, 2013	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2014
Extraclassesroom activities:					
Class of 2013	\$ 2,073	\$ -	\$ 2,073	\$ 2,073	\$ -
Class of 2014	10,901	52,331	63,232	62,777	455
Class of 2015	5,919	5,737	11,656	3,227	8,429
Class of 2016	2,452	6,999	9,451	3,991	5,460
Class of 2017	-	12,596	12,596	7,269	5,327
Chess Club	267	-	267	267	-
Ecology Club	1,051	-	1,051	-	1,051
FCCLA	954	5,835	6,789	5,161	1,628
Language Club	406	-	406	-	406
Library Fund	427	-	427	-	427
NHS	641	75	716	75	641
Business/Marketing Club	1,358	75	1,433	465	968
Junior NHS	48	-	48	-	48
Rachel's Challenge	-	1,653	1,653	1,270	383
SADD	825	2,361	3,186	2,295	891
Sales Tax	321	2,270	2,591	1,647	944
Sentinel	393	-	393	-	393
Science Club	1,336	5,960	7,296	3,934	3,362
Ski Club	-	3,799	3,799	3,799	-
Student Council	5,948	4,803	10,751	5,095	5,656
Theatre Arts	5,337	1,351	6,688	1,671	5,017
Yearbook *	6,265	7,456	13,721	3,056	10,665
Total activity fund *	\$ 46,922	\$ 113,301	\$ 160,223	\$ 108,072	\$ 52,151

* Balance as of June 30, 2013 includes an outstanding receivable in the amount of \$50.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of ***Bolivar-Richburg Central School District***. Consequently, such transactions are not included in the financial statements of the School District. However, cash balances of \$52,151 are included in the Trust and Agency Fund as restricted cash with a corresponding amount recorded as a liability in the Fund.

The accounts of the Extraclassroom Activity Fund of ***Bolivar-Richburg Central School District*** are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

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During the course of our audit of the extraclassroom activities, we noted the following:

Point of Sale Records

We noted several instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. Due to the lack of point of sale records, cash receipts are not adequate to permit the application of the necessary auditing procedures to indicate whether receipts were recorded and sales tax was collected. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer and teacher advisor, and be verified or reviewed by the central treasurer.

District's response: The District, in conjunction with its internal auditor, has implemented many internal control changes with our Extracurricular Clubs.

Fundraiser Approval/Internal Profit Margin Analysis

During our review of cash receipts, we reviewed documentation to determine whether or not fundraiser approval is being obtained and internal profit margin analyses are being performed on fundraisers. Margin analysis is an excellent tool for analyzing the profitability of a fundraiser, and also identifying any potential errors in record keeping or potential fraud. We recommend that approval be obtained for each individual fundraiser and the Central Treasurer monitor the completion of profit margin analysis and follow-up with Activities that are not turning over forms for review

District's response: The District will work more closely with our Club Advisors to ensure that Fundraising Reports are completed in a timely manner and that more in-depth analyses are completed to ensure the safeguarding and profitability of the funds.

Inactive Activity Funds

During the audit of the extraclassroom activity fund, we noticed certain activities (Ecology Club, Language Club, Library Fund, Sentinel and Junior National Honor Society) had very little or no activity during the current fiscal year and seem to be inactive accounts. We recommend that the District review the status of these clubs and those activities which are determined to be inactive should be closed out and transferred to the Trust and Agency Fund, General Fund or to another Activity Fund.

District's response: At this time, the District is not going to close out many of these clubs. Many of the clubs were put on hold for a year or two due to budget cuts with the advisors. However, these clubs may be reinstated within the next few years. Additionally, some of these clubs are still active but do not have financial activity.