

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

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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**

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, 2016, 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, 2016, 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, 2016, 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, 2015 financial statements, and our report dated September 11, 2015, 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, 2015, 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, budgetary comparison information, schedule of funding progress, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans on pages 3 through 9, 38 through 39, and 46 through 48 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 combining and individual fund financial statements 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 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 20, 2016 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 20, 2016**

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, 2016. 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, 2016:

- Overall net position of the District from operations increased during the current year in the amount of \$2,352,000 as compared to an increase of \$2,264,000 during the prior fiscal year.
- The District's enrollment was 814 students as compared with 811 during the prior year.
- The District's total revenue increased 3% from \$18,588,000 during June 30, 2015 to \$19,091,000 during June 30, 2016. This increase was primarily the result of an increase in state aid related to BOCES, general and excess cost aid.
- The District's total expenses increased 3% from \$16,324,000 during the year ended June 30, 2015 to \$16,739,000 during the year ended June 30, 2016. This increase resulted from depreciation expense, employee benefits and contractual expenses.
- The District's had capital outlays during the current year in the amount of \$791,000, which primarily related to construction work associated with the 2016 capital project and the purchase of a transportation vehicle.

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.

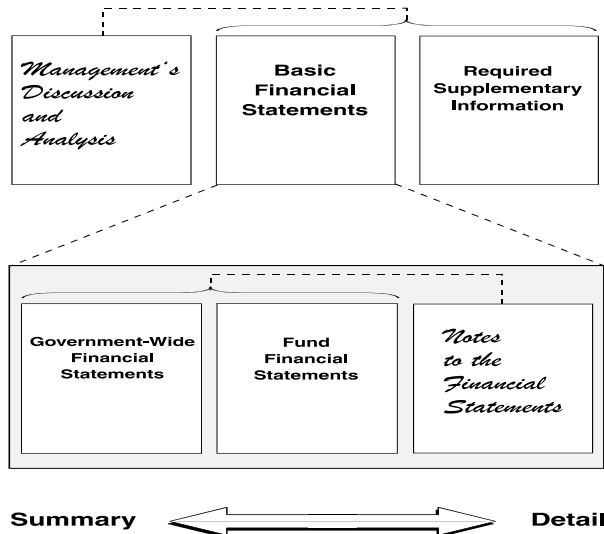
2. Fiduciary Funds

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 \$38,634,000. The components of net position include: net investment in capital assets, of \$25,257,000; restricted net position of \$8,656,000; and unrestricted net position of \$4,721,000 as of June 30, 2016.

Changes in Net Position

The District's total government-wide revenue increased by approximately 3% to \$19,091,000. Approximately 14%, 6% and 76% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 4% 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 3% to \$16,739,000. The District's expenses cover a range of services, with 73% 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 increased 3%, while total expenses increased 3%. The District's total net position increased approximately \$2,352,000 from operations during the fiscal year ended June 30, 2016.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$19,091,000 for the fiscal year ended June 30, 2016. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 14% of the District's total revenue for governmental activities decreased approximately 4% during the year ended June 30, 2016. The decrease primarily resulted from a decrease in the tax levy approved by the Board and voters.
- The District's most significant revenue is state sources which represent \$14,475,000 or 76% of total governmental revenue. The District's state sources increased approximately 3% which was primarily related to an increase in BOCES, general and excess cost aid.
- During the year ended June 30, 2016, the District saw a decrease in program revenue in the amount of \$77,000 which primarily resulted from a decrease in operating grants and contributions in the amount of \$86,000 related to a decrease in Title IIA and Race to the Top grant funding. These decreases were partially offset by an increase in charges for services in the amount of \$9,000.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 \$16,739,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$309,000 or 12% which was primarily due to an increase in depreciation expense, contractual expenses and BOCES expenditures.
- The District's instruction costs increased by approximately \$125,000 or 1% which was the result of an increase in employee benefits and depreciation expense, which were partially offset by a decrease in BOCES costs.
- Debt service of the District increased approximately \$39,000 during the year ended June 30, 2016.
- Transportation costs of the District decreased approximately \$55,000 during the year ended June 30, 2016 primarily related to a decrease in gas costs.
- The District's cost of sales (food service fund) totaled \$478,000 during the current year as compared to \$481,000 during the fiscal year ended June 30, 2015. This decrease was the result a decrease in salaries and benefits. This decrease was partially offset by an increase in food costs.
- The District received approximately \$1,500,000 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 Districts net costs (\$15.2 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		
	2016	2015	% Change
Assets			
Current and other assets	\$ 15,754	\$ 16,063	-2%
Capital assets	34,470	35,604	-3%
Total assets	50,224	51,667	-3%
Deferred outflows of resources			
Deferred outflows pensions and refunding	1,797	1,069	68%
Deferred outflows of resources and assets	\$ 52,021	\$ 52,736	-1%
Liabilities			
Other liabilities	\$ 1,436	\$ 2,999	-52%
Long-term debt outstanding	10,573	10,775	-2%
Total liabilities	12,009	13,774	-13%
Deferred inflows of resources			
Deferred inflows related to pensions	1,379	2,681	-49%
Deferred inflows of resources and liabilities	13,388	16,455	-19%
Net Position			
Net investment in capital assets	25,257	24,031	5%
Restricted	8,656	8,911	-3%
Unrestricted	4,721	3,339	41%
Total net position	38,633	36,281	6%
Total liabilities, deferred inflows of resources and net position	\$ 52,021	\$ 52,736	-1%

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		
	2016	2015	% Change
Revenue			
Program revenue			
Charges for services	\$ 388	\$ 379	2%
Operating grants and contributions	1,112	1,198	-7%
General revenue			
Real property taxes	2,715	2,823	-4%
Use of money & property	11	6	79%
Sale of property & comp for loss	3	(98)	n/a
State sources	14,475	14,027	3%
Federal sources	77	68	14%
Miscellaneous	310	185	68%
Total revenue	19,091	18,588	3%
Expenses			
General support	2,831	2,522	12%
Instruction	11,957	11,832	1%
Transportation	1,050	1,105	-5%
Debt service - interest	423	384	10%
Cost of sales	478	481	-1%
Total expenses	16,739	16,324	3%
Change in net position	\$ 2,352	\$ 2,264	

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Figure A-5 – Sources of Revenue

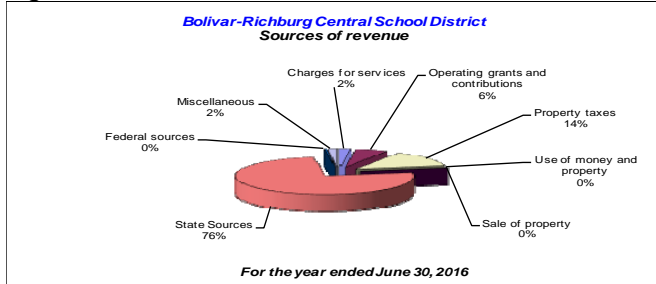


Figure A-6 - Expenses

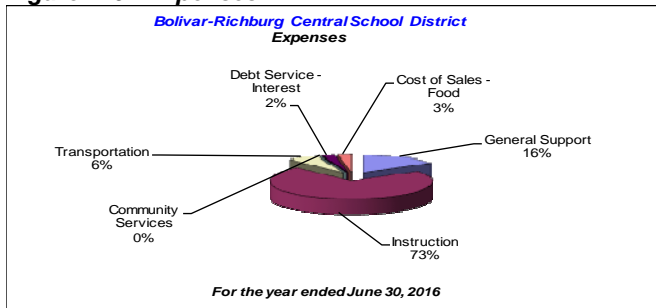


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District			
	2016		2015	
Expenditures supported with general revenue (from taxes & other sources)	\$ 15,239	91%	\$ 14,747	90%
Expenditures supported with program revenue	1,500	9%	1,577	10%
Total expenditures related to governmental activities	\$ 16,739	100%	\$ 16,324	100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2016	2015	Change	2016	2015	Change
General support	\$ 2,831	\$ 2,522	\$ 309	\$ 2,831	\$ 2,522	\$ 309
Instruction	11,957	11,832	125	10,928	10,712	216
Transportation	1,050	1,105	(55)	1,023	1,077	(54)
Debt service - interest	423	384	39	423	384	39
Cost of sales - food	478	481	(3)	34	52	(18)
Total	\$ 16,739	\$ 16,324	\$ 415	\$ 15,239	\$ 14,747	\$ 492

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 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 and other uses exceeded its revenue and other sources by approximately \$200,000.
- The District's general fund unassigned fund balance equated to approximately \$1,300,000 at June 30, 2016.
- The District established many fund balance reserves during the year ended June 30, 2016, and had a total restricted fund balance approximated \$7,305,000.
- The District's total assets increased approximately \$320,000 as of June 30, 2016. The District's liabilities increased approximately \$521,000. The increase in assets was primarily related to an increase in cash, partially offset by a decrease in due from other funds. The decrease in liabilities was the result of a decrease in accrued payroll and due to the Teachers' Retirement System.
- Total revenue in the District's general fund increased \$493,000, which was primarily related to an increase in BOCES, general and excess cost aid.. Total expenditures in the District's general fund increased by \$759,000 primarily as a result of the transfer of \$900,000 from the general fund towards the District's capital project. This increase was partially offset by decreases in BOCES expenditures and employee benefit costs.

Food Service Fund

- The District's food service fund experienced a \$4,000 decrease in fund equity during the current year.
- Revenue in the District's food service fund was \$474,000 during 2016 as compared with \$460,000 in 2015. Expenditures decreased approximately \$3,000 as a result of an decrease in salaries and benefits. These decreases were partially offset by a increase of food purchases.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately \$105,000 or 11% which was primarily a result of a decrease in Title IIA expenditures, along with Race to the Top funding not received in the current year.

Capital Projects Fund

The District had expenditures in the amount of \$882,000 in capital projects during the year ended June 30, 2016, which was primarily related to costs associated with the District's 2016 capital project and the purchase of a transportation vehicle.

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 \$233,000 below the revised budget. The most significant positive variances were in the area of instruction, transportation and employee benefits which totaled \$597,000, \$233,000 and \$394,000, respectively, below that budgeted. These positive variances were partially offset by operating transfers which were \$1,045,000 above that budgeted. On the other hand, resources available for appropriations were approximately \$73,000 above the final budgeted amount. Significant variances of revenue items consisted of local sources revenue which was approximately \$410,000, above that budgeted, while state sources and interfund revenues were approximately \$122,000 and \$227,000, respectively, below 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	\$ 2,893	\$ 3,303	\$ 410	14%	
State sources	14,597	14,475	(122)	-1%	
Federal sources	65	77	12	19%	
Interfund revenue	227	-	(227)	-100%	
Total revenue	\$ 17,782	\$ 17,855	\$ 73	0%	
Expenditures					
General support	\$ 2,308	\$ 2,254	\$ 54	2%	
Instruction	8,622	8,025	597	7%	
Transportation	823	590	233	28%	
Employee benefits	3,486	3,092	394	11%	
Debt service	3,012	3,012	0	0%	
Operating transfers	37	1,082	(1,045)	-2802%	
Total expenditures	\$ 18,288	\$ 18,055	\$ 233	1%	

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2016, the District had invested approximately \$34,470,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2016, totaled approximately \$791,000 and consisted primarily of costs associated with the District's 2016 capital project, along with the purchase of a transportation vehicle. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2016, the District had approximately \$10,573,000 in bonds, net pension liability, other post-employment benefits liabilities, retirement incentives and compensated absences, a decrease of approximately 2% as compared with the previous year. The decrease in bonds payable was the result of the District making regularly scheduled principal and interest payments, along with refunding a portion of its bonds. The other post-employment benefit liability decreased during the current year as a result of current year contributions exceeding the annual required cost (ARC). During the prior year the District implemented GASB 68, which increased in the current year.

Figure A-10 – Capital Assets

<i>Bolivar-Richburg Central School District</i>			
<i>Capital Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2016	2015	Change
Land	\$ 92,686	\$ 92,686	0%
Buildings	54,672,641	53,394,774	2%
Construction in progress	530,169	1,176,318	-55%
Equipment	5,268,773	5,212,390	1%
Accumulated depreciation	(26,094,431)	(24,271,931)	8%
Total Capital Assets, net	\$ 34,469,838	\$ 35,604,237	-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		
	2016	2015	Change
Bonds payable	\$ 9,212,682	\$ 10,296,917	-11%
Net pension liability	1,092,123	213,822	411%
Other post-employment benefits	25,024	27,240	-8%
Retirement incentive	14,065	49,167	-71%
Compensated absences	229,464	187,473	22%
Total Long-Term Debt	\$ 10,573,358	\$ 10,774,619	-2%

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, 2016

Schedule 1

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	<u>2016</u>	<u>2015</u>
Assets		
Cash		
Unrestricted	\$ 2,726,253	\$ 2,286,780
Restricted	8,656,116	8,910,665
Receivables		
State and federal aid	566,650	582,828
Other receivables	16,735	12,569
Due from other governments	69,258	70,105
Due from other fiduciary funds	78,397	81,907
Inventories	14,475	5,888
Net pension asset - NYS Teachers' Retirement System	3,626,436	3,903,274
Cash to be used for capital assets	-	209,158
Capital assets, net	34,469,838	35,604,237
Total assets	<u>50,224,158</u>	<u>51,667,411</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	1,752,778	1,068,858
Deferred outflows related to bond refunding	43,868	-
	<u>1,796,646</u>	<u>1,068,858</u>
 Total assets and deferred outflows of resources	 <u>\$ 52,020,804</u>	 <u>\$ 52,736,269</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 353,395	\$ 131,228
Accrued liabilities	191,158	295,659
Accrued interest	37,404	75,738
Due to other governments	210	36
Due to retirement systems	821,280	1,066,223
Unearned revenue	32,369	7,842
Bond anticipation notes payable	-	1,422,800
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,400,000	2,405,000
Portion due or payable after one year		
Bonds payable	7,812,682	7,891,917
Net pension liability - NYS Employees' Retirement System	1,092,123	213,822
Other post-employment benefits	25,024	27,240
Retirement incentive	14,065	49,167
Compensated absences	229,464	187,473
Total liabilities	<u>12,009,174</u>	<u>13,774,145</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	1,378,567	2,681,124
Total liabilities and deferred inflows of resources	<u>13,387,741</u>	<u>16,455,269</u>
Net Position		
Net investment in capital assets	25,257,156	24,030,886
Restricted	8,656,116	8,910,665
Unrestricted	4,719,791	3,339,449
Total net position	<u>38,633,063</u>	<u>36,281,000</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 52,020,804</u>	<u>\$ 52,736,269</u>

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

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Schedule 2

Page 11

	Expenses	Indirect Expenses Allocation	Program Revenues		2016 Net (Expense) Revenue and Changes in Net Position	2015 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
Functions/Programs						
General support	\$ 2,482,971	\$ 347,802	\$ -	\$ -	\$ (2,830,773)	\$ (2,522,227)
Instruction	10,695,903	1,261,473	238,630	791,510	(10,927,236)	(10,712,143)
Pupil transportation	732,654	317,093	26,542	-	(1,023,205)	(1,076,729)
Debt service	422,737	-	-	-	(422,737)	(384,145)
Food service program	478,386	-	123,250	320,640	(34,496)	(51,283)
Depreciation	1,926,368	(1,926,368)	-	-	-	-
Total functions and programs	<u>\$ 16,739,019</u>	<u>\$ -</u>	<u>\$ 388,422</u>	<u>\$ 1,112,150</u>	<u>(15,238,447)</u>	<u>(14,746,527)</u>
General Revenues						
Real property taxes					2,714,919	2,822,893
Use of money and property					11,335	6,322
Sale of property and compensation for gain (loss)					3,197	(98,080)
Miscellaneous					308,934	183,771
State sources					14,474,746	14,027,320
Federal sources					77,379	67,944
Total general revenues					<u>17,590,510</u>	<u>17,010,170</u>
Change in net position					2,352,063	2,263,643
Net position - beginning of year					36,281,000	33,152,486
Prior period adjustment					-	864,871
Net position - end of year					<u>\$ 38,633,063</u>	<u>\$ 36,281,000</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2016

Schedule 3

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	Governmental Funds					2016	2015
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Assets							
Unrestricted cash	\$ 2,728,464	\$ -	\$ 1,497	\$ -	\$ -	\$ 2,729,961	\$ 2,291,980
Restricted cash	7,304,660	-	-	1,347,748	-	8,652,408	9,114,623
Due from other funds	802,986	22,108	-	3,708	933,271	1,762,073	602,495
State and federal aid receivable	200,996	345,301	20,353	-	-	566,650	582,828
Other receivables	9,199	-	7,536	-	-	16,735	12,569
Due from other governments	69,258	-	-	-	-	69,258	70,105
Inventories	-	-	14,475	-	-	14,475	5,888
Total assets	<u>\$ 11,115,563</u>	<u>\$ 367,409</u>	<u>\$ 43,861</u>	<u>\$ 1,351,456</u>	<u>\$ 933,271</u>	<u>\$ 13,811,560</u>	<u>\$ 12,680,488</u>
Liabilities and Fund Equity							
Liabilities							
Accounts payable	\$ 100,834	\$ -	\$ -	\$ -	\$ 252,561	\$ 353,395	\$ 131,228
Accrued liabilities	188,815	824	1,519	-	-	191,158	295,659
Bond anticipation notes payable	-	-	-	-	-	-	1,422,800
Due to other funds	900,000	344,477	128,320	-	310,879	1,683,676	520,588
Unearned revenue	-	22,108	10,261	-	-	32,369	7,842
Due to other governments	-	-	210	-	-	210	36
Due to Teachers' Retirement System	751,298	-	-	-	-	751,298	986,520
Due to Employees' Retirement System	69,982	-	-	-	-	69,982	79,703
Total liabilities	<u>2,010,929</u>	<u>367,409</u>	<u>140,310</u>	<u>-</u>	<u>563,440</u>	<u>3,082,088</u>	<u>3,444,376</u>
Fund Equity							
Nonspendable	-	-	14,475	-	-	14,475	5,888
Restricted	7,304,660	-	-	1,351,456	-	8,656,116	8,910,665
Assigned	500,000	-	-	-	369,831	869,831	505,624
Unassigned (deficit)	1,299,974	-	(110,924)	-	-	1,189,050	(186,065)
Total fund equity (deficit)	<u>9,104,634</u>	<u>-</u>	<u>(96,449)</u>	<u>1,351,456</u>	<u>369,831</u>	<u>10,729,472</u>	<u>9,236,112</u>
Total liabilities and fund equity	<u>\$ 11,115,563</u>	<u>\$ 367,409</u>	<u>\$ 43,861</u>	<u>\$ 1,351,456</u>	<u>\$ 933,271</u>	<u>\$ 13,811,560</u>	<u>\$ 12,680,488</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Schedule 4

Page 13

	Governmental Funds					2016	2015
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Revenue							
Real property taxes	\$ 2,714,919	\$ -	\$ -	\$ -	\$ -	\$ 2,714,919	\$ 2,822,893
Charges for services	265,172	-	-	-	-	265,172	255,799
Use of money and property	11,324	-	11	-	-	11,335	6,322
Sale of property compensation for loss	2,429	-	-	-	-	2,429	4,296
Miscellaneous	308,934	-	8,251	-	227,622	544,807	191,911
State sources	14,474,746	351,986	10,702	-	-	14,837,434	14,413,507
Federal sources	77,379	439,524	287,783	-	-	804,686	858,927
Surplus food	-	-	22,155	-	-	22,155	20,823
Sales (school food service)	-	-	114,999	-	-	114,999	115,428
Total revenue	17,854,903	791,510	443,901	-	227,622	19,317,936	18,689,906
Expenditures							
General support	2,253,659	-	161,398	-	-	2,415,057	2,242,111
Instruction	8,025,585	733,802	-	-	-	8,759,387	8,983,891
Pupil transportation	589,990	-	-	-	120,873	710,863	774,436
Employee benefits	3,092,594	81,173	124,348	-	-	3,298,115	3,474,444
Debt service							
Principal	2,592,893	-	-	-	-	2,592,893	2,457,600
Interest	419,081	-	-	-	77,622	496,703	523,385
Capital outlay	-	-	-	-	631,718	631,718	631,459
Cost of sales	-	-	182,480	-	-	182,480	170,823
Other expenses	-	-	10,160	-	-	10,160	13,382
Total expenditures	16,973,802	814,975	478,386	-	830,213	19,097,376	19,271,531
Excess (deficiency) of revenue over expenditures	881,101	(23,465)	(34,485)	-	(602,591)	220,560	(581,625)
Other sources and uses							
BANS redeemed from appropriations	-	-	-	-	172,800	172,800	147,600
Proceeds from issuance of debt	-	-	-	-	1,100,000	1,100,000	-
Proceeds from advanced refunding	-	-	-	2,418,381	-	2,418,381	-
Payment to escrow agent - advance refunding	-	-	-	(2,418,381)	-	(2,418,381)	-
Operating transfers in	-	23,465	30,000	52,122	1,028,178	1,133,765	185,339
Operating transfers out	(1,081,643)	-	-	-	(52,122)	(1,133,765)	(185,339)
Total other sources (uses)	(1,081,643)	23,465	30,000	52,122	2,248,856	1,272,800	147,600
Excess (deficiency) of revenue and other sources over expenditures and other uses	(200,542)	-	(4,485)	52,122	1,646,265	1,493,360	(434,025)
Fund equity (deficit), beginning of year	9,305,176	-	(91,964)	1,299,334	(1,276,434)	9,236,112	9,670,137
Fund equity (deficit), end of year	\$ 9,104,634	\$ -	\$ (96,449)	\$ 1,351,456	\$ 369,831	\$ 10,729,472	\$ 9,236,112

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, 2016

Schedule 5

Page 14

	Private Purpose Trusts	Agency Funds	Total 06/30/16	(Memo only) Total 06/30/15
Assets				
Cash	\$ 117,982	\$ 191,387	\$ 309,369	\$ 400,960
Investments	2,444,267	-	2,444,267	2,361,994
Due from other funds	29,713	-	29,713	28,541
Total assets	<u>\$ 2,591,962</u>	<u>\$ 191,387</u>	<u>\$ 2,783,349</u>	<u>\$ 2,791,495</u>
Liabilities				
Accrued liabilities	\$ -	\$ 5,462	\$ 5,462	\$ 10,791
Due to other funds	-	108,110	108,110	110,448
Student extraclassroom activity funds	-	77,815	77,815	65,253
Total liabilities	<u>-</u>	<u>191,387</u>	<u>191,387</u>	<u>186,492</u>
Net position				
Reserved for scholarships	<u>2,591,962</u>	<u>-</u>	<u>2,591,962</u>	<u>2,605,003</u>
Total liabilities and net position	<u>\$ 2,591,962</u>	<u>\$ 191,387</u>	<u>\$ 2,783,349</u>	<u>\$ 2,791,495</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**Schedule 6****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016****Page 15**

	06/30/16	(Memo only) 06/30/15
Additions		
Gifts and contributions	\$ 11,190	\$ 66,629
Interest earnings	125,603	154,225
Total additions	136,793	220,854
Deductions		
Loss on investments	40,254	73,065
Scholarships awarded	109,580	85,200
Total deductions	149,834	158,265
Change in net position	(13,041)	62,589
Net position - beginning of year	2,605,003	2,542,414
Net position - end of year	<u>\$ 2,591,962</u>	<u>\$ 2,605,003</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

Total fund balances - governmental funds \$ 10,729,472

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	\$ 60,564,269	
Accumulated depreciation	<u>(26,094,431)</u>	34,469,838

District's proportionate share of the net pension asset is reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions. 3,626,436

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due. (37,404)

Deferred outflows from the refunding of debt is reported in the statement of net position and is amortized over the refunded debt. In the governmental funds the total sources and payments related to the refunding are recognized in statement of revenue, expenditures and changes in fund equity. 43,868

Deferred inflows/outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions. 374,211

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	(9,212,682)	
Net pension liability	(1,092,123)	
Other post-employment benefits	(25,024)	
Retirement incentive	(14,065)	
Compensated absences	<u>(229,464)</u>	<u>(10,573,358)</u>

Total net position - governmental activities \$ 38,633,063

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 11,382,369	\$ -	\$ -	\$ -	\$ 11,382,369
Due from other funds	1,762,073	-	-	(1,683,676)	78,397
State and federal aid receivable	566,650	-	-	-	566,650
Other receivables	16,735	-	-	-	16,735
Due from other governments	69,258	-	-	-	69,258
Inventories	14,475	-	-	-	14,475
Net pension asset	-	3,626,436	-	-	3,626,436
Capital assets, net	-	34,469,838	-	-	34,469,838
Total assets	13,811,560	38,096,274	-	(1,683,676)	50,224,158
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	1,752,778	-	-	1,752,778
Deferred outflows related to bond refunding	-	43,868	-	-	43,868
Total assets and deferred outflows of resources	\$ 13,811,560	\$ 39,892,920	\$ -	\$ (1,683,676)	\$ 52,020,804
Liabilities and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 353,395	\$ -	\$ -	\$ -	\$ 353,395
Accrued liabilities	191,158	-	-	-	191,158
Accrued interest	-	-	37,404	-	37,404
Due to other funds	1,683,676	-	-	(1,683,676)	-
Unearned revenue	32,369	-	-	-	32,369
Due to other governments	210	-	-	-	210
Due to retirement systems	821,280	-	-	-	821,280
Bonds payable	-	-	9,212,682	-	9,212,682
Net pension liability - NYS ERS	-	-	1,092,123	-	1,092,123
Other post-employment benefits	-	-	25,024	-	25,024
Retirement incentive	-	-	14,065	-	14,065
Compensated absences	-	-	229,464	-	229,464
Total liabilities	3,082,088	-	10,610,762	(1,683,676)	12,009,174
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	1,378,567	-	1,378,567
Total liabilities and deferred inflows of resources	3,082,088	-	11,989,329	(1,683,676)	13,387,741
Fund equity and net position	10,729,472	39,892,920	(11,989,329)	-	38,633,063
Total liabilities, deferred inflows of resources and fund equity/net position	\$ 13,811,560	\$ 39,892,920	\$ -	\$ (1,683,676)	\$ 52,020,804

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, 2016

Total net change in fund balances - governmental funds \$ 1,493,360

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	\$ 791,201	
Depreciation expense	<u>(1,926,368)</u>	(1,135,167)

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. 768

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. 5,011,274

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. (172,800)

Proceeds from long-term debt, including bond refundings and bond premiums, are recorded as revenue in governmental funds. However, in the statement of activities, proceeds from long-term debt are not recorded as revenue. Rather, long-term debt is recorded as a liability in the statement of net assets. (3,746,003)

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. 73,966

District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts from changes in proportion are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans. 831,338

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. (4,673)

Change in net position of governmental activities \$ 2,352,063

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Asset and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 2,714,919	\$ -	\$ -	\$ -	\$ 2,714,919
Charges for services	265,172	-	-	(265,172)	-
Use of money and property	11,335	-	-	-	11,335
Sale of property compensation for loss	2,429	768	-	-	3,197
Miscellaneous	544,807	-	(227,622)	(8,251)	308,934
State sources	14,837,434	-	-	(362,688)	14,474,746
Federal sources	804,686	-	-	(727,307)	77,379
Surplus food	22,155	-	-	(22,155)	-
Sales (school food service)	114,999	-	-	(114,999)	-
Total revenue	19,317,936	768	(227,622)	(1,500,572)	17,590,510
Expenditures					
General support	2,415,057	317,891	-	97,825	2,830,773
Instruction	8,759,387	1,252,774	4,673	910,402	10,927,236
Pupil transportation	710,863	196,220	-	116,122	1,023,205
Employee benefits	3,298,115	-	(831,338)	(2,466,777)	-
Debt service	3,089,596	-	(2,666,859)	-	422,737
Capital outlay	631,718	(631,718)	-	-	-
Cost of sales	182,480	-	-	(147,984)	34,496
Other expenses	10,160	-	-	(10,160)	-
Total expenditures	19,097,376	1,135,167	(3,493,524)	(1,500,572)	15,238,447
Excess (deficiency) of revenue over expenditures	220,560	(1,134,399)	3,265,902	-	2,352,063
Other sources and uses					
BANs redeemed from appropriation	172,800	-	(172,800)	-	-
Proceeds from issuance of debt	1,100,000	-	(1,100,000)	-	-
Proceeds from advanced refunding	2,418,381	-	(2,418,381)	-	-
Payment to escrow agent - advance refunding	(2,418,381)	-	2,418,381	-	-
Operating transfers in	1,133,765	-	-	(1,133,765)	-
Operating transfers out	(1,133,765)	-	-	1,133,765	-
Total other sources (uses)	1,272,800	-	(1,272,800)	-	-
Net change for year	\$ 1,493,360	\$ (1,134,399)	\$ 1,993,102	\$ -	\$ 2,352,063

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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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 57-60 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 \$3,080,000 for BOCES administration and program costs. The District's share of BOCES aid and refunds amounted to \$1,637,000 for the year ended June 30, 2016. 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, 2016

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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, 2016

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. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position.

This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Inflows and Outflows of Resources (continued)

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

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 \$229,464 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.

L. Post-Employment Benefits

In addition to the retirement benefits described in Note 3VIA, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. 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.

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:

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:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

1. Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects and vehicles 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

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.

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, 2016.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

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.

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 \$0 as of June 30, 2016.

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, 2017 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

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.

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, 2016

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, 2016.

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, 2016

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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)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities (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, 2016, 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, 2016

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash (continued)

A. Deposits (continued)

Total financial institution (bank) balances at June 30, 2016 per the bank were approximately \$11,707,000. Deposits on hand at June 30, 2016 are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 659,000	\$ 11,048,000	\$ -	\$ 11,707,000

II. Investments

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

- Insured or registered, or investments are held by the School District or by the School District's agent in the School District's name,
- Uninsured and unregistered, with the investments held by the financial institutions trust department in the School District's name,
- 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	\$ 2,444,267

These investments are held in the School District's name. The market value of the investments as of June 30, 2016 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, 2016 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 802,986	\$ 900,000
Debt Service Fund	3,708	-
School Lunch Fund	-	128,320
Special Aid Fund	22,108	344,477
Agency Fund	-	108,110
Capital Fund	933,271	310,879
Fiduciary Funds	29,713	-
Total	\$ 1,791,786	\$ 1,791,786

	Interfund Revenue	Interfund Expenditures
General Fund	\$ -	\$ 1,081,643
School Lunch Fund	30,000	-
Debt Service Fund	52,122	-
Special Aid Fund	23,465	-
Capital Fund	1,028,178	52,122
Total	\$ 1,133,765	\$ 1,133,765

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

III. Interfund Transactions (continued)

During the year ended June 30, 2016, the District transferred \$30,000 from the general fund to the school lunch to subsidize operations. The District transferred \$1,028,178 from the capital reserve in the general fund to the capital fund for the purchase of transportation vehicles (\$128,178) and towards its capital project (\$900,000). The District also transferred \$23,465 from general fund to the special aid fund representing the local share of the preschool program. Lastly, the District transferred \$52,122 from the capital fund to the debt service fund to close out two capital projects.

IV. Receivables

Receivables at June 30, 2016 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	\$ 345,301
Food Service	State and Federal Aid	20,353
Food Service	Other receivables	7,536
General	State and Federal Aid	200,996
General	Other Receivables	9,199
	Due from Other Governments	69,258
		<u>\$ 652,643</u>

V. Capital Assets

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

	Beginning Balance 06/30/15	Net change	Ending Balance 06/30/16
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 92,686	\$ -	\$ 92,686
Construction-in-progress	1,176,318	(646,149)	530,169
Capital assets that are depreciated:			
Buildings and improvements	53,394,774	1,277,867	54,672,641
Furniture and equipment	5,212,390	56,383	5,268,773
Total depreciable historical cost	59,876,168	688,101	60,564,269
Less accumulated depreciation:			
Buildings and improvements	20,385,167	1,623,761	22,008,928
Furniture and equipment	3,886,764	198,739	4,085,503
Total accumulated depreciation	24,271,931	\$ 1,822,500	26,094,431
Total net book value	<u>\$ 35,604,237</u>		<u>\$34,469,838</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 347,802
Instruction	1,261,473
Pupil transportation	317,093
	<u>\$ 1,926,368</u>

VI. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

b. Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS) (continued)

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

2. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

Year		TRS		ERS
2016	\$	751,000	\$	312,000
2015		975,000		337,000
2014		899,000		364,000

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.

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

At June 30, 2016, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2016 for ERS and June 30, 2015 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

Actuarial valuation date	ERS	TRS
	3/31/16	6/30/15
Net pension asset/(liability)	\$ (1,092,123)	\$ 3,626,436
District's portion of the Plan's total net pension asset/(liability)	.0068044%	.034914%

For the year ended June 30, 2016, the District's recognized pension expense of \$399,402 for ERS and the actuarial value (\$239,728) for TRS. At June 30, 2016 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 5,519	\$ -	\$ 129,453	\$ 100,504
Changes of assumptions	291,236	-	-	-
Net difference between projected and actual earnings on pension plan investments	647,907	-	-	1,146,335
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	33,487	3,950	-	2,275
District's contributions subsequent to the measurement date	69,982	700,697	-	-
Total	\$ 1,048,131	\$ 704,647	\$ 129,453	\$ 1,249,114

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, including pension contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended:	ERS		TRS	
2017	\$	285,160	\$	238,439
2018		215,178		(462,258)
2019		215,178		(462,258)
2020		203,162		190,745
2021		-		(12,424)
Thereafter				(36,711)

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/16	6/30/15
Actuarial valuation date	4/1/15	6/30/14
Interest rate	7%	8%
Salary scale	4.9% average 4/1/10 – 3/31/15	4.01% - 10.91% 7/1/05 – 6/30/10
Decrement tables	System's Experience	System's Experience
Inflation rate	2.5%	3%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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

Measurement date	ERS 3/31/16	TRS 6/30/15
Asset Type:		
Domestic Equity	38%	37%
International Equity	13%	18%
Private Equity	10%	-%
Real Estate	8%	10%
Other investments	9%	7%
Domestic fixed income securities	-%	17%
Global fixed income securities	-%	2%
Bonds and Mortgages	18%	8%
Cash and short-term	2%	1%
Inflation-indexed bonds	2%	-%
Total:	100%	100%

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

5. Discount Rate

The discount rate used to calculate the total pension liability was 7% for ERS and 8% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

6. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS and 8% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1- percentage point lower (6% for ERS and 7% for TRS) or 1-percentage point higher (8% for ERS and 9% for TRS) than the current rate:

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (2,462,658)	\$ (1,092,123)	\$ (65,921)

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

6. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption (continued)

	1% Decrease (7%)	Current Assumption (8%)	1% Increase (9%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (247,370)	\$ 3,626,436	\$ 6,929,978

7. Pension Plan Fiduciary Net Position

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

Valuation date	(Dollars in Thousands)	
	ERS 3/31/16	TRS 6/30/15
Employers' total pension liability	\$ 172,303,544	\$ 99,332,104
Plan net position	\$ 156,253,265	\$ 109,718,917
Employers' net pension asset/(liability)	\$ (16,050,279)	\$ 10,386,813
Ratio of plan net position to be Employers' total pension asset/(liability)	90.7%	110.46%

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to \$69,982.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2016 are paid to the System in September, October and November 2016 through a state aid intercept. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2016 amounted to \$751,298 (employer contribution \$700,697 and employee contributions of \$50,601.

9. Restatement of the Net Position

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27*. The implementation of Statement No. 68 resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the District's participation in the New York State Teachers' and Employees' retirement systems. The District's net position has been restated as follow:

Net position beginning of year, as previously stated	\$ 33,152,486
GASB Statement No. 68 implementation	
Beginning System asset - Teachers' Retirement System	227,781
Beginning System liability - Employees' Retirement System	(286,014)
Beginning deferred outflow of resources for contributions subsequent to the measurement date	
Teachers' Retirement System	841,104
Employees' Retirement System	82,000
	<hr/>
Total prior period adjustments	864,871
	<hr/>
Net position beginning of year, as restated	\$ 34,017,357

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

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.

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 2016, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation:

Normal Cost	\$ 8,219
Amortization of unfunded actuarial accrued liability	52,481
Interest adjustment	2,731
Annual required contribution adjustment	6,321
Annual OPEB cost	<hr/> 69,752
Contributions made	(71,968)
Increase in net OPEB obligation	<hr/> (2,216)
Net OPEB obligation – beginning of year	27,240
Net OPEB obligation-end of year	<hr/> <hr/> \$ 25,024

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016, 2015 and 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/16	\$ 69,752	103%	\$ 25,024
6/30/15	\$ 68,022	94%	\$ 27,240
6/30/14	\$ 44,925	129%	\$ 23,139

Funding Status and Funding Progress

As of June 30, 2016, the actuarial accrued liability for benefits was \$433,952, all of which was unfunded. The covered payroll (annual payroll of active employees covered under the plan) was \$6,992,844 and the ratio of unfunded actuarial liability to the covered payroll was 6.2%.

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.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Methods and Assumptions (continued)

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 8.5% initially, reduced to an ultimate rate of 5% after ten years, was used.

Health insurance premiums – 2015 health insurance premiums are used as the basis for calculation of the present value of total benefits to be paid.

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 ten 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.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

1. Short-Term Debt (continued)

a. Bond Anticipation Notes (continued)

On October 11, 2013, the District issued bond anticipation notes in the amount of \$81,200 related to the purchase of transportation vehicles. These notes carried an interest rate of 1.75% and matured on October 10, 2014. On August 9, 2013, the District issued bond anticipation notes in the amount of \$199,200 related to the purchase of transportation vehicles. These notes carried an interest rate of 1.95% and matured on August 8, 2014 at which time the District issued bond anticipation notes in the amount of \$132,800. These notes carry an interest rate of 1.50% and are scheduled to mature on August 7, 2015. The District issued bond anticipation notes on April 15, 2015 in the amount of \$1,290,000 related to capital improvements. These notes carried an interest rate of 1.25% and matured on April 15, 2016, at which time the District issued serial bonds.

b. Short-Term Debt Interest

The District had \$4,647 of interest on short-term debt for the year ended June 30, 2016.

2. Long-Term Debt

a. Debt Limit

At June 30, 2016, total indebtedness represents 51% of its debt limit.

b. Serial Bonds

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.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2016 and 2015 are as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Balance</u> <u>June 30, 2015</u>
2003 Serial Bonds	\$ -	\$ 560,000
2003 Serial Bonds	-	565,000
2007 Serial Bonds	-	2,710,000
2011 Serial Bonds	1,852,699	2,438,372
2012 Serial Bonds	3,634,565	4,023,545
2015 Serial Bonds	2,397,796	-
2016 Serial Bonds	1,327,622	-
Other post-employment benefits	25,024	27,240
Compensated Absences	229,464	187,473
Net pension liability	1,092,123	213,822
Retiree health insurance	14,065	49,167
	<u>\$ 10,573,358</u>	<u>\$ 10,774,619</u>

During the year, the District made principal payments on its serial bonds in the amount of \$3,460,000. In addition, the District refunded its 2007 serial bonds and issued serial bonds series 2015 and 2016 in the amount of \$2,360,000 and \$1,100,000, respectively. The District's contributions for post-employment benefits exceeded the costs in the amount of \$2,216 during the fiscal year ended June 30, 2016. The District's compensated absences liability increased by \$41,991 and the District paid \$35,102 towards the long-term liability for prior year's local retirement incentives. Lastly, the District's GASB 68 net pension liability to the NYS Employees' Retirement System increased by \$878,301.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity

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

Description of Issue	June 30, 2016
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.	\$ 1,785,000 67,699 <u>\$ 1,852,699</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.	\$ 3,350,000 284,565 <u>\$ 3,634,565</u>
Serial Bonds, issued in 2015 with a maturity date of 2021, bonds carry interest at 2.0%-3.0%. Plus: unamortized bond premium on bond issuance.	\$ 2,345,000 52,796 <u>\$ 2,397,796</u>
Serial Bonds, issued in 2016 through DASNY with a maturity date of 2030, bonds carry interest at 2.0%-5.0%. Plus: unamortized bond premium on bond issuance.	\$ 1,100,000 227,622 <u>\$ 1,327,622</u>

2. The following is a summary of maturing debt service requirements for serial bonds:

Year	Serial Bonds – 2011 Refunding Construction Bond	
	Principal	Interest
2017	\$ 570,000	\$ 86,400
2018	590,000	60,750
2019	625,000	31,250
Total	<u>\$ 1,785,000</u>	<u>\$ 178,400</u>

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 – 2012	
	Principal	Interest
2017	\$ 340,000	\$ 166,187
2018	355,000	149,188
2019	375,000	131,438
2020	395,000	112,688
2021	415,000	92,938
2022-2026	1,420,000	156,438
2027-2028	50,000	2,562
Total	<u>\$ 3,350,000</u>	<u>\$ 811,439</u>

Year	Serial Bonds – 2015	
	Principal	Interest
2017	\$ 445,000	\$ 51,450
2018	455,000	42,550
2019	470,000	28,900
2020	485,000	19,500
2021	490,000	9,800
Total	<u>\$ 2,345,000</u>	<u>\$ 152,200</u>

Year	Serial Bonds – 2016	
	Principal	Interest
2017	\$ 45,000	\$ 67,505
2018	60,000	51,250
2019	65,000	48,850
2020	65,000	45,600
2021	70,000	42,350
2022-2026	405,000	155,350
2027-2030	390,000	50,000
Total	<u>\$ 1,100,000</u>	<u>\$ 460,905</u>

e. Refunding of Long-Term Debt

On December 9, 2015, the District issued general obligations serial bonds 2015 of \$2,360,000 (par value) with interest rates ranging from 2.00% to 3.00% to advance refund the 2007 serial bonds with interest rates ranging from 3.875% to 3.90%. The net proceeds of \$2,343,847 (after bond premium of \$58,381, bond issuance costs of \$73,502 and cash \$1,032) were used to purchase government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the 2007 serial bond. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

f. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$414,434 for the year ended June 30, 2016.

g. 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

School Lunch Fund

As of June 30, 2016, the District had an accumulated deficit in the amount of \$110,924 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, 2016
Nonspendable:		
Food Service	Inventory	\$ 14,475
Restricted:		
General	Liability reserve	\$ 500,385
	Unemployment reserve	209,671
	Reserve for insurance	1,275,008
	Reserve for retirement system contributions	613,640
	Capital reserve	2,753,093
	Capital reserve – transportation	1,082,663
	Repair reserve	66,540
	Employee benefits reserve	803,660
		<u>\$ 7,304,660</u>
Debt Service	Reserve for debt service	\$ 1,351,456
Private Purpose	Reserve for endowment scholarships	\$ 2,591,962
Assigned:		
General	Appropriated fund balance	\$ 500,000
	Reserve for encumbrances	-
		<u>\$ 500,000</u>
Capital	Fund equity	\$ 369,831

C. District-wide Net Position

Net position of the District include restricted net position of \$8,656,116 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 \$332,000 as of June 30, 2016 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, 2016 totaled \$14,065.

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, 2016

NOTE 4 - CAPITAL PROJECTS

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 \$1,277,867 through June 30, 2016 and transferred \$12,133 to the debt service fund to close out the fund.

On October 6, 2015, *Bolivar-Richburg Central School District* held a public hearing at which time the voters of the District approved a \$8,200,000 renovation and energy project. The proposed budget of this capital project included expenditures for architectural and improvement costs to its Bolivar, Richburg and Pre-Kindergarten campuses in the amount of \$6,630,000 and an energy performance contract in the amount of \$1,570,000. The District had expenditures related to the capital project in the amount \$530,169 through June 30, 2016.

Lastly, during the current year the District purchased transportation vehicles in the amount of \$120,873 with capital reserve funds transferred from the general fund.

NOTE 5 – PRIOR PERIOD ADJUSTMENT

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27*. The implementation of Statement No. 68 resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the District’s participation in the New York State Teachers’ and Employees’ retirement systems. The District’s net position has been restated as follow:

Net position beginning of year, as previously stated	\$ 33,152,486
GASB Statement No. 68 implementation	
Beginning System asset - Teachers' Retirement System	227,781
Beginning System liability - Employees' Retirement System	(286,014)
Beginning deferred outflow of resources for contributions subsequent to the measurement date	
Teachers' Retirement System	841,104
Employees' Retirement System	82,000
Total prior period adjustments	864,871
Net position beginning of year, as restated	\$ 34,017,357

NOTE 6 – FAIR VALUE MEASUREMENTS

As noted in Note 3II, the District has investments that are reported at fair value in the Statement of Fiduciary Net Position. GASB 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs on the hierarchy consist of unadjusted quoted prices in active markets and have the highest priority. Level 2 inputs consist of quoted prices in active markets for similar assets or liabilities or quoted prices in inactive markets for identical or similar assets or liabilities. Level 3 inputs have the lowest priority and consist of assets and liabilities that are measured on a recurring basis using unobservable inputs. The District had \$2,444,267 of investments in mutual funds related to a scholarship endowment that is considered to be a level 1 input.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 20, 2016, 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, 2016

	Original Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 2,714,763	\$ 2,714,763	\$ 2,705,496	\$ (9,267)
Real property tax items	10,000	10,000	9,423	(577)
Charges for services	1,000	1,000	265,172	264,172
Use of money and property	10,000	10,000	11,324	1,324
Sale of property and compensation for loss	3,000	3,000	2,429	(571)
Miscellaneous	155,000	155,000	308,934	153,934
State Sources:				
Basic formula	13,109,125	13,109,125	12,988,343	(120,782)
BOCES	1,408,452	1,408,452	1,372,728	(35,724)
Textbooks	45,138	45,138	43,076	(2,062)
All other aid	33,955	33,955	70,599	36,644
Federal Sources:				
Medicaid reimbursement	65,000	65,000	77,379	12,379
Total revenue	17,555,433	17,555,433	17,854,903	299,470
Other Sources				
Operating transfer in	226,702	226,702	-	(226,702)
Total revenue and other sources	17,782,135	17,782,135	<u>\$ 17,854,903</u>	<u>\$ 72,768</u>
Appropriated fund equity and carryover encumbrances	500,000	505,624		
Total revenue, other sources and appropriated fund equity	<u>\$ 18,282,135</u>	<u>\$ 18,287,759</u>		

	Original Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 13,525	\$ 15,525	\$ 14,716	\$ -	\$ 809
Central administration	169,966	174,466	175,109	-	(643)
Finance	197,475	197,475	187,949	-	9,526
Staff	255,899	273,399	265,253	-	8,146
Central services	1,348,482	1,350,382	1,326,499	-	23,883
Special items	296,376	296,376	284,133	-	12,243
Instructional:					
Instruction, administration and improvement	493,587	493,972	396,991	-	96,981
Teaching - regular school	3,967,317	3,956,989	3,839,945	-	117,044
Programs for children with handicapping conditions	2,213,380	2,213,380	1,904,762	-	308,618
Teaching - special schools	27,925	34,535	34,535	-	-
Occupational education	632,842	632,842	559,091	-	73,751
Instructional media	543,794	585,444	585,389	-	55
Pupil services	678,680	705,422	704,872	-	550
Pupil Transportation	822,605	822,605	589,990	-	232,615
Employee Benefits	3,668,447	3,485,665	3,092,594	-	393,071
Debt Service:					
Debt service principal	2,471,400	2,561,540	2,592,893	-	(31,353)
Debt service interest	450,435	450,435	419,081	-	31,354
Total expenditures	18,252,135	18,250,452	16,973,802	-	1,276,650
Other Uses:					
Transfer to other funds	30,000	37,307	1,081,643	-	(1,044,336)
Total other uses	30,000	37,307	1,081,643	-	(1,044,336)
Total expenditures and other uses	\$ 18,282,135	\$ 18,287,759	18,055,445	\$ -	\$ 232,314
Excess of revenue and other sources over expenditures and other uses			<u>\$ (200,542)</u>		

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, 2016

Schedule SS1A

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	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 10,100	\$ 10,702	\$ 602
Federal sources	275,500	287,783	12,283
Sales	115,500	114,999	(501)
Miscellaneous	8,100	8,251	151
Surplus food	21,000	22,155	1,155
Use of money and property	5	11	6
Total revenue	<u>430,205</u>	<u>443,901</u>	<u>13,696</u>
Expenditures			
General support	170,832	161,398	9,434
Employee benefits	128,160	124,348	3,812
Cost of sales	169,600	182,480	(12,880)
Other expenses	13,400	10,160	3,240
Total expenditures	<u>481,992</u>	<u>478,386</u>	<u>3,606</u>
Deficiency of revenue over expenditures	<u>(51,787)</u>	<u>(34,485)</u>	<u>17,302</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>\$ (21,787)</u>	<u>(4,485)</u>	<u>\$ 17,302</u>
Fund deficit, beginning of year		<u>(91,964)</u>	
Fund deficit, end of year		<u>\$ (96,449)</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, 2016

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 18,282,135
Additions:	
Prior year encumbrances	<u>5,624</u>
Original Budget	18,287,759
Budget Revisions:	
Supplemental appropriations	<u>-</u>
Final budget	<u><u>\$ 18,287,759</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2016-17 voter-approved expenditure budget	\$ 18,411,761
Maximum allowed (4% of 2016-17 budget)	\$ 736,470

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	500,000
Unassigned fund balance	<u>1,299,974</u>
Total unrestricted fund balance	<u>1,799,974</u>
Less:	
Appropriated fund balance	500,000
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	<u>-</u>
Total adjustments	<u>500,000</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,299,974</u></u>
Actual percentage	<u><u>7.1%</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, 2016

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended (Overexpended) Balance	Methods of financing				Fund Balance June 30, 2016
			Prior Years	Current Year	Interfund Transfer	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
Phase VI	\$ 7,500,000	\$ 7,500,000	\$ 6,275,746	\$ -	\$ 39,989	\$ 6,315,735	\$ 1,184,265	\$ 6,021,080	\$ 278,920	\$ 15,735	\$ 6,315,735	\$ -
2013 Project	1,350,000	1,350,000	1,176,318	101,549	12,133	1,290,000	60,000	1,290,000	-	-	1,290,000	-
2016 Capital Project	6,630,000	6,630,000	-	530,169	-	530,169	6,099,831	-	-	900,000	900,000	369,831
2016 Energy Performance Project	1,570,000	1,570,000	-	-	-	-	1,570,000	-	-	-	-	-
Buses - current year	121,000	121,000	-	120,873	-	120,873	127	-	-	120,873	120,873	-
	<u>\$ 17,171,000</u>	<u>\$ 17,171,000</u>	<u>\$ 7,452,064</u>	<u>\$ 752,591</u>	<u>\$ 52,122</u>	<u>\$ 8,256,777</u>	<u>\$ 8,914,223</u>	<u>\$ 7,311,080</u>	<u>\$ 278,920</u>	<u>\$ 1,036,608</u>	<u>\$ 8,626,608</u>	<u>369,831</u>
								Less: Bond anticipation notes outstanding				-
								Ending fund equity (deficit) balance as of June 30, 2016				<u>\$ 369,831</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, 2016

Schedule SS4A

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Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school	N/A	2016	\$ 93,861	\$ 93,861	\$ 93,861
Teachers of Tomorrow grant	0644-16-0002	2016	17,000	17,000	17,000
Universal Pre-kindergarten *	0409-16-7053	2016	238,689	262,154	262,154
Mentor Teacher	0663-16-0117	2016	7,200	2,436	2,436
School breakfast programs	N/A	2016	3,478	3,478	3,478
School lunch programs	N/A	2016	7,224	7,224	7,224
			<u>\$ 367,452</u>	<u>\$ 386,153</u>	<u>\$ 386,153</u>

* Included in revenue is an interfund transfer from the general fund for the local share of the grant in the amount of \$23,465.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). 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, 2016, the District reported in the Schedule of Federal Awards \$22,155 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, 2016

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	0021-16-0140	\$ 192,680	\$ 192,680	\$ 192,680
Title I	84.010A	0021-15-0140	2,070	2,070	2,070
Title II, Part A	84.367A	0147-16-0140	73,499	40,000	40,000
Title II, Part A	84.367A	0147-15-0140	1,821	1,821	1,821
Title VI - Part B - Rural Schools	84.358B	0006-15-0140	16,206	15,764	15,764
IDEA Part B, Section 611 **	84.027A	0032-16-0039	185,579	184,562	184,562
IDEA Part B, Section 619 **	84.173A	0033-16-0039	4,198	2,627	2,627
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	64,587	64,587
National School Lunch Program ***	10.555	N/A	N/A	220,424	220,424
National Summer Food Program ***	10.559	N/A	N/A	2,772	2,772
<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	22,155	22,155
Total expenditures and revenue				\$ 749,462	\$ 749,462

** Constitutes a cluster of Federal programs

*** Constitutes a cluster of Federal programs

Note: Total expenditures of Federal awards did not exceed \$750,000 and therefore, a single audit was not required for the fiscal year ended June 30, 2016 in accordance with the Uniform Guidance.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF CERTAIN REVENUE AND EXPENDITURES
COMPARED TO ST-3 DATA – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

Schedule SS5

Page 44

	Account Code	ST-3 Amount	Audited Amount
Revenues			
Property taxes	A-1001	\$ 2,714,919	\$ 2,714,919
State aid	AT-3999	14,474,746	14,474,746
Federal aid	AT-4999	77,379	77,379
Total revenue	AT-5999	17,854,903	17,854,903
Expenditures			
General support	AT-1999	2,253,659	2,253,659
Pupil transportation	AT-5599	589,990	589,990
Debt service - principal	AT-9798.6	2,592,893	2,592,893
Debt service - interest	AT-9798.7	419,081	419,081
Total expenditures	AT-9999	\$ 18,055,445	\$ 18,055,445

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2016

Schedule SS6

Page 45

Capital Assets	\$ 34,469,838
Less:	
Serial bonds	<u>(9,212,682)</u>
Net investment in capital assets	<u>\$ 25,257,156</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
AS OF JUNE 30, 2012 THROUGH JUNE 30, 2016

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, 2016	\$ -	\$ 433,952	\$ 433,952	0%	\$ 6,992,844	6%
June 30, 2015	\$ -	\$ 485,622	\$ 485,622	0%	\$ 6,789,169	7%
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%

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2016

Schedule SS8

Page 47

New York State Teachers' Retirement System

For the year ended June 30,	2016	2015	2014	2013
Contractually required contributions	\$ 700,697	\$ 919,367	\$ 841,100	\$ 599,979
Contributions in relation to the contractually required contribution	(700,697)	(919,367)	(841,100)	(599,979)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 5,284,291	\$ 5,244,535	\$ 5,176,000	\$ 5,067,390
Contributions as a percentage of District's covered-employee payroll	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2016	2015	2014	2013
Contractually required contributions	\$ 311,838	\$ 327,156	\$ 364,198	\$ 328,075
Contributions in relation to the contractually required contribution	(311,838)	(327,156)	(364,198)	(328,075)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,801,098	\$ 1,765,763	\$ 1,754,043	\$ 1,763,157
Contributions as a percentage of District's covered-employee payroll	17.48%	17.65%	18.23%	17.91%

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE
NET PENSION ASSET – NYSTRS AND PROPORTIONATE SHARE OF
NET PENSION LIABILITY - NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2016

Schedule SS9

Page 48

New York State Teachers' Retirement System - Net Pension Asset

As of the measurement date of June 30,	2016	2015	2014	2013
District's proportion of the net pension asset	n/a	0.034914%	0.035040%	0.034604%
District's proportionate share of the net pension asset	n/a	\$ 3,626,436	\$ 3,903,274	\$ 227,781
District's covered-employee payroll	n/a	\$ 5,244,535	\$ 5,176,000	\$ 5,067,390
District's proportionate share of the net pension asset as a percentage of its covered employee payroll	n/a	69.15%	75.41%	4.50%
Plan fiduciary net position as a percentage of the total pension liability	n/a	110.46%	111.48%	100.70%

New York State Local Employees' Retirement System - Net Pension Liability

As of the measurement date of March 31,	2016	2015	2014	2013
District's proportion of the net pension liability	0.0068004%	0.0063293%	n/a	n/a
District's proportionate share of the net pension liability	\$ 1,092,123	\$ 213,822	\$ 286,014	n/a
District's covered-employee payroll	\$ 1,801,098	\$ 1,765,763	\$ 1,754,043	n/a
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	60.64%	12.11%	16.31%	n/a
Plan fiduciary net position as a percentage of the total pension liability	90.70%	97.90%	n/a	n/a

**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, 2016, 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 20, 2016.

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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not 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.2016-001 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.2016-002.

We noted other matters that we have reported to management of *Bolivar-Richburg Central School District* in a separate letter dated September 20, 2016.

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 20, 2016**

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

I. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of *Bolivar-Richburg Central School District*.
2. One material weakness 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.2016-001.
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.2016-002.
4. A single audit in accordance with the Uniform Guidance was not required during the fiscal year ended June 30, 2016, as the District's expenditures of Federal awards did not exceed \$750,000.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2016-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2016

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, 2015

Similar finding was reported upon during the year ended June 30, 2015.

B. COMPLIANCE AND OTHER MATTERS

2016-002 Unassigned Fund Balance

Year ended June 30, 2016

Conditions and criteria: **Bolivar-Richburg Central School District's** unassigned fund balance in the general fund as of June 30, 2016 amounted to \$1,299,974. This amount constitutes approximately 7.1% of the 2016-2017 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, 2015

Similar finding was reported upon during the year ended June 30, 2015.

**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, 2016 of the District's financial statements and have issued our reports thereon dated September 20, 2016. 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, 2016, 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, 2012 through June 30, 2016. 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 20, 2016**

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

	06/30/16	06/30/15	06/30/14	06/30/13	06/30/12
Revenue and other sources					
Property taxes	\$ 2,715	\$ 2,823	\$ 2,770	\$ 2,717	\$ 2,663
State aid	14,475	14,027	13,074	13,186	12,885
All other	665	513	494	340	222
	<u>17,855</u>	<u>17,363</u>	<u>16,338</u>	<u>16,243</u>	<u>15,770</u>
Expenditures and other uses					
General support	2,254	2,071	2,206	2,126	2,020
Instruction	8,025	8,139	7,414	7,097	7,109
Transportation	590	653	690	723	681
Benefits	3,092	3,273	3,138	2,824	2,881
Debt	3,012	2,981	3,012	3,076	2,886
Transfers	1,082	180	362	151	14
	<u>18,055</u>	<u>17,297</u>	<u>16,822</u>	<u>15,997</u>	<u>15,591</u>
Excess (deficiency) of revenue over expenditures	(200)	66	(484)	246	179
Fund equity					
Beginning of year	9,305	9,239	9,723	9,477	9,298
End of year	<u>\$ 9,105</u>	<u>\$ 9,305</u>	<u>\$ 9,239</u>	<u>\$ 9,723</u>	<u>\$ 9,477</u>
Analysis of fund equity					
Restricted					
Reserve for repairs	\$ 67	\$ 67	\$ 67	\$ 67	\$ 66
Miscellaneous reserves	804	804	804	804	804
Reserve for capital	3,836	4,143	4,046	4,364	4,471
Reserve for retirement system	614	614	614	614	614
Reserve for property loss	500	500	500	499	498
Reserve for insurance	1,275	1,275	1,275	1,275	1,275
Reserve for unemployment insurance	210	210	210	210	210
Assigned					
Reserve for encumbrances	-	5	12	-	78
Next year's budget	500	500	500	500	500
Unassigned	1,299	1,187	1,211	1,390	961
	<u>\$ 9,105</u>	<u>\$ 9,305</u>	<u>\$ 9,239</u>	<u>\$ 9,723</u>	<u>\$ 9,477</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016

Equipment and Inventory

The District reports approximately \$34 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. During the current year we finalized 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, 2016, the District's Food Service Fund has an accumulated deficit of approximately \$96,000 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.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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Fund Balance Reserves

The 2015-16 budget included line items for the use of various reserves (debt service, retirement and EBLAR). Based on current year financial results, the District did not deem the use of these reserves as necessary and did not transfer the reserve funds. In the future it is recommended that the District transfer reserves in accordance with the voter approved budget and if deemed reasonable replenish the reserves via board approval.

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: Looking forward to our tax cap calculation over the next few years, the district will likely have to reduce the tax levy in coming years. The additional fund balance will likely need to be used to balance the budget in coming years.

Uniform Guidance

The Federal Office of Management and Budget (OMB) has issued new regulations titled the Uniform Guidance which takes effect for recipients of Federal grants for awards received after December 26, 2014. The new regulations attempt to combine and codify the requirements of eight circulars previously maintained by OMB and to streamline the Federal grant administrative, cost accounting, and audit policies in the Federal register. The new regulations do not affect grants awarded prior to that date, but rather, will affect future reporting of Federal grants for the District. The Uniform Guidance has a focus on improving overall performance and outcome of grants and to reduce administrative burdens for grant applicants and recipients, while reducing the risk of waste, fraud and abuse. Included in the new guidance is subpart D, Post-Federal Award Requirements, which outlines guidelines that pertain once a Federal grant is obtained. Some of the items outlined in this area are: internal controls, procurement standards, subrecipient monitoring, grant closeout, etc. We recommend individuals involved with the oversight of Federal grants at the District familiarize themselves with the new Uniform Guidance, which may include continuing education, webinars and further training.

District response: The district will continue to monitor new Uniform Guidance regulations and use the services of the Internal Auditor to adhere to these new Guidelines.

GASB 75- Accounting and Financial Reporting for Postemployment Benefits other than Pension Plans

In June 2015, the Government Accounting Standards Board issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions Plans – an amendment of GASB Statement No. 45. Statement No. 75 which will be effective for the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB).

The new accounting standard will require the District to report its actuarial accrued liability related to OPEB in the statement of net position within the government-wide financial statements. Although the majority of this information is currently presented within the District's financial statement disclosures, the OPEB liability within the statement of net position is only a portion of total actuarial accrued liability, as the current accounting standard for OPEB, GASB 45, allows governmental entities to amortize the liability over a period of up to thirty years. We recommend that the District begin to educate its users of the financial statements, as to the impact of this change in future years.

District response: The District will review the new standard and begin to communicate to its users the impact it will have on its financial reporting.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016, 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, 2016 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 20, 2016**

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
ANNUAL FINANCIAL STATEMENT ON EXTRACLASSROOM ACTIVITY FUND
JULY 1, 2015 THROUGH JUNE 30, 2016

	Balances July 01, 2015	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2016
Extracurricular activities:					
Class of 2015	\$ 5,197	\$ 80	\$ 5,277	\$ 3,000	\$ 2,277
Class of 2016	9,514	44,337	53,851	49,128	4,723
Class of 2017	10,709	20,025	30,734	10,269	20,465
Class of 2018	4,115	10,546	14,661	5,765	8,896
Class of 2019	-	7,338	7,338	3,123	4,215
Ecology Club	1,051	-	1,051	50	1,001
FCCLA	1,389	417	1,806	589	1,217
Language Club	406	11,735	12,141	11,722	419
Library Fund	427	-	427	-	427
NHS	627	-	627	-	627
Business/Marketing Club	943	-	943	-	943
Junior NHS	48	-	48	-	48
Rachel's Challenge	510	300	810	415	395
SADD	628	2,807	3,435	2,253	1,182
Sales Tax	302	2,054	2,356	1,777	579
Sentinel	393	-	393	-	393
Science Club	4,728	5,537	10,265	6,227	4,038
Ski Club	16	2,016	2,032	2,016	16
Student Council	5,295	4,331	9,626	3,138	6,488
Theatre Arts	5,379	2,785	8,164	2,867	5,297
Yearbook	13,576	9,493	23,069	8,900	14,169
Total activity fund	\$ 65,253	\$ 123,801	\$ 189,054	\$ 111,239	\$ 77,815

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

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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 \$77,815 are included in the Trust and Agency Fund as restricted cash and due from other funds 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, 2016**

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

Point of Sale Records

We commend the District for its improvement in this area. We recommend the District continue its efforts of ensuring that each cash receipt received by the central treasurer is accompanied by supporting documentation which reconciles cash received to participation times rates/fees. When point of sale records are not available, 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. This was the first year we used our new Extracurricular Activities Handbook so we were still working on implementing all the new forms and procedures.

Inactive Activity Funds

During the audit of the extraclassroom activity fund, we noticed certain activities (Library Fund, Sentinel, Business/Marketing Club, National Honor Society 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. At least one of these clubs has been re-instated. The Junior National Honor Society performs a handful of services activities so their club is active, although they do not raise funds actively.