

***BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT***

***FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION***

***FOR THE FISCAL YEAR ENDED JUNE 30, 2017***

***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, 2017, 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, 2017, 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 5 to the financial statements, the District implemented Governmental Accounting Standards Board Statement Number 75 during the current fiscal year which resulted in a prior period adjustment. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited the **Bolivar-Richburg Central School District's** June 30, 2016 financial statements, and our report dated September 20, 2016, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund financial statement. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, 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 changes in the District's net OPEB liability and related ratios, schedule of District's contributions – OPEB, 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 47 through 50 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. The combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2017 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  
October 3, 2017**

**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, 2017. 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, 2017:

- Overall net position of the District from operations increased during the current year in the amount of \$743,000 as compared to an increase of \$2,352,000 during the prior fiscal year. In addition, the District implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year which resulted in a prior period adjustment which decreased net position by approximately \$403,000.
- The District's enrollment was 802 students as compared with 814 during the prior year.
- The District's total revenue increased 3% from \$19,091,000 during June 30, 2016 to \$19,641,000 during June 30, 2017. This increase was primarily the result of an increase in state aid.
- The District's total expenses increased 13% from \$16,739,000 during the year ended June 30, 2016 to \$18,898,000 during the year ended June 30, 2017. This increase was mostly related to a new actuarial study and change in actuarial assumptions for the Teachers' Retirement System resulting in higher pension expenses, along with increases in salaries and BOCES expenses.
- The District's had capital outlays during the current year in the amount of \$2,894,000, which primarily related to construction work associated with the 2016 capital project and the purchase of transportation vehicles.

**III. Overview of the Financial Statements**

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

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

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

**1. Statement of Net Position**

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

**2. Statement of Activities**

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

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

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

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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.

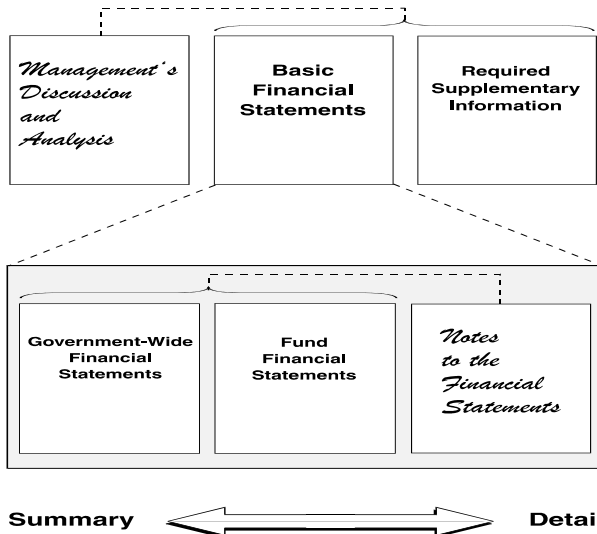
**2. Fiduciary Funds**

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 \$38,973,000. The components of net position include: net investment in capital assets, of \$27,760,000; restricted net position of \$9,397,000; and unrestricted net position of \$1,816,000 as of June 30, 2017.

Changes in Net Position

The District's total government-wide revenue increased by approximately 3% to \$19,641,000. Approximately 14%, 6% and 77% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 3% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

The total cost of all programs and services of the District increased 13% to \$18,898,000. The District's expenses cover a range of services, with 72% related to instruction and 17% 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 13%. The District's total net position increased approximately \$743,000 from operations during the fiscal year ended June 30, 2017.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$19,641,000 for the fiscal year ended June 30, 2017. 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 increased approximately 0% during the year ended June 30, 2017.
- The District's most significant revenue is state sources which represent \$15,100,000 or 77% of total governmental revenue. The District's state sources increased approximately 4% which was primarily related to an increase in general aid.
- During the year ended June 30, 2017, the District saw a decrease in program revenue in the amount of \$113,000 which primarily resulted from decrease in charges for services in the amount of \$144,000 related to a decrease in shared services with other districts. This decrease was partially offset by an increase in operating grants and contributions in the amount of \$31,000.

**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 \$18,898,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$384,000 or 14% which was primarily due to a new actuarial study and change in actuarial assumptions for the Teachers' Retirement System resulting in higher pension expenses, along with increases in salaries and BOCES expenditures.
- The District's instruction costs increased by approximately \$1,647,000 or 14%. This increase was the result of an increase in pension expenses, along with increases in salaries and BOCES expenditures.
- Debt service of the District decreased approximately \$185,000 during the year ended June 30, 2017.
- Transportation costs of the District increased approximately \$327,000 during the year ended June 30, 2017. This increase was related to an increase in pension expenses.
- The District's cost of sales (food service fund) totaled \$464,000 during the current year as compared to \$478,000 during the fiscal year ended June 30, 2016. This decrease was the result a decrease in salaries and benefits.
- The District received approximately \$1,387,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$17.5 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>			
Condensed Statement of Net Position (in thousands of dollars)			
	Governmental Activities and Total District-wide		
	2017	2016	% Change
<b>Assets</b>			
Current and other assets	\$ 10,949	\$ 15,754	-31%
Capital assets	35,431	34,470	3%
Total assets	46,380	50,224	-8%
<b>Deferred outflows of resources</b>			
Deferred outflows pensions, refunding, and OPEB	4,112	1,797	129%
Deferred outflows of resources and assets	<b>\$ 50,492</b>	<b>\$ 52,021</b>	<b>-3%</b>
<b>Liabilities</b>			
Other liabilities	\$ 1,985	\$ 1,436	38%
Long-term debt outstanding	9,307	10,573	-12%
Total liabilities	11,292	12,009	-6%
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions	227	1,379	-84%
Deferred inflows of resources and liabilities	11,519	13,388	-14%
<b>Net Position</b>			
Net investment in capital assets	27,760	25,257	10%
Restricted	9,397	8,656	9%
Unrestricted	1,816	4,720	-62%
Total net position	38,973	38,633	1%
Total liabilities, deferred inflows of resources and net position	<b>\$ 50,492</b>	<b>\$ 52,021</b>	<b>-3%</b>

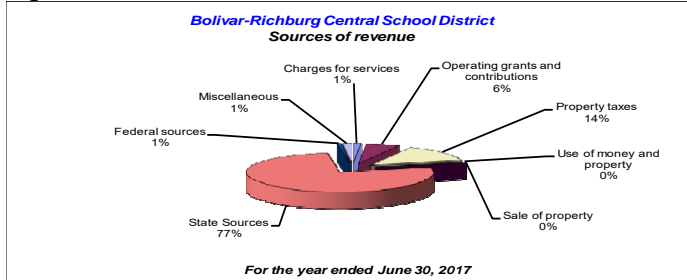
**Figure A-4 – Changes in Net Position**

<i>Bolivar-Richburg Central School District</i>			
Changes in Net Position from Operating Results (in thousands of Dollars)			
	Governmental Activities and Total District-wide		
	2017	2016	% Change
<b>Revenue</b>			
Program revenue			
Charges for services	\$ 244	\$ 388	-37%
Operating grants and contributions	1,143	1,112	3%
General revenue			
Real property taxes	2,724	2,715	0%
Use of money & property	9	11	-23%
Sale of property & comp for loss	12	3	268%
State sources	15,100	14,475	4%
Federal sources	112	77	45%
Miscellaneous	297	310	-4%
Total revenue	19,641	19,091	3%
<b>Expenses</b>			
General support	3,215	2,831	14%
Instruction	13,604	11,957	14%
Transportation	1,377	1,050	31%
Debt service - interest	238	423	-44%
Cost of sales	464	478	-3%
Total expenses	18,898	16,739	13%
<b>Change in net position</b>	<b>\$ 743</b>	<b>\$ 2,352</b>	

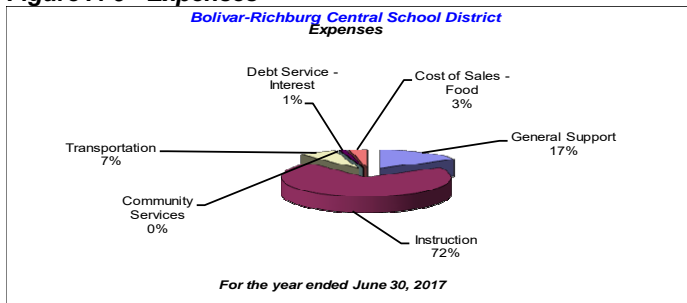


**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Figure A-5 – Sources of Revenue**



**Figure A-6 - Expenses**



**Figure A-7 – Expenditures Supported with Program Revenue**

	Governmental Activities & Total District			
	2017		2016	
Expenditures supported with general revenue (from taxes & other sources)	\$ 17,511	93%	\$ 15,239	91%
Expenditures supported with program revenue	1,387	7%	1,500	9%
<b>Total expenditures related to governmental activities</b>	<b>\$ 18,898</b>	<b>100%</b>	<b>\$ 16,739</b>	<b>100%</b>

**Figure A-8 – Net Cost of Governmental Activities**

	Total cost of services			Net cost of services		
	2017	2016	Change	2017	2016	Change
General support	\$ 3,215	\$ 2,831	\$ 384	\$ 3,215	\$ 2,831	\$ 384
Instruction	13,604	11,957	1,647	12,728	10,928	1,800
Transportation	1,377	1,050	327	1,289	1,023	266
Debt service - interest	238	423	(185)	238	423	(185)
Cost of sales - food	464	478	(14)	41	34	7
<b>Total</b>	<b>\$ 18,898</b>	<b>\$ 16,739</b>	<b>\$ 2,159</b>	<b>\$ 17,511</b>	<b>\$ 15,239</b>	<b>\$ 2,272</b>

**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 revenue and other sources exceeded its expenditures and other uses by approximately \$799,000.
- The District's general fund unassigned fund balance equated to approximately \$1,359,000 at June 30, 2017.
- The District established many fund balance reserves during the year ended June 30, 2017, and had a total restricted fund balance approximated \$8,045,000.
- The District's total assets increased approximately \$679,000 as of June 30, 2017. The District's liabilities decreased approximately \$121,000. The increase in assets was primarily related to an increase in due from other funds. The decrease in liabilities was the result of a decrease in due to the Teachers' Retirement System and due to other funds.
- Total revenue in the District's general fund increased \$594,000, which was primarily related to an increase in general aid. Total expenditures in the District's general fund decreased by \$407,000 primarily as a result of the transfer of \$900,000 from the general fund towards the District's capital project in the prior year and decrease in debt service costs. This decrease was partially offset by increases in BOCES expenditures and employee benefit costs.

Food Service Fund

- The District's food service fund experienced a \$11,000 decrease in fund equity during the current year.
- Revenue in the District's food service fund was \$453,000 during 2017 as compared with \$474,000 in 2016. Expenditures decreased approximately \$14,000 as a result of a decrease in salaries and benefits.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately \$26,000 or 3% which was primarily a result of a decrease in Title IIA expenditures.

Capital Projects Fund

The District had expenditures in the amount of \$2,894,000 in capital projects during the year ended June 30, 2017, which was primarily related to costs associated with the District's 2016 capital project and the purchase of transportation vehicles.

**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 \$764,000 below the revised budget. The most significant positive variances were in the area of instruction, employee benefits, and debt service which totaled \$182,000, \$546,000 and \$188,000, respectively, below that budgeted. These positive variances were partially offset by operating transfers which were \$360,000 above that budgeted. On the other hand, resources available for appropriations were approximately \$536,000 above the final budgeted amount. Significant variances of revenue items consisted of local and state sources of revenue which was approximately \$435,000 and \$266,000 above that budgeted, while interfund revenues were approximately \$227,000, 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	%
<b>Revenue</b>				
Local sources	\$ 2,801	\$ 3,236	\$ 435	16%
State sources	14,834	15,100	266	2%
Federal sources	50	112	62	125%
Interfund revenue	227	-	(227)	-100%
<b>Total revenue</b>	<b>\$ 17,912</b>	<b>\$ 18,448</b>	<b>\$ 536</b>	<b>3%</b>
<b>Expenditures</b>				
General support	\$ 2,651	\$ 2,514	\$ 137	5%
Instruction	9,162	8,980	182	2%
Transportation	872	801	71	8%
Employee benefits	3,707	3,161	546	15%
Debt service	1,960	1,772	188	10%
Operating transfers	60	420	(360)	-599%
<b>Total expenditures</b>	<b>\$ 18,412</b>	<b>\$ 17,648</b>	<b>\$ 764</b>	<b>4%</b>

**VII. Capital Assets and Debt Administration**

Capital Assets

As depicted in Figure A-10, as of June 30, 2017, the District had invested approximately \$35,431,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2017, totaled approximately \$2,894,000 and consisted primarily of costs associated with the District's 2016 capital project, along with the purchase of transportation vehicles. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2017, the District had approximately \$9,307,000 in bonds, net pension liability, other post-employment benefits liabilities, retirement incentives and compensated absences, a decrease of approximately 12% as compared with the previous year. The decrease in bonds payable was the result of the District making regularly scheduled principal and interest payments. The increase in the other post-employment benefit liability is the result of the District implementing GASB 75. The District's NYS Employees' Retirement System net pension liability decreased during the year, whereas the NYS Teachers' Retirement System was a net pension asset in the prior year, as compared to a net pension liability 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		
	2017	2016	Change
Land	\$ 92,686	\$ 92,686	0%
Buildings	54,672,641	54,672,641	0%
Construction in progress	3,052,599	530,169	476%
Equipment	5,640,484	5,268,773	7%
Accumulated depreciation	(28,027,349)	(26,094,431)	7%
<b>Total Capital Assets, net</b>	<b>\$ 35,431,061</b>	<b>\$ 34,469,838</b>	<b>3%</b>

**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		
	2017	2016	Change
Bonds payable	\$ 7,671,024	\$ 9,212,682	-17%
Net pension liabilities - TRS & ERS	962,390	1,092,123	-12%
Other post-employment benefits	426,707	25,024	1605%
Retirement incentive	629	14,065	-96%
Compensated absences	246,244	229,464	7%
<b>Total Long-Term Debt</b>	<b>\$ 9,306,994</b>	<b>\$ 10,573,358</b>	<b>-12%</b>

**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, 2017**

**Schedule 1**

**Page 10**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash		
Unrestricted	\$ 904,999	\$ 2,726,253
Restricted	9,396,781	8,656,116
Receivables		
State and federal aid	540,325	566,650
Other receivables	9,044	16,735
Due from other governments	75,285	69,258
Due from other fiduciary funds	10,196	78,397
Inventories	12,303	14,475
Net pension asset - NYS Teachers' Retirement System	-	3,626,436
Capital assets, net	35,431,061	34,469,838
Total assets	<u>46,379,994</u>	<u>50,224,158</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pensions	4,057,511	1,752,778
Deferred outflows related to bond refunding	29,628	43,868
Deferred outflows related to OPEB	24,479	-
Total deferred outflows of resources	<u>4,111,618</u>	<u>1,796,646</u>
 Total assets and deferred outflows of resources	 <u>\$ 50,491,612</u>	 <u>\$ 52,020,804</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 958,406	\$ 353,395
Accrued liabilities	203,131	191,158
Accrued interest	31,293	37,404
Due to other governments	150	210
Due to retirement systems	764,235	821,280
Unearned revenue	27,453	32,369
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,460,000	1,400,000
Portion due or payable after one year		
Bonds payable	6,211,024	7,812,682
Net pension liability - NYS Employees' Retirement System	595,616	1,092,123
Net pension liability - NYS Teachers' Retirement System	366,774	-
Other post-employment benefits	426,707	25,024
Retirement incentive	629	14,065
Compensated absences	246,244	229,464
Total liabilities	<u>11,291,662</u>	<u>12,009,174</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pensions	226,727	1,378,567
Total liabilities and deferred inflows of resources	<u>11,518,389</u>	<u>13,387,741</u>
<b>Net Position</b>		
Net investment in capital assets	27,760,037	25,257,156
Restricted	9,396,781	8,656,116
Unrestricted	1,816,405	4,719,791
Total net position	<u>38,973,223</u>	<u>38,633,063</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 50,491,612</u>	<u>\$ 52,020,804</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, 2017**

**Schedule 2**

**Page 11**

	Expenses	Indirect Expenses Allocation	Program Revenues		2017 Net (Expense) Revenue and Changes in Net Position	2016 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
<b>Functions/Programs</b>						
General support	\$ 2,876,271	\$ 338,540	\$ -	\$ -	\$ (3,214,811)	\$ (2,830,773)
Instruction	12,375,879	1,227,982	104,634	770,679	(12,728,548)	(10,927,236)
Pupil transportation	1,011,275	366,396	87,829	-	(1,289,842)	(1,023,205)
Debt service	238,014	-	-	-	(238,014)	(422,737)
Food service program	463,946	-	51,217	371,866	(40,863)	(34,496)
Depreciation	1,932,918	(1,932,918)	-	-	-	-
Total functions and programs	<u>\$ 18,898,303</u>	<u>\$ -</u>	<u>\$ 243,680</u>	<u>\$ 1,142,545</u>	<u>(17,512,078)</u>	<u>(15,238,447)</u>
<b>General Revenues</b>						
Real property taxes					2,724,392	2,714,919
Use of money and property					8,745	11,335
Sale of property and compensation for loss					11,757	3,197
Miscellaneous					297,725	308,934
State sources					15,100,262	14,474,746
Federal sources					112,378	77,379
Total general revenues					<u>18,255,259</u>	<u>17,590,510</u>
<b>Change in net position</b>					743,181	2,352,063
Net position - beginning of year					38,633,063	36,281,000
Prior period adjustment					(403,021)	-
<b>Net position - end of year</b>					<u>\$ 38,973,223</u>	<u>\$ 38,633,063</u>

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2017**

**Schedule 3**

**Page 12**

	Governmental Funds					2017	2016
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
<b>Assets</b>							
Unrestricted cash	\$ 824,383	\$ -	\$ 59,893	\$ -	\$ -	\$ 884,276	\$ 2,729,961
Restricted cash	8,045,325	-	-	1,372,179	-	9,417,504	8,652,408
Due from other funds	2,646,753	18,097	-	-	801,838	3,466,688	1,762,073
State and federal aid receivable	193,445	346,248	632	-	-	540,325	566,650
Other receivables	9,044	-	-	-	-	9,044	16,735
Due from other governments	75,285	-	-	-	-	75,285	69,258
Inventories	-	-	12,303	-	-	12,303	14,475
Total assets	<u>\$ 11,794,235</u>	<u>\$ 364,345</u>	<u>\$ 72,828</u>	<u>\$ 1,372,179</u>	<u>\$ 801,838</u>	<u>\$ 14,405,425</u>	<u>\$ 13,811,560</u>
<b>Liabilities and Fund Equity</b>							
<b>Liabilities</b>							
Accounts payable	\$ 141,863	\$ -	\$ -	\$ -	\$ 816,543	\$ 958,406	\$ 353,395
Accrued liabilities	203,015	-	116	-	-	203,131	191,158
Due to other funds	781,115	346,248	170,512	20,723	2,137,894	3,456,492	1,683,676
Unearned revenue	-	18,097	9,356	-	-	27,453	32,369
Due to other governments	-	-	150	-	-	150	210
Due to Teachers' Retirement System	693,159	-	-	-	-	693,159	751,298
Due to Employees' Retirement System	71,076	-	-	-	-	71,076	69,982
Total liabilities	<u>1,890,228</u>	<u>364,345</u>	<u>180,134</u>	<u>20,723</u>	<u>2,954,437</u>	<u>5,409,867</u>	<u>3,082,088</u>
<b>Fund Equity</b>							
Nonspendable	-	-	12,303	-	-	12,303	14,475
Restricted	8,045,325	-	-	1,351,456	-	9,396,781	8,656,116
Assigned	500,000	-	-	-	-	500,000	869,831
Unassigned (deficit)	1,358,682	-	(119,609)	-	(2,152,599)	(913,526)	1,189,050
Total fund equity (deficit)	<u>9,904,007</u>	<u>-</u>	<u>(107,306)</u>	<u>1,351,456</u>	<u>(2,152,599)</u>	<u>8,995,558</u>	<u>10,729,472</u>
Total liabilities and fund equity	<u>\$ 11,794,235</u>	<u>\$ 364,345</u>	<u>\$ 72,828</u>	<u>\$ 1,372,179</u>	<u>\$ 801,838</u>	<u>\$ 14,405,425</u>	<u>\$ 13,811,560</u>

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Schedule 4**

**Page 13**

	Governmental Funds					2017	2016
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
<b>Revenue</b>							
Real property taxes	\$ 2,724,392	\$ -	\$ -	\$ -	\$ -	\$ 2,724,392	\$ 2,714,919
Charges for services	192,463	-	-	-	-	192,463	265,172
Use of money and property	8,739	-	6	-	-	8,745	11,335
Sale of property compensation for loss	11,757	-	-	-	-	11,757	2,429
Miscellaneous	297,725	-	22,769	-	-	320,494	544,807
State sources	15,100,262	334,234	9,705	-	-	15,444,201	14,837,434
Federal sources	112,378	436,445	338,361	-	-	887,184	804,686
Surplus food	-	-	23,800	-	-	23,800	22,155
Sales (school food service)	-	-	28,448	-	-	28,448	114,999
Total revenue	18,447,716	770,679	423,089	-	-	19,641,484	19,317,936
<b>Expenditures</b>							
General support	2,514,533	-	157,345	-	-	2,671,878	2,415,057
Instruction	8,979,672	711,972	-	-	-	9,691,644	8,759,387
Pupil transportation	801,482	-	-	-	371,711	1,173,193	710,863
Employee benefits	3,161,446	76,663	110,784	-	-	3,348,893	3,298,115
Debt service							
Principal	1,400,000	-	-	-	-	1,400,000	2,592,893
Interest	371,543	-	-	-	-	371,543	496,703
Capital outlay	-	-	-	-	2,522,430	2,522,430	631,718
Cost of sales	-	-	183,000	-	-	183,000	182,480
Other expenses	-	-	12,817	-	-	12,817	10,160
Total expenditures	17,228,676	788,635	463,946	-	2,894,141	21,375,398	19,097,376
<b>Excess (deficiency) of revenue over expenditures</b>	1,219,040	(17,956)	(40,857)	-	(2,894,141)	(1,733,914)	220,560
<b>Other sources and uses</b>							
BANS redeemed from appropriations	-	-	-	-	-	-	172,800
Proceeds from issuance of debt	-	-	-	-	-	-	1,100,000
Proceeds from advanced refunding	-	-	-	-	-	-	2,418,381
Payment to escrow agent - advance refunding	-	-	-	-	-	-	(2,418,381)
Operating transfers in	-	17,956	30,000	-	371,711	419,667	1,133,765
Operating transfers out	(419,667)	-	-	-	-	(419,667)	(1,133,765)
Total other sources (uses)	(419,667)	17,956	30,000	-	371,711	-	1,272,800
<b>Excess (deficiency) of revenue and other sources over expenditures and other uses</b>	799,373	-	(10,857)	-	(2,522,430)	(1,733,914)	1,493,360
Fund equity (deficit), beginning of year	9,104,634	-	(96,449)	1,351,456	369,831	10,729,472	9,236,112
<b>Fund equity (deficit), end of year</b>	\$ 9,904,007	\$ -	\$ (107,306)	\$ 1,351,456	\$ (2,152,599)	\$ 8,995,558	\$ 10,729,472

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**AS OF JUNE 30, 2017**

Schedule 5

**Page 14**

	Private Purpose Trusts	Agency Funds	Total 6/30/2017	(Memo only) Total 6/30/2016
<b>Assets</b>				
Cash	\$ 97,825	\$ 138,192	\$ 236,017	\$ 309,369
Investments	2,798,503	-	2,798,503	2,444,267
Due from other funds	56,781	15,495	72,276	29,713
<b>Total assets</b>	<b>\$ 2,953,109</b>	<b>\$ 153,687</b>	<b>\$ 3,106,796</b>	<b>\$ 2,783,349</b>
<b>Liabilities</b>				
Accrued liabilities	\$ -	\$ 7,984	\$ 7,984	\$ 5,462
Due to other funds	-	82,472	82,472	108,110
Student extraclassroom activity funds	-	63,231	63,231	77,815
<b>Total liabilities</b>	<b>-</b>	<b>153,687</b>	<b>153,687</b>	<b>191,387</b>
<b>Net position</b>				
Reserved for scholarships	2,953,109	-	2,953,109	2,591,962
<b>Total liabilities and net position</b>	<b>\$ 2,953,109</b>	<b>\$ 153,687</b>	<b>\$ 3,106,796</b>	<b>\$ 2,783,349</b>



**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT****Schedule 6****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017****Page 15**

	6/30/2017	(Memo only) 6/30/2016
<b>Additions</b>		
Gifts and contributions	\$ 299,768	\$ 11,190
Interest earnings	100,412	125,603
Gain on investments	53,897	-
Total additions	454,077	136,793
<b>Deductions</b>		
Loss on investments	-	40,254
Scholarships awarded	92,930	109,580
Total deductions	92,930	149,834
<b>Change in net position</b>	361,147	(13,041)
Net position - beginning of year	2,591,962	2,605,003
<b>Net position - end of year</b>	<b>\$ 2,953,109</b>	<b>\$ 2,591,962</b>

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2017**

<b>Total fund balances - governmental funds</b>		\$ 8,995,558
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	\$ 63,458,410	
Accumulated depreciation	<u>(28,027,349)</u>	35,431,061
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(31,293)
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.		29,628
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.		3,830,784
Deferred inflows/outflows of resources related to actuarial OPEB 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 to OPEB plan.		24,479
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	(7,671,024)	
Net pension liability - ERS	(595,616)	
Net pension liability - TRS	(366,774)	
Other post-employment benefits	(426,707)	
Retirement incentive	(629)	
Compensated absences	<u>(246,244)</u>	<u>(9,306,994)</u>
<b>Total net position - governmental activities</b>		<b>\$ <u>38,973,223</u></b>

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
<b>Assets</b>					
Cash	\$ 10,301,780	\$ -	\$ -	\$ -	\$ 10,301,780
Due from other funds	3,466,688	-	-	(3,456,492)	10,196
State and federal aid receivable	540,325	-	-	-	540,325
Other receivables	9,044	-	-	-	9,044
Due from other governments	75,285	-	-	-	75,285
Inventories	12,303	-	-	-	12,303
Capital assets, net	-	35,431,061	-	-	35,431,061
Total assets	14,405,425	35,431,061	-	(3,456,492)	46,379,994
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pensions	-	4,057,511	-	-	4,057,511
Deferred outflows related to bond refunding	-	29,628	-	-	29,628
Deferred outflows related to OPEB	-	24,479	-	-	24,479
Total assets and deferred outflows of resources	\$ 14,405,425	\$ 39,542,679	\$ -	\$ (3,456,492)	\$ 50,491,612
<b>Liabilities and Fund Equity/Net Position</b>					
<b>Liabilities</b>					
Accounts payable	\$ 958,406	\$ -	\$ -	\$ -	\$ 958,406
Accrued liabilities	203,131	-	-	-	203,131
Accrued interest	-	-	31,293	-	31,293
Due to other funds	3,456,492	-	-	(3,456,492)	-
Unearned revenue	27,453	-	-	-	27,453
Due to other governments	150	-	-	-	150
Due to retirement systems	764,235	-	-	-	764,235
Bonds payable	-	-	7,671,024	-	7,671,024
Net pension liability - NYS ERS	-	-	595,616	-	595,616
Net pension liability - NYS TRS	-	-	366,774	-	366,774
Other post-employment benefits	-	-	426,707	-	426,707
Retirement incentive	-	-	629	-	629
Compensated absences	-	-	246,244	-	246,244
Total liabilities	5,409,867	-	9,338,287	(3,456,492)	11,291,662
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pensions	-	-	226,727	-	226,727
Total liabilities and deferred inflows of resources	5,409,867	-	9,565,014	(3,456,492)	11,518,389
<b>Fund equity and net position</b>					
	8,995,558	39,542,679	(9,565,014)	-	38,973,223
Total liabilities, deferred inflows of resources and fund equity/net position	\$ 14,405,425	\$ 39,542,679	\$ -	\$ (3,456,492)	\$ 50,491,612

**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, 2017**

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**Total net change in fund balances - governmental funds** \$ (1,733,914)

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	\$ 2,894,141	
Depreciation expense	<u>(1,932,918)</u>	961,223

Repayment of bond principal, including bond refunding's, 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. 1,400,000

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. 133,529

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. (40,130)

District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to the OPEB plan. 25,817

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 and special termination benefits changed by this amount. (3,344)

**Change in net position of governmental activities** \$ 743,181

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Asset and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
<b>Revenue</b>					
Real property taxes	\$ 2,724,392	\$ -	\$ -	\$ -	\$ 2,724,392
Charges for services	192,463	-	-	(192,463)	-
Use of money and property	8,745	-	-	-	8,745
Sale of property compensation for loss	11,757	-	-	-	11,757
Miscellaneous	320,494	-	-	(22,769)	297,725
State sources	15,444,201	-	-	(343,939)	15,100,262
Federal sources	887,184	-	-	(774,806)	112,378
Surplus food	23,800	-	-	(23,800)	-
Sales (school food service)	28,448	-	-	(28,448)	-
Total revenue	19,641,484	-	-	(1,386,225)	18,255,259
<b>Expenditures</b>					
General support	2,671,878	338,540	-	204,393	3,214,811
Instruction	9,691,644	1,227,982	3,344	1,805,578	12,728,548
Pupil transportation	1,173,193	(5,315)	-	121,964	1,289,842
Employee benefits	3,348,893	-	14,313	(3,363,206)	-
Debt service	1,771,543	-	(1,533,529)	-	238,014
Capital outlay	2,522,430	(2,522,430)	-	-	-
Cost of sales	183,000	-	-	(142,137)	40,863
Other expenses	12,817	-	-	(12,817)	-
Total expenditures	21,375,398	(961,223)	(1,515,872)	(1,386,225)	17,512,078
Excess (deficiency) of revenue over expenditures	(1,733,914)	961,223	1,515,872	-	743,181
<b>Other sources and uses</b>					
Operating transfers in	419,667	-	-	(419,667)	-
Operating transfers out	(419,667)	-	-	419,667	-
Total other sources (uses)	-	-	-	-	-
<b>Net change for year</b>	\$ (1,733,914)	\$ 961,223	\$ 1,515,872	\$ -	\$ 743,181

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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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 62-65 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-(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 \$3,680,000 for BOCES administration and program costs. The District's share of BOCES aid and refunds amounted to \$1,356,000 for the year ended June 30, 2017. 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, 2017**

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, 2017**

**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**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. 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. The third items relates to OPEB reporting in the district-wide Statement of Net Position. This represents the net changing in the actual an expected experience.

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.



**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Deferred Inflows and Outflows of Resources (continued)**

The District has two items that qualify for reporting in this category. First is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**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 \$246,244 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 3VIB, 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, 2017.

**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, 2017.

**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, 2018 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, 2017**

**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, 2017.

**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, 2017**

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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, 2017, 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, 2017**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**I. Cash (continued)**

**A. Deposits (continued)**

Total financial institution (bank) balances at June 30, 2017 per the bank were approximately \$10,586,000. Deposits on hand at June 30, 2017 are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 718,000	\$ 9,868,000	\$ -	\$ 10,586,000

**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	\$ 2,798,503

These investments are held in the School District's name. The market value of the investments as of June 30, 2017 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, 2017 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 2,646,753	\$ 781,115
Debt Service Fund	-	20,723
School Lunch Fund	-	170,512
Special Aid Fund	18,097	346,248
Agency Fund	15,495	82,472
Capital Fund	801,838	2,137,894
Fiduciary Funds	56,781	-
<b>Total</b>	<b>\$ 3,538,964</b>	<b>\$ 3,538,964</b>

	Interfund Revenue	Interfund Expenditures
General Fund	\$ -	\$ 419,667
School Lunch Fund	30,000	-
Special Aid Fund	17,956	-
Capital Fund	371,711	-
<b>Total</b>	<b>\$ 419,667</b>	<b>\$ 419,667</b>

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**III. Interfund Transactions (continued)**

During the year ended June 30, 2017, the District transferred \$30,000 from the general fund to the school lunch fund to subsidize operations. The District transferred \$371,711 from the capital reserve in the general fund to the capital fund for the purchase of transportation vehicles. The District also transferred \$17,956 from general fund to the special aid fund representing the local share of the preschool program.

**IV. Receivables**

Receivables at June 30, 2017 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	\$ 346,248
Food Service	State and Federal Aid	632
Food Service	Other receivables	-
General	State and Federal Aid	193,445
General	Other Receivables	9,044
	Due from Other	
General	Governments	75,285
		<u>\$ 624,654</u>

**V. Capital Assets**

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

	Beginning Balance 06/30/16	Net change	Ending Balance 06/30/17
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 92,686	\$ -	\$ 92,686
Construction-in-progress	530,169	2,522,430	3,052,599
Capital assets that are depreciated:			
Buildings and improvements	54,672,641	-	54,672,641
Furniture and equipment	5,268,773	371,711	5,640,484
Total depreciable historical cost	60,564,269	2,894,141	63,458,410
Less accumulated depreciation:			
Buildings and improvements	22,008,928	1,615,717	23,624,645
Furniture and equipment	4,085,503	317,201	4,402,704
Total accumulated depreciation	26,094,431	\$ 1,932,918	28,027,349
Total net book value	<u>\$ 34,469,838</u>		<u>\$35,431,061</u>

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**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	\$ 338,540
Instruction	1,227,982
Pupil transportation	366,396
	<u>\$ 1,932,918</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](http://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](http://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, 2017**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**VI. Liabilities (continued)**

**A. Pension Plans (continued)**

**2. Contributions (continued)**

Year		TRS		ERS
2017	\$	651,000	\$	276,000
2016		701,000		312,000
2015		919,000		327,000

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, 2017, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2017 for ERS and June 30, 2016 for TRS. The total pension liability used to calculate the net pension 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 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
	3/31/17	6/30/16
Net pension liability	\$ 595,616	\$ 366,774
District's portion of the Plan's total net pension liability	.0063389%	.034245%

For the year ended June 30, 2017, the District's recognized pension expense of \$351,664 for ERS and \$366,774 for TRS. At June 30, 2017 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 14,926	\$ -	\$ 90,448	\$ 119,149
Changes of assumptions	203,484	2,089,380	-	-
Net difference between projected and actual earnings on pension plan investments	118,969	824,702	-	-
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	44,742	42,756	15,155	1,975
District's contributions subsequent to the measurement date	71,076	647,476	-	-
<b>Total</b>	<b>\$ 453,197</b>	<b>\$ 3,604,314</b>	<b>\$ 105,603</b>	<b>\$ 121,124</b>



**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**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, 2018. 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	
2018	\$	194,297	\$	909,066
2019		123,221		261,590
2020		108,714		902,076
2021		(78,638)		702,802
2022		-		325,839
Thereafter		-		381,817

**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	3/31/17	6/30/16
Actuarial valuation date	4/1/16	6/30/15
Interest rate	7%	7.5%
Salary scale	3.8% average 4/1/10 – 3/31/15	1.90% - 4.72% 7/1/09 – 6/30/14
Decrement tables	System's Experience	System's Experience
Inflation rate	2.5%	2.5%

**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 member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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 3/31/17	Expected Rate of Return	TRS 6/30/16	Expected Rate of Return
Asset Type:				
Domestic Equity	36%	4.55%	37%	6.10%
International Equity	14%	6.35%	18%	7.30%
Private Equity	10%	7.75%	7%	-%
Real Estate	10%	5.80%	10%	5.40%
Absolute return strategies	2%	4.00%	-%	-%
Opportunistic portfolio	3%	5.89%	-%	-%
Real Assets	3%	5.54%	-%	-%
Domestic fixed income securities	-%	-%	17%	1.00%
Global fixed income securities	-%	-%	2%	0.80%
Bonds and Mortgages	17%	1.31%	8%	3.10%
Cash and Short-term	1%	(.25%)	1%	0.10%
Inflation-indexed bond funds	4%	1.50%	-%	-%
Total:	<u>100%</u>		<u>100%</u>	

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**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 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**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 7.5% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1- percentage point lower (6% for ERS and 6.5% for TRS) or 1-percentage point higher (8% for ERS and 8.5% 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	\$ 1,902,280	\$ 595,616	\$ (509,166)

**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 (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ 4,785,405	\$ 366,774	\$ (3,339,341)

**7. Pension Plan Fiduciary Net Position**

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

	(Dollars in Thousands)	
	ERS 3/31/17	TRS 6/30/16
Valuation date		
Employers' total pension liability	\$ 177,400,586	\$ 108,577,184
Plan net position	\$ 168,004,363	\$ 107,506,142
Employers' net pension liability	\$ 9,396,223	\$ 1,071,042
Ratio of plan net position to be Employers' total pension liability	94.7%	99.0%

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**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, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$71,076.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$693,159 (employer contribution \$647,476 and employee contributions of \$45,683).

**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.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2017 the plan had total active employees of 165 and retirees of 21.

Total OPEB Liability

The District's total OPEB liability of \$426,707 was measured as of July 1, 2016 and was determined by an actuarial valuation as of that date.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**VI. Liabilities (continued)**

**B. Other Post-Employment Benefits (continued)**

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.3% per year
Salary increases	Based on NYSTRS and NYSERS
Discount rate	valuations as of June 30, 2015
	2.92%
Healthcare cost trend rates	Range from 5.0% to 9.0% from
	2017-2025+
	Retirees pay the full cost of
Retirees' share of benefit-related costs	coverage with the exception of certain administrators

The discount rate was based on a yield for 20 year tax-exempt general obligation municipal bonds.

Mortality rates were based on the RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through July 1, 2016.

Changes in the Total OPEB Liability

Service cost	\$	9,969
Interest		15,826
Differences between expected and actual experience		-
Changes in assumptions		26,111
Benefit payments		(53,244)
Net changes		(1,338)
Net OPEB liability – beginning of year (as previously stated)		25,024
Prior period adjustment (see note 5)		403,021
Net OPEB liability – end of year	\$	<u>426,707</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.94% in 2016 to 2.92% in 2017. Payroll growth rate from 2% in 2016 to NYSERS and NYSTRS valuations in 2017. Inflation rate from 2% in 2016 to 1.3% in 2017. Health care trend rate from 8.5%-5.0% in 2016 to 9.0%-5.0% in 2017. Mortality rates based on RP-2000 in 2016 to Scale MP-2015 in 2017.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**VI. Liabilities (continued)**

**B. Other Post-Employment Benefits (continued)**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.92%) or 1 percentage point higher (3.92%) that the current discount rate:

	1% Decrease (1.92%)	Current Assumption (2.92%)	1% Increase (3.92%)
Total OPEB liability	\$ 453,985	\$ 426,707	\$ 401,091

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher that the current healthcare cost trend rates:

	1% Decrease (initial rate of 8% decreasing by .5% annually until reaching 4%)	Current Assumption (initial rate of 9% decreasing by .5% annually until reaching 5%)	1% Increase (initial rate of 10% decreasing by .5% annually until reaching 6%)
Total OPEB liability	\$ 393,033	\$ 426,707	\$ 465,982

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense in the amount of \$27,427. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**VI. Liabilities (continued)**

**B. Other Post-Employment Benefits (continued)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	24,479	-
Total	\$ 24,479	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended:	
2018	\$ 1,632
2019	1,632
2020	1,632
2021	1,632
2022	1,632
Thereafter	16,319

**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, 2017**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**VI. Liabilities (continued)**

**C. Indebtedness (continued)**

**1. Short-Term Debt (continued)**

**b. Short-Term Debt Interest**

The District had no interest on short-term debt for the year ended June 30, 2017.

**2. Long-Term Debt**

**a. Debt Limit**

At June 30, 2017, total indebtedness represents 43% 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, 2017 and 2016 are as follows:

	<b>Balance</b>		<b>Balance</b>
	<b>June 30, 2017</b>		<b>June 30, 2016</b>
2011 Serial Bonds	\$ 1,250,478	\$	1,852,699
2012 Serial Bonds	3,236,284		3,634,565
2015 Serial Bonds	1,934,949		2,397,796
2016 Serial Bonds	1,249,313		1,327,622
Other post-employment benefits	426,707		25,024
Compensated absences	246,244		229,464
Net pension liabilities	962,390		1,092,123
Retiree health insurance	629		14,065
	<b>\$ 9,306,994</b>	<b>\$</b>	<b>10,573,358</b>

During the year, the District made principal payments on its serial bonds in the amount of \$1,400,000. The net change in compensated absences was a net increase of \$16,780 during the fiscal year ended June 30, 2017. The net change in other post-employment benefits was an increase of \$401,683 during the fiscal year ended June 30, 2017 related to the implementation of GASB 75. Lastly, the District's proportionate share of the NYSERS net pension liability - ERS decreased by \$496,507 during the current year, while TRS went from having a net pension asset in the prior year to a net pension liability in the amount of \$366,774 in the current year.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**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, 2017
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.	\$ 1,215,000 35,478 <u>\$ 1,250,478</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.	\$ 3,010,000 226,284 <u>\$ 3,236,284</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.	\$ 1,900,000 34,949 <u>\$ 1,934,949</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.	\$ 1,055,000 194,313 <u>\$ 1,249,313</u>

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

Year	Serial Bonds – 2011 Refunding Construction Bond	
	Principal	Interest
2018	\$ 590,000	\$ 60,750
2019	625,000	31,250
Total	<u>\$ 1,215,000</u>	<u>\$ 92,000</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
2018	\$ 355,000	\$ 149,188
2019	375,000	131,438
2020	395,000	112,688
2021	415,000	92,938
2022	435,000	72,188
2023-2027	1,010,000	85,938
2028	25,000	875
Total	<u>\$ 3,010,000</u>	<u>\$ 645,253</u>

Year	Serial Bonds – 2015	
	Principal	Interest
2018	\$ 455,000	\$ 42,550
2019	470,000	28,900
2020	485,000	19,500
2021	490,000	9,800
Total	<u>\$ 1,900,000</u>	<u>\$ 100,750</u>

Year	Serial Bonds – 2016	
	Principal	Interest
2018	\$ 60,000	\$ 51,250
2019	65,000	48,850
2020	65,000	45,600
2021	70,000	42,350
2022	75,000	38,850
2023-2027	420,000	136,400
2028-2030	300,000	30,500
Total	<u>\$ 1,055,000</u>	<u>\$ 393,800</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, 2017**

**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 \$371,543 for the year ended June 30, 2017.

**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, 2017, the District had an accumulated deficit in the amount of \$107,306 in the food service fund resulting from losses from operations. Management is currently reviewing options to alleviate this deficit.

Capital Projects Fund

The District's capital project fund had an accumulated deficit in the amount of \$2,152,599 as of June 30, 2017. It is not uncommon for school districts to have deficit fund balances in the capital project funds as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or redeemed at which time such proceeds are recorded as other financing sources revenue.

**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, 2017
<b>Nonspendable:</b>		
Food Service	Inventory	\$ 12,303
<b>Restricted:</b>		
General	Liability reserve	\$ 500,624
	Unemployment reserve	209,676
	Reserve for insurance	1,275,008
	Reserve for retirement system contributions	613,640
	Capital reserve	3,065,218
	Capital reserve – transportation	1,510,952
	Repair reserve	66,547
	Employee benefits reserve	803,660
		<u>\$ 8,045,325</u>
Debt Service	Reserve for debt service	\$ 1,351,456
Private Purpose	Reserve for endowment scholarships	\$ 2,953,109
<b>Assigned:</b>		
General	Appropriated fund balance	\$ 500,000
	Reserve for encumbrances	-
		<u>\$ 500,000</u>

**C. District-wide Net Position**

Net position of the District include restricted net position of \$9,396,781 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 \$392,000 as of June 30, 2017 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, 2017 totaled \$629.

**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, 2017**

**Page 37**

**NOTE 4 - CAPITAL PROJECTS**

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 \$3,052,599 through June 30, 2017.

Lastly, during the current year the District purchased transportation vehicles in the amount of \$371,711 with capital reserve funds transferred from the general fund.

**NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

For the fiscal year ended June 30, 2017 the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net other postemployment benefit obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position. The District has recorded a prior period adjustment in the amount of \$403,021 as a reduction in the District's net position as a result of this change in accounting principle.

**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 \$2,798,503 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 October 3, 2017, which is the date the financial statements were available to be issued.

On July 14, 2017, the District issued bond anticipation notes in the amount of \$5,730,000 related to renovation and energy projects. The notes have an interest rate of 2.25% and mature on July 13, 2018.

***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, 2017**

	Original Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
<b>Revenues</b>				
<b>Local Sources:</b>				
Real property taxes and tax items	\$ 2,714,763	\$ 2,714,763	\$ 2,714,763	\$ -
Real property tax items	8,000	8,000	9,629	1,629
Charges for services	1,000	1,000	192,463	191,463
Use of money and property	1,000	1,000	8,739	7,739
Sale of property and compensation for loss	500	500	11,757	11,257
Miscellaneous	76,000	76,000	297,725	221,725
<b>State Sources:</b>				
Basic formula	12,452,508	12,452,508	13,627,230	1,174,722
BOCES	1,429,668	1,429,668	1,356,439	(73,229)
Textbooks	43,142	43,142	43,047	(95)
All other aid	908,478	908,478	73,546	(834,932)
<b>Federal Sources:</b>				
Medicaid reimbursement	50,000	50,000	112,378	62,378
<b>Total revenue</b>	17,685,059	17,685,059	18,447,716	762,657
<b>Other Sources</b>				
Operating transfer in	226,702	226,702	-	(226,702)
<b>Total revenue and other sources</b>	17,911,761	17,911,761	<u>\$ 18,447,716</u>	<u>\$ 535,955</u>
Appropriated fund equity and carryover encumbrances	500,000	500,000		
<b>Total revenue, other sources and appropriated fund equity</b>	<u>\$ 18,411,761</u>	<u>\$ 18,411,761</u>		

	Original Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
<b>Expenditures</b>					
<b>General Support:</b>					
Board of education	\$ 14,525	\$ 17,255	\$ 15,027	\$ -	\$ 2,228
Central administration	184,532	193,417	193,364	-	53
Finance	200,488	205,173	194,575	-	10,598
Staff	273,505	293,245	295,786	-	(2,541)
Central services	1,558,542	1,639,527	1,529,519	-	110,008
Special items	301,810	302,364	286,262	-	16,102
<b>Instructional:</b>					
Instruction, administration and improvement	506,270	568,770	546,308	-	22,462
Teaching - regular school	4,406,710	4,406,710	4,228,095	-	178,615
Programs for children with handicapping conditions	2,224,307	2,210,387	2,287,597	-	(77,210)
Teaching - special schools	34,535	53,380	53,380	-	-
Occupational education	598,059	598,059	561,281	-	36,778
Instructional media	612,953	533,031	516,524	-	16,507
Pupil services	750,885	792,006	786,487	-	5,519
<b>Pupil Transportation</b>	871,505	871,505	801,482	-	70,023
<b>Employee Benefits</b>	3,852,847	3,706,644	3,161,446	-	545,198
<b>Debt Service:</b>					
Debt service principal	1,550,000	1,550,000	1,400,000	-	150,000
Debt service interest	410,288	410,288	371,543	-	38,745
<b>Total expenditures</b>	<b>18,351,761</b>	<b>18,351,761</b>	<b>17,228,676</b>	<b>-</b>	<b>1,123,085</b>
<b>Other Uses:</b>					
Transfer to other funds	60,000	60,000	419,667	-	(359,667)
<b>Total other uses</b>	<b>60,000</b>	<b>60,000</b>	<b>419,667</b>	<b>-</b>	<b>(359,667)</b>
<b>Total expenditures and other uses</b>	<b>\$ 18,411,761</b>	<b>\$ 18,411,761</b>	<b>17,648,343</b>	<b>\$ -</b>	<b>\$ 763,418</b>
<b>Excess of revenue and other sources over expenditures and other uses</b>			<b>\$ 799,373</b>		

**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, 2017**

Schedule SS1A

**Page 39**

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
<b>Revenue</b>			
State sources	\$ 14,500	\$ 9,705	\$ (4,795)
Federal sources	350,000	338,361	(11,639)
Sales	46,000	28,448	(17,552)
Miscellaneous	20,000	22,769	2,769
Surplus food	23,000	23,800	800
Use of money and property	100	6	(94)
Total revenue	<u>453,600</u>	<u>423,089</u>	<u>(30,511)</u>
<b>Expenditures</b>			
General support	175,000	157,345	17,655
Employee benefits	119,000	110,784	8,216
Cost of sales	174,100	183,000	(8,900)
Other expenses	15,500	12,817	2,683
Total expenditures	<u>483,600</u>	<u>463,946</u>	<u>19,654</u>
<b>Deficiency of revenue over expenditures</b>	<u>(30,000)</u>	<u>(40,857)</u>	<u>(10,857)</u>
<b>Other sources (uses)</b>			
Transfer from general fund	30,000	30,000	-
<b>Deficiency of revenue and other sources over expenditures and other uses</b>	<u>\$ -</u>	<u>(10,857)</u>	<u>\$ (10,857)</u>
Fund deficit, beginning of year		<u>(96,449)</u>	
<b>Fund deficit, end of year</b>		<u>\$ (107,306)</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, 2017**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

<b>Adopted budget</b>	\$ 18,411,761
<b>Additions:</b>	
Prior year encumbrances	-
<b>Original Budget</b>	<u>18,411,761</u>
<b>Budget Revisions:</b>	
Supplemental appropriations	-
<b>Final budget</b>	<u><u>\$ 18,411,761</u></u>

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

<b>2017-18 voter-approved expenditure budget</b>	<b>\$ 19,409,710</b>
<b>Maximum allowed (4% of 2017-18 budget)</b>	<b>\$ 776,388</b>

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

<b>Unrestricted fund balance:</b>	
Committed fund balance	\$ -
Assigned fund balance	500,000
Unassigned fund balance	<u>1,358,682</u>
Total unrestricted fund balance	<u>1,858,682</u>
<b>Less:</b>	
Appropriated fund balance	500,000
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	-
Total adjustments	<u>500,000</u>
<b>General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law</b>	<b><u><u>\$ 1,358,682</u></u></b>
<b>Actual percentage</b>	<b><u><u>7.0%</u></u></b>

\* 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**  
**BUDGET COMPARISON STATEMENT FOR STATE AND**  
**OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule SS4A

**Page 42**

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school*	N/A	2017	\$ 89,781	\$ 89,781	\$ 89,781
Teachers of Tomorrow grant	0644-17-0002	2017	17,000	17,000	17,000
Universal Pre-kindergarten	0409-17-7053	2017	238,689	\$ 238,689	238,689
Mentor Teacher	0663-17-0117	2017	7,200	6,720	6,720
School breakfast programs	N/A	2017	3,660	3,660	3,660
School lunch programs	N/A	2017	6,045	6,045	6,045
			<u>\$ 362,375</u>	<u>\$ 361,895</u>	<u>\$ 361,895</u>

\* Revenue includes transfer of \$17,956 from general fund for local share toward applicable expenditures.



**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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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, 2017, the District reported in the Schedule of Federal Awards \$23,800 of donated commodities at fair market value received and disbursed.

**Note 3 - Indirect Cost Rate**

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Schedule SS4C**

**Page 43**

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
<b>U.S. Department of Education:</b>					
<i>Passed through NYS</i>					
<b>Department of Education:</b>					
Title I	84.010A	0021-17-0140	\$ 199,740	\$ 199,740	\$ 199,740
Title II, Part A	84.367A	0147-16-0140	22,813	22,813	22,813
Title VI - Part B - Rural Schools	84.358B	0006-16-0140	15,199	15,199	15,199
IDEA Part B, Section 611 *	84.027A	0032-17-0039	195,609	193,015	193,015
IDEA Part B, Section 619 *	84.173A	0033-17-0039	6,230	5,678	5,678
Total U.S. Department of Education				436,445	436,445
<b>U.S. Department of Agriculture:</b>					
<i>Passed through NYS</i>					
<b>Department of Education:</b>					
National School Breakfast Program **	10.553	N/A	N/A	76,226	76,226
National School Lunch Program **	10.555	N/A	N/A	259,283	259,283
National Summer Food Program **	10.559	N/A	N/A	2,852	2,852
<b>Passed through NYS Office of General Services (Division of Donated Foods):</b>					
National School Lunch Program					
Donated Commodities **	10.555	N/A	N/A	23,800	23,800
Total U.S. Department of Agriculture				362,161	362,161
Total expenditures and revenue				\$ 798,606	\$ 798,606

\* Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of 198,693

\*\* Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of 362,161

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF MAJOR PROGRAMS TESTED**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule SS4D

**Page 44**

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 798,606</u>
<b>Major Programs Tested (Type B):</b>		
U.S. Department of Agriculture - National School Lunch Program **	10.555	\$ 283,083
U.S. Department of Agriculture - National Summer Food Program **	10.559	2,852
U.S. Department of Agriculture - National School Breakfast Program **	10.553	76,226
U.S. Department of Education - IDEA Part B, Section 611*	84.027A	193,015
U.S. Department of Education - IDEA Part B, Section 619*	84.173A	<u>5,678</u>
Total major programs tested		<u>\$ 560,854</u>
% of Federal programs tested		<u>70.2%</u>

\* Constitutes a cluster of Federal programs

\*\* Constitutes a cluster of Federal programs

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF CERTAIN REVENUE AND EXPENDITURES**  
**COMPARED TO ST-3 DATA – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule SS5

**Page 45**

	Account Code	ST-3 Amount	Audited Amount
Revenues			
Property taxes	A-1001	\$ 2,724,392	\$ 2,724,392
State aid	AT-3999	15,100,262	15,100,262
Federal aid	AT-4999	112,378	112,378
Total revenue	AT-5999	18,447,716	18,447,716
Expenditures			
General support	AT-1999	2,514,533	2,514,533
Pupil transportation	AT-5599	801,482	801,482
Debt service - principal	AT-9798.6	1,400,000	1,400,000
Debt service - interest	AT-9798.7	371,543	371,543
Total expenditures	AT-9999	\$ 17,648,343	\$ 17,648,343

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS**  
**AS OF JUNE 30, 2017**

Schedule SS6

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Capital Assets	\$	35,431,061
Less:		
Serial bonds		<u>(7,671,024)</u>
Net investment in capital assets	\$	<u><u>27,760,037</u></u>

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S NET**  
**OPEB LIABILITY AND RELATED RATIOS**  
**AS OF JUNE 30, 2017**

**Schedule SS7**

**Page 47**

As of the measurement date of July 1,	<u>2016</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 9,969
Interest	15,826
Differences between expected and actual experience	-
Changes in assumptions	26,111
Benefit payments	<u>(53,244)</u>
Net change in total OPEB liability	(1,338)
Total OPEB liability - beginning	25,024
Prior period adjustment	403,021
Total OPEB liability - ending	<u><u>\$ 426,707</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 53,244
Net investment income	-
Benefit payments	<u>(53,244)</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	<u><u>\$ -</u></u>
District's net OPEB liability	<u><u>\$ 426,707</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	<u><u>0.00%</u></u>
Covered-employee payroll	<u><u>\$ 7,102,794</u></u>
District's net OPEB liability as a percentage of covered-employee payroll	<u><u>6.01%</u></u>

**Notes to Schedule:**

Benefit Changes: None

Changes in assumptions: Discount rate from 3.94% as of 7/1/15 to 2.92% as of 7/1/16

Payroll growth rate from 2% as of 7/1/15 to salary schedule for non-teachers is based on NYERS valuations as of 6/30/15 and teachers and administrators' payroll growth based on the NYSTRS valuation as of 6/30/15.

Inflation rate from 2% as of 7/1/15 to 1.3% as of 7/1/16

Health care trend rates from 8.5% through 5.0% as of 7/1/15 to 9.0% to 5.0% as 7/1/16

Mortality rates based on RP-2000 combined mortality table, fully generational using Scale AA as of 7/1/15 and RPH total dataset mortality table fully generational using Scale MP-2015

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Schedule SS8**

**Page 48**

For the year ended June 30,	<u>2017</u>
Actuarially determined contributions	\$ 53,244
Contributions in relation to the actuarially determined contribution	<u>(53,244)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 7,102,794</u>
Contributions as a percentage of District's covered-employee payroll	<u>0.75%</u>

**Notes to Schedule:**

Valuation date: 7/1/2016

Actuarially determined contribution rates are calculated as of July 1, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	2.92% as of July 1, 2016 and 3.94% as of July 1, 2015
Inflation	1.3% per year
Healthcare cost trend rates	2017 - 9.0%. Rates expected to decrease 0.5% each year thereafter with an ultimate rate of 5.0% after 2025.
Salary increases	Based on NYSERS and NYSTRS valuation as of June 30, 2015.
Mortality	RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015
Retiree Cost Sharing	Retirees are required to contribute the portion of premiums not covered by the District's explicit subsidy.
Participants	165 Active and 21 Retirees

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS**  
**FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2017**

**Schedule SS9**

**Page 49**

***New York State Teachers' Retirement System***

For the year ended June 30,	2017	2016	2015	2014	2013
Contractually required contributions	\$ 651,423	\$ 700,697	\$ 919,367	\$ 841,100	\$ 599,979
Contributions in relation to the contractually required contribution	(651,423)	(700,697)	(919,367)	(841,100)	(599,979)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 5,558,217	\$ 5,284,291	\$ 5,244,535	\$ 5,176,000	\$ 5,067,390
Contributions as a percentage of District's covered-employee payroll	11.72%	13.26%	17.53%	16.25%	11.84%

***New York State Local Employees' Retirement System***

For the year ended March 31,	2017	2016	2015	2014	2013
Contractually required contributions	\$ 275,993	\$ 311,838	\$ 327,156	\$ 364,198	\$ 328,075
Contributions in relation to the contractually required contribution	(275,993)	(311,838)	(327,156)	(364,198)	(328,075)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,907,366	\$ 1,801,098	\$ 1,765,763	\$ 1,754,043	\$ 1,763,157
Contributions as a percentage of District's covered-employee payroll	14.47%	17.31%	18.53%	20.76%	18.61%



**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, 2017**

Schedule SS10

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*New York State Teachers' Retirement System - Net Pension Liability (Asset)*

As of the measurement date of June 30,	2017	2016	2015	2014	2013
District's proportion of the net pension liability or asset	n/a	0.034245%	0.034914%	0.035040%	0.034604%
District's proportionate share of the net pension liability (asset)	n/a	\$ 366,774	\$ (3,626,436)	\$ (3,903,274)	\$ (227,781)
District's covered-employee payroll	n/a	\$ 5,284,291	\$ 5,244,535	\$ 5,176,000	\$ 5,067,390
District's proportionate share of the net pension liability or asset as a percentage of its covered employee payroll	n/a	6.94%	69.15%	75.41%	4.50%
Plan fiduciary net position as a percentage of the total pension liability	n/a	99.01%	110.46%	111.48%	100.70%

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

As of the measurement date of March 31,	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.0063389%	0.0068004%	0.0063293%	n/a	n/a
District's proportionate share of the net pension liability	\$ 595,616	\$ 1,092,123	\$ 213,822	\$ 286,014	n/a
District's covered-employee payroll	\$ 1,907,366	\$ 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	31.23%	60.64%	12.11%	16.31%	n/a
Plan fiduciary net position as a percentage of the total pension liability	94.70%	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, 2017, 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 October 3, 2017.

**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.2017-001 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.2017-002.

We noted other matters that we have reported to management of *Bolivar-Richburg Central School District* in a separate letter dated October 3, 2017.

## **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  
October 3, 2017



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

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

***Report on Compliance for Each Major Federal Program***

We have audited *Bolivar-Richburg Central School's* compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of *Bolivar-Richburg Central School's* major federal programs for the year ended June 30, 2017. *Bolivar-Richburg Central School's* major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

***Report on Internal Control Over Compliance***

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

### ***Report on Internal Control Over Compliance***

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

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

We noted other matters that we have reported to management of *Bolivar-Richburg Central School* in a separate letter dated October 3, 2017.

### ***Purpose of this Report***

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

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Olean, New York  
October 3, 2017**

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**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.2017-001.
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.2017-002.
4. There were no deficiencies relating to the audit of the major federal assistance programs of the *Bolivar-Richburg Central School District* is reported in the Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditor's report on compliance for the major federal assistance programs for the *Bolivar-Richburg Central School District* expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The programs tested as major programs include:

Name	CFDA#	Program Type	Expenditures Amounts
National School Lunch Program**	10.555	Type B	\$ 283,083
National School Breakfast Program**	10.553	Type B	76,226
National Summer Food Program**	10.559	Type B	2,852
IDEA PART B, Section 611*	84.027A	Type B	193,015
IDEA PART B, Section 619*	84.173A	Type B	5,678
Total Federal expenditures tested			<u>\$ 560,854</u>
Total Federal expenditures			<u>\$ 798,606</u>
Percentage of total programs tested			<u>70%</u>

\* Constitutes a cluster of Federal programs.  
\*\* Constitutes a cluster of Federal programs.

8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. *Bolivar-Richburg Central School District* does not qualify as a low-risk auditee.

**II. FINANCIAL STATEMENTS AUDIT - FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**2017-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements**

**Year ended June 30, 2017**

*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, 2016**

Similar finding was reported upon during the year ended June 30, 2016 as finding 2016-001.

**B. COMPLIANCE AND OTHER MATTERS**

**2017-002 Unassigned Fund Balance**

**Year ended June 30, 2017**

*Conditions and criteria:* **Bolivar-Richburg Central School District's** unassigned fund balance in the general fund as of June 30, 2017 amounted to \$1,358,682. This amount constitutes approximately 7.0% of the 2017-2018 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, 2016**

Similar finding was reported upon during the year ended June 30, 2016 as finding 2016-002.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**A. COMPLIANCE**

**Year ended June 30, 2017**

There was no findings related to compliance during the fiscal year ended June 30, 2017.

**Year ended June 30, 2016**

A single audit was not required during the fiscal year ended June 30, 2016 as total Federal expenditures did not exceed \$750,000.

**B. INTERNAL CONTROL OVER COMPLIANCE**

**Year ended June 30, 2017**

No findings related to internal control over compliance are being reported upon during the fiscal year June 30, 2017.

**Year ended June 30, 2016**

A single audit was not required during the fiscal year ended June 30, 2016 as total Federal expenditures did not exceed \$750,000.





**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, 2017 of the District's financial statements and have issued our reports thereon dated October 3, 2017. 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, 2017, 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, 2013 through June 30, 2017. 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  
October 3, 2017**

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

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
<b>Revenue and other sources</b>					
Property taxes	\$ 2,724	\$ 2,715	\$ 2,823	\$ 2,770	\$ 2,717
State aid	15,100	14,475	14,027	13,074	13,186
All other	624	665	513	494	340
	<u>18,448</u>	<u>17,855</u>	<u>17,363</u>	<u>16,338</u>	<u>16,243</u>
<b>Expenditures and other uses</b>					
General support	2,515	2,254	2,071	2,206	2,126
Instruction	8,980	8,025	8,139	7,414	7,097
Transportation	801	590	653	690	723
Benefits	3,161	3,092	3,273	3,138	2,824
Debt	1,772	3,012	2,981	3,012	3,076
Transfers	420	1,082	180	362	151
	<u>17,649</u>	<u>18,055</u>	<u>17,297</u>	<u>16,822</u>	<u>15,997</u>
<b>Excess (deficiency) of revenue over expenditures</b>	799	(200)	66	(484)	246
<b>Fund equity</b>					
Beginning of year	9,105	9,305	9,239	9,723	9,477
End of year	<u>\$ 9,904</u>	<u>\$ 9,105</u>	<u>\$ 9,305</u>	<u>\$ 9,239</u>	<u>\$ 9,723</u>
<b>Analysis of fund equity</b>					
Restricted					
Reserve for repairs	\$ 67	\$ 67	\$ 67	\$ 67	\$ 67
Employee benefit reserve	804	804	804	804	804
Reserve for capital	4,576	3,836	4,143	4,046	4,364
Reserve for retirement system	614	614	614	614	614
Reserve for property loss	500	500	500	500	499
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	-
Next year's budget	500	500	500	500	500
Unassigned	1,358	1,299	1,187	1,211	1,390
	<u>\$ 9,904</u>	<u>\$ 9,105</u>	<u>\$ 9,305</u>	<u>\$ 9,239</u>	<u>\$ 9,723</u>

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**SUMMARY OF ADDITIONAL COMMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**Equipment and Inventory**

The District reports approximately \$35 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, 2017, the District's Food Service Fund has an accumulated deficit of approximately \$107,000 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, 2017**

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**Fund Balance Reserves**

The 2016-17 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.

Lastly, the District will be required to communicate information about its fund balance reserves to its taxpayers which includes the types of reserves, level of reserves and plan for use of reserve in the upcoming year. The District should begin to plan for this new level of reporting.

***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) issued regulations titled the Uniform Guidance which was effective for recipients of Federal grants for awards received after December 26, 2014. The Uniform Guidance has a focus on improving overall performance and outcome of grants and to reduce administrative burdens for grant applications and recipients, while reducing risk of waste, fraud and abuse. Within the Uniform Guidance is a section on subrecipient monitoring. This section defines a pass-through entity and it's responsibility when Federal awards are passed through to a subrecipient, who is responsible for carrying out the Federal program. The NYS Education Department is the pass-through entity for Federal Awards that it passes to the District, such as the IDEA grants and Title grants. New York State has recently increased its monitoring to comply with the Uniform Guidance. During 2016-17, the Department sent a questionnaire to a sample of schools asking if they had certain policies and procedures with respect to certain compliance requirements in the Uniform Guidance for the IDEA programs. In addition, the Department is requiring schools to provide documentation to support that it has complied with the maintenance of effort compliance requirement. We continue to recommend that individuals involved with the oversight of the Federal grants to familiarize itself with the Uniform Guidance. Policies and procedures should also be developed to documents its compliance with pertinent requirements. In addition, if the District acts as the pass-through entity for certain funds received from its Title I and IDEA grants that are passed through to private schools, the District should familiarize itself with the subrecipient monitoring section of the guidance and consider developing documentation to demonstrate that it is in compliance. 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 review the new Uniform Guidance to ensure the District is properly following federal regulations.***

**Reporting of Financial Documents on the District Website**

The District will now be required to include on its website the following documents: external financial statement audit; management letter; corrective action plan; statement comptroller audit; final annual budget; and multi-year financial plan adopted by the Board of Education. The District should familiarize itself with the new website reporting requirements and begin to upload data as it becomes available.

***District response: The District is aware of the new reporting requirements and will report such information when it becomes available.***

***BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT***

**EXTRACLASSROOM ACTIVITY FUND  
FINANCIAL STATEMENT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017, 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, 2017 on the basis of accounting described in Note 1.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Olean, New York  
October 3, 2017**

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**ANNUAL FINANCIAL STATEMENT ON EXTRACLASSROOM ACTIVITY FUND**  
**JULY 1, 2016 THROUGH JUNE 30, 2017**

	Balances July 01, 2016	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2017
<b>Extracurricular activities:</b>					
Class of 2015	\$ 2,277	\$ -	\$ 2,277	\$ 2,277	\$ -
Class of 2016	4,723	1	4,724	4,724	-
Class of 2017	20,465	41,286	61,751	60,309	1,442
Class of 2018	8,896	5,893	14,789	4,877	9,912
Class of 2019	4,215	4,855	9,070	2,121	6,949
Class of 2020	-	5,557	5,557	2,681	2,876
Ecology Club	1,001	-	1,001	-	1,001
FCCLA	1,217	265	1,482	89	1,393
Language Club	419	2,838	3,257	2,838	419
Library Fund	427	-	427	-	427
NHS	627	-	627	-	627
Business/Marketing Club	943	1	944	-	944
Junior NHS	48	-	48	-	48
Rachel's Challenge	395	147	542	165	377
SADD	1,182	3,130	4,312	2,014	2,298
Sales Tax	579	1,724	2,303	2,092	211
Sentinel	393	-	393	53	340
Science Club	4,038	4,197	8,235	2,725	5,510
Ski Club	16	1,491	1,507	1,491	16
Student Council	6,488	4,276	10,764	3,490	7,274
Theatre Arts	5,297	2,493	7,790	2,893	4,897
Yearbook	14,169	8,387	22,556	6,286	16,270
<b>Total activity fund</b>	<b>\$ 77,815</b>	<b>\$ 86,541</b>	<b>\$ 164,356</b>	<b>\$ 101,125</b>	<b>\$ 63,231</b>

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUND**  
**NOTE TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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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 \$63,231 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, 2017**

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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, Ecology Club, 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.***