

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

***AUDIT REPORTING PACKAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019***

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2019 REPORTING PACKAGE

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BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

***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, 2019, 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, 2019, 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, each major fund and aggregate remaining fund information of *Bolivar-Richburg Central School District* as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the *Bolivar-Richburg Central School District's* June 30, 2018 financial statements, and our report dated September 18, 2018, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 (pages 3 through 9), budgetary comparison information (pages 38 and 39), schedule of changes in the District's net OPEB liability and related ratios (page 45), schedule of District's contributions – OPEB (page 46), schedule of District's contributions for defined benefit pension plans (page 47) and schedule of the District's share of the net pension asset/liability (page 48). 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 September 17, 2019 on our consideration of **Bolivar-Richburg Central School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Bolivar-Richburg Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 17, 2019

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, 2019. 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, 2019:

- Overall net position of the District from operations increased during the current year in the amount of \$1,001,000 as compared to an increase of \$622,000 during the prior fiscal year.
- The District's total revenue increased 4% from \$20,614,000 during June 30, 2018 to \$21,402,000 during June 30, 2019. This increase was primarily the result of an increase in state aid, BOCES aid and interest earnings.
- The District's total expenses increased 2% from \$19,992,000 during the year ended June 30, 2018 to \$20,401,000 during the year ended June 30, 2019. This increase was mostly related to increases in salaries and benefits and BOCES expenditures. These increases were partially offset by a decrease in teachers' retirement system expense related to an actuarial update.
- The District's had capital outlays during the current year in the amount of \$1,087,000, which primarily related to costs associated with the District's 2016 capital project, 2016 energy performance project, emergency project and purchase of transportation vehicles.

III. Overview of the Financial Statements

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

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

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

1. Statement of Net Position

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

2. Statement of Activities

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

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

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

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

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

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

The District has two kinds of funds:

1. Governmental Funds

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

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

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

1. Governmental Funds (continued)

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

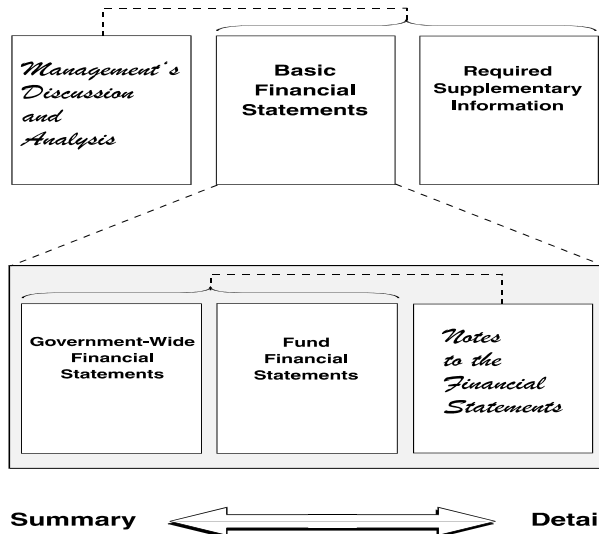
2. Fiduciary Funds

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

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

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

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



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$36,712,000. The components of net position include: net investment in capital assets, of \$21,784,000; restricted net position of \$10,762,000; and unrestricted net position of \$4,166,000 as of June 30, 2019.

Changes in Net Position

The District's total government-wide revenue increased by approximately 4% to \$21,402,000. Approximately 13%, 5% and 77% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 5% 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 2% to \$20,401,000. The District's expenses cover a range of services, with 73% related to instruction and 16% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

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

Governmental Activities

Revenue of the District's governmental activities increased 4%, while total expenses increased 2%. The District's total net position increased approximately \$1,001,000 from operations during the fiscal year ended June 30, 2019.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$21,402,000 for the fiscal year ended June 30, 2019. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 13% of the District's total revenue for governmental activities decreased less than 1% during the year ended June 30, 2019.
- The District's most significant revenue is state sources which represent \$16,399,000 or 77% of total governmental revenue. The District's state sources increased approximately 3% which was primarily related to an increase in BOCES aid and state aid.
- During the year ended June 30, 2019, the District saw an increase in program revenue in the amount of \$59,000 which primarily resulted from an increase in operating grants and contributions in the amount of \$78,000 as a result of an increase in free and reduced Federal and State Subsidy received in the food service fund, resulting from an increase in reimbursement rate as prescribed by the community eligibility provision (CEP). This increase was partially offset by a decrease in charges for services in the amount of \$19,000 related to a decrease in shared services with other districts.

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 \$20,401,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support decreased by approximately \$145,000 or 4% which was primarily due to a decrease in BOCES expenditures and contractual maintenance costs.
- The District's instruction costs increased by approximately \$650,000 or 5%. This increase was the result of increases in salaries and benefits and BOCES expenditures, which was partially offset by a decrease in teachers' retirement system expense related to an actuarial update.
- Debt service of the District decreased approximately \$35,000 during the year ended June 30, 2019.
- Transportation costs of the District decreased approximately \$91,000 during the year ended June 30, 2019. This increase was related to an increase in equipment purchases.
- The District's cost of sales (food service fund) totaled \$512,000 during the current year as compared to \$482,000 during the fiscal year ended June 30, 2018. This increase was related to an increase in salaries and food purchases.
- The District received approximately \$1,428,000 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 (\$19.0 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Position

Bolivar-Richburg Central School District
Condensed Statement of Net Position (in thousands of dollars)

	Governmental Activities and Total District-wide		
	2019	2018	% Change
Assets			
Current and other assets	\$ 14,719	\$ 12,593	17%
Capital assets	33,346	34,422	-3%
Total assets	48,065	47,015	2%
Deferred outflows of resources			
Deferred outflows pensions, refunding, and OPEB	3,719	4,201	-11%
Total deferred outflows of resources and assets	\$ 51,784	\$ 51,216	1%
Liabilities			
Other liabilities	\$ 7,031	\$ 7,181	-2%
Long-term debt outstanding	7,051	6,881	2%
Total liabilities	14,081	14,062	0%
Deferred inflows of resources			
Deferred inflows related to pensions and OPEB	990	1,443	-31%
Total deferred inflows of resources and liabilities	15,071	15,505	-3%
Net Position			
Net investment in capital assets	21,784	22,596	-4%
Restricted	10,762	9,766	10%
Unrestricted	4,166	3,349	24%
Total net position	36,713	35,711	3%
Total liabilities, deferred inflows of resources and net position	\$ 51,784	\$ 51,216	1%

Figure A-4 – Changes in Net Position

Bolivar-Richburg Central School District
Changes in Net Position from Operating Results (in thousands of Dollars)

	Governmental Activities and Total District-wide		
	2019	2018	% Change
Revenue			
Program revenue			
Charges for services	\$ 113	\$ 132	-14%
Operating grants and contributions	1,315	1,237	6%
General revenue			
Real property taxes	2,719	2,725	0%
Use of money & property	151	31	392%
Sale of property & comp for loss	35	25	41%
State sources	16,399	15,921	3%
Federal sources	86	93	-8%
Miscellaneous	584	450	30%
Total revenue	21,403	20,614	4%
Expenses			
General support	3,244	3,389	-4%
Instruction	14,962	14,312	5%
Transportation	1,405	1,496	-6%
Debt service - interest	278	313	-11%
Cost of sales	512	482	6%
Total expenses	20,402	19,992	2%
Change in net position	\$ 1,002	\$ 622	

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Figure A-5 – Sources of Revenue

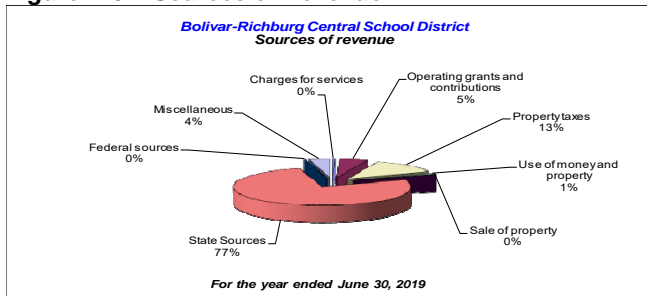


Figure A-6 - Expenses

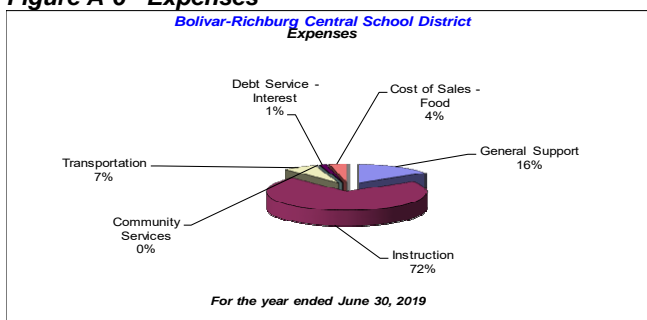


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District			
	2019		2018	
Expenditures supported with general revenue (from taxes & other sources)	\$ 18,973	93%	\$ 18,623	93%
Expenditures supported with program revenue	1,428	7%	1,369	7%
Total expenditures related to governmental activities	\$ 20,402	100%	\$ 19,992	100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2019	2018	Change	2019	2018	Change
General support	\$ 3,244	\$ 3,389	\$ (145)	\$ 3,244	\$ 3,389	\$ (145)
Instruction	14,962	14,312	650	14,032	13,364	668
Transportation	1,405	1,496	(91)	1,405	1,496	(91)
Debt service - interest	278	313	(35)	278	313	(35)
Cost of sales - food	512	482	30	14	61	(47)
Total	\$ 20,402	\$ 19,992	\$ 410	\$ 18,973	\$ 18,623	\$ 350

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 \$964,000.
- The District's general fund unassigned fund balance equated to approximately \$1,312,000 at June 30, 2019.
- The District established many fund balance reserves during the year ended June 30, 2019, and had a total restricted fund balance approximated \$9,367,000.
- The District's total assets increased approximately \$888,000 as of June 30, 2019. The District's liabilities decreased approximately \$77,000. The increase in assets was primarily related to an increase in cash, which was partially offset by a decrease in due from other funds. The decrease in liabilities was the result of a decrease in due to other funds.
- Total revenue in the District's general fund increased \$877,000, which was primarily related to an increase in state aid, BOCES aid and interest earnings. Total expenditures in the District's general fund increased by \$351,000 primarily as a result of the increases in BOCES expenditures, along with salaries and benefits.

Food Service Fund

- The District's food service fund experienced a \$36,000 increase in fund equity during the current year.
- Revenue in the District's food service fund was \$548,000 during 2019 as compared with \$600,000 in 2018. Included in prior year revenue is a transfer from the general fund in the amount of approximately \$162,000, as compared with a transfer of \$30,000 in the current year. The District also had an increase in Federal and State subsidy related to an increase in reimbursement rate as prescribed by the community eligibility provision (CEP). Expenditures increased approximately \$30,000 as a result of an increase in salaries and food costs.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$10,000 or 1% which was primarily a result of a new Title IV grant.

Capital Projects Fund

- The District had expenditures, including interfund transfers, in the amount of \$1,025,000 in capital projects during the year ended June 30, 2019, which was primarily related to costs associated with the District's 2016 capital project, 2016 energy performance project, emergency project and purchase of transportation vehicles. More detailed information about the District's capital assets is presented in the notes of the financial statements.

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 \$2,103,000 below the revised budget. The most significant positive variances were in the area of instruction, employee benefits and debt service which totaled \$621,000, \$714,000 and \$472,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$312,000 below the final budgeted amount. Significant variances of revenue items consisted of state sources and interfund revenue which were approximately \$781,000 and \$144,000, below, that budgeted, and local sources which was approximately \$602,000, above that budgeted,

Figure A-9 – Budget vs. Actual Comparison

<i>Bolivar-Richburg Central School District</i>				
General Fund - Budget vs Actual Comparison (in thousands of dollars)				
	Revised Budget	Actual	Difference	%
Revenue				
Local sources	\$ 2,876	\$ 3,478	\$ 602	21%
State sources	17,180	16,399	(781)	-5%
Federal sources	75	86	11	15%
Interfund revenue	227	83	(144)	-64%
Total revenue	\$ 20,358	\$ 20,046	\$ (312)	-2%
Expenditures				
General support	\$ 2,800	\$ 2,594	\$ 206	7%
Instruction	10,810	10,189	621	6%
Transportation	907	811	96	11%
Employee benefits	3,890	3,176	714	18%
Debt service	2,376	1,904	472	20%
Operating transfers	400	406	(6)	-1%
Total expenditures	\$ 21,183	\$ 19,081	\$ 2,103	10%

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2019, the District had invested approximately \$33,346,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2019, totaled approximately \$1,087,000 and consisted primarily of costs associated with the District's 2016 capital project, 2016 energy performance project, emergency project and 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, 2019, the District had approximately \$7,051,000 in bonds, net pension liability, other post-employment benefits liabilities, retirement incentives and compensated absences, an increase of approximately 2% as compared with the previous year. The decrease in bonds payable was the result of the District making regularly scheduled principal payments. During the current year, the District entered into a capital lease (installment purchase debt) related to an energy performance contract. Compensated absences decreased from the prior fiscal year as a result of a decrease in accumulated sick days. Other post-employment benefit liability decreased during the current year, whereas the District's NYS Employees' Retirement System net pension liability increased during the year. These changes resulted from actuarial updates.

Figure A-10 – Capital Assets

<i>Bolivar-Richburg Central School District</i>			
Capital Assets (net of depreciation)			
	Governmental Activities & Total District-wide		
	2019	2018	Change
Land	\$ 92,686	\$ 92,686	0%
Buildings	54,724,363	54,724,363	0%
Construction in progress	7,942,850	7,393,839	7%
Equipment	4,964,565	4,405,024	13%
Accumulated depreciation	(34,378,791)	(32,194,365)	7%
Total Capital Assets, net	\$ 33,345,673	\$ 34,421,547	-3%

Figure A-11 – Outstanding Long-term Debt

<i>Bolivar-Richburg Central School District</i>			
Outstanding Long-Term Debt and Liabilities			
	Governmental Activities & Total District-wide		
	2019	2018	Change
Bonds payable	\$ 4,467,956	\$ 6,095,199	-27%
Installment purchase debt	1,566,506	-	N/A
Net pension liabilities	463,158	203,665	127%
Other post-employment benefits	329,742	356,150	-7%
Compensated absences	223,316	225,994	-1%
Total Long-Term Debt	\$ 7,050,678	\$ 6,881,008	2%

VIII. Factors Bearing on the District's Future

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

IX. Contacting the District's Financial Management

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

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

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

Schedule 1

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	<u>2019</u>	<u>2018</u>
Assets		
Cash		
Unrestricted	\$ 2,751,264	\$ 1,807,850
Restricted	10,762,158	9,765,665
Receivables		
State and federal aid	455,229	529,599
Other receivables	13,805	9,196
Due from other governments	20,274	43,072
Due from other fiduciary funds	11,622	10,895
Inventories	9,322	10,262
Net pension asset - NYS Teachers' Retirement System	607,931	264,989
Cash to be used for capital assets	88,338	152,319
Capital assets, net	<u>33,345,673</u>	<u>34,421,547</u>
Total assets	<u>48,065,616</u>	<u>47,015,394</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	3,640,439	4,122,903
Deferred outflows related to bond refunding	9,111	18,006
Deferred outflows related to OPEB	<u>69,028</u>	<u>59,742</u>
Total deferred outflows of resources	<u>3,718,578</u>	<u>4,200,651</u>
Total assets and deferred outflows of resources	<u>\$ 51,784,194</u>	<u>\$ 51,216,045</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 139,537	\$ 457,777
Accrued liabilities	285,179	188,204
Accrued interest	137,886	145,153
Due to other governments	178	183
Due to retirement systems	729,721	651,797
Unearned revenue	8,177	8,352
Bond anticipation notes payable	5,730,000	5,730,000
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	945,000	1,535,000
Installment purchase debt	80,885	-
Portion due or payable after one year		
Bonds payable	3,522,956	4,560,199
Installment purchase debt	1,485,621	-
Net pension liability - NYS Employees' Retirement System	463,158	203,665
Other post-employment benefits	329,742	356,150
Compensated absences	<u>223,316</u>	<u>225,994</u>
Total liabilities	<u>14,081,356</u>	<u>14,062,474</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	948,463	1,423,292
Deferred inflows related to OPEB	<u>41,641</u>	<u>19,526</u>
Total deferred inflows of resources	<u>990,104</u>	<u>1,442,818</u>
Total liabilities and deferred inflows of resources	<u>15,071,460</u>	<u>15,505,292</u>
Net Position		
Net investment in capital assets	21,784,168	22,596,348
Restricted	10,762,158	9,765,665
Unrestricted	<u>4,166,408</u>	<u>3,348,740</u>
Total net position	<u>36,712,734</u>	<u>35,710,753</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 51,784,194</u>	<u>\$ 51,216,045</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 2

Page 11

	Expenses	Indirect Expenses Allocation	Program Revenues		2019	2018
			Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	\$ 2,890,353	\$ 353,375	\$ -	\$ -	\$ (3,243,728)	\$ (3,388,821)
Instruction	13,562,957	1,399,003	73,079	857,483	(14,031,398)	(13,363,173)
Pupil transportation	973,209	432,048	-	-	(1,405,257)	(1,496,226)
Debt service	278,390	-	-	-	(278,390)	(313,395)
Food service program	512,238	-	39,940	457,962	(14,336)	(61,177)
Depreciation	2,184,426	(2,184,426)	-	-	-	-
Total functions and programs	<u>\$ 20,401,573</u>	<u>\$ -</u>	<u>\$ 113,019</u>	<u>\$ 1,315,445</u>	<u>(18,973,109)</u>	<u>(18,622,792)</u>
General Revenues						
Real property taxes					2,718,591	2,725,218
Use of money and property					151,228	30,724
Sale of property and compensation for gain					35,209	24,948
Miscellaneous					585,188	449,583
State sources					16,398,792	15,920,828
Federal sources					86,082	93,093
Total general revenues					<u>19,975,090</u>	<u>19,244,394</u>
Change in net position					1,001,981	621,602
Net position - beginning of year					35,710,753	38,973,223
Prior period adjustment					-	(3,884,072)
Net position - end of year					<u>\$ 36,712,734</u>	<u>\$ 35,710,753</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

Schedule 3

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	Governmental Funds					2019	2018
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Assets							
Unrestricted cash	\$ 2,770,061	\$ -	\$ 3,800	\$ -	\$ -	\$ 2,773,861	\$ 1,839,329
Restricted cash	9,367,382	-	-	1,372,179	88,338	10,827,899	9,886,505
Due from other funds	79,205	2,724	-	95,522	122,839	300,290	1,357,191
State and federal aid receivable	206,301	212,887	36,041	-	-	455,229	529,599
Other receivables	6,524	-	7,281	-	-	13,805	9,196
Due from other governments	20,274	-	-	-	-	20,274	43,072
Inventories	-	-	9,322	-	-	9,322	10,262
Total assets	<u>\$ 12,449,747</u>	<u>\$ 215,611</u>	<u>\$ 56,444</u>	<u>\$ 1,467,701</u>	<u>\$ 211,177</u>	<u>\$ 14,400,680</u>	<u>\$ 13,675,154</u>
Liabilities and Fund Equity							
Liabilities							
Accounts payable	\$ 131,317	\$ -	\$ -	\$ -	\$ 8,220	\$ 139,537	\$ 457,777
Accrued liabilities	283,069	1,504	606	-	-	285,179	188,204
Bond anticipation notes payable	-	-	-	-	5,730,000	5,730,000	5,730,000
Due to other funds	-	211,383	4,360	72,925	-	288,668	1,346,296
Unearned revenue	-	2,724	5,453	-	-	8,177	8,352
Due to other governments	-	-	178	-	-	178	183
Due to Teachers' Retirement System	659,210	-	-	-	-	659,210	579,344
Due to Employees' Retirement System	70,511	-	-	-	-	70,511	72,453
Total liabilities	<u>1,144,107</u>	<u>215,611</u>	<u>10,597</u>	<u>72,925</u>	<u>5,738,220</u>	<u>7,181,460</u>	<u>8,382,609</u>
Fund Equity							
Nonspendable	-	-	9,322	-	-	9,322	10,262
Restricted	9,367,382	-	-	1,394,776	-	10,762,158	9,765,665
Assigned	626,658	-	36,525	-	-	663,183	518,517
Unassigned (deficit)	1,311,600	-	-	-	(5,527,043)	(4,215,443)	(5,001,899)
Total fund equity (deficit)	<u>11,305,640</u>	<u>-</u>	<u>45,847</u>	<u>1,394,776</u>	<u>(5,527,043)</u>	<u>7,219,220</u>	<u>5,292,545</u>
Total liabilities and fund equity	<u>\$ 12,449,747</u>	<u>\$ 215,611</u>	<u>\$ 56,444</u>	<u>\$ 1,467,701</u>	<u>\$ 211,177</u>	<u>\$ 14,400,680</u>	<u>\$ 13,675,154</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 4

Page 13

	Governmental Funds					2019	2018
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Revenue							
Real property taxes	\$ 2,718,591	\$ -	\$ -	\$ -	\$ -	\$ 2,718,591	\$ 2,725,218
Charges for services	73,079	-	-	-	-	73,079	94,701
Use of money and property	151,221	-	7	-	-	151,228	30,724
Sale of property compensation for loss	13,609	-	-	-	-	13,609	5,848
Miscellaneous	521,955	-	19,913	-	43,320	585,188	449,583
State sources	16,398,792	334,702	11,212	-	-	16,744,706	16,277,823
Federal sources	86,082	522,781	422,940	-	-	1,031,803	954,786
Surplus food	-	-	23,810	-	-	23,810	18,392
Sales (school food service)	-	-	39,940	-	-	39,940	36,987
Total revenue	19,963,329	857,483	517,822	-	43,320	21,381,954	20,594,062
Expenditures							
General support	2,594,523	-	171,864	-	-	2,766,387	2,877,450
Instruction	10,189,219	762,850	-	-	-	10,952,069	10,388,610
Pupil transportation	811,107	-	-	-	349,814	1,160,921	1,179,163
Employee benefits	3,176,140	120,755	125,659	-	-	3,422,554	3,237,600
Debt service							
Principal	1,535,000	-	-	-	-	1,535,000	1,460,000
Interest	369,005	-	-	-	-	369,005	303,738
Capital outlay	-	-	-	-	601,134	601,134	4,652,319
Cost of sales	-	-	203,073	-	-	203,073	188,905
Other expenses	-	-	11,642	-	-	11,642	9,290
Total expenditures	18,674,994	883,605	512,238	-	950,948	21,021,785	24,297,075
Excess (deficiency) of revenue over expenditures	1,288,335	(26,122)	5,584	-	(907,628)	360,169	(3,703,013)
Other sources and uses							
Proceeds from issuance of debt	-	-	-	-	1,566,506	1,566,506	-
Operating transfers in	82,661	26,122	30,000	43,320	349,814	531,917	815,518
Operating transfers out	(405,936)	-	-	(52,202)	(73,779)	(531,917)	(815,518)
Total other sources (uses)	(323,275)	26,122	30,000	(8,882)	1,842,541	1,566,506	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	965,060	-	35,584	(8,882)	934,913	1,926,675	(3,703,013)
Fund equity (deficit), beginning of year	10,340,580	-	10,263	1,403,658	(6,461,956)	5,292,545	8,995,558
Fund equity (deficit), end of year	\$ 11,305,640	\$ -	\$ 45,847	\$ 1,394,776	\$ (5,527,043)	\$ 7,219,220	\$ 5,292,545

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2019

Schedule 5

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	Private Purpose Trusts	Agency Funds	Total 06/30/19	(Memo only) Total 06/30/18
Assets				
Cash	\$ 20,880	\$ 184,153	\$ 205,033	\$ 160,965
Investments	2,920,711	-	2,920,711	2,947,584
Due from other funds	111,544	336	111,880	116,082
Total assets	\$ 3,053,135	\$ 184,489	\$ 3,237,624	\$ 3,224,631
Liabilities				
Accrued liabilities	\$ -	\$ 8,240	\$ 8,240	\$ 3,777
Due to other funds	-	123,502	123,502	126,977
Student extraclassroom activity funds	-	52,747	52,747	56,743
Total liabilities	-	184,489	184,489	187,497
Net position				
Reserved for scholarships	3,053,135	-	3,053,135	3,037,134
Total liabilities and net position	\$ 3,053,135	\$ 184,489	\$ 3,237,624	\$ 3,224,631

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 6

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	06/30/19	(Memo only) 06/30/18
Additions		
Gifts and contributions	\$ 17,404	\$ 10,418
Interest and dividends	161,234	28,904
Gain (loss) on investments	(11,087)	191,213
Total additions	<u>167,551</u>	<u>230,535</u>
Deductions		
Scholarships awarded	<u>151,550</u>	<u>146,510</u>
Change in net position	16,001	84,025
Net position - beginning of year	<u>3,037,134</u>	<u>2,953,109</u>
Net position - end of year	<u>\$ 3,053,135</u>	<u>\$ 3,037,134</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

Total fund balances - governmental funds \$ 7,219,220

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	\$ 67,724,464	
Accumulated depreciation	<u>(34,378,791)</u>	33,345,673

District's proportionate share of the net pension asset is reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions. 607,931

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due. (137,886)

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. 9,111

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. 2,691,976

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 OPEB expense is based on required contributions to the OPEB plan. 27,387

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	(4,467,956)	
Installment purchase debt	(1,566,506)	
Net pension liability - ERS	(463,158)	
Other post-employment benefits	(329,742)	
Compensated absences	<u>(223,316)</u>	<u>(7,050,678)</u>

Total net position - governmental activities \$ 36,712,734

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 13,601,760	\$ -	\$ -	\$ (88,338)	\$ 13,513,422
Due from other funds	300,290	-	-	(288,668)	11,622
State and federal aid receivable	455,229	-	-	-	455,229
Other receivables	13,805	-	-	-	13,805
Due from other governments	20,274	-	-	-	20,274
Inventories	9,322	-	-	-	9,322
Net pension asset - NYS TRS	-	607,931	-	-	607,931
Cash to be used for capital assets	-	-	-	88,338	88,338
Capital assets, net	-	33,345,673	-	-	33,345,673
Total assets	14,400,680	33,953,604	-	(288,668)	48,065,616
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	3,640,439	-	-	3,640,439
Deferred outflows related to bond refunding	-	9,111	-	-	9,111
Deferred outflows related to OPEB	-	69,028	-	-	69,028
Total assets and deferred outflows of resources	\$ 14,400,680	\$ 37,672,182	\$ -	\$ (288,668)	\$ 51,784,194
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 139,537	\$ -	\$ -	\$ -	\$ 139,537
Accrued liabilities	285,179	-	-	-	285,179
Accrued interest	-	-	137,886	-	137,886
Due to other funds	288,668	-	-	(288,668)	-
Unearned revenue	8,177	-	-	-	8,177
Due to other governments	178	-	-	-	178
Due to retirement systems	729,721	-	-	-	729,721
Bond anticipation notes payable	5,730,000	-	-	-	5,730,000
Bonds payable	-	-	4,467,956	-	4,467,956
Installment purchase debt	-	-	1,566,506	-	1,566,506
Net pension liability - NYS ERS	-	-	463,158	-	463,158
Other post-employment benefits	-	-	329,742	-	329,742
Compensated absences	-	-	223,316	-	223,316
Total liabilities	7,181,460	-	7,188,564	(288,668)	14,081,356
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	948,463	-	948,463
Deferred inflows related to OPEB	-	-	41,641	-	41,641
Total liabilities and deferred inflows of resources	7,181,460	-	8,178,668	(288,668)	15,071,460
Fund equity and net position					
	7,219,220	37,672,182	(8,178,668)	-	36,712,734
Total liabilities, deferred inflows of resources and fund equity (deficit)/net position	\$ 14,400,680	\$ 37,672,182	\$ -	\$ (288,668)	\$ 51,784,194

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, 2019

Total net change in fund balances - governmental funds \$ 1,926,675

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	\$ 1,086,952	
Depreciation expense	<u>(2,184,426)</u>	(1,097,474)

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. 1,535,000

Proceeds from long-term debt, including bond refunding's and bond premiums, are recorded as revenue in governmental funds. However, in the statement of activities, proceeds from long-term debt are not recorded as revenue. Rather, long-term debt is recorded as a liability in the statement of net assets. (1,566,506)

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. In addition, premiums on bond anticipation notes and bonds are recorded as revenue in the governmental funds, whereas in the statement of activities, premiums are amortized into interest expense. Lastly, amortization of deferred outflows related to bond refundings are also reflected in the statement of activities. 90,615

District's proportionate share of actuarial calculated pension expense and net amortization of deferred outflows and inflows related to pension are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans. 75,814

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. 13,579

In the statement of activities, certain operating expenses - compensated absences, and special termination 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. 2,678

Change in net position of governmental activities \$ 1,001,981

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Asset and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 2,718,591	\$ -	\$ -	\$ -	\$ 2,718,591
Charges for services	73,079	-	-	(73,079)	-
Use of money and property	151,228	-	-	-	151,228
Sale of property compensation for loss	13,609	21,600	-	-	35,209
Miscellaneous	585,188	-	-	-	585,188
State sources	16,744,706	-	-	(345,914)	16,398,792
Federal sources	1,031,803	-	-	(945,721)	86,082
Surplus food	23,810	-	-	(23,810)	-
Sales (school food service)	39,940	-	-	(39,940)	-
Total revenue	21,381,954	21,600	-	(1,428,464)	19,975,090
Expenditures					
General support	2,766,387	310,065	-	167,276	3,243,728
Instruction	10,952,069	1,352,140	(2,678)	1,729,867	14,031,398
Pupil transportation	1,160,921	36,403	-	207,933	1,405,257
Employee benefits	3,422,554	-	(89,393)	(3,333,161)	-
Debt service	1,904,005	-	(1,625,615)	-	278,390
Capital outlay	601,134	(601,134)	-	-	-
Cost of sales	203,073	-	-	(188,737)	14,336
Other expenses	11,642	-	-	(11,642)	-
Total expenditures	21,021,785	1,097,474	(1,717,686)	(1,428,464)	18,973,109
Excess (deficiency) of revenue over expenditures	360,169	(1,075,874)	1,717,686	-	1,001,981
Other sources and uses					
Proceeds from issuance of debt	1,566,506	-	(1,566,506)	-	-
Operating transfers in	531,917	-	-	(531,917)	-
Operating transfers out	(531,917)	-	-	531,917	-
Total other sources (uses)	1,566,506	-	(1,566,506)	-	-
Net change for year	\$ 1,926,675	\$ (1,075,874)	\$ 151,180	\$ -	\$ 1,001,981

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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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 available at the District's offices.

B. Joint Venture

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

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

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

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

During the year, the District was billed \$4,691,000 for BOCES administration and program costs. The District's share of BOCES aid and refunds amounted to \$2,297,000 for the year ended June 30, 2019. 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, 2019

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, which 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, 2019

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 estimated historical costs, based on appraisals conducted by independent third-party professionals. 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 District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the District-wide Statement of Net Position. The second 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 third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other outputs, differences between expected and actual experience, along with benefit payments made subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 (TRS and 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 and differences between expected and actual experience.

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 \$223,316 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 and Transportation Reserves

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. Employee Retirement Contribution Reserve

This reserve is used to accumulate funds for employee retirement system contributions. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

6. Teachers' Retirement System Reserve Subfund

This reserve is used to accumulate funds for teachers' retirement system contributions and has limits of 2% annually and 10% in total of teacher retirement system salaries. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

7. 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. 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.

8. 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.

9. 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.

10. Liability Reserve

This reserve is used to accumulate funds to pay liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. The reserve is accounted for in the General Fund.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

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, 2019.

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 \$126,658 as of June 30, 2019.

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, 2020 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.

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 supplemental appropriations during the fiscal year ended June 30, 2019 in the amount of \$306,494 related to a transfer from the capital reserve (transportation) to the capital project fund as authorized by the voters.

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.

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.

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

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.

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 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)

4. Pension Differences

Pension difference occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. OPEB Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

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, 2019, 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, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash (continued)

A. Deposits (continued)

Total financial institution (bank) balances at June 30, 2019 per the bank were approximately \$13,857,000. Deposits on hand at June 30, 2019 are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 661,000	\$ 13,196,000	\$ -	\$ 13,857,000

II. Investments

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

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

Private Purpose Trust	Market Value
Mutual Funds	\$ 2,920,711

These investments are held in the School District's name. The market value of the investments as of June 30, 2019 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, 2019 are as follows

	Interfund Receivable	Interfund Payable
General Fund	\$ 79,205	\$ -
Debt Service Fund	95,522	72,925
School Lunch Fund	-	4,360
Special Aid Fund	2,724	211,383
Agency Fund	336	123,502
Capital Fund	122,839	-
Private Purpose Trust Fund	111,544	-
Total	\$ 412,170	\$ 412,170

	Interfund Revenue	Interfund Expenditures
General Fund	\$ 82,661	\$ 405,936
School Lunch Fund	30,000	-
Special Aid Fund	26,122	-
Capital Fund	349,814	73,779
Debt Service Fund	43,320	52,202
Total	\$ 531,917	\$ 531,917

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

III. Interfund Transactions (continued)

During the year ended June 30, 2019, the District transferred \$30,000 from the general fund to the school lunch fund as budgeted to subsidize operations. The District transferred \$349,814 from the transportation reserve in the general fund to the capital fund for the purchase of transportation vehicles. The District transferred \$30,459 from the capital fund to the general fund to close out the old bus reserve. The District also transferred \$26,122 from general fund to the special aid fund representing the local share of the summer school program. Lastly, the District transferred \$43,320 from capital projects fund to the debt service fund representing the premium on the BAN issuance and transferred \$52,202 from the debt service fund to the general fund related to the previous year's BAN premium.

IV. Receivables

Receivables at June 30, 2019 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	\$ 212,887
Food Service	State and Federal Aid	36,041
Food Service	Other receivables	7,281
General	State and Federal Aid	206,301
General	Other Receivables	6,524
	Due from Other	
General	Governments	20,274
		\$ 489,308

V. Capital Assets

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Beginning Balance 06/30/18	Net change	Ending Balance 06/30/19
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 92,686	\$ -	\$ 92,686
Construction-in-progress	7,393,839	549,011	7,942,850
Capital assets that are depreciated:			
Buildings and improvements	54,724,363	-	54,724,363
Furniture and equipment	4,405,024	559,541	4,964,565
Total historical cost	66,615,912	1,108,552	67,724,464
Less accumulated depreciation:			
Buildings and improvements	29,428,898	1,805,031	31,233,929
Furniture and equipment	2,765,467	379,395	3,144,862
Total accumulated depreciation	32,194,365	2,184,426	34,378,791
Total net book value	\$ 34,421,547	\$	\$ 33,345,673

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 353,375
Instruction	1,399,003
Pupil transportation	432,048
	<u>\$ 2,184,426</u>

Total additions during the current year amounted to \$1,086,952.

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.

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).

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

2. Contributions

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

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

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

Year	TRS	ERS
2019	\$ 612,000	\$ 278,000
2018	537,000	286,000
2017	651,000	276,000

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

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 Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

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

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

Measurement date	ERS 3/31/2019	TRS 6/30/2018
Net pension asset (liability)	\$ (463,158)	\$ 607,931
District's portion of the Plan's total net pension liability	.0065369%	.033620%

For the year ended June 30, 2019, the District's recognized pension expense of \$328,205 for ERS and \$483,864 for TRS. At June 30, 2019 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	\$ 91,205	\$ 454,302	\$ 31,091	\$ 82,292
Changes of assumptions	116,419	2,125,118	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	118,872	674,850
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	66,968	104,240	8,518	32,840
District's contributions subsequent to the measurement date	70,511	611,676	-	-
Total	\$ 345,103	\$ 3,295,336	\$ 158,481	\$ 789,982

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), 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, 2020. 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:

	ERS		TRS	
Year ended:				
2020	\$	117,245	\$	621,400
2021		(75,779)		425,764
2022		5,357		55,681
2023		69,288		424,331
2024		-		287,599
Thereafter		-		78,903

4. Actuarial Assumptions

The total pension asset (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 asset (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	3/31/2019	6/30/2018
Actuarial valuation date	4/1/2018	6/30/2017
Interest rate	7%	7.25%
Salary scale	4.2% average 4/1/10 – 3/31/15	1.90% - 4.72% 7/1/09 – 6/30/14
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.5%	2.25%

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, 2018 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, 2017 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 3/31/19	Expected Rate of Return	TRS 6/30/18	Expected Rate of Return
Asset Type:				
Domestic Equity	36%	4.55%	33%	5.8%
International Equity	14%	6.35%	16%	7.3%
Global Equity	-%	-%	4%	6.7%
Private Equity	10%	7.50%	8%	8.9%
Real Estate	10%	5.55%	11%	4.9%
Absolute return strategies	2%	3.75%	-%	-%
Opportunistic portfolio	3%	5.68%	-%	-%
Real Assets	3%	5.29%	-%	-%
Domestic fixed income				
Securities	-%	-%	16%	1.3%
Global fixed income				
Securities	-%	-%	2%	.9%
High-yield fixed income	-%	-%	1%	3.5%
Private debt	-%	-%	1%	6.8%
Real estate debt	-%	-%	7%	2.8%
Bonds and Mortgages	17%	1.31%	-%	-%
Cash and Short-term	1%	(.25%)	1%	.3%
Inflation-indexed bond				
Funds	4%	1.25%	-%	-%
Total:	<u>100%</u>		<u>100%</u>	

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 asset (liability) was 7% for ERS and 7.25% 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 asset (liability).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 7% for ERS and 7.25% 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 6.25% for TRS) or 1-percentage point higher (8% for ERS and 8.25% for TRS) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS			
Employer's proportionate share of the net pension asset/ (liability)	\$ (2,024,999)	\$ (463,158)	\$ 848,900

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 (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (4,176,587)	\$ 607,931	\$ 4,616,027

7. Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS 3/31/2019	TRS 6/30/2018
Measurement date		
Employers' total pension liability	\$ 189,803,429	\$ 118,107,253
Plan net position	\$ 182,718,124	\$ 119,915,518
Employers' net pension asset (liability)	\$ (7,085,305)	\$ 1,808,265
Ratio of plan net position to be Employers' total pension liability	96.27%	101.53%

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, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$70,511.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 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, 2019 amounted to \$659,210 (employer contribution \$611,676 and employee contributions of \$47,534).

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, 2019 the plan had total active employees of 173 and retirees of 21.

Total OPEB Liability

The District's total OPEB liability of \$329,742 was measured as of July 1, 2018.

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, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Salary increases	Based on NYSTRS and NYSERS valuations as of June 30, 2015
Discount rate	3.87% as of June 30, 2019
Healthcare cost trend rates	Range from 4.5% to 8.0% from 2019-2025+
Retirees' share of benefit-related costs	Retirees pay the full cost of coverage with the exception of certain administrators

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

RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 (RPH-2018 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using MP-2018 improvement.).

The actuarial assumptions used in the July 1, 2018 valuation represent a long-term expectation of future OPEB outcomes.

Changes in the Total OPEB Liability

Service cost	\$	10,689
Interest		12,216
Differences between expected and actual experience		11,949
Changes in assumptions		(13,430)
Benefit payments		(47,832)
Net changes		(26,408)
Net OPEB liability – beginning of year		356,150
Net OPEB liability – end of year	\$	<u>329,742</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.56% in 2018 to 3.87% in 2019. Health care trend rate from 8.5%-4.5% in 2018 to 8.0%-4.5% in 2019. From RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 in 2018 to RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 in 2019.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 (2.87%) or 1 percentage point higher (4.87%) that the current discount rate:

	1% Decrease (2.87%)	Current Assumption (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 353,205	\$ 329,742	\$ 307,770

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 than the current healthcare cost trend rates:

	1% Decrease (initial rate of 7.0% decreasing by .5% annually until reaching 3.5%)	Current Assumption (initial rate of 8.0% decreasing by .5% annually until reaching 4.5%)	1% Increase (initial rate of 9.0% decreasing by .5% annually until reaching 5.5%)
Total OPEB liability	\$ 300,347	\$ 329,742	\$ 363,954

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

For the year ended June 30, 2019, the District recognized OPEB expense in the amount of \$21,918. At June 30, 2019, 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	\$ 10,754	\$ 17,356
Benefit payments subsequent to the measurement date	38,283	-
Changes in assumptions	19,991	24,285
Total	\$ 69,028	\$ 41,641

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:	
2020	\$ (987)
2021	(987)
2022	(987)
2023	(987)
2024	(987)
Thereafter	(5,961)

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

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

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

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

On July 12, 2018 the District issued a bond anticipation note in the amount of \$5,730,000 related to renovation and energy projects. The note has an interest rate of 2.75% and matures on July 12, 2019.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 interest on short-term debt for the year ended June 30, 2019 in the amount of \$128,567.

2. Long-Term Debt

a. Debt Limit

At June 30, 2019, total indebtedness represents 57% 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, 2019 and 2018 are as follows:

	Balance	Balance
	June 30, 2019	June 30, 2018
2011 Serial Bonds	\$ -	\$ 637,020
2012 Serial Bonds	2,407,871	2,828,965
2015 Serial Bonds	985,164	1,465,189
2016 Serial Bonds	1,074,921	1,164,025
Installment Purchase Debt	1,566,506	-
Other post-employment benefits	329,742	356,150
Compensated absences	223,316	225,994
Net pension liability	463,158	203,665
	\$ 7,050,678	\$ 6,881,008

During the year, the District made principal payments on its serial bonds in the amount of \$1,535,000 and entered into an equipment lease related to the energy performance contract in the amount of \$1,566,506. The District also had amortization of bond premiums in the amount of \$92,243. The net change in compensated absences was a net decrease of \$2,678 during the fiscal year ended June 30, 2019. The net change in other post-employment benefits was a decrease of \$26,408 during the fiscal year ended June 30, 2019. Lastly, the District's proportionate share of the NYSERS net pension liability - ERS increased by \$259,493 during the current year.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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:

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.	\$ 2,280,000
	127,871
	<u>\$ 2,407,871</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.	\$ 975,000
	10,164
	<u>\$ 985,164</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.	\$ 930,000
	144,921
	<u>\$ 1,074,921</u>

Installment Purchase Debt related to energy performance project, issued in 2019 with a final renewal term ending in 2034, carry interest at 3.550% per annum.	\$ 1,566,506
	<u>\$ 1,566,506</u>

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

Year	Serial Bonds – 2012	
	Principal	Interest
2020	\$ 395,000	\$ 112,688
2021	415,000	92,938
2022	435,000	72,188
2023	455,000	50,438
2024	480,000	27,688
2025-2028	100,000	8,688
Total	<u>\$ 2,280,000</u>	<u>\$ 364,628</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 – 2015	
	Principal	Interest
2020	\$ 485,000	\$ 19,500
2021	490,000	9,800
Total	<u>\$ 975,000</u>	<u>\$ 29,300</u>

Year	Serial Bonds – 2016	
	Principal	Interest
2020	\$ 65,000	\$ 45,600
2021	70,000	42,350
2022	75,000	38,850
2023	75,000	35,100
2024	80,000	31,350
2025-2029	460,000	95,250
2030	105,000	5,250
Total	<u>\$ 930,000</u>	<u>\$ 293,750</u>

Year	Installment Purchase Debt	
	Principal	Interest
2020	\$ 80,885	\$ 55,611
2021	83,757	52,739
2022	86,730	49,766
2023	89,809	46,687
2024	92,997	43,499
2025-2029	516,913	165,567
2030-2034	615,415	67,065
Total	<u>\$ 1,566,506</u>	<u>\$ 480,934</u>

e. Refunding of Long-Term Debt

In prior years, the District defeased other general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability or the defeased bonds are not included in the District's financial statements.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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 \$240,438 for the year ended June 30, 2019.

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

Capital Projects Fund

The District's capital project fund had an accumulated deficit in the amount of \$5,527,043 as of June 30, 2019. 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:

<u>Fund</u>	<u>Reservation Purposes</u>	<u>Balance June 30, 2019</u>
Nonspendable:		
Food Service	Inventory	\$ 9,322
Restricted:		
General	Liability reserve	\$ 501,390
	Unemployment reserve	209,687
	Reserve for insurance	1,275,008
	Reserve for retirement system contributions	628,413
	TRS contribution reserve subfund	109,525
	Capital reserve	3,803,945
	Capital bus reserve	1,969,193
	Repair reserve	66,561
	Employee benefits reserve	803,660
		<u>\$ 9,367,382</u>
Debt Service	Reserve for debt service	\$ 1,394,776
Private Purpose	Reserve for endowment scholarships	\$ 3,053,135
Assigned:		
General	Appropriated fund balance	\$ 500,000
	Reserve for encumbrances	126,658
		<u>\$ 626,658</u>
Food Service	Assigned fund balance	\$ 36,525

C. District-wide Net Position

Net position of the District include restricted net position of \$10,762,158 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 \$223,000 as of June 30, 2019 for accumulating non-vesting sick leave.

D. 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.

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 an \$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 in the amount \$264,325 and \$91,742, respectively, related to the 2016 capital project to the 2016 energy performance project during the year ended June 30, 2019.

The District also had costs related to an emergency project in the amount of \$192,944 and costs associated with its Smart Schools Bond Act project in the amount of \$52,123 during the year ended June 30, 2019.

Lastly, during the current year the District purchased transportation vehicles in the amount of \$349,814 with capital reserve funds transferred from the general fund.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 2018 the District had a new independent appraisal on fixed assets resulting in a prior period adjustment. The effect of this prior period adjustment was a net decrease to beginning governmental net position in the amount of \$3,884,072.

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 \$2,920,711 of investments in mutual funds related to a scholarship endowment that is considered to be a level 1 input.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 17, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 2,714,763	\$ 2,714,763	\$ 2,712,436	\$ (2,327)
Real property tax items	8,000	8,000	6,155	(1,845)
Charges for services	1,000	1,000	73,079	72,079
Use of money and property	1,000	1,000	151,221	150,221
Sale of property and compensation for loss	500	500	13,609	13,109
Miscellaneous	151,000	151,000	521,955	370,955
State Sources:				
Basic formula	15,220,593	15,220,593	14,478,128	(742,465)
BOCES	1,883,238	1,883,238	1,818,138	(65,100)
Textbooks	44,270	44,270	42,173	(2,097)
All other aid	31,912	31,912	60,353	28,441
Federal Sources:				
Medicaid reimbursement	75,000	75,000	86,082	11,082
Total revenue	20,131,276	20,131,276	19,963,329	(167,947)
Other Sources				
Operating transfer in	226,702	226,702	82,661	(144,041)
Total revenue and other sources	20,357,978	20,357,978	\$ 20,045,990	\$ (311,988)
Supplemental appropriation - use of bus reserve	-	306,494		
Appropriated fund equity and carryover encumbrances	500,000	518,517		
Total revenue, other sources and appropriated fund equity	\$ 20,857,978	\$ 21,182,989		

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 28,400	\$ 28,400	\$ 11,529	\$ -	\$ 16,871
Central administration	215,479	215,479	210,538	-	4,941
Finance	215,825	219,725	205,149	-	14,576
Staff	286,730	331,167	303,919	5,000	22,248
Central services	1,688,343	1,697,325	1,572,889	66,820	57,616
Special items	300,892	308,241	290,499	-	17,742
Instructional:					
Instruction, administration and improvement	747,994	747,994	764,531	-	(16,537)
Teaching - regular school	4,775,460	4,661,577	4,605,649	55,747	181
Programs for children with handicapping conditions	3,240,505	3,204,231	2,731,375	-	472,856
Teaching - special schools	28,915	28,915	21,245	-	7,670
Occupational education	634,121	634,121	600,790	-	33,331
Instructional media	569,416	671,269	616,213	-	55,056
Pupil services	828,092	860,772	849,416	-	11,356
Pupil Transportation	907,008	907,079	811,107	2,682	93,290
Employee Benefits	3,954,662	3,890,394	3,176,140	433	713,821
Debt Service:					
Debt service principal	1,822,038	1,822,038	1,535,000	-	287,038
Debt service interest	554,098	554,098	369,005	-	185,093
Total expenditures	20,797,978	20,782,825	18,674,994	130,682	1,977,149
Other Uses:					
Transfer to other funds	60,000	400,164	405,936	-	(5,772)
Total other uses	60,000	400,164	405,936	-	(5,772)
Total expenditures and other uses	\$ 20,857,978	\$ 21,182,989	19,080,930	\$ 130,682	\$ 1,971,377
Excess of revenue and other sources over expenditures and other uses			\$ 965,060		

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, 2019

Schedule SS1A

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	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 12,000	\$ 11,212	\$ (788)
Federal sources	375,000	422,940	47,940
Sales	39,325	39,940	615
Miscellaneous	17,000	19,913	2,913
Surplus food	19,000	23,810	4,810
Use of money and property	20	7	(13)
Total revenue	<u>462,345</u>	<u>517,822</u>	<u>55,477</u>
Expenditures			
General support	157,000	171,864	(14,864)
Employee benefits	135,345	125,659	9,686
Cost of sales	191,000	203,073	(12,073)
Other expenses	9,000	11,642	(2,642)
Total expenditures	<u>492,345</u>	<u>512,238</u>	<u>(19,893)</u>
Deficiency of revenue over expenditures	<u>(30,000)</u>	<u>5,584</u>	<u>35,584</u>
Other sources (uses)			
Transfer from general fund	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>35,584</u>	<u>\$ 35,584</u>
Fund equity, beginning of year		<u>10,263</u>	
Fund equity, end of year		<u>\$ 45,847</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, 2019

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 20,857,978
Additions:	
Prior year encumbrances	18,517
Original Budget	<u>20,876,495</u>
Budget Revisions:	
Supplemental appropriations - transfer of bus reserve	306,494
Final budget	<u><u>\$ 21,182,989</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-20 voter-approved expenditure budget	\$ 20,320,464
Maximum allowed (4% of 2019-20 budget)	\$ 812,819

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	626,658
Unassigned fund balance	1,311,600
Total unrestricted fund balance	<u>1,938,258</u>
Less:	
Appropriated fund balance	500,000
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	126,658
Total adjustments	<u>626,658</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,311,600</u></u>
Actual percentage	<u><u>6.5%</u></u>

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

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECTS EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended (Overexpended) Balance	Methods of financing				Fund Balance June 30, 2019	
			Prior Years	Current Year	Interfund Transfer	Total		Proceeds of Obligations	State Sources	Local Sources	Total		
2016 Capital Project	\$ 6,630,000	\$ 6,630,000	\$ 6,193,558	\$ 264,325	\$ -	\$ 6,457,883	\$ 172,117	\$ 5,730,000	\$ 82,962	\$ 900,000	\$ 6,712,962	\$ 255,079	
2016 Energy Performance Project	1,570,000	1,570,000	1,474,763	91,742	-	1,566,505	3,495	1,566,506	-	-	1,566,506	1	
2018 Emergency Project	260,000	260,000	67,056	192,944	-	260,000	-	-	-	260,000	260,000	-	
Smart Schools Bond Act Project	533,951	533,951	-	52,123	-	52,123	481,828	-	-	-	-	(52,123)	
Bus reserve - prior year	-	-	-	-	30,459	30,459	(30,459)	-	-	30,459	30,459	-	
Buses - current year	373,000	373,000	-	349,814	-	349,814	23,186	-	-	349,814	349,814	-	
	<u>\$ 9,366,951</u>	<u>\$ 9,366,951</u>	<u>\$ 7,735,377</u>	<u>\$ 950,948</u>	<u>\$ 30,459</u>	<u>\$ 8,716,784</u>	<u>\$ 650,167</u>	<u>\$ 7,296,506</u>	<u>\$ 82,962</u>	<u>\$ 1,540,273</u>	<u>\$ 8,919,741</u>	<u>202,957</u>	
												Less: Bond anticipation notes outstanding	(5,730,000)
												Ending fund equity (deficit) balance as of June 30, 2019	<u><u>\$ (5,527,043)</u></u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS4A

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Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school*	N/A	2019	\$ 95,139	\$ 95,139	\$ 95,139
Teachers of Tomorrow grant	0644-19-0002	2019	17,000	17,000	17,000
Universal Pre-kindergarten	0409-19-7053	2019	238,689	238,689	238,689
Mentor Teacher	0663-19-0117	2019	14,400	9,996	9,996
School breakfast programs	N/A	2019	4,980	4,980	4,980
School lunch programs	N/A	2019	6,232	6,232	6,232
			<u>\$ 376,440</u>	<u>\$ 372,036</u>	<u>\$ 372,036</u>

* Revenue includes transfer of \$26,122 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, 2019

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, 2019, the District reported in the Schedule of Federal Awards \$23,810 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, 2019

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
U.S. Department of Education:					
<i>Passed through NYS</i>					
<i>Department of Education:</i>					
Title I, Part A	84.010A	0021-19-0140	\$ 230,141	\$ 222,420	\$ 222,420
Title IIA	84.367A	0147-19-0140	45,392	36,212	36,212
Title IIA	84.367A	0147-18-0140	38,918	38,918	38,918
Title IV - SSAE Allocation	84.424A	0204-19-0140	15,760	15,760	15,760
Title V - Part B - Rural and Low Income Schools	84.358B	0006-19-0140	16,114	14,150	14,150
IDEA Part B, Section 611 *	84.027A	0032-19-0039	190,220	190,220	190,220
IDEA Part B, Section 619 *	84.173A	0033-19-0039	5,101	5,101	5,101
Total U.S. Department of Education				<u>522,781</u>	<u>522,781</u>
U.S. Department of Agriculture:					
<i>Passed through NYS</i>					
<i>Department of Education:</i>					
National School Breakfast Program **	10.553	N/A	N/A	106,709	106,709
National School Lunch Program **	10.555	N/A	N/A	316,231	316,231
<i>Passed through NYS Office of General Services (Division of Donated Foods):</i>					
National School Lunch Program **					
Non-Cash Assistance (Commodities)	10.555	N/A	N/A	<u>23,810</u>	<u>23,810</u>
Total U.S. Department of Agriculture				<u>446,750</u>	<u>446,750</u>
Total expenditures and revenue				<u>\$ 969,531</u>	<u>\$ 969,531</u>

* Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of 195,321
** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of 446,750

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2019

Schedule SS5

Page 44

Capital Assets	\$ 33,345,673
Less:	
Serial bonds	(4,467,956)
Installment purchase debt	(1,566,506)
Bond anticipation notes	(5,730,000)
Plus:	
Assets in capital project less related payables, excluding BAN's	<u>202,957</u>
Net investment in capital assets	<u>\$ 21,784,168</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2019

Schedule SS6

Page 45

As of the measurement date of July 1,	2018	2017	2016
Total OPEB Liability			
Service cost	\$ 10,689	\$ 12,441	\$ 9,969
Interest	12,216	11,982	15,826
Differences between expected and actual experience	11,949	(21,696)	-
Changes in assumptions	(13,430)	(15,248)	26,111
Benefit payments	(47,832)	(58,036)	(53,244)
Net change in total OPEB liability	(26,408)	(70,557)	(1,338)
Total OPEB liability - beginning	356,150	426,707	25,024
Prior period adjustment	-	-	403,021
Total OPEB liability - ending	\$ 329,742	\$ 356,150	\$ 426,707
 Plan fiduciary net position			
Contributions - employer	\$ 47,832	\$ 58,036	\$ 53,244
Net investment income	-	-	-
Benefit payments	(47,832)	(58,036)	(53,244)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	\$ -	\$ -	\$ -
 District's net OPEB liability	\$ 329,742	\$ 356,150	\$ 426,707
 Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%
 Covered-employee payroll	\$6,973,400	\$7,195,130	\$7,102,794
 District's net OPEB liability as a percentage of covered-employee payroll	4.73%	4.95%	6.01%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate from 3.56% as of 7/1/17 to 3.87% as of 7/1/18
 Health care trend rates from 8.5% to 5.0% as of 7/1/17 to 8.0% to 4.5% as 7/1/18
 RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 for 7/1/17 to RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 for 7/1/18

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2019

Schedule SS7

Page 46

For the year ended June 30,	2019	2018	2017
Actuarially determined contributions	\$ 47,832	\$ 58,036	\$ 53,244
Contributions in relation to the actuarially determined contribution	(47,832)	(58,036)	(53,244)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,973,400	\$ 7,195,130	\$ 7,102,794
Contributions as a percentage of District's covered-employee payroll	0.69%	0.81%	0.75%

Notes to Schedule:

Valuation date: 07/01/18

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	3.87% as of July 1, 2018 and 3.56% as of July 1, 2017
Inflation	2.5% per year
Healthcare cost trend rates	2019 - 8.0%. Rates expected to decrease 0.5% each year thereafter with an ultimate rate of 4.5% 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	173 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, 2019

Schedule SS8

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New York State Teachers' Retirement System

For the year ended June 30,	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 611,676	\$ 536,673	\$ 651,423	\$ 700,697	\$ 919,367	\$ 841,100	\$ 599,979
Contributions in relation to the contractually required contribution	(611,676)	(536,673)	(651,423)	(700,697)	(919,367)	(841,100)	(599,979)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$5,759,661	\$ 5,476,255	\$ 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	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 278,019	\$ 286,102	\$ 275,993	\$ 311,838	\$ 327,156	\$ 364,198	\$ 328,075
Contributions in relation to the contractually required contribution	(278,019)	(286,102)	(275,993)	(311,838)	(327,156)	(364,198)	(328,075)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$2,011,708	\$ 1,956,830	\$ 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	13.82%	14.62%	14.47%	17.31%	18.53%	20.76%	18.61%

See accompanying independent auditor's report.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
ASSET/LIABILITY – NYSTRS AND DISTRICT'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY - NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2019

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

As of the measurement date of June 30,	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	n/a	0.033620%	0.034862%	0.034245%	0.034914%	0.035040%	0.034604%
District's proportionate share of the net pension asset (liability)	n/a	\$ 607,931	\$ 264,989	\$ (366,774)	\$ 3,626,436	\$ 3,903,274	\$ 227,781
District's covered-employee payroll	n/a	\$ 5,476,255	\$ 5,558,217	\$ 5,284,291	\$ 5,244,535	\$ 5,176,000	\$ 5,067,390
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	11.10%	4.77%	-6.94%	-69.15%	-75.41%	-4.50%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	101.53%	100.66%	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,	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension (liability)	0.0065369%	0.0063104%	0.0063389%	0.0068004%	0.0063293%	n/a	n/a
District's proportionate share of the net pension (liability)	\$ (463,158)	\$ (203,665)	\$ (595,616)	\$ (1,092,123)	\$ (213,822)	\$ (286,014)	n/a
District's covered-employee payroll	\$ 2,011,708	\$ 1,956,830	\$ 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	-23.02%	-10.41%	-31.23%	-60.64%	-12.11%	-16.31%	n/a
Plan fiduciary net position as a percentage of the total pension (liability)	96.27%	98.24%	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, 2019, and the related notes to the financial statements, which collectively comprise *Bolivar-Richburg Central School District's* basic financial statements and have issued our report thereon dated September 17, 2019.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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.2019-001 to be a significant deficiency.

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.2019-002.

Bolivar-Richburg Central School District's Responses to Findings

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2019**



**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, 2019. *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, 2019.

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.

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.

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
September 17, 2019**

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> x </u> yes	<u> </u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> none reported

Type of auditor's opinion issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)

 yes x no

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 969,531</u>
Identification of Major Programs Tested:		
Title I	84.010A	\$ 222,420
National School Breakfast Program **	10.553	106,709
National School Lunch Program **	10.555	<u>340,041</u>
Total major programs tested		<u>\$ 669,170</u>
% of Federal programs tested		<u>69%</u>

** Constitutes a cluster of Federal programs

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low risk?

 yes x no

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2019-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2019

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 and reviewed and approved by the District.

Cause and 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.

B. COMPLIANCE AND OTHER MATTERS

2019-002 Unassigned Fund Balance

Year ended June 30, 2019

Conditions and criteria: **Bolivar-Richburg Central School District's** unassigned fund balance in the general fund as of June 30, 2019 amounted to \$1,311,600. This amount constitutes approximately 6.5% of the 2019-2020 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.

Cause and 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.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

A. COMPLIANCE

Year ended June 30, 2019

There are no findings related to compliance being reported upon during the fiscal year June 30, 2019.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2019

There are no findings related to internal control over compliance being reported upon during the fiscal year June 30, 2019.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2018-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2018

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures. 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. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled 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 statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2019 as finding 2019-001.

B. COMPLIANCE AND OTHER MATTERS

2018-002 Unassigned Fund Balance

Year ended June 30, 2018

Summary of Prior Year Finding: *Bolivar-Richburg Central School District's* unassigned fund balance as of June 30, 2018 amounted to \$1,460,056. This amount constituted approximately 7.0% of the 2018-2019 school budget. 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, the District also has certain reserves (insurance, liability, retirement and repair) whose balances were at levels that could not be substantiated with supporting documentation.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2019 as finding 2019-002.

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

A. COMPLIANCE

Year ended June 30, 2018

2018-003 Special Tests and Provisions

US Department of Education – Title 1 cluster (84.010A)

Year ended June 30, 2019

Conditions and criteria: *Bolivar-Richburg Central School District's* provides Title 1 services on a school-wide basis to all K-12 students regardless of identified need. All school-wide districts are required to develop a "Comprehensive District Education Plan" which outlines the needs of the students, the plan to address the needs, and a review of the annual results. The District was unable to provide the updated plan for the most recent fiscal year as required by Title 34 of Code of Regulations (34 CFR 200.26(c)). This Code Sections states that "A school operating a school-wide program must develop a comprehensive plan including a comprehensive needs assessment over a one-year period.

Current Status: During the current year, the District developed a new comprehensive needs assessment.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2018

There were no findings related to internal control over compliance during the fiscal year June 30, 2018.



**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, 2019 of the District's financial statements and have issued our reports thereon dated September 17, 2019. Our audit report expressed an unmodified 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, 2019, 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.

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, 2015 through June 30, 2019. 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.

The analysis of the use of the District's fund equity shows that the District maintains a number of reserves. The reserves presented here are only those that are reported in the General Fund. The uses and legal restrictions of each of these reserve categories are listed in the footnotes to the financial statements. These reserves reduce the amount of the District's unassigned fund equity.

We have reviewed the financial statements extensively with the Audit Committee, School Superintendent and the Business Manager. We believe these individuals have a good understanding of the financial condition of the District as well as the comments expressed in our annual report. We have enjoyed working with the District this year, and wish to thank all of the staff who have assisted us during our audit.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2019**

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

	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Revenue and other sources					
Property taxes	\$ 2,719	\$ 2,725	\$ 2,724	\$ 2,715	\$ 2,823
State aid	16,399	15,838	15,100	14,475	14,027
All other	928	605	624	665	513
	<u>20,046</u>	<u>19,168</u>	<u>18,448</u>	<u>17,855</u>	<u>17,363</u>
Expenditures and other uses					
General support	2,595	2,721	2,515	2,254	2,071
Instruction	10,189	9,612	8,980	8,025	8,139
Transportation	811	807	801	590	653
Benefits	3,176	3,011	3,161	3,092	3,273
Debt	1,904	1,764	1,772	3,012	2,981
Transfers	406	816	420	1,082	180
	<u>19,082</u>	<u>18,731</u>	<u>17,649</u>	<u>18,055</u>	<u>17,297</u>
Excess (deficiency) of revenue over expenditures	965	437	799	(200)	66
Fund equity					
Beginning of year	10,341	9,904	9,105	9,305	9,239
End of year	<u>\$ 11,306</u>	<u>\$ 10,341</u>	<u>\$ 9,904</u>	<u>\$ 9,105</u>	<u>\$ 9,305</u>
Analysis of fund equity					
Restricted					
Reserve for repairs	\$ 67	\$ 67	\$ 67	\$ 67	\$ 67
Employee benefit reserve	804	804	804	804	804
Reserve for capital	5,773	4,892	4,576	3,836	4,143
Reserve for retirement system	628	614	614	614	614
Reserve for TRS	110	-	-	-	-
Reserve for property loss	500	500	500	500	500
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	127	19	-	-	5
Next year's budget	500	500	500	500	500
Unassigned	1,312	1,459	1,358	1,299	1,187
	<u>\$ 11,306</u>	<u>\$ 10,341</u>	<u>\$ 9,904</u>	<u>\$ 9,105</u>	<u>\$ 9,305</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Page 3

School Funding Transparency Reporting

In 2018, New York State passed a law requiring New York Schools to annually report a detailed statement of total funding allocation for each school in the District. A School Funding Transparency Form was created by New York State to capture this information. Beginning in 2020, the District will be required to submit this form annually to the Division of the Budget and State Education Department. As part of a Federal mandate, school districts will be required to report per-pupil expenditure data at the school level as mandated by the Every Student Succeeds Act (ESSA) during 2019. The new ESSA financial requirements include reporting money spent on staff compared with other expenses at the school and the levels of federal, state, and local funding provided to each school building. We recommend that the District continue to review any new guidance issued by New York State and seek opportunities to attend future educational seminars if they arise related to these reporting models.

District response: The District is continuing to monitor new guidance on Transparency Reporting. The District has already implemented some of the steps to delineate budget expenditures between buildings by coding Middle/High School expenses as "01", Elementary as "02" and expenses associated with the Pre-K Building as "03".

Fund Balance Reserves

The 2018-19 budget included line items for the use of various reserves (debt service, retirement and EBLAR). Based on current year financial results, the District did not deem the use of these reserves as necessary and did not transfer the reserve funds. In the future it is recommended that the District transfer reserves in accordance with the voter approved budget and if deemed reasonable replenish the reserves via board approval.

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

District's response: The District's Audit Committee is working on revising the reserve plan. This plan will include a more specific outline of how these reserves will be used and at what rate. Much of the debt service reserve will be used to finalize the purchase of 1:1 devices.

Capital Assets

The District reports approximately \$33 million of capital assets within the District-wide financial statements. During the current year, a new independent appraisal of fixed assets was conducted by a third-party provider and a report which details all fixed assets owned by the District was provided. In future years, an important step in the capital asset process includes reporting additions and disposals to the appraisal company on an annual basis and also reviewing the report once the update is complete to verify that such items were properly included.

District's response: The District provides additions and deletions to the Asset Management Company every year, and then review the final statements for accuracy. Due to timing, the additions and deletions were not reflected in the updated appraisal.

Future Governmental Accounting Standards

GASB 84 – Fiduciary Activities

In 2017, the Governmental Accounting Standards Board issued Statement No. 84, Fiduciary Activities, which will be effective for the fiscal year ending June 30, 2020. This new standard's objective is to improve the guidance regarding the identification and reporting of fiduciary activities and focuses on the source of the revenue and control over activity assets. One of the characteristics of a fiduciary activity as defined by the standard are that the assets are for the benefit of individuals and the district does not have administrative involvement with the assets or direct financial involvement with the assets. School districts will be required to evaluate activity currently recorded in the trust and agency fund, including extraclassroom activities. Those activities that do not meet the fiduciary definition will be required to be reported in the governmental funds, either in the general fund or special revenue fund. The change also affects how certain fiduciary activities, custodial funds, are reported by requiring additions and subtractions to be included on the Statement of Changes in Fiduciary Net Position. We recommend the District review the new fiduciary activity standard to ensure proper adherence.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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Future Governmental Accounting Standards (Continued)

GASB 87- Accounting for Leases

In 2017, the Governmental Accounting Standards Board issued Statement No. 87, Accounting for Leases, which will be effective for the fiscal year ending June 30, 2021. The primary objective of this new standard is to bring most leases onto the balance sheet. The goal is to determine if any operating leases contain a right-to-use asset and record an asset and liability related to that lease. Also under the new standard there will be changes in the terms used for the two classifications; operating leases and finance leases (previously capital leases). We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new lease standard, which may include continuing education, webinars and further training.

District response: The District will familiarize itself with the new accounting standards and the impact they may have on the financial statements.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS**

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND**

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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 statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the *Bolivar-Richburg Central School District* for the year ended June 30, 2019, 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.

Opinion

In our opinion, 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, 2019 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2019**

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2018 THROUGH JUNE 30, 2019

	Balances July 01, 2018	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2019
Extraclasroom activities:					
Class of 2018	\$ 981	\$ -	\$ 981	\$ 981	\$ -
Class of 2019	6,227	28,146	34,373	34,373	-
Class of 2020	3,224	5,325	8,549	4,916	3,633
Class of 2021	2,873	4,525	7,398	2,148	5,250
Class of 2022	-	1,670	1,670	997	673
Clothing Store	481	693	1,174	531	643
Ecology Club	816	886	1,702	1,156	546
FCCLA	570	1,207	1,777	1,468	309
International Travel Club	-	6,239	6,239	5,507	732
Language Club	641	609	1,250	1,085	165
Library Fund	427	1,361	1,788	1,407	381
NHS	627	-	627	-	627
Business/Marketing Club	807	551	1,358	-	1,358
Junior NHS	48	-	48	-	48
Rachel's Challenge	480	398	878	302	576
SADD	3,244	1,677	4,921	1,946	2,975
Sales Tax	245	1,487	1,732	1,599	133
Sentinel	340	-	340	-	340
Science Club	6,327	7,820	14,147	8,711	5,436
Ski Club	17	-	17	16	1
Student Council	7,522	3,814	11,336	3,398	7,938
Theatre Arts	5,453	-	5,453	-	5,453
Yearbook	15,393	5,829	21,222	6,028	15,194
Total activity fund	\$ 56,743	\$ 72,237	\$ 128,980	\$ 76,569	\$ 52,411

Ending balance as of June 30, 2019 above differs from amount reported on page 14, by \$336 which represents an amount due to the general fund.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

Page 3

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of ***Bolivar-Richburg Central School District***. Consequently, such transactions are not included in the financial statements of the School District. However, cash balances of \$52,747 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.

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

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of *Bolivar-Richburg Central School District* as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered *Bolivar-Richburg Central School District's* internal control over financial reporting (internal control) as a basis for designing 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.

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

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

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

Inactive Activity Funds

During the audit of the extraclassroom activity fund, we noticed certain activities (Theatre Arts, Sentinel, 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: The Library Club and the Sentinel Club have new advisors. The Advisors have events planned each year which may or may not include fundraising, depending on how many students sign up for the clubs. The National Honor Society and Junior National Honor Society are both active clubs but have not done any fundraising in the recent year. That may change for 2019-2020 as the National Honor Society is planning a handful of day trips throughout the Western New York Region.

This communication is intended solely for the information and use of management, Board of Education, and others within *Bolivar-Richburg Central School District*, and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2019**

September 17, 2019

To the Audit Committee
and Board of Education
Bolivar-Richburg Central School
Bolivar, New York

We have audited the financial statements of Bolivar-Richburg Central School as of and for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 11, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bolivar-Richburg Central School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by Bolivar-Richburg Central School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension asset (TRS), a net pension liability (ERS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3 to the financial statements, due to their significance.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 17, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, schedule of changes in 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, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, including combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board and management of Bolivar-Richburg Central School and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2019**