

**Ellenville Central School District**

**Financial Statements and Required Reports  
Under OMB Circular A-133 as of  
June 30, 2014  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

September 24, 2014

The Board of Education of  
Ellenville Central School District:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Ellenville Central School District (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

(Continued)

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Ellenville Central School District as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 41 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information on pages 43 through 45, as required by the New York State Education Department, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplementary information on pages 43 through 45 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

## ELLENVILLE CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2014

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*The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2014. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed, as well as a comparative analysis to prior year information. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.*

#### FINANCIAL HIGHLIGHTS

- Net position remains positive at \$11,528,914.
- The District experienced a decline of \$2,980,158 in total net position during the course of the year, which is primarily the result of recording other postemployment benefits liability of approximately \$2 million and capital asset depreciation and adjustments of approximately \$580 thousand.
- The District analyzed its current reserves and decreased its reserves by \$4 million affecting the reserves for: Tax Certior, Insurance Reserve, Reserve for NYS Employee Retirement, Reserve for Unemployment Insurance and Reserve for Liability.
- In May 2013, the 2013-14 budget proposal was approved with 65.7% of the votes
- The District's total assessed valuation declined by \$ .8 million, or .91%, in the 2013-14 fiscal year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the operation in more detail than the entity-wide statements.
- The governmental fund statements tell how basic services such as instruction and support functions were financed in the short-term, as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

**Table A-1:** Organization of the District's Annual Financial Report

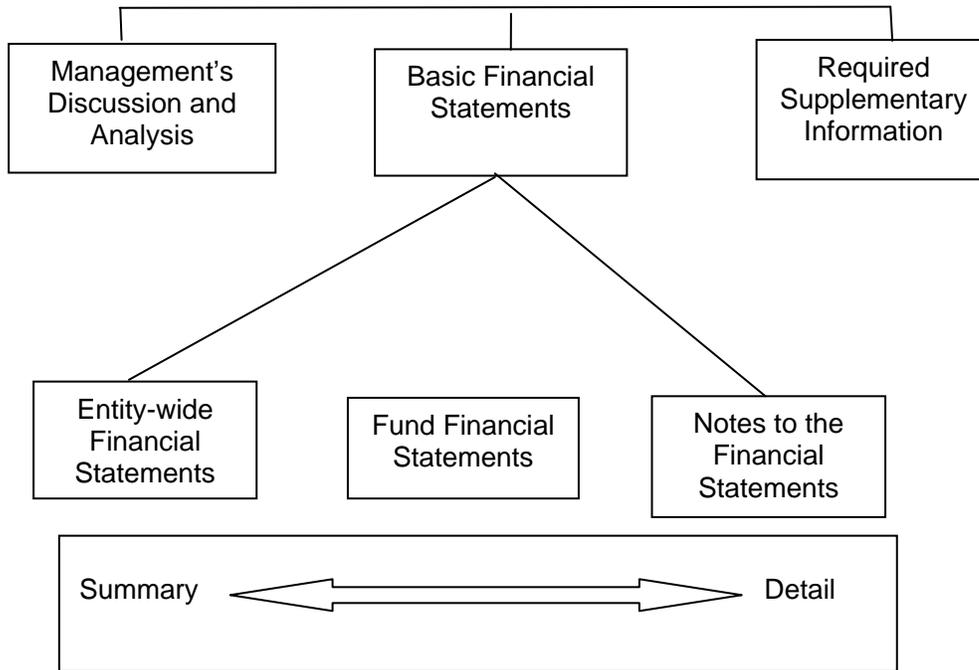


Table A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Table A-2** Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the School District, such as instruction and special education.	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances.</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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 & deferred outflow/liability & deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, short-term and long-term.	Generally, 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/out flow information	All revenue and expenses during year, regardless of when cash is received or paid.	Revenue 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.

### District-Wide Statements

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the School District's *net position* and how they have changed. Net position – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors, such as changes in the property tax bases and the condition of buildings and other facilities, should be considered.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### District-Wide Statements (Continued)

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated in the governmental fund financial statements. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
  - Net position invested in capital assets.
  - Restricted net position are those with constraints placed on use by external sources or imposed by law.
  - Unrestricted net position are net position that do not meet any of the above restrictions.

### Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- *Governmental Funds*: Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School 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. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- *Fiduciary Funds*: The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School 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 School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position as of June 30, 2014 are as detailed in Tables A-3 and A-4.

Table A-3 Condensed Statement of Net Position (In Thousands of Dollars)

	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>	Percent <u>Change</u>
Current and other assets	\$ 17,395	\$ 18,738	-7.2%
Capital assets	<u>16,633</u>	<u>17,024</u>	<u>-2.3%</u>
Total assets	<u>34,028</u>	<u>35,762</u>	<u>-4.8%</u>
Current liabilities	5,246	4,519	16.1%
Long-term liabilities	<u>17,253</u>	<u>16,734</u>	<u>3.1%</u>
Total liabilities	<u>22,499</u>	<u>21,253</u>	<u>5.9%</u>
Net position:			
Investment in capital assets	11,658	10,489	11.1%
Restricted	4,879	6,919	-29.5%
Unrestricted	<u>(5,007)</u>	<u>(2,899)</u>	<u>72.7%</u>
Total net position	<u>\$ 11,530</u>	<u>\$ 14,509</u>	<u>-20.5%</u>

During 2014, the District's assets decreased by approximately \$1.7 million (See Table A-3) primarily as a result of decreased cash and investments of approximately \$1.3 million resulting, in part, from the current year governmental funds operating deficit of \$2,097,484 and a decrease in capital assets of \$400 thousand due to annual depreciation net of current additions.

### Changes in Net Position

The District's fiscal year 2014 revenue totaled \$42,904,779 (see Table A-4). Real property taxes, excluding STAR and state aid accounted for most of the District's revenue by contributing 47% and 39%, respectively, of every dollar raised (see Table A-5). The remainder came from fees charged for services, tuition for foster students, interest earnings, Federal sources, Medicaid reimbursement, and other miscellaneous sources.

The total cost of all programs and services totaled \$45,884,937. 87% of this amount is used predominantly to support general instruction, the provision of services to students with disabilities, and student transportation (see Table A-6). The District's Board of Education, administrative, and business activities accounted for 13% of total costs.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

**Table A-4** Changes in Net Position from Operating Results (In Thousands of Dollars)

	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>	Percent <u>Change</u>
<u>Revenue</u>			
Charges for services	\$ 217	\$ 199	9.0%
Operating grants	2,441	2,631	-7.2%
General revenue:			
Real property taxes	20,202	19,534	3.4%
Other tax items	2,693	2,677	0.6%
Use of money and property	30	50	-40.0%
State sources	16,704	15,841	5.4%
Medicaid reimbursement	70	59	0.0%
Miscellaneous	548	1,274	-57.0%
	<u>548</u>	<u>1,274</u>	<u>-57.0%</u>
 Total revenue	 <u>\$ 42,905</u>	 <u>\$ 42,265</u>	 <u>1.5%</u>
<u>Expenses</u>			
General support	6,004	6,317	-5.0%
Instruction	35,395	32,632	8.5%
Pupil transportation	3,487	3,132	11.3%
Debt service	228	269	-15.2%
School lunch program	771	777	-0.8%
	<u>771</u>	<u>777</u>	<u>-0.8%</u>
 Total expenses	 <u>45,885</u>	 <u>43,127</u>	 <u>6.4%</u>
 Change in net position	 <u>\$ (2,980)</u>	 <u>\$ (862)</u>	 <u>245.7%</u>

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Chart A-5 Sources of Revenue for Fiscal Year 2014:

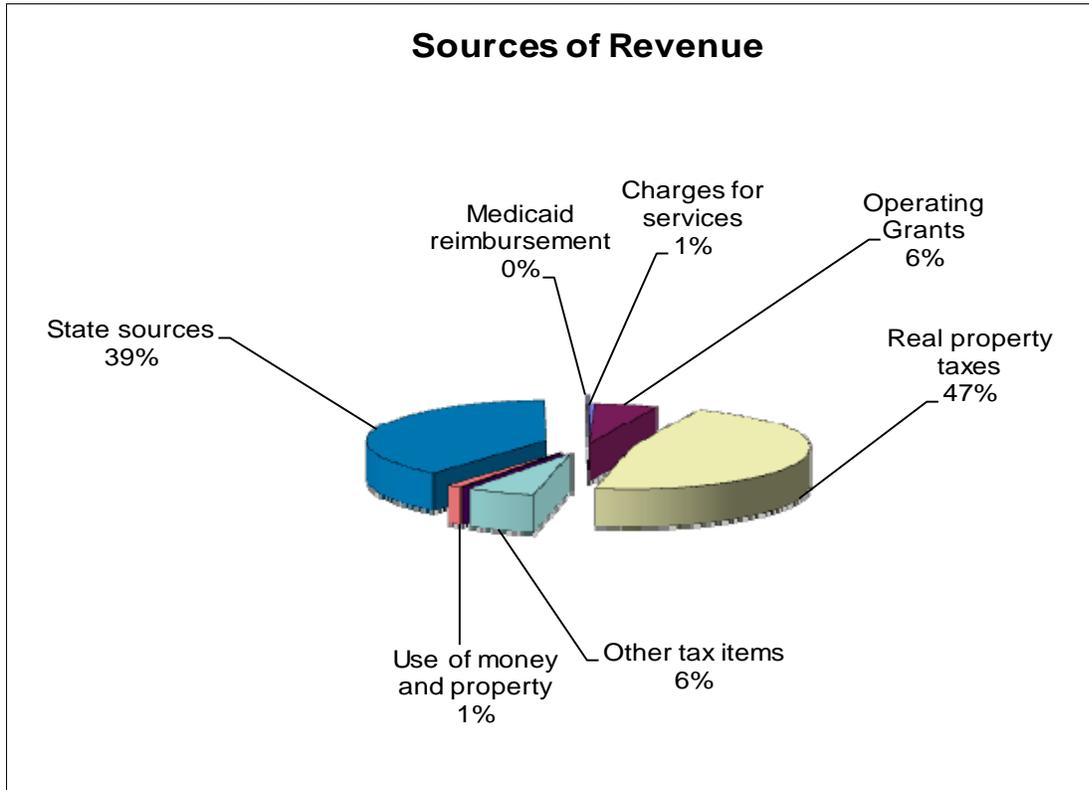
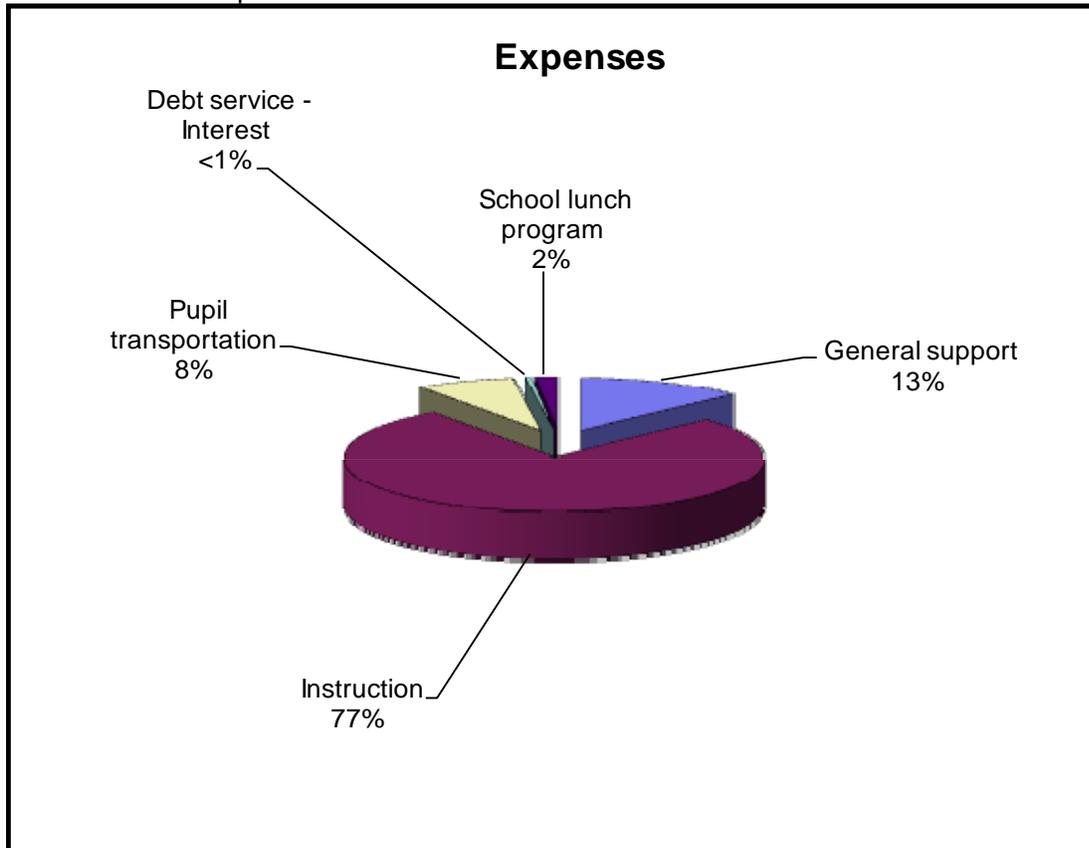


Chart A-6 Expenditures for Fiscal Year 2014:



## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

### Governmental Activities

Revenue for the District's governmental activities totaled \$42,904,779, or 1.5% greater than the previous fiscal year. Total expenses equaled \$45,884,937 or 6.4% more than the previous fiscal year. The net decrease in position is predominately a result of the increase in expenses related to the OPEB liability, increases in expenses for teacher and employee state retirement systems, and flat state aid revenue from the prior year.

Table A-7 presents the cost of five major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, capital outlay, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Table A-7** Net Cost of Governmental Activities

	<u>2014</u>		<u>2013</u>	
	<u>Total Cost</u>	<u>Net Cost</u>	<u>Total Cost</u>	<u>Net Cost</u>
General support	\$ 6,004	\$ 6,004	\$ 6,317	\$ 6,317
Instruction	35,395	33,492	32,632	30,503
Pupil transportation	3,487	3,487	3,132	3,132
Debt service	228	228	269	269
School lunch	<u>771</u>	<u>16</u>	<u>777</u>	<u>76</u>
Total	<u>\$ 45,885</u>	<u>\$ 43,227</u>	<u>\$ 43,127</u>	<u>\$ 40,297</u>

- The total cost of all governmental activities this year was \$45,884,937.
- The users of the District's programs financed \$216,622 of the cost.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$2,441,098.
- Most of the District's net costs, \$43,227,217, were financed by taxpayers and state aid.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statement are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, 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.

### Governmental Funds Highlights

#### General Fund –

- Expenditures exceeded revenues by \$2,023,603.
- Appropriations (budgeted expenditures) exceeded its estimated revenue by \$4,622,996, which was offset by the District's planned use of fund balance.
- The above resulted in a favorable budget variance of \$2,467,369, after encumbrances, as depicted on page 41-42.

Special Aid Fund – State and federal revenues increased by approximately \$75,000 primarily due to recognition of 2012 and 2013 RTTT American Recovery and Reinvestment Act monies.

School Lunch Fund – Revenues exceeded expenditures by \$36,617.

Capital Projects Fund - The district expended \$110,498 in District-wide renovations and improvement during 2013-14.

### General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

#### Revenue Variances

- State revenue was \$210 thousand less than budgeted due to cuts made by New York State, notwithstanding a reduction in state aid due to the Gap Elimination Adjustment. (GEA)
- Miscellaneous revenue was \$410 thousand greater than budgeted primarily due to an unanticipated BOCES refund.
- Transfers from other funds were \$1,017,483 less than budgeted due to expenses being covered by other funding sources.

## General Fund Budgetary Highlights (Continued)

### Expenditure Variances

- Teaching – regular school expenditures were \$.5 million lower than budgeted because several professional salaries expenses were funded by federal funds.
- Programs for children with handicapping conditions expenditures were \$1.2 million lower than budgeted. The District estimates this budget line within the general fund conservatively. If Federal and state aid are approved, many of these salaries are paid from the special aid fund.

The general fund is the only fund for which a budget is legally adopted.

### **Capital Assets**

By the end of 2014, the District had an investment of \$16,632,632 in a broad range of capital assets.

**Table A-8:** Capital Assets (net of accumulated depreciation)

	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>	Percent <u>Change</u>
Land	\$ 2	\$ 2	0.0%
Construction in progress	1,011	901	12.2%
Buildings and land improvements	15,271	15,780	-3.2%
Machinery and equipment	329	316	4.1%
Vehicles	19	24	-20.8%
	<hr/>	<hr/>	
Total	<u>\$ 16,632</u>	<u>\$ 17,023</u>	<u>-2.3%</u>

### **Long-Term Liabilities**

At year-end, the District had \$17,253,237 of long-term liabilities outstanding. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

**Table A-9:** Outstanding Long-Term Liabilities

<u>Category</u>	Fiscal Year <u>2014</u>	Fiscal Year <u>2013</u>
General obligation bonds	\$ 3,370	\$ 4,975
Other post employment benefits	13,476	11,421
Other long-term liabilities	407	338
	<hr/>	<hr/>
Total	<u>\$ 17,253</u>	<u>\$ 16,734</u>

During the year, the District paid down its long-term debt by retiring \$1,560,000 of outstanding bonds. Additional other post-employment benefit payable was accrued during 2014 in the amount of \$2 million.

## **FACTORS BEARING ON THE FUTURE OF THE DISTRICT**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its future financial health:

- NYS Gap Elimination Adjustment (In recent years, when New York State legislators developed a state budget, the anticipated revenue was not enough to cover expenses, hence creating a gap. To fill that gap, the shortfall was divided among the school districts in the state, creating a Gap Elimination Adjustment (GEA) in state aid.)
- Health insurance and other post-retirement costs continue to see significant cost increases.
- District contributions to the Employee Retirement System and Teachers Retirement System have increased in the prior years and are expected to increase or remain flat over the next couple years due to the adverse economic climate and a decrease in the value of the Pension Accumulation Fund.
- Current year and future expected deficits in New York State government finances that will further impact state revenue could affect the School District's financial health through the amount of state funding available for public education.
- The property tax levy limit will result in further limitations on tax revenue that could affect the financial health of the District.
- The District has several outstanding tax certiorari cases pending. The District has established a fund balance reserve to mitigate the effect of any large settlements on future budgets,

## **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 the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact:

Vincent Napoli  
School Business Administrator  
Ellenville Central School District Office  
28 Maple Avenue  
Ellenville, NY 12428

# ELLENVILLE CENTRAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION FOR THE YEAR ENDED JUNE 30, 2014

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### ASSETS

#### CURRENT ASSETS:

Cash - Unrestricted	\$ 2,330,771
Cash - Restricted	4,878,830
Investments	8,636,261
State and federal aid receivable	1,080,077
Accounts receivable	129,659
Due from other funds	415
Due from other governments	335,986
Inventories	<u>3,332</u>

Total current assets 17,395,331

#### NON CURRENT ASSETS:

Capital assets, net	<u>16,632,632</u>
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TOTAL ASSETS 34,027,963

### LIABILITIES

#### CURRENT LIABILITIES:

Accounts payable	712,552
Accrued liabilities	140,593
Accrued interest	13,507
Due to Teachers' Retirement System	2,558,948
Due to Employees' Retirement System	199,697
Current portion of long term debt	1,605,000
Unearned revenue	<u>15,515</u>

Total current liabilities 5,245,812

#### LONG-TERM LIABILITIES:

Bonds payable, net of current position	3,370,000
Other post-employment benefits	13,475,906
Compensated absences payable	<u>407,331</u>

Total long-term liabilities 17,253,237

TOTAL LIABILITIES 22,499,049

### NET POSITION

Investment in capital assets	11,657,632
Restricted	4,878,586
Unrestricted	<u>(5,007,304)</u>

TOTAL NET POSITION \$ 11,528,914

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Expenses</u>	<u>Program Revenue</u>		Net (Expense) Revenue and Changes in <u>Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS:				
General support	\$ 6,004,213	\$ -	\$ -	\$ (6,004,213)
Instruction	35,394,908	59,607	1,843,169	(33,492,132)
Pupil transportation	3,486,885	-	-	(3,486,885)
Debt service - Interest	228,310	-	-	(228,310)
School lunch program	<u>770,621</u>	<u>157,015</u>	<u>597,929</u>	<u>(15,677)</u>
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<u>\$ 45,884,937</u>	<u>\$ 216,622</u>	<u>\$ 2,441,098</u>	<u>(43,227,217)</u>
GENERAL REVENUE:				
Real property taxes				20,202,216
Other tax Items				2,692,931
Use of money and property				29,906
Miscellaneous				547,501
Medicaid reimbursement				70,407
State sources				<u>16,704,097</u>
<b>TOTAL GENERAL REVENUE</b>				<u>40,247,058</u>
<b>CHANGE IN NET POSITION</b>				(2,980,159)
<b>NET POSITION - beginning of year</b>				<u>14,509,073</u>
<b>TOTAL NET POSITION - end of year</b>				<u>\$ 11,528,914</u>

The accompanying notes are an integral part of these statements.

ELLENVILLE CENTRAL SCHOOL DISTRICT

BALANCE SHEETS - GOVERNMENTAL FUNDS AND RECONCILIATION OF TOTAL TO GOVERNMENT- WIDE NET POSITION  
June 30, 2014

	Governmental Fund Types				Total Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	
<b>ASSETS</b>					
Cash - Unrestricted	\$ 1,099,700	\$ 912,892	\$ 318,179	\$ -	\$ 2,330,771
Cash - Restricted	2,875,706	-	-	2,003,124	4,878,830
Investments	8,636,261	-	-	-	8,636,261
Accounts receivable	129,659	-	-	-	129,659
Due from other funds	1,530,773	89,562	57,599	-	1,677,934
Due from other governments	335,986	-	-	-	335,986
State and federal aid receivable	416,018	609,765	54,294	-	1,080,077
Inventory	-	-	3,332	-	3,332
<b>TOTAL ASSETS</b>	<b>\$ 15,024,103</b>	<b>\$ 1,612,219</b>	<b>\$ 433,404</b>	<b>\$ 2,003,124</b>	<b>\$ 19,072,850</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 591,629	\$ 69,576	\$ 51,347	\$ -	\$ 712,552
Accrued liabilities	140,593	-	-	-	140,593
Due to other funds	147,066	1,527,128	3,081	244	1,677,519
Due to Teachers' Retirement System	2,558,948	-	-	-	2,558,948
Due to Employees' Retirement System	199,697	-	-	-	199,697
Deferred revenue	-	15,515	-	-	15,515
Compensated absences	407,331	-	-	-	407,331
<b>TOTAL LIABILITIES</b>	<b>4,045,264</b>	<b>1,612,219</b>	<b>54,428</b>	<b>244</b>	<b>5,712,155</b>
<b>FUND BALANCES</b>					
Nonspendable					
Inventory	-	-	3,332	-	3,332
Restricted					
Tax certiorari	1,166,936	-	-	-	1,166,936
Capital	-	-	-	2,002,880	2,002,880
Retirement contributions	250,000	-	-	-	250,000
Liability	650,000	-	-	-	650,000
Unemployment	400,000	-	-	-	400,000
Insurance	308,770	-	-	-	308,770
Worker's compensation	100,000	-	-	-	100,000
Total restricted fund balance	2,875,706	-	-	2,002,880	4,878,586
Assigned					
Other assigned	132,024	-	375,644	-	507,668
Appropriated for subsequent years expenditures	6,007,167	-	-	-	6,007,167
Total assigned fund balance	6,139,191	-	375,644	-	6,514,835
Unassigned	1,963,942	-	-	-	1,963,942
<b>TOTAL FUND BALANCES</b>	<b>10,978,839</b>	<b>-</b>	<b>378,976</b>	<b>2,002,880</b>	<b>13,360,695</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 15,024,103</b>	<b>\$ 1,612,219</b>	<b>\$ 433,404</b>	<b>\$ 2,003,124</b>	<b>\$ 19,072,850</b>

A reconciliation of total governmental fund balance to government-wide net position follows:

Total governmental fund balances per above.	\$ 13,360,695
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,632,632
Bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,975,000)
Other post employment benefits liability	(13,475,906)
Interest payable at June 30, 2014, in the government-wide statements under full accrual accounting.	(13,507)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 11,528,914</b>

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Governmental Fund Types</u>				Total Governmental Funds
	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	
REVENUE:					
Real property taxes	\$ 20,202,216	\$ -	\$ -	\$ -	\$ 20,202,216
Other tax items	2,692,931	-	-	-	2,692,931
Charges for services	59,607	-	-	-	59,607
Use of money and property	29,906	-	-	-	29,906
Sale of property and compensation for loss	-	-	-	-	-
Miscellaneous	547,502	-	-	-	547,502
State sources	16,704,097	565,478	19,386	-	17,288,961
Medicaid reimbursement	70,407	-	-	-	70,407
Federal sources	-	1,277,691	578,543	-	1,856,234
Sales - School lunch	-	-	157,015	-	157,015
	<u>40,306,666</u>	<u>1,843,169</u>	<u>754,944</u>	<u>-</u>	<u>42,904,779</u>
Total revenue					
EXPENDITURES:					
General support	4,463,798	-	-	-	4,463,798
Instruction	22,524,650	1,801,221	-	-	24,325,871
Pupil transportation	3,345,072	134,266	-	-	3,479,338
Employee benefits	10,113,000	-	-	-	10,113,000
Debt service - Principal	1,560,000	-	-	-	1,560,000
Debt service - Interest	231,431	-	-	-	231,431
Cost of sales	-	-	718,327	-	718,327
Capital outlay	-	-	-	110,498	110,498
	<u>42,237,951</u>	<u>1,935,487</u>	<u>718,327</u>	<u>110,498</u>	<u>45,002,263</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(1,931,285)</u>	<u>(92,318)</u>	<u>36,617</u>	<u>(110,498)</u>	<u>(2,097,484)</u>
OTHER SOURCES AND (USES):					
Operating transfers in	-	92,318	-	-	92,318
Operating transfers (out)	<u>(92,318)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,318)</u>
Total other sources (uses)	<u>(92,318)</u>	<u>92,318</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	<u>(2,023,603)</u>	<u>-</u>	<u>36,617</u>	<u>(110,498)</u>	<u>(2,097,484)</u>
FUND BALANCES - beginning of year	<u>13,002,442</u>	<u>-</u>	<u>342,359</u>	<u>2,113,378</u>	<u>15,458,179</u>
FUND BALANCES - end of year	<u>\$ 10,978,839</u>	<u>\$ -</u>	<u>\$ 378,976</u>	<u>\$ 2,002,880</u>	<u>\$ 13,360,695</u>

The accompanying notes are an integral part of these statements.

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

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Net changes in fund balance - Total governmental funds	\$ (2,097,484)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	188,829
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(579,880)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	1,560,000
Accrued interest expense does not require the expenditure of current resources and is, therefore, not reported as expenditures in the governmental funds	3,121
Accrued post-employment benefits do not require the expenditure of current resources and are, therefore not reported as expenditures in the governmental funds.	<u>(2,054,745)</u>
Change in net position - Governmental activities	<u>\$ (2,980,159)</u>

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2014**

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	Private Purpose <u>Trusts</u>	<u>Agency</u>
<b>ASSETS:</b>		
Cash	\$ 1,165,611	\$ 103,660
Due from other funds	<u>-</u>	<u>27</u>
Total assets	<u><u>\$ 1,165,611</u></u>	<u><u>\$ 103,687</u></u>
<b>LIABILITIES:</b>		
Extraclassroom activity balances	\$ -	\$ 90,826
Due to other funds	-	442
Other liabilities	<u>-</u>	<u>12,419</u>
Total liabilities	<u>-</u>	<u><u>\$ 103,687</u></u>
<b>NET POSITION:</b>		
Reserved for private purposes	<u><u>\$ 1,165,611</u></u>	

The accompanying notes are an integral part of these statements.

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

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	Private Purpose <u>Trusts</u>
<b>ADDITIONS:</b>	
Contributions	\$ 41,094
Interest	<u>3,012</u>
	44,106
<b>DEDUCTIONS:</b>	
Scholarships and other private purposes	<u>52,424</u>
NET DECREASE	(8,318)
NET POSITION - beginning of year	<u>1,173,929</u>
NET POSITION - end of year	<u><u>\$ 1,165,611</u></u>

The accompanying notes are an integral part of these statements.

# ELLENVILLE CENTRAL SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

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### 1. NATURE OF OPERATIONS

Ellenville Central School District provides free K-12 public education to students living within its geographic borders.

### 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ellenville Central School District (School District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the School District are described below:

#### **Reporting Entity**

The Ellenville Central School District is governed by the Laws of New York State. The School District is an independent entity governed by an elected Board of Education (BOE). The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. The BOE has authority to make decisions, power to appoint management and accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity* as amended by GASB 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another 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 description of a certain entity included in the School District's reporting entity.

#### **Extraclassroom Activity Funds**

The extraclassroom activity funds of the School District represent 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. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in an agency fund.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Joint Venture**

The School District is a component school district in Ulster County Board of Cooperative Education Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES board as a corporation (§1950(6)). In addition, BOCES boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component school districts pay tuition or a service fee for programs in which its students participate.

Financial statements for the BOCES are available from the BOCES administrative office.

### **Basis of Presentation**

#### School District-Wide Statements

The statement of net position and the statement of activities present financial information about the School 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 the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue includes 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

#### Fund Financial Statements

The fund statements provide information about the School 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 School District reports the following major governmental funds:

- *General Fund* - This is the School District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Basis of Presentation (Continued)**

#### Fund Financial Statements (Continued)

- *Special Aid Fund* - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
- *School Lunch Fund* - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
- *Capital Projects Funds* - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary funds:

- *Fiduciary Fund* - This fund is used to account for fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the School District-wide financial statements, because their resources do not belong to the School District, and are not available to be used. There are two types of fiduciary funds:

*Private purpose trust funds:* These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

*Agency funds:* These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

### **Measurement Focus and Basis of Accounting**

The School District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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 School 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.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Measurement Focus and Basis of Accounting (Continued)**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The School District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year.

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.

### **Cash and Investments**

The School District's cash and investments consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School 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. Investments are stated at fair value.

### **Restricted Cash**

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$4,878,830 within the governmental funds.

### **Property Taxes**

Real property taxes are levied annually by the board of education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the Counties in which the School District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the School District no later than the following April 1.

### **Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

### **Inventories**

Inventories of food in the school lunch 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, and are considered immaterial in amount.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Interfund transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid with one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statement of Net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

### Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 1,000	SL	15-50
Buildings and improvements	\$ 1,000	SL	50
Furniture and equipment	\$ 1,000	SL	5-25
Vehicles	\$ 1,000	SL	5-10

### Deferred Outflows and Inflows 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 (expenses/expenditure) until then. The government has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

### Vested Employee Benefits

School District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Vested Employee Benefits (Continued)**

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with generally accepted accounting principles, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

School District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

### **Other Post-Employment Benefits**

In addition to providing the pension benefits described, 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 District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance. At the fund level the School District recognizes the cost of providing health care insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the general fund in the year paid. The District recognized the current cost of providing benefits for 2014 by recording \$2,020,573, which is its share of insurance premiums for currently enrolled retirees, as expenditure in 2014.

In accordance with the provisions of Governmental Accounting Standards Board Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the District has recorded the government-wide statement of net position the required other post-employment benefits totaling \$13,475,906 as of June 30, 2014. The financial disclosures relating to the District's other post-employment benefits are reflected in Note 11.

### **Encumbrances**

Encumbrance accounting is used for budgetary control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

All encumbrances are classified as either Restricted or Assigned Fund Balance in the General Fund, or as Restricted Fund Balance in the nongeneral funds.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Unearned Revenue**

Unearned revenue is reported 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 School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recorded.

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Unearned revenue recorded in governmental funds is generally not recorded in the School District-wide statements.

### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

### **Equity Classifications**

#### **District-Wide Statements**

In the district-wide statements there are three classes of net position:

Invested in capital assets – consists of net capital assets (cost less accumulated depreciation) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

#### **Fund Balance – Reservations and Designations**

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fund Balance – Reservations and Designations (Continued)

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has available the following restricted fund balances.

#### Capital

Capital reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the general fund under restricted fund balance.

#### Repair

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The board of education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund under restricted fund balance.

#### Workers' Compensation

Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. 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 either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund under restricted fund balance.

#### Unemployment Insurance

Unemployment insurance reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance 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 either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) 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 under restricted fund balance.

#### Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. The reserve is accounted for in the general fund under restricted fund balance.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fund Balance – Reservations and Designations (Continued)

#### Insurance

Insurance reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund under restricted fund balance.

#### Liability Claims and Property Loss

Property loss reserve and liability reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.

#### Tax Certiorari

Tax certiorari reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund under restricted fund balance.

#### Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund under restricted fund balance.

#### Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

#### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the general fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fund Balance – Reservations and Designations (Continued)

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2014.

Assigned fund balance – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$132,024. As of June 30, 2014, the School District's encumbrances were classified as follows:

Assigned fund balance:

General support	\$	33,076
Instruction		94,745
Pupil transportation		<u>4,203</u>
Total encumbrances	\$	<u>132,024</u>

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no more than 4% of the School District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

#### Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

#### **Newly Adopted Accounting Standards**

During the year ended June 30, 2014, the District adopted the following:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* establishing accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term deferred in the financial statements.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Newly Adopted Accounting Standards (Continued)**

GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62* that improves accounting and financial reporting by clarifying guidance regarding risk financing, operating lease payments, and accounting for loans.

## 3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND SCHOOL DISTRICT WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the School 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.

### **Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balances of the School District's governmental funds differ 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 sheets.

### **Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities**

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

- **Long-Term Revenue and Expense Differences**

Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities reports revenue 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.

- **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.

- **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.

#### 4. CASH

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 for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents, including trust funds	\$ 10,120,608	\$ 8,478,872
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 9,072,708	
Covered by FDIC insurance	<u>1,047,900</u>	
Total	<u>\$ 10,120,608</u>	

Restricted cash represents cash and cash equivalents where used is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Restricted cash consists of the following:

General fund:

Cash on deposit for reserves	
Tax certiorari	\$ 1,166,936
Retirement contributions	250,000
Liability	650,000
Unemployment	400,000
Insurance	308,770
Worker's compensation	<u>100,000</u>

Total general fund restricted cash	<u>\$ 2,875,706</u>
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Capital projects fund:

Cash on deposit for voter approved capital projects	<u>\$ 2,003,124</u>
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Trust and agency fund:

Cash on deposit for scholarships, private purpose trust funds, and extraclassroom activity funds	<u>\$ 1,269,271</u>
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## 5. PARTICIPATION IN BOCES

During the year, the School District was billed \$4,702,330 for BOCES administrative and program costs.

The School District's share of BOCES aid amounted to \$882,357.

Financial statements for BOCES are available from the BOCES administrative office.

## 6. CAPITAL ASSETS

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

	July 1, 2013 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 2014 <u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 2,200	\$ -	\$ -	\$ 2,200
Construction in progress	<u>900,782</u>	<u>110,498</u>	<u>-</u>	<u>1,011,280</u>
Total non-depreciable cost	<u>\$ 902,982</u>	<u>\$ 110,498</u>	<u>\$ -</u>	<u>\$ 1,013,480</u>
Capital assets that are depreciated:				
Buildings and land improvements	\$ 28,306,177	\$ -	\$ -	\$ 28,306,177
Machinery and equipment	1,853,963	78,332	719,392	1,212,903
Vehicles	<u>198,608</u>	<u>-</u>	<u>-</u>	<u>198,608</u>
Total depreciable historical cost	<u>30,358,748</u>	<u>78,332</u>	<u>719,392</u>	<u>29,717,688</u>
Less accumulated depreciation:				
Buildings and land improvements	12,525,903	509,652	-	13,035,555
Machinery and equipment	1,537,804	65,374	719,392	883,786
Vehicles	<u>174,341</u>	<u>4,854</u>	<u>-</u>	<u>179,195</u>
Total accumulated depreciation	<u>14,238,048</u>	<u>579,880</u>	<u>719,392</u>	<u>14,098,536</u>
Total depreciable cost, net	<u>\$ 16,120,700</u>	<u>\$ (501,548)</u>	<u>\$ -</u>	<u>\$ 15,619,152</u>

For the year ended June 30, 2014, the District performed an updated inventory of its capital assets. Based on this updated inventory the District has adjusted its estimate of capital assets to reflect the updated inventory resulting in a net decrease of \$510,043 in capital assets, net of accumulated depreciation.

Depreciation expense of \$579,880 for the year ended June 30, 2014, was allocated to specific functions as follows:

General support	\$ 77,878
Instruction	500,030
Cost of goods sold	<u>1,972</u>
Total depreciation	<u>\$ 579,880</u>

## 7. SHORT-TERM DEBT

The District may issue revenue anticipation notes (RAN) or tax anticipation notes (TAN), in anticipation of the receipt of revenue. These notes are recorded as a liability in the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue bond anticipation notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities in the fund that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

## 8. LONG-TERM DEBT

Interest on all debt for the year was composed of:

Interest paid	\$ 231,431
Less: interest accrued in prior year	(16,628)
Plus: interest accrued in current year	<u>13,507</u>
 Total expense	 <u><u>\$ 228,310</u></u>

Long-term liability balances and activity for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government activities					
Bonds and notes payable:					
General obligation debt:					
Serial bonds payable	\$ 6,535,000	\$ -	\$ 1,560,000	\$ 4,975,000	\$ 1,605,000
Other liabilities:					
Other post employment benefits	\$ 11,421,161	\$ 4,095,131	\$ 2,040,386	\$ 13,475,906	\$ -
Compensated absences	<u>337,762</u>	<u>69,569</u>	-	<u>407,331</u>	-
Total other liabilities	11,758,923	4,164,700	2,040,386	13,883,237	-
Total long-term liabilities	<u>\$ 18,293,923</u>	<u>\$ 4,164,700</u>	<u>\$ 3,600,386</u>	<u>\$ 18,858,237</u>	<u>\$ 1,605,000</u>

\* Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts.

## 8. LONG-TERM DEBT (Continued)

In prior years, certain general obligation bonds were defeased by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds.

Accordingly, the liability for the defeased bonds still outstanding at June 30, 2014, approximately \$4 million, and the trust account assets are not included in the financial statements.

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	June 30, 2014 <u>Balance</u>
Serial Bond - Construction	2004	2019	3.9854%	\$ 1,330,000
Serial Bond - Refunding	2010	2017	2-5%	<u>3,645,000</u>
Total				<u>\$ 4,975,000</u>

The following is a summary of the maturities of bonds payable:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,605,000	\$ 188,681	\$ 1,793,681
2016	1,645,000	148,200	1,793,200
2017	1,250,000	73,300	1,323,300
2018	305,000	19,000	324,000
2019	<u>170,000</u>	<u>6,800</u>	<u>176,800</u>
Totals	<u>\$ 4,975,000</u>	<u>\$ 435,981</u>	<u>\$ 5,410,981</u>

## 9. INTERFUND BALANCES AND ACTIVITY

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditure</u>
General fund	\$ 1,530,773	\$ 147,066	\$ -	\$ 92,318
Special aid fund	89,562	1,527,128	92,318	-
School lunch fund	57,599	3,081	-	-
Capital fund	-	244	-	-
Fiduciary funds	<u>27</u>	<u>442</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 1,677,961</u>	<u>\$ 1,677,961</u>	<u>\$ 92,318</u>	<u>\$ 92,318</u>

## 9. INTERFUND BALANCES AND ACTIVITY (Continued)

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

## 10. PENSION PLANS

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

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

NYSERS provides retirement benefits, as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees in NYSERS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. For employees who joined after April 1, 2012, employees in NYSERS contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership and those in NYSTRS contribute 3.5% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The School District is required to contribute at an actuarially determined rate. The School District contributions made to the systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>TRS</u>	<u>ERS</u>
2014	\$ 1,829,173	\$ 737,807
2013	\$ 1,779,631	\$ 711,099
2012	\$ 1,660,832	\$ 523,715

## 11. OTHER POST-EMPLOYMENT BENEFITS

### Plan Description

The District provides certain other post-employment benefits (predominately health insurance) for retired employees of the District. The District administers the Other Post-Employment Benefits Plan (the "OPEB Plan") as a single-employer defined benefit Other Post-employment Benefit Plan (OPEB).

In general, the District provides health insurance coverage for retired employees and their survivors. Substantially all the District's employees may become eligible for this benefit if they retire with 8-10 years of service to the District.

The Retirement Plan can be amended by action of the District subject to applicable collective bargaining and employment agreements. The number of retired employees currently eligible to receive benefits at June 30, 2014, was approximately 185. The OPEB Plan does not issue a stand-alone financial report because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

### Funding Policy

The obligations of the OPEB Plan are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0% to 20%, depending on when the employee was hired. The District will pay its portion of the premium for the retiree and spouse for the lifetime of the retiree. The costs of administering the OPEB Plan are paid by the District. The District currently contributes enough money to the OPEB Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amount paid during 2014 by the District was \$2,040,386.

### Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Retirement Plan, and the changes in the District's net OPEB obligation:

Annual required contribution	\$ 3,951,848
Interest on net OPEB obligation	571,058
Adjustment to ARC	<u>(427,775)</u>
Annual OPEB cost (expense)	4,095,131
Contributions made	<u>2,040,386</u>
Increase in net OPEB obligation	2,054,745
Net OPEB obligation - beginning of year	<u>11,421,161</u>
Net OPEB obligation - end of year	<u>\$ 13,475,906</u>
Percentage of annual OPEB cost contributed	49.8%

## 11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

*Trend information* – The District’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Year Ended	OPEB Cost	Contribution (ARC)	OPEB Cost Contributed	% of ARC Contributed	OPEB Obligation
6/30/13	\$ 4,095,131	\$ 2,040,386	\$ 2,040,386	49.8%	\$ 13,475,906
6/30/13	3,883,597	2,020,573	2,020,573	52.0%	11,421,161
6/30/12	4,002,007	2,445,999	2,445,999	61.1%	9,558,137

### Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The OPEB Plan is currently not funded.

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits. In the future, the schedule will provide multi-year trend information about the value of plan assets relative to the AAL.

### Schedule of Funding Progress for the District’s Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	\$ _____ -	\$ <u>56,299,123</u>	\$ <u>56,299,123</u>	0.0%	\$ <u>17,332,201</u>	325%
7/1/2012	\$ _____ -	\$ <u>53,840,903</u>	\$ <u>53,840,903</u>	0.0%	\$ <u>16,866,484</u>	319%
7/1/2011	\$ _____ -	\$ <u>51,656,825</u>	\$ <u>51,656,825</u>	0.0%	\$ <u>16,768,939</u>	308%

### Actuarial Methods and Assumptions

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

In the July 1, 2013 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Projected unit credit
Discount rate*	5.0%
Medical care cost trend rate	3.34-4.24%
Unfunded actuarial accrued liability:	
Amortization period	30 years
Amortization method	Level dollar
Amortization basis	Open

## **11. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

\* As the plan is unfunded, the assumed discount rate considers that the District's investment assets are low risk in nature, such as money market funds or certificates of deposit.

## **12. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

The School District participates in a risk sharing pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The District's share of the liability for unbilled and open claims was fully covered by the Workers' Compensation reserve as of June 30, 2014. Financial information for the Plan is available from the administrator at Wright Risk Management; 333 Earle Ovington Blvd, 5<sup>th</sup> Floor, Uniondale, New York 11553.

## **13. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgets**

The District administrations prepare a proposed budget for approval by the Board of Education for the General Fund. The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the governmental funds balance sheet.

## 14. CONTINGENCIES AND COMMENTS

### General Information

The School District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial.

The School District has various commitments with contractors for the completion of capital projects.

## 15. ACCOUNTING PRONOUNCEMENT ISSUED NOT YET IMPLEMENTED

In June 2012, the GASB issued Statements *No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68, as well as for non-employer governments that have a legal obligation to contribute to those plans. The District is required to adopt the provisions of these Statements for the year ending June 30, 2015, with early adoption encouraged.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District is required to adopt the provisions of this Statement for the year ending June 30, 2015. A prospective basis should be applied and early adoption is encouraged.

In November 2013, the GASB issued Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Transition Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The District is required to adopt the provisions of this Statement in conjunction with GASB Statement No. 68, for the year ending June 30, 2015, with early adoption encouraged.

The District has not assessed the impact of these statements on its future financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Encumbrances	Final Budget Variance with Budgetary Actual
<b>REVENUE</b>					
LOCAL SOURCES:					
Real property taxes	\$ 20,202,216	\$ 20,202,216	\$ 20,202,216	\$ -	\$ -
Other tax items	2,562,007	2,562,007	2,692,931	-	130,924
Charges for services	5,000	5,000	59,607	-	54,607
Use of money and property	100,000	100,000	29,906	-	(70,094)
Sale of property and compensation for loss	-	-	-	-	-
Miscellaneous	<u>137,000</u>	<u>137,000</u>	<u>547,502</u>	<u>-</u>	<u>410,502</u>
Total local sources	23,006,223	23,006,223	23,532,162	-	525,939
State sources	16,914,799	16,914,799	16,704,097	-	(210,702)
Medicaid reimbursement	<u>50,000</u>	<u>50,000</u>	<u>70,407</u>	<u>-</u>	<u>20,407</u>
Total revenue	39,971,022	39,971,022	40,306,666	-	335,644
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	<u>1,017,483</u>	<u>1,017,483</u>	<u>-</u>	<u>-</u>	<u>(1,017,483)</u>
Total revenue and other financing sources	<u>40,988,505</u>	<u>40,988,505</u>	<u>40,306,666</u>	<u>-</u>	<u>(681,839)</u>

(Continued)

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>(Budgetary Basis)</u>	<u>Encumbrances</u>	Final Budget Variance with <u>Budgetary Actual</u>
<b>EXPENDITURES</b>					
GENERAL SUPPORT:					
Board of Education	70,301	54,463	51,131	1,980	1,352
Central administration	470,827	467,230	463,360	490	3,380
Finance	686,535	690,509	688,604	-	1,905
Staff	211,705	296,194	259,579	-	36,615
Central services	3,109,270	3,128,793	2,600,096	30,606	498,091
Special items	<u>449,811</u>	<u>453,619</u>	<u>401,028</u>	<u>-</u>	<u>52,591</u>
Total general support	4,998,449	5,090,808	4,463,798	33,076	593,934
INSTRUCTION:					
Instruction, administration, and improvement	1,832,145	1,719,866	1,582,263	5,579	132,024
Teaching - Regular school	11,058,653	10,707,791	10,083,288	40,122	584,381
Programs for children with handicapping conditions	8,771,561	8,935,940	7,713,662	28,573	1,193,705
Occupational education	678,376	678,376	668,200	-	10,176
Teaching - Special school	238,376	143,897	54,517	-	89,380
Instructional media	811,275	937,511	913,174	3,250	21,087
Pupil services	<u>1,782,373</u>	<u>1,752,841</u>	<u>1,509,546</u>	<u>17,221</u>	<u>226,074</u>
Total instruction	25,172,759	24,876,222	22,524,650	94,745	2,256,827
Pupil transportation	3,664,556	3,447,493	3,345,072	4,203	98,218
Employee benefits	9,984,306	10,308,749	10,113,000	-	195,749
Debt service - Principal	1,560,000	1,560,000	1,560,000	-	-
Debt service - Interest	<u>231,431</u>	<u>231,431</u>	<u>231,431</u>	<u>-</u>	<u>-</u>
Total expenditures	45,611,501	45,514,703	42,237,951	132,024	3,144,728
<b>OTHER FINANCING USES</b>					
Transfers to other funds	<u>-</u>	<u>96,798</u>	<u>92,318</u>	<u>-</u>	<u>4,480</u>
Total expenditures and other uses	<u>45,611,501</u>	<u>45,611,501</u>	<u>42,330,269</u>	<u>132,024</u>	<u>3,149,208</u>
NET CHANGE IN FUND BALANCES	(4,622,996)	(4,622,996)	(2,023,603)	(132,024)	2,467,369
FUND BALANCE - beginning of year			<u>13,002,442</u>		
FUND BALANCE - end of year			<u>\$ 10,978,839</u>		

The accompanying notes are an integral part of these schedules.

**SUPPLEMENTARY INFORMATION**

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET (UNAUDITED)  
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2014**

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**CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET**

Adopted budget		\$ 45,477,183
Add: Prior year's encumbrances		<u>134,318</u>
Original budget		45,611,501
Budget revision		<u>-</u>
Final budget		<u>\$ 45,611,501</u>

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

2014-15 voter-approved expenditure budget	\$ 49,098,553	
Maximum allowed (4% of 2014-15 budget)		\$ 1,963,942
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law *:		
Total fund balance:	<u>\$ 10,978,839</u>	
Less:		
Committed fund balance	-	
Restricted fund balance	2,875,706	
Assigned fund balance:		
Appropriated fund balance	6,007,167	
Encumbrances included in committed and assigned fund balance	<u>132,024</u>	
Total adjustments	<u>\$ 9,014,897</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u>\$ 1,963,942</u>
Actual percentage		4.00%

\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [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.

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Project Title</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Expenditures</u>			<u>Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	
Fuel Tank	\$ 34,700	\$ 34,700	\$ 1,456	\$ -	\$ 1,456	\$ 33,244
District-wide renovations and improvements	<u>1,376,011</u>	<u>1,549,249</u>	<u>1,259,683</u>	<u>110,498</u>	<u>1,370,181</u>	<u>179,068</u>
	<u>\$ 1,410,711</u>	<u>\$ 1,583,949</u>	<u>\$ 1,261,139</u>	<u>\$ 110,498</u>	<u>\$ 1,371,637</u>	<u>\$ 212,312</u>

The accompanying notes are an integral part of these schedules.

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2014**

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Capital assets, net		\$ 16,632,632
Short-term portion of bonds payable	1,605,000	
Long-term portion of bonds payable	3,370,000	
Less: Unspent bond proceeds	<u>                    -</u>	<u>4,975,000</u>
Investment in capital assets, net of related debt		<u>\$ 11,657,632</u>

The accompanying notes are an integral part of these schedules.

**REQUIRED REPORTS UNDER OMB CIRCULAR A-133**

**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**

September 24, 2014

To the Board of Education  
Ellenville Central School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Ellenville Central School District (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated September 24, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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(Continued)

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

September 24, 2014

To the Board of Education  
Ellenville Central School District:

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

We have audited the Ellenville Central School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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(Continued)

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

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

In our opinion, the Ellenville Central School District complied, in all material respects, with the types of 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, 2014.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of 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 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 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 internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Direct Award			
National School Lunch Program	10.555	^	\$ 57,474
Pass-Through New York State Dept. of Education			
School Breakfast Program	10.553	^	91,393
School Snacks Program	10.555	^	20,480
National School Lunch Program	10.555	^	<u>409,196</u>
Total U.S. Department of Agriculture			<u>578,543</u>
<u>U.S. Department of Education</u>			
Pass-Through New York State Dept. of Education			
ESEA Title 1 Grant	84.010	0021-14-3440	656,155
IDEA, Part B - 611	84.027	* 0032-14-1004	411,749
IDEA, Part B - 619	84.173	* 0033-14-1004	19,070
Title II PT A	84.367	0147-14-3440	11,664
Title II PT A	84.367	0147-13-3440	57,839
ARRA - Race to the Top	84.395	5500-14-3440	53,873
ARRA - Race to the Top	84.395	5500-13-3440	53,873
ARRA - Race to the Top	84.395	5500-12-3440	<u>13,468</u>
Total U.S. Department of Education			<u>1,277,691</u>
Total expenditures of federal awards			<u>\$ 1,856,234</u>

- ^ Child nutrition cluster
- \* Special education cluster (IDEA)

# ELLENVILLE CENTRAL SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2014

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### 1. GENERAL

The schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Ellenville Central School District. The Ellenville Central School District's reporting entity is defined in the basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal assistance passed through from other governments, is included in the schedule.

### 2. BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, as described in the School District's basic financial statements. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

### 3. SUBRECIPIENTS

No amounts were provided to subrecipients.

### 4. OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal awards. Any equipment purchased with federal funds has only a nominal value and is covered by the School District's insurance policies.

There were no loans or loan guarantees outstanding at year-end.

### 5. FOOD DONATION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2014, the School District received food commodities totaling \$57,474.

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

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**Section I—Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_ yes  X

Significant deficiency(ies) identified not considered to be material weaknesses? \_\_ yes  X

Noncompliance material to financial statements noted? \_\_ yes  X

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_ yes  X

Significant deficiency(ies) identified not considered to be material weaknesses? \_\_ yes  X

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? \_\_ yes  X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173 84.395	Special Education Cluster (IDEA) ARRA – State Fiscal Stabilization Fund – Race-to-the-Top incentive grant

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  X  yes \_\_ no

## **ELLENVILLE CENTRAL SCHOOL DISTRICT**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014 (Continued)**

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#### **Section II—Financial Statement Findings**

There were no instances of significant deficiencies, material weaknesses, or noncompliance that are required to be reported under Government Auditing Standards.

#### **Section III—Federal Award Findings and Questioned Costs**

There were no instances of significant deficiencies, material weaknesses, or noncompliance, including questioned costs that are required to be reported under OMB Circular A-133.

**ELLENVILLE CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Section IV—Status of Prior Year Findings**

There were no prior year findings

## ELLENVILLE CENTRAL SCHOOL DISTRICT

### **CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2014**

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#### **Corrective Action Plan**

For the year ended June 30, 2014, there were no findings required to be reported under *Government Auditing Standards* or OMB Circular A-133. Accordingly, a corrective action plan is unnecessary.