BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

AUDIT REPORTING PACKAGE

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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2018 REPORTING PACKAGE

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BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of ***Bolivar-Richburg Central School District*** as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the ***Bolivar-Richburg Central School District's*** basic financial statements as listed in the accompanying table of contents. We have also audited the fiduciary fund types of the ***Bolivar-Richburg Central School District*** as of June 30, 2018, as displayed in the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and aggregate remaining fund information of ***Bolivar-Richburg Central School District*** as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-a-matter

As discussed in Note 5 to the financial statements, a prior period adjustment was necessary to adjust the capital assets and accumulated depreciation on the statement of net position due to a new fixed asset appraisal.

Member of American Institute of Certified Public Accountants
Private Companies Practice Section

Report on Summarized Comparative Information

We have previously audited the ***Bolivar-Richburg Central School District's*** June 30, 2017 financial statements, and our report dated October 3, 2017, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 9), budgetary comparison information (pages 38 and 39), schedule of changes in the District's net OPEB liability and related ratios (page 45), schedule of District's contributions – OPEB (page 46), schedule of District's contributions for defined benefit pension plans (page 47) and schedule of the District's share of the net pension asset/liability (page 48). Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***Bolivar-Richburg Central School District's*** basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated September 18, 2018 on our consideration of ***Bolivar-Richburg Central School District's*** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ***Bolivar-Richburg Central School District's*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 18, 2018

I. Discussion and Analysis

The following is a discussion and analysis of the ***Bolivar-Richburg Central School District's*** financial performance for the year ended June 30, 2018. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the ***Bolivar-Richburg Central School District*** during the fiscal year ended June 30, 2018:

- Overall net position of the District from operations increased during the current year in the amount of $622,000 as compared to an increase of $743,000 during the prior fiscal year. In addition, the District obtained a new capital asset appraisal which resulted in a prior period adjustment which decreased net position by approximately $3,884,000.

- The District's total revenue increased 5% from $19,641,000 during June 30, 2017 to $20,614,000 during June 30, 2018. This increase was primarily the result of an increase in BOCES and basic state aid.

- The District's total expenses increased 6% from $18,898,000 during the year ended June 30, 2017 to $19,992,000 during the year ended June 30, 2018. This increase was mostly related to increases in BOCES expenses and depreciation expense.

- The District's had capital outlays during the current year in the amount of $5,174,000, which primarily related to costs associated with the District's 2016 capital project, 2016 energy performance project and purchase of transportation vehicles.

III. Overview of the Financial Statements

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

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

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

1. Statement of Net Position

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

2. Statement of Activities

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

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

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

III. Overview of the Financial Statements (continued)

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

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

The District has two kinds of funds:

1. Governmental Funds

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

III. Overview of the Financial Statements (continued)

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

1. Governmental Funds (continued)

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

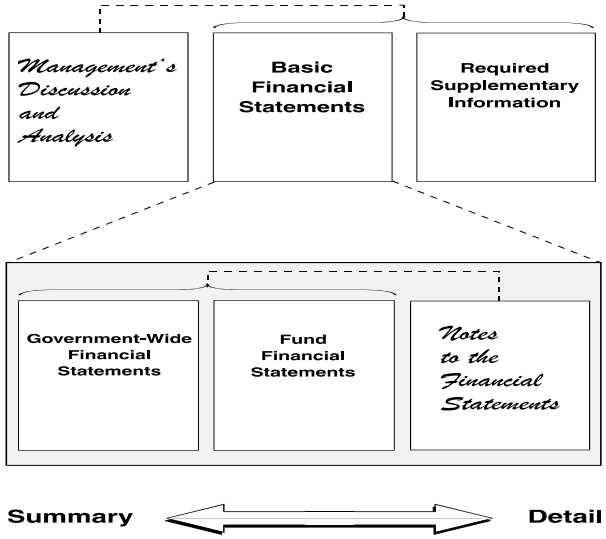
2. Fiduciary Funds

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

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

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

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



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately $35,711,000. The components of net position include: net investment in capital assets, of $22,596,000; restricted net position of $9,766,000; and unrestricted net position of $3,349,000 as of June 30, 2018.

Changes in Net Position

The District's total government-wide revenue increased by approximately 5% to $20,614,000. Approximately 13%, 5% and 77% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 5% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

The total cost of all programs and services of the District increased 6% to $19,992,000. The District's expenses cover a range of services, with 71% related to instruction and 17% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

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

Governmental Activities

Revenue of the District's governmental activities increased 5%, while total expenses increased 6%. The District's total net position increased approximately $622,000 from operations during the fiscal year ended June 30, 2018.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled $20,614,000 for the fiscal year ended June 30, 2018. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 13% of the District's total revenue for governmental activities increased less than 1% during the year ended June 30, 2018.

- The District's most significant revenue is state sources which represent $15,921,000 or 77% of total governmental revenue. The District's state sources increased approximately 5% which was primarily related to an increase in BOCES and basic state aid.

- During the year ended June 30, 2018, the District saw a decrease in program revenue in the amount of $18,000 which primarily resulted from decrease in charges for services in the amount of $112,000 related to a decrease in shared services with other districts. This decrease was partially offset by an increase in operating grants and contributions in the amount of $94,000 as a result of an increase in Title IIA funding.

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

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were $19,992,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately $174,000 or 5% which was primarily due to an increases in BOCES expenditures.
- The District's instruction costs increased by approximately $708,000 or 5%. This increase was the result of increases in BOCES expenditures and depreciation on capital assets.
- Debt service of the District increased approximately $75,000 during the year ended June 30, 2018.
- Transportation costs of the District increased approximately $119,000 during the year ended June 30, 2018 This increase was related to an increase in depreciation on capital assets.
- The District's cost of sales (food service fund) totaled $482,000 during the current year as compared to $464,000 during the fiscal year ended June 30, 2017.
- The District received approximately $1,369,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs ($18.6 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Position

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

	Governmental Activities and Total District-wide		
	2018	2017	% Change
Assets			
Current and other assets	$ 12,593	$ 10,949	15%
Capital assets	34,422	35,431	-3%
Total assets	47,015	46,380	1%
Deferred outflows of resources			
Deferred outflows pensions, refunding, and OPEB	4,201	4,112	2%
Deferred outflows of resources and assets	**$ 51,216**	**$ 50,492**	**1%**
Liabilities			
Other liabilities	$ 7,181	$ 1,985	262%
Long-term debt outstanding	6,881	9,307	-26%
Total liabilities	14,062	11,292	25%
Deferred inflows of resources			
Deferred inflows related to pensions and OPEB	1,443	227	536%
Deferred inflows of resources and liabilities	15,505	11,519	35%
Net Position			
Net investment in capital assets	22,596	27,760	-19%
Restricted	9,766	9,397	4%
Unrestricted	3,349	1,816	84%
Total net position	35,711	38,973	-8%
Total liabilities, deferred inflows of resources and net position	**$ 51,216**	**$ 50,492**	**1%**

Figure A-4 – Changes in Net Position

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

	Governmental Activities and Total District-wide		
	2018	2017	% Change
Revenue			
Program revenue			
Charges for services	$ 132	$ 244	-46%
Operating grants and contributions	1,237	1,143	8%
General revenue			
Real property taxes	2,725	2,724	0%
Use of money & property	31	9	251%
Sale of property & comp for loss	25	12	112%
State sources	15,921	15,100	5%
Federal sources	93	112	-17%
Miscellaneous	450	297	52%
Total revenue	20,614	19,641	5%
Expenses			
General support	3,389	3,215	5%
Instruction	14,312	13,604	5%
Transportation	1,496	1,377	9%
Debt service - interest	313	238	32%
Cost of sales	482	464	4%
Total expenses	19,992	18,898	6%
Change in net position	**$ 622**	**$ 743**	

Figure A-5 – Sources of Revenue

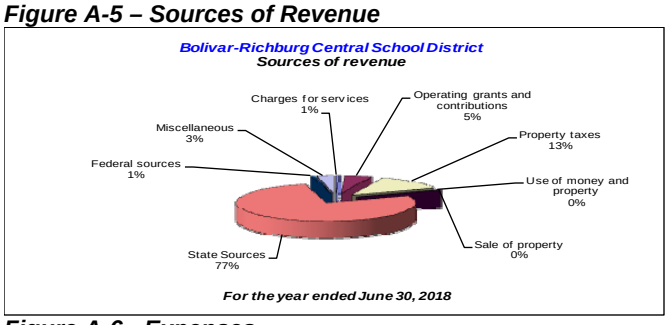


Figure A-6 - Expenses

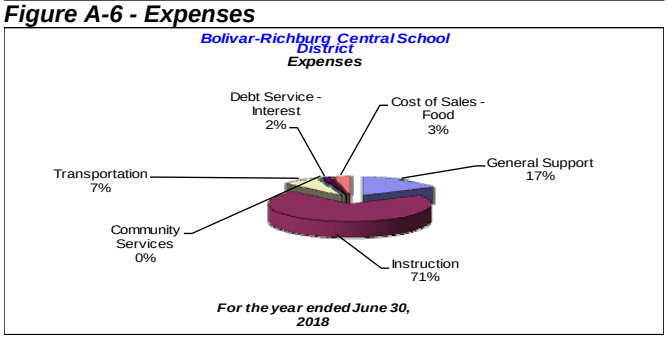


Figure A-7 – Expenditures Supported with Program Revenue

Bolivar-Richburg Central School District
Expenditures supported with program revenue (in thousands of dollars)

	Governmental Activites & Total District			
	2018		2017	
Expenditures supported with general revenue (from taxes & other sources)	$ 18,623	93%	$ 17,511	93%
Expenditures supported with program revenue	1,369	7%	1,387	7%
Total expenditures related to governmental activities	**$ 19,992**	**100%**	**$ 18,898**	**100%**

Figure A-8 – Net Cost of Governmental Activities

Bolivar-Richburg Central School District
Net Cost of Governmental Activities (in thousands of dollars)

	Total cost of services			Net cost of services		
	2018	2017	Change	2018	2017	Change
General support	$ 3,389	$ 3,215	$ 174	$ 3,389	$ 3,215	$ 174
Instruction	14,312	13,604	708	13,364	12,728	636
Transportation	1,496	1,377	119	1,496	1,289	207
Debt service - interest	313	238	75	313	238	75
Cost of sales - food	482	464	18	61	41	20
Total	**$ 19,992**	**$ 18,898**	**$ 1,094**	**$ 18,623**	**$ 17,511**	**$ 1,112**

V. Financial Analysis of the School District's Funds

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

General Fund

- The District's general fund revenue and other sources exceeded its expenditures and other uses by approximately $697,000.
- The District's general fund unassigned fund balance equated to approximately $1,460,000 at June 30, 2018.
- The District established many fund balance reserves during the year ended June 30, 2018, and had a total restricted fund balance approximated $8,362,000.
- The District's total assets decreased approximately $232,000 as of June 30, 2018. The District's liabilities decreased approximately $669,000. The decrease in assets was primarily related to a decrease in due from other funds, which was partially offset by an increase in cash and investments. The decrease in liabilities was the result of a decrease in due to the Teachers' Retirement System and due to other funds.
- Total revenue in the District's general fund increased $722,000, which was primarily related to an increase in BOCES and general aid. Total expenditures in the District's general fund increased by $1,083,000 primarily as a result of the increases in BOCES expenditures.

Food Service Fund

- The District's food service fund experienced a $118,000 increase in fund equity during the current year.
- Revenue in the District's food service fund was $600,000 during 2018 as compared with $453,000 in 2017. Expenditures increased approximately $18,000 as a result of an increase in employee benefits. Included in current year revenue is a transfer from the general fund in the amount of approximately $162,000, an increase of $132,000 over the prior year transfer.

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

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately $85,000 or 11% which was primarily a result of an increase in Title IIA expenditures.

Capital Projects Fund

- The District had expenditures in the amount of $5,025,000 in capital projects during the year ended June 30, 2018, which was primarily related to costs associated with the District's 2016 capital project, 2016 energy performance project and purchase of transportation vehicles. More detailed information about the District's capital assets is presented in the notes of the financial statements.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers, which is the common method utilized to manage the budget throughout the year. Actual expenditures were approximately $712,000 below the revised budget. The most significant positive variances were in the area of instruction and employee benefits which totaled $635,000 and $617,000, respectively, below that budgeted. These positive variances were partially offset by operating transfers which were $756,000 above that budgeted. On the other hand, resources available for appropriations were approximately $259,000 above the final budgeted amount. Significant variances of revenue items consisted of local and state sources of revenue which was approximately $362,000 and $81,000 above that budgeted, while interfund revenues were approximately $227,000, below that budgeted.

Figure A-9 – Budget vs. Actual Comparison

Bolivar-Richburg Central School District
General Fund - Budget vs Actual Comparison (in thousands of dollars)

	Revised Budget	Actual	Difference	%
Revenue				
Local sources	$ 2,876	$ 3,238	$ 362	13%
State sources	15,757	15,838	81	1%
Federal sources	50	93	43	86%
Interfund revenue	227	-	(227)	-100%
Total revenue	**$ 18,910**	**$ 19,169**	**$ 259**	**1%**
Expenditures				
General support	$ 2,863	$ 2,720	$ 143	5%
Instruction	10,247	9,612	635	6%
Transportation	880	807	73	8%
Employee benefits	3,630	3,013	617	17%
Debt service	1,764	1,764	-	0%
Operating transfers	60	816	(756)	-1259%
Total expenditures	**$ 19,444**	**$ 18,732**	**$ 712**	**4%**

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2018, the District had invested approximately $34,422,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2018, totaled approximately $5,174,000 and consisted primarily of costs associated with the District's 2016 capital project, 2016 energy performance project and purchase of transportation vehicles. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2018, the District had approximately $6,881,000 in bonds, net pension liability, other post-employment benefits liabilities, retirement incentives and compensated absences, a decrease of approximately 26% as compared with the previous year. The decrease in bonds payable was the result of the District making regularly scheduled principal payments. Compensated absences decreased from the prior fiscal year as a result of a decrease in accumulated sick days. Other post-employment benefit liability decreased during the current year. The District's NYS Employees' Retirement System net pension liability decreased during the year, whereas the NYS Teachers' Retirement System went from a net pension liability in the prior year to a net pension asset in the current year.

Figure A-10 – Capital Assets

Bolivar-Richburg Central School District
Capital Assets (net of depreciation)

	Governmental Activities & Total District-wide		
	2018	2017	Change
Land	$ 92,686	$ 92,686	0%
Buildings	54,724,363	54,672,641	0%
Construction in progress	7,393,839	3,052,599	142%
Equipment	4,405,024	5,640,484	-22%
Accumulated depreciation	(32,194,365)	(28,027,349)	15%
Total Capital Assets, net	**$ 34,421,547**	**$ 35,431,061**	**-3%**

Figure A-11 – Outstanding Long-term Debt

Bolivar-Richburg Central School District
Outstanding Long-Term Debt and Liabilities

	Governmental Activities & Total District-wide		
	2018	2017	Change
Bonds payable	$ 6,095,199	$ 7,671,024	-21%
Net pension liabilities	203,665	962,390	-79%
Other post-employment benefits	356,150	426,707	-17%
Retirement incentive	-	629	-100%
Compensated absences	225,994	246,244	-8%
Total Long-Term Debt	**$ 6,881,008**	**$ 9,306,994**	**-26%**

VIII. Factors Bearing on the District's Future

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

IX. Contacting the District's Financial Management

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

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

	2018	2017
Assets		
Cash		
Unrestricted	$ 1,807,850	$ 904,999
Restricted	9,765,665	9,396,781
Receivables		
State and federal aid	529,599	540,325
Other receivables	9,196	9,044
Due from other governments	43,072	75,285
Due from other fiduciary funds	10,895	10,196
Inventories	10,262	12,303
Net pension asset - NYS Teachers' Retirement System	264,989	-
Cash to be used for capital assets	152,319	-
Capital assets, net	34,421,547	35,431,061
Total assets	47,015,394	46,379,994
Deferred Outflows of Resources		
Deferred outflows related to pensions	4,122,903	4,057,511
Deferred outflows related to bond refunding	18,006	29,628
Deferred outflows related to OPEB	59,742	24,479
Total deferred outflows of resources	4,200,651	4,111,618
Total assets and deferred outflows of resources	$ 51,216,045	$ 50,491,612
Liabilities		
Current liabilities		
Accounts payable	$ 457,777	$ 958,406
Accrued liabilities	188,204	203,131
Accrued interest	145,153	31,293
Due to other governments	183	150
Due to retirement systems	651,797	764,235
Unearned revenue	8,352	27,453
Bond anticipation notes payable	5,730,000	-
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,535,000	1,460,000
Portion due or payable after one year		
Bonds payable	4,560,199	6,211,024
Net pension liability - NYS Employees' Retirement System	203,665	595,616
Net pension liability - NYS Teachers' Retirement System	-	366,774
Other post-employment benefits	356,150	426,707
Retirement incentive	-	629
Compensated absences	225,994	246,244
Total liabilities	14,062,474	11,291,662
Deferred Inflows of Resources		
Deferred inflows related to pensions	1,423,292	226,727
Deferred inflows related to OPEB	19,526	-
Total deferred inflows of resources	1,442,818	226,727
Total liabilities and deferred inflows of resources	15,505,292	11,518,389
Net Position		
Net investment in capital assets	22,596,348	27,760,037
Restricted	9,765,665	9,396,781
Unrestricted	3,348,740	1,816,405
Total net position	35,710,753	38,973,223
Total liabilities, deferred inflows of resources and net position	$ 51,216,045	$ 50,491,612

	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants	2018 Net (Expense) Revenue and Changes in Net Position	2017 Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	$ 2,997,544	$ 391,277	$ -	$ -	$ (3,388,821)	$ (3,214,811)
Instruction	12,898,808	1,412,376	94,701	853,310	(13,363,173)	(12,728,548)
Pupil transportation	981,115	515,111	-	-	(1,496,226)	(1,289,842)
Debt service	313,395	-	-	-	(313,395)	(238,014)
Food service program	481,934	-	36,987	383,770	(61,177)	(40,863)
Depreciation	2,318,764	(2,318,764)	-	-	-	-
Total functions and programs	$ 19,991,560	$ -	$ 131,688	$ 1,237,080	(18,622,792)	(17,512,078)
General Revenues						
Real property taxes					2,725,218	2,724,392
Use of money and property					30,724	8,745
Sale of property and compensation for gain					24,948	11,757
Miscellaneous					449,583	297,725
State sources					15,920,828	15,100,262
Federal sources					93,093	112,378
Total general revenues					19,244,394	18,255,259
Change in net position					621,602	743,181
Net position - beginning of year					38,973,223	38,633,063
Prior period adjustment					(3,884,072)	(403,021)
Net position - end of year					$ 35,710,753	$ 38,973,223

	Governmental Funds						
	General	Special Aid	Food Service	Debt Service	Capital Projects	2018 (Memo only) Total	2017 (Memo only) Total
Assets							
Unrestricted cash	$ 1,832,420	$ -	$ 6,909	$ -	$ -	$ 1,839,329	$ 884,276
Restricted cash	8,362,007	-	-	1,372,179	152,319	9,886,505	9,417,504
Due from other funds	1,011,796	2,828	-	52,202	290,365	1,357,191	3,466,688
State and federal aid receivable	303,945	225,654	-	-	-	529,599	540,325
Other receivables	8,625	-	571	-	-	9,196	9,044
Due from other governments	43,072	-	-	-	-	43,072	75,285
Inventories	-	-	10,262	-	-	10,262	12,303
Total assets	$ 11,561,865	$ 228,482	$ 17,742	$ 1,424,381	$ 442,684	$ 13,675,154	$ 14,405,425
Liabilities and Fund Equity							
Liabilities							
Accounts payable	$ 121,385	$ -	$ -	$ -	$ 336,392	$ 457,777	$ 958,406
Accrued liabilities	188,103	-	101	-	-	188,204	203,131
Bond anticipation notes payable	-	-	-	-	5,730,000	5,730,000	-
Due to other funds	260,000	225,654	1,671	20,723	838,248	1,346,296	3,456,492
Unearned revenue	-	2,828	5,524	-	-	8,352	27,453
Due to other governments	-	-	183	-	-	183	150
Due to Teachers' Retirement System	579,344	-	-	-	-	579,344	693,159
Due to Employees' Retirement System	72,453	-	-	-	-	72,453	71,076
Total liabilities	1,221,285	228,482	7,479	20,723	6,904,640	8,382,609	5,409,867
Fund Equity							
Nonspendable	-	-	10,262	-	-	10,262	12,303
Restricted	8,362,007	-	-	1,403,658	-	9,765,665	9,396,781
Assigned	518,517	-	-	-	-	518,517	500,000
Unassigned (deficit)	1,460,056	-	1	-	(6,461,956)	(5,001,899)	(913,526)
Total fund equity (deficit)	10,340,580	-	10,263	1,403,658	(6,461,956)	5,292,545	8,995,558
Total liabilities and fund equity	$ 11,561,865	$ 228,482	$ 17,742	$ 1,424,381	$ 442,684	$ 13,675,154	$ 14,405,425

	Governmental Funds						
	General	Special Aid	Food Service	Debt Service	Capital Projects	2018 (Memo only) Total	2017 (Memo only) Total
Revenue							
Real property taxes	$ 2,725,218	$ -	$ -	$ -	$ -	$ 2,725,218	$ 2,724,392
Charges for services	94,701	-	-	-	-	94,701	192,463
Use of money and property	30,706	-	18	-	-	30,724	8,745
Sale of property compensation for loss	5,848	-	-	-	-	5,848	11,757
Miscellaneous	380,804	-	16,577	-	52,202	449,583	320,494
State sources	15,837,866	346,746	10,249	-	82,962	16,277,823	15,444,201
Federal sources	93,093	506,564	355,129	-	-	954,786	887,184
Surplus food	-	-	18,392	-	-	18,392	23,800
Sales (school food service)	-	-	36,987	-	-	36,987	28,448
Total revenue	19,168,236	853,310	437,352	-	135,164	20,594,062	19,641,484
Expenditures							
General support	2,721,351	-	156,099	-	-	2,877,450	2,671,878
Instruction	9,611,761	776,849	-	-	-	10,388,610	9,691,644
Pupil transportation	806,760	-	-	-	372,403	1,179,163	1,173,193
Employee benefits	3,012,535	97,425	127,640	-	-	3,237,600	3,348,893
Debt service							
Principal	1,460,000	-	-	-	-	1,460,000	1,400,000
Interest	303,738	-	-	-	-	303,738	371,543
Capital outlay	-	-	-	-	4,652,319	4,652,319	2,522,430
Cost of sales	-	-	188,905	-	-	188,905	183,000
Other expenses	-	-	9,290	-	-	9,290	12,817
Total expenditures	17,916,145	874,274	481,934	-	5,024,722	24,297,075	21,375,398
Excess (deficiency) of revenue over expenditures	1,252,091	(20,964)	(44,582)	-	(4,889,558)	(3,703,013)	(1,733,914)
Other sources and uses							
Operating transfers in	-	20,964	162,151	52,202	580,201	815,518	419,667
Operating transfers out	(815,518)	-	-	-	-	(815,518)	(419,667)
Total other sources (uses)	(815,518)	20,964	162,151	52,202	580,201	-	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	436,573	-	117,569	52,202	(4,309,357)	(3,703,013)	(1,733,914)
Fund equity (deficit), beginning of year	9,904,007	-	(107,306)	1,351,456	(2,152,599)	8,995,558	10,729,472
Fund equity (deficit), end of year	$ 10,340,580	$ -	$ 10,263	$ 1,403,658	$ (6,461,956)	$ 5,292,545	$ 8,995,558

	Private Purpose Trusts	Agency Funds	Total 06/30/18	(Memo only) Total 06/30/17
Assets				
Cash	$ 18,861	$ 142,104	$ 160,965	$ 236,017
Investments	2,947,584	-	2,947,584	2,798,503
Due from other funds	116,066	16	116,082	72,276
Total assets	$ 3,082,511	$ 142,120	$ 3,224,631	$ 3,106,796
Liabilities				
Accrued liabilities	$ -	$ 3,777	$ 3,777	$ 7,984
Due to other funds	45,377	81,600	126,977	82,472
Student extraclassroom activity funds	-	56,743	56,743	63,231
Total liabilities	45,377	142,120	187,497	153,687
Net position				
Reserved for scholarships	3,037,134	-	3,037,134	2,953,109
Total liabilities and net position	$ 3,082,511	$ 142,120	$ 3,224,631	$ 3,106,796

	06/30/18	(Memo only) 06/30/17
Additions		
Gifts and contributions	$ 10,418	$ 299,768
Interest earnings	28,904	100,412
Gain on investments	191,213	53,897
Total additions	230,535	454,077
Deductions		
Scholarships awarded	146,510	92,930
Change in net position	84,025	361,147
Net position - beginning of year	2,953,109	2,591,962
Net position - end of year	$ 3,037,134	$ 2,953,109

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

Total fund balances - governmental funds		$ 5,292,545
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:		
Cost of the assets	$ 66,615,912	
Accumulated depreciation	(32,194,365)	34,421,547
District's proportionate share of the net pension asset is reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions.		264,989
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(145,153)
Deferred outflows from the refunding of debt is reported in the statement of net position and is amortized over the refunded debt. In the governmental funds the total sources and payments related to the refunding are recognized in statement of revenue, expenditures and changes in fund equity.		18,006
Deferred inflows/outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions.		2,699,611
Deferred inflows/outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions to OPEB plan.		40,216
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable	(6,095,199)	
Net pension liability - ERS	(203,665)	
Other post-employment benefits	(356,150)	
Compensated absences	(225,994)	(6,881,008)
Total net position - governmental activities		$ 35,710,753

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

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	$ 11,725,834	$ -	$ -	$ (152,319)	$ 11,573,515
Due from other funds	1,357,191	-	-	(1,346,296)	10,895
State and federal aid receivable	529,599	-	-	-	529,599
Other receivables	9,196	-	-	-	9,196
Due from other governments	43,072	-	-	-	43,072
Inventories	10,262	-	-	-	10,262
Net pension asset - NYS TRS	-	264,989	-	-	264,989
Cash to be used for capital assets	-	-	-	$ 152,319	152,319
Capital assets, net	-	34,421,547	-	-	34,421,547
Total assets	13,675,154	34,686,536	-	(1,346,296)	47,015,394
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	4,122,903	-	-	4,122,903
Deferred outflows related to bond refunding	-	18,006	-	-	18,006
Deferred outflows related to OPEB	-	59,742	-	-	59,742
Total assets and deferred outflows of resources	$ 13,675,154	$ 38,887,187	$ -	$ (1,346,296)	$ 51,216,045
Liabilities and Fund Equity/Net Position					
Liabilities					
Accounts payable	$ 457,777	$ -	$ -	$ -	$ 457,777
Accrued liabilities	188,204	-	-	-	188,204
Accrued interest	-	-	145,153	-	145,153
Due to other funds	1,346,296	-	-	(1,346,296)	-
Unearned revenue	8,352	-	-	-	8,352
Due to other governments	183	-	-	-	183
Due to retirement systems	651,797	-	-	-	651,797
Bond anticipation notes payable	5,730,000	-	-	-	5,730,000
Bonds payable	-	-	6,095,199	-	6,095,199
Net pension liability - NYS ERS	-	-	203,665	-	203,665
Other post-employment benefits	-	-	356,150	-	356,150
Compensated absences	-	-	225,994	-	225,994
Total liabilities	8,382,609	-	7,026,161	(1,346,296)	14,062,474
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	1,423,292	-	1,423,292
Deferred inflows related to OPEB	-	-	19,526	-	19,526
Total liabilities and deferred inflows of resources	8,382,609	-	8,468,979	(1,346,296)	15,505,292
Fund equity and net position	5,292,545	38,887,187	(8,468,979)	-	35,710,753
Total liabilities, deferred inflows of resources and fund equity/net position	$ 13,675,154	$ 38,887,187	$ -	$ (1,346,296)	$ 51,216,045

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds		$ (3,703,013)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:		
Capital outlays	$ 5,174,221	
Depreciation expense	(2,318,764)	2,855,457
Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities a gain or loss on sale is reported.		19,100
Repayment of bond principal, including bond refunding's, capital lease principal and bond anticipation notes principal is an expenditure the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,460,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(9,657)
District's proportionate share of actuarial calculated pension expense and net amortization of deferred outflows and inflows related to pension are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.		(107,458)
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to the OPEB plan.		86,294
In the statement of activities, certain operating expenses - compensated absences, and special termination benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences and special termination benefits changed by this amount.		20,879
Change in net position of governmental activities		$ 621,602

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

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Asset and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	$ 2,725,218	$ -	$ -	$ -	$ 2,725,218
Charges for services	94,701	-	-	(94,701)	-
Use of money and property	30,724	-	-	-	30,724
Sale of property compensation for loss	5,848	19,100	-	-	24,948
Miscellaneous	449,583	-	-	-	449,583
State sources	16,277,823	-	-	(356,995)	15,920,828
Federal sources	954,786	-	-	(861,693)	93,093
Surplus food	18,392	-	-	(18,392)	-
Sales (school food service)	36,987	-	-	(36,987)	-
Total revenue	20,594,062	19,100	-	(1,368,768)	19,244,394
Expenditures					
General support	2,877,450	316,078	-	195,293	3,388,821
Instruction	10,388,610	1,372,476	(20,879)	1,622,966	13,363,173
Pupil transportation	1,179,163	108,308	-	208,755	1,496,226
Employee benefits	3,237,600	-	21,164	(3,258,764)	-
Debt service	1,763,738	-	(1,450,343)	-	313,395
Capital outlay	4,652,319	(4,652,319)	-	-	-
Cost of sales	188,905	-	-	(127,728)	61,177
Other expenses	9,290	-	-	(9,290)	-
Total expenditures	24,297,075	(2,855,457)	(1,450,058)	(1,368,768)	18,622,792
Excess (deficiency) of revenue over expenditures	(3,703,013)	2,874,557	1,450,058	-	621,602
Other sources and uses					
Operating transfers in	815,518	-	-	(815,518)	-
Operating transfers out	(815,518)	-	-	815,518	-
Total other sources (uses)	-	-	-	-	-
Net change for year	$ (3,703,013)	$ 2,874,557	$ 1,450,058	$ -	$ 621,602

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

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

A. Reporting Entity

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

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

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the ***Bolivar-Richburg Central School District*** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Agency Fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

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

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

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

During the year, the District was billed $4,491,000 for BOCES administration and program costs. The District's share of BOCES aid and refunds amounted to $1,972,000 for the year ended June 30, 2018. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

C. Basis of Presentation

1. District-wide Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

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

D. Measurement Focus and Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

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

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported at estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

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

I. Due To/From Other Funds

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

J. Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the District-wide Statement of Net Position. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the net change in the actual and expected experience.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Inflows and Outflows of Resources (continued)

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

K. Compensated Absences

Sick leave and Retirement Incentive Pay - certain of the District's employee groups have negotiated retirement incentive benefits payable based on accumulated unused sick days. Generally the employee must have accumulated minimum years of service with the District and must be eligible for retirement under the provisions of either the teacher or employee retirement systems. The District has recorded an estimated liability in the District-wide financial statement amounting to $225,994 to recognize the cost of the incentive benefits for those employees eligible to receive such a benefit. Payment of these benefits is dependent on many factors; therefore, the timing of future payments is not readily determinable.

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

L. Post-Employment Benefits

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Unearned Revenue

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

N. Fund Equity

1. Governmental Funds

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

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

A. Nonspendable

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

1. Inventory Reserve

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

B. Restricted

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

1. Capital Reserve

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

2. Insurance Reserve

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

3. Reserve for Employee Benefits

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

4. Unemployment Reserve

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

5. Employee Retirement Contribution Reserve

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

6. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated or were designated by Board resolution. These reserves are accounted for in the General Fund and Debt Service Fund.

7. Reserve for Repairs

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

8. Endowment Scholarships Reserve

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

9. Liability Reserve

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District did not have any committed fund balance as of June 30, 2018.

D. Assigned

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

1. Encumbrance Reserve

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

The cost of construction contract commitments generally is recorded as an encumbrance of Capital Projects Fund and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year-end are reported as reservations of fund equity since they do not constitute expenditures or liabilities. Reserve for encumbrances totaled $18,517 as of June 30, 2018.

2. Appropriated Fund Equity

General Fund - The amount of $500,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2019 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

2. Government-wide financial statements

A. Net investment in capital assets

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

B. Restricted

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

C. Unrestricted

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

3. Order of Fund Balance Spending Policy

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

a. Restricted fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;

b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;

c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);

d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;

e. Unassigned fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.

b) The proposed appropriations budget is approved by the voters within the District.

c) Appropriations are adopted at the program level.

d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had no supplemental appropriations during the fiscal year ended June 30, 2018.

2. Budget Basis for Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Property Taxes

1. Calendar

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

2. Enforcement

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

Q. Interfund Transfers

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

R. Deferred Compensation Plan

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

S. Estimates

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

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

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

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

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

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

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

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

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

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

3. Long-term Debt Transaction Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

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

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

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2018, the District's deposits were fully collateralized.

A. Deposits

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

(1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;

(2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or

(3) Uncollateralized

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash (continued)

A. Deposits (continued)

Total financial institution (bank) balances at June 30, 2018 per the bank were approximately $11,969,000. Deposits on hand at June 30, 2018 are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
$ 750,000	$ 11,219,000	$ -	$ 11,969,000

II. Investments

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

(1) Insured or registered, or investments are held by the School District or by the School District's agent in the School District's name,

(2) Uninsured and unregistered, with the investments held by the financial institutions trust department in the School District's name;

(3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

Trust and Agency	Market Value
Mutual Funds	$ 2,947,584

These investments are held in the School District's name. The market value of the investments as of June 30, 2018 is based on unadjusted quoted prices in active markets for identical assets and liabilities.

III. Interfund Transactions

Interfund balances and transactions as of and during the year ended June 30, 2018 are as follows

	Interfund Receivable	Interfund Payable
General Fund	$ 1,011,796	$ 260,000
Debt Service Fund	52,202	20,723
School Lunch Fund	-	1,671
Special Aid Fund	2,828	225,654
Agency Fund	16	81,600
Capital Fund	290,365	838,248
Private Purpose Trust Fund	116,066	45,377
Total	$ 1,473,273	$ 1,473,273

	Interfund Revenue	Interfund Expenditures
General Fund	$ -	$ 815,518
School Lunch Fund	162,151	-
Special Aid Fund	20,964	-
Capital Fund	580,201	-
Debt Service Fund	52,202	-
Total	$ 815,518	$ 815,518

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

III. Interfund Transactions (continued)

During the year ended June 30, 2018, the District transferred $162,151 from the general fund to the school lunch fund to subsidize operations and eliminate the accumulated deficit. The District transferred $580,201 from the capital reserve in the general fund to the capital fund for the purchase of transportation vehicles and an emergency capital project. The District also transferred $20,964 from general fund to the special aid fund representing the local share of the summer school program. Lastly, the District transferred $52,202 from general fund to the debt service fund representing the premium on the BAN issuance.

IV. Receivables

Receivables at June 30, 2018 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

Fund	Description	Amount
Special Aid	State and Federal Aid	$ 225,654
Food Service	Other receivables	571
General	State and Federal Aid	303,945
General	Other Receivables	8,625
General	Due from Other Governments	43,072
		$ 581,867

V. Capital Assets

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance 06/30/17	Net change	Ending Balance 06/30/18
Governmental activities:			
Capital assets that are not depreciated:			
Land	$ 92,686	$ -	$ 92,686
Construction-in-progress	3,052,599	4,341,240	7,393,839
Capital assets that are depreciated:			
Buildings and improvements	54,672,641	51,722	54,724,363
Furniture and equipment	5,640,484	(1,235,460)	4,405,024
Total historical cost	63,458,410	3,157,502	66,615,912
Less accumulated depreciation:			
Buildings and improvements	23,624,645	5,804,253	29,428,898
Furniture and equipment	4,402,704	(1,637,237)	2,765,467
Total accumulated depreciation	28,027,349	$ 4,167,016	32,194,365
Total net book value	$ 35,431,061		$34,421,547

V. Capital Assets (continued)

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

General support	$ 391,277
Instruction	1,412,376
Pupil transportation	515,111
	$ 2,318,764

Total additions during the current year amounted to $5,193,322. Also, during the current year, the District had a capital asset appraisal which resulted in adjustments to capital asset and accumulated depreciation balances. This adjustment resulted in a decrease of $3,884,072 to the beginning net position of the District.

VI. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

VI. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS).

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

2. Contributions

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

VI. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

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

Year	TRS	ERS
2018	$ 537,000	$ 286,000
2017	651,000	276,000
2016	701,000	312,000

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

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

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

At June 30, 2018, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

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

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

	ERS	TRS
Actuarial valuation date	3/31/2018	6/30/2017
Net pension asset (liability)	$ (203,665)	$ 264,989
District's portion of the Plan's total net pension liability	.0063104%	.034862%

For the year ended June 30, 2018, the District's recognized pension expense of $263,864 for ERS and $667,937 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 72,641	$ 218,021	$ 60,028	$ 103,316
Changes of assumptions	135,047	2,696,311	-	-
Net difference between projected and actual earnings on pension plan investments	295,807	-	583,894	624,125
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	59,851	35,951	12,620	39,309
District's contributions subsequent to the measurement date	72,453	536,821	-	-
Total	$ 635,799	$ 3,487,104	$ 656,542	$ 766,750

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

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

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, including pension contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2019	$ 133,695	$ 599,866
2020	46,785	715,085
2021	(139,751)	512,217
2022	(61,472)	128,454
2023	-	510,731
Thereafter	-	254,001

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/2018	6/30/2017
Actuarial valuation date	4/1/17	6/30/16
Interest rate	7%	7.25%
Salary scale	3.8% average	1.90% - 4.72%
Decrement tables	4/1/10 – 3/31/15 System's Experience	7/1/09 – 6/30/14 System's Experience
Inflation rate	2.5%	2.5%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2016. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

Measurement date	ERS 3/31/18	Expected Rate of Return	TRS 6/30/17	Expected Rate of Return
Asset Type:				
Domestic Equity	36%	4.55%	35%	5.9%
International Equity	14%	6.35%	18%	7.4%
Private Equity	10%	7.50%	8%	9.0%
Real Estate	10%	5.55%	11%	4.3%
Absolute return strategies	2%	3.75%	-%	-%
Opportunistic portfolio	3%	5.68%	-%	-%
Real Assets	3%	5.29%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.6%
Global fixed income securities	-%	-%	2%	1.3%
High-yield fixed income	-%	-%	1%	3.9%
Bonds and Mortgages	17%	1.31%	8%	2.8%
Cash and Short-term	1%	(.25%)	1%	.1%
Inflation-indexed bond funds	4%	1.25%	-%	-%
Total:	100%		100%	

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

5. Discount Rate

The discount rate used to calculate the total pension asset (liability) was 7% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions form plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 7% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1- percentage point lower (6% for ERS and 6.25% for TRS) or 1-percentage point higher (8% for ERS and 8.25% for TRS) than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset/ (liability)	$ (1,540,985)	$ (203,665)	$ 927,654

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

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

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension asset (liability)	$ (4,564,970)	$ 264,989	$ 4,309,839

7. Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands) ERS	TRS
Measurement date	3/31/2018	6/30/2017
Employers' total pension liability	$ 183,400,590	$ 114,708,261
Plan net position	$ 180,173,145	$ 115,468,360
Employers' net pension asset (liability)	$ (3,227,445)	$ 760,099
Ratio of plan net position to be Employers' total pension liability	98.24%	100.66%

VI. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to $72,453.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to $579,344 (employer contribution $536,821 and employee contributions of $42,523).

B. Other Post-Employment Benefits

Plan Description

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

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2018 the plan had total active employees of 165 and retirees of 21.

Total OPEB Liability

The District's total OPEB liability of $356,150 was measured as of July 1, 2017 and was determined by an actuarial valuation from July 1, 2016 rolled forward to July 1, 2017.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.3% per year
Salary increases	Based on NYSTRS and NYSERS valuations as of June 30, 2015
Discount rate	3.56% as of June 30, 2018 and 2.92% as of July 1, 2017
Healthcare cost trend rates	Range from 5.0% to 8.5% from 2018-2025+
Retirees' share of benefit-related costs	Retirees pay the full cost of coverage with the exception of certain administrators

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

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

The actuarial assumptions used in the July 1, 2017 valuation represent a long-term expectation of future OPEB outcomes.

Changes in the Total OPEB Liability

Service cost	$	12,441
Interest		11,982
Differences between expected and actual experience		(21,696)
Changes in assumptions		(15,248)
Benefit payments		(58,036)
Net changes		(70,557)
Net OPEB liability – beginning of year		426,707
Net OPEB liability – end of year	$	356,150

Changes of assumptions and other inputs reflect a change in the discount rate from 2.92% in 2017 to 3.56% in 2018. Heath care trend rate from 9.0%-5.0% in 2017 to 8.5%-5.0% in 2018.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.56%) or 1 percentage point higher (4.56%) that the current discount rate:

	1% Decrease (2.56%)	Current Assumption (3.56%)	1% Increase (4.56%)
Total OPEB liability	$ 380,245	$ 356,150	$ 333,594

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

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

	1% Decrease (initial rate of 7.5% decreasing by .5% annually until reaching 4%)	Current Assumption (initial rate of 8.5% decreasing by .5% annually until reaching 5%)	1% Increase (initial rate of 9.5% decreasing by .5% annually until reaching 6%)
Total OPEB liability	$ 323,406	$ 356,150	$ 394,409

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

For the year ended June 30, 2018, the District recognized OPEB expense in the amount of $22,360. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 19,526
Benefit payments subsequent to the measurement date	50,618	
Changes in assumptions	9,124	-
Total	$ 59,742	$ 19,526

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

Year ended:	
2019	$ 48,555
2020	(2,063)
2021	(2,063)
2022	(2,063)
2023	(2,063)
Thereafter	(87)

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

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

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

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

VI. Liabilities (continued)

C. Indebtedness (continued)

1. Short-Term Debt (continued)

b. Short-Term Debt Interest

The District had no interest on short-term debt for the year ended June 30, 2018.

2. Long-Term Debt

a. Debt Limit

At June 30, 2018, total indebtedness represents 69% of its debt limit.

b. Serial Bonds

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2018 and 2017 are as follows:

	Balance June 30, 2018	Balance June 30, 2017
2011 Serial Bonds	$ 637,020	$ 1,250,478
2012 Serial Bonds	2,828,965	3,236,284
2015 Serial Bonds	1,465,189	1,934,949
2016 Serial Bonds	1,164,025	1,249,313
Other post-employment benefits	356,150	426,707
Compensated absences	225,994	246,244
Net pension liabilities	203,665	962,390
Retirement incentive	-	629
	$ 6,881,008	$ 9,306,994

During the year, the District made principal payments on its serial bonds in the amount of $1,460,000. The District also made payments on its bond premiums in the amount of $491,024. The net change in compensated absences was a net decrease of $20,250 during the fiscal year ended June 30, 2018. The net change in other post-employment benefits was a decrease of $70,557 during the fiscal year ended June 30, 2018. Lastly, the District's proportionate share of the NYSERS net pension liability - ERS decreased by $391,951 during the current year, while TRS went from having a net pension liability in the prior year in the amount of $366,774 to a net pension asset in the amount of $264,989 in the current year.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity

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

Description of Issue	June 30, 2018
Serial Bonds, issued in 2011 with a maturity date of 2019, bonds carry interest at 4.00%. Refunded 2002A & 2002B serial bonds.	$ 625,000
Plus: unamortized bond premium on bond issuance.	12,020
	$ 637,020
Serial Bonds, issued in 2012 with a maturity date of 2028, bonds carry interest at 3.0%-5.0%.	$ 2,655,000
Plus: unamortized bond premium on bond issuance.	173,965
	$ 2,828,965
Serial Bonds, issued in 2015 with a maturity date of 2021, bonds carry interest at 2.0%-3.0%.	$ 1,445,000
Plus: unamortized bond premium on bond issuance.	20,189
	$ 1,465,189
Serial Bonds, issued in 2016 through DASNY with a maturity date of 2030, bonds carry interest at 2.0%-5.0%.	$ 995,000
Plus: unamortized bond premium on bond issuance.	169,025
	$ 1,164,025

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

	Serial Bonds – 2011 Refunding	
Year	Principal	Interest
2019	$ 625,000	$ 31,250

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

	Serial Bonds – 2012	
Year	Principal	Interest
2019	$ 375,000	$ 131,438
2020	395,000	112,688
2021	415,000	92,938
2022	435,000	72,188
2023	455,000	50,438
2024-2028	580,000	36,376
Total	$ 2,655,000	$ 496,066

	Serial Bonds – 2015	
Year	Principal	Interest
2019	$ 470,000	$ 28,900
2020	485,000	19,500
2021	490,000	9,800
Total	$ 1,445,000	$ 58,200

	Serial Bonds – 2016	
Year	Principal	Interest
2019	$ 65,000	$ 48,850
2020	65,000	45,600
2021	70,000	42,350
2022	75,000	38,850
2023	75,000	35,100
2024-2028	440,000	116,300
2029-2030	205,000	15,500
Total	$ 995,000	$ 342,550

e. Refunding of Long-Term Debt

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

f. Long-Term Debt Interest

Interest expense on long-term debt amounted to $303,738 for the year ended June 30, 2018.

g. Premiums, Debt Issuance Costs and Amortization

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

VII. Fund Equity

A. Deficit Fund Balance

Capital Projects Fund

The District's capital project fund had an accumulated deficit in the amount of $6,461,956 as of June 30, 2018. It is not uncommon for school districts to have deficit fund balances in the capital project funds as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or redeemed at which time such proceeds are recorded as other financing sources revenue.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Fund Equity (continued)

B. Classifications

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

Fund	Reservation Purposes	Balance June 30, 2018
Nonspendable:		
Food Service	Inventory	$ 10,262
Restricted:		
General		
	Liability reserve	$ 500,969
	Unemployment reserve	209,681
	Reserve for insurance	1,275,008
	Reserve for retirement system contributions	613,640
	Capital reserve	3,303,099
	Capital bus reserve	1,589,392
	Repair reserve	66,558
	Employee benefits reserve	803,660
		$ 8,362,007
Debt Service	Reserve for debt service	$ 1,403,658
Private Purpose	Reserve for endowment scholarships	$ 3,037,134
Assigned:		
General	Appropriated fund balance	$ 500,000
	Reserve for encumbrances	18,517
		$ 518,517

C. District-wide Net Position

Net position of the District include restricted net position of $9,765,665 which represent restricted amounts in the general and debt service funds as presented above.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VIII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Risk Sharing Pools

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

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

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

B. Federal and State Grants

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

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VIII. Commitments and Contingencies (continued)

C. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately $381,000 as of June 30, 2018 for accumulating non-vesting sick leave.

D. Contingencies

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

NOTE 4 - CAPITAL PROJECTS

On October 6, 2015, ***Bolivar-Richburg Central School District*** held a public hearing at which time the voters of the District approved an $8,200,000 renovation and energy project. The proposed budget of this capital project included expenditures for architectural and improvement costs to its Bolivar, Richburg and Pre-Kindergarten campuses in the amount of $6,630,000 and an energy performance contract in the amount of $1,570,000. The District had expenditures related to the capital project in the amount $6,163,099 through June 30, 2018.

Also, during the current year the District purchased transportation vehicles in the amount of $372,403 with capital reserve funds transferred from the general fund.

Lastly, during the 2017-18 year, the District's Board of Education approved an emergency project in the amount of $260,000. Expenses of $67,056 were incurred and funded with funds from the general fund.

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENTS

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

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

NOTE 6 – FAIR VALUE MEASUREMENTS

As noted in Note 3II, the District has investments that are reported at fair value in the Statement of Fiduciary Net Position. GASB 72, *Fair Value Measurements and Application,* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs on the hierarchy consist of unadjusted quoted prices in active markets and have the highest priority. Level 2 inputs consist of quoted prices in active markets for similar assets or liabilities or quoted prices in inactive markets for identical or similar assets or liabilities. Level 3 inputs have the lowest priority and consist of assets and liabilities that are measured on a recurring basis using unobservable inputs. The District had $2,947,584 of investments in mutual funds related to a scholarship endowment that is considered to be a level 1 input.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 18, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	$ 2,714,763	$ 2,714,763	$ 2,714,322	$ (441)
Real property tax items	8,000	8,000	10,896	2,896
Charges for services	1,000	1,000	94,701	93,701
Use of money and property	1,000	1,000	30,706	29,706
Sale of property and compensation for loss	500	500	5,848	5,348
Miscellaneous	151,000	151,000	380,804	229,804
State Sources:				
Basic formula	14,132,662	14,132,662	14,103,389	(29,273)
BOCES	1,550,000	1,550,000	1,615,382	65,382
Textbooks	42,130	42,130	38,095	(4,035)
All other aid	31,953	31,953	81,000	49,047
Federal Sources:				
Medicaid reimbursement	50,000	50,000	93,093	43,093
Total revenue	18,683,008	18,683,008	19,168,236	485,228
Other Sources				
Operating transfer in	226,702	226,702	-	(226,702)
Total revenue and other sources	18,909,710	18,909,710	$ 19,168,236	$ 258,526
Appropriated fund equity and carryover encumbrances	500,000	534,421		
Total revenue, other sources and appropriated fund equity	$ 19,409,710	$ 19,444,131		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	$ 14,925	$ 16,725	$ 14,874	$ -	$ 1,851
Central administration	190,656	194,656	193,874	-	782
Finance	209,947	212,721	192,072	-	20,649
Staff	277,621	305,851	291,449	552	13,850
Central services	1,663,241	1,830,090	1,731,803	8,981	89,306
Special items	302,466	302,466	297,279	-	5,187
Instructional:					
Instruction, administration and improvement	621,318	658,354	654,055	-	4,299
Teaching - regular school	4,559,768	4,592,718	4,526,184	7,015	59,519
Programs for children with handicapping conditions	2,962,605	2,962,605	2,577,589	1,898	383,118
Teaching - special schools	53,380	53,380	28,915	-	24,465
Occupational education	608,317	608,317	585,851	-	22,466
Instructional media	524,282	524,282	457,507	-	66,775
Pupil services	832,964	847,854	781,660	-	66,194
Pupil Transportation	878,184	879,824	806,760	71	72,993
Employee Benefits	3,886,298	3,630,550	3,012,535	-	618,015
Debt Service:					
Debt service principal	1,460,000	1,460,000	1,460,000	-	-
Debt service interest	303,738	303,738	303,738	-	-
Total expenditures	19,349,710	19,384,131	17,916,145	18,517	1,449,469
Other Uses:					
Transfer to other funds	60,000	60,000	815,518	-	(755,518)
Total other uses	60,000	60,000	815,518	-	(755,518)
Total expenditures and other uses	$ 19,409,710	$ 19,444,131	18,731,663	$ 18,517	$ 693,951
Excess of revenue and other sources over expenditures and other uses			$ 436,573		

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	$ 10,000	$ 10,249	$ 249
Federal sources	350,880	355,129	4,249
Sales	43,000	36,987	(6,013)
Miscellaneous	10,000	16,577	6,577
Surplus food	22,000	18,392	(3,608)
Use of money and property	-	18	18
Total revenue	435,880	437,352	1,472
Expenditures			
General support	181,210	156,099	25,111
Employee benefits	134,718	127,640	7,078
Cost of sales	196,800	188,905	7,895
Other expenses	13,000	9,290	3,710
Total expenditures	525,728	481,934	43,794
Deficiency of revenue over expenditures	(89,848)	(44,582)	45,266
Other sources (uses)			
Transfer from general fund	30,000	162,151	132,151
Excess (Deficiency) of revenue and other sources over expenditures and other uses	$ (59,848)	117,569	$ 177,417
Fund deficit, beginning of year		(107,306)	
Fund equity, end of year		$ 10,263	

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET	
Adopted budget	$ 19,409,710
Additions:	
Prior year encumbrances	-
Original Budget	19,409,710
Budget Revisions:	
Supplemental appropriations	-
Final budget	$ 19,409,710
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION	
2018-19 voter-approved expenditure budget	**$ 20,857,978**
Maximum allowed (4% of 2018-19 budget)	**$ 834,319**
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Committed fund balance	$ -
Assigned fund balance	518,517
Unassigned fund balance	1,460,056
Total unrestricted fund balance	1,978,573
Less:	
Appropriated fund balance	500,000
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	18,517
Total adjustments	518,517
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	**$ 1,460,056**
Actual percentage	**7.0%**

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

Project Title	Original Appropriation	Revised Appropriation	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Unexpended (Overexpended) Balance	Methods of financing: Proceeds of Obligations	Methods of financing: State Sources	Methods of financing: Local Sources	Methods of financing: Total	Fund Balance June 30, 2018
2016 Capital Project	$ 6,630,000	$ 6,630,000	$ 3,052,599	$ 3,110,500	$ 6,163,099	$ 466,901	$ 5,730,000	$ 82,962	$ 900,000	$ 6,712,962	$ 549,863
2016 Energy Performance Project	1,570,000	1,570,000	-	1,474,763	1,474,763	95,237	-	-	-	-	(1,474,763)
2018 Emergency Project	260,000	260,000	-	67,056	67,056	192,944	-	-	260,000	260,000	192,944
Buses - current year	373,000	373,000	-	372,403	372,403	597	-	-	372,403	372,403	-
	$ 8,833,000	$ 8,833,000	$ 3,052,599	$ 5,024,722	$ 8,077,321	$ 755,679	$ 5,730,000	$ 82,962	$ 1,532,403	$ 7,345,365	(731,956)
							Less: Bond anticipation notes outstanding				(5,730,000)
							Ending fund equity (deficit) balance as of June 30, 2018				$ (6,461,956)

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school*	N/A	2018	$ 104,821	$ 104,821	$ 104,821
Teachers of Tomorrow grant	0644-18-0002	2018	17,000	17,000	17,000
Universal Pre-kindergarten	0409-18-7053	2018	238,689	238,689	238,689
Mentor Teacher	0663-18-0117	2018	7,200	7,200	7,200
School breakfast programs	N/A	2018	4,331	4,331	4,331
School lunch programs	N/A	2018	5,918	5,918	5,918
			$ 377,959	$ 377,959	$ 377,959

* Revenue includes transfer of $20,964 from general fund for local share toward applicable expenditures.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the ***Bolivar-Richburg Central School District*** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - **Non-monetary Federal Program**

The accompanying ***Bolivar-Richburg Central School District*** is the recipient of a non-monetary federal award program. During the year ended June 30, 2018, the District reported in the Schedule of Federal Awards $18,392 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

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

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
U.S. Department of Education:					
Passed through NYS					
Department of Education:					
Title I	84.010A	0021-18-0140	$ 219,729	$ 216,375	$ 216,375
Title II, Part A	84.367A	0147-18-0140	78,212	34,341	34,341
Title II, Part A	84.367A	0147-17-0140	83,217	40,212	40,212
Title VI - Part B - Rural Schools	84.358B	0006-17-0140	18,468	15,968	15,968
IDEA Part B, Section 611 *	84.027A	0032-18-0039	195,159	195,159	195,159
IDEA Part B, Section 619 *	84.173A	0033-18-0039	4,510	4,509	4,509
Total U.S. Department of Education				506,564	506,564
U.S. Department of Agriculture:					
Passed through NYS					
Department of Education:					
National School Breakfast Program **	10.553	N/A	N/A	92,472	92,472
National School Lunch Program **	10.555	N/A	N/A	262,657	262,657
Passed through NYS Office of General					
Services (Division of Donated Foods):					
National School Lunch Program					
Donated Commodities **	10.555	N/A	N/A	18,392	18,392
Total U.S. Department of Agriculture				373,521	373,521
Total expenditures and revenue				$ 880,085	$ 880,085

* Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of 199,668

** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of 373,521

Capital Assets	$	34,421,547
Less:		
Serial bonds		(6,095,199)
Bond anticipation notes		(5,730,000)
Net investment in capital assets	$	22,596,348

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

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate from 2.92% as of 7/1/16 to 3.56% as of 7/1/17

Health care trend rates from 9.0% to 5.0% as of 7/1/16 to 8.5% to 5.0% as 7/1/17

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

Notes to Schedule:

Valuation date: 07/01/16

Actuarially determined contribution rates are rolled forward to July 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	3.56% as of July 1, 2017 and 2.92% as of July 1, 2016
Inflation	1.3% per year
Healthcare cost trend rates	2018 - 8.5%. Rates expected to decrease 0.5% each year thereafter with an ultimate rate of 5.0% after 2025.
Salary increases	Based on NYSERS and NYSTRS valuation as of June 30, 2015.
Mortality	RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015
Retiree Cost Sharing	Retirees are required to contribute the portion of premiums not covered by the District's explicit subsidy.
Participants	165 Active and 21 Retirees

New York State Teachers' Retirement System

For the year ended June 30,	2018	2017	2016	2015	2014	2013
Contractually required contributions	$ 536,673	$ 651,423	$ 700,697	$ 919,367	$ 841,100	$ 599,979
Contributions in relation to the contractually required contribution	(536,673)	(651,423)	(700,697)	(919,367)	(841,100)	(599,979)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 5,476,255	$ 5,558,217	$ 5,284,291	$ 5,244,535	$ 5,176,000	$ 5,067,390
Contributions as a percentage of District's covered-employee payroll	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2018	2017	2016	2015	2014	2013
Contractually required contributions	$ 286,102	$ 275,993	$ 311,838	$ 327,156	$ 364,198	$ 328,075
Contributions in relation to the contractually required contribution	(286,102)	(275,993)	(311,838)	(327,156)	(364,198)	(328,075)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,956,830	$ 1,907,366	$ 1,801,098	$ 1,765,763	$ 1,754,043	$ 1,763,157
Contributions as a percentage of District's covered-employee payroll	14.62%	14.47%	17.31%	18.53%	20.76%	18.61%

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

As of the measurement date of June 30,	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	n/a	0.034862%	0.034245%	0.034914%	0.035040%	0.034604%
District's proportionate share of the net pension asset (liability)	n/a	$ 264,989	$ (366,774)	$ 3,626,436	$ 3,903,274	$ 227,781
District's covered-employee payroll	n/a	$ 5,558,217	$ 5,284,291	$ 5,244,535	$ 5,176,000	$ 5,067,390
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	4.77%	-6.94%	-69.15%	-75.41%	-4.50%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	100.66%	99.01%	110.46%	111.48%	100.70%

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

As of the measurement date of March 31,	2018	2017	2016	2015	2014	2013
District's proportion of the net pension (liability)	0.0063104%	0.0063389%	0.0068004%	0.0063293%	n/a	n/a
District's proportionate share of the net pension (liability)	$ (203,665)	$ (595,616)	$ (1,092,123)	$ (213,822)	$ (286,014)	n/a
District's covered-employee payroll	$ 1,956,830	$ 1,907,366	$ 1,801,098	$ 1,765,763	$ 1,754,043	n/a
District's proportionate share of the net pension (liability) as a percentage of its covered employee payroll	-10.41%	-31.23%	-60.64%	-12.11%	-16.31%	n/a
Plan fiduciary net position as a percentage of the total pension (liability)	98.24%	94.70%	90.70%	97.90%	n/a	n/a

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of ***Bolivar-Richburg Central School District*** as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise ***Bolivar-Richburg Central School District's*** basic financial statements and have issued our report thereon dated September 18, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in the District's internal control described in the accompanying schedule of findings and questioned costs as item II.A.2018-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ***Bolivar-Richburg Central School's*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2018-002.

Bolivar-Richburg Central School District's Responses to Findings

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 18, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited ***Bolivar-Richburg Central School's*** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ***Bolivar-Richburg Central School's*** major federal programs for the year ended June 30, 2018. ***Bolivar-Richburg Central School's*** major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, ***Bolivar-Richburg Central School*** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

In addition, the results of our audit procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as items III.A.2018-003. Our opinion on each major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 18, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:		Unmodified		
Internal control over financial reporting:				
Material weakness(es) identified?		yes	x	no
Significant deficiency(ies) identified?	x	yes		none reported
Noncompliance material to financial statements noted?	x	yes		no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		yes	x	no
Significant deficiency(ies) identified?		yes	x	none reported
Type of auditor's opinion issued on compliance for major programs:		Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)	x	yes		no

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		$ 880,085
Identification of Major Programs Tested:		
Title I	84.010A	$ 216,375
U.S. Department of Education - IDEA Part B, Section 611*	84.027A	195,159
U.S. Department of Education - IDEA Part B, Section 619*	84.173A	4,509
Total major programs tested		$ 416,043
% of Federal programs tested		47%

* Constitutes a cluster of Federal programs

Dollar threshold used to distinguish between Type A and Type B programs:		$ 750,000		
Auditee qualified as low risk?		yes	x	no

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Year ended June 30, 2018

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

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

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

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

B. COMPLIANCE AND OTHER MATTERS

2018-002 Unassigned Fund Balance

Year ended June 30, 2018

Conditions and criteria: ***Bolivar-Richburg Central School District's*** unassigned fund balance in the general fund as of June 30, 2018 amounted to $1,460,056. This amount constitutes approximately 7.0% of the 2018-2019 school budget.

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

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

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

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

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

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

A. COMPLIANCE

Year ended June 30, 2018

2018-003 Special Tests and Provisions

US Department of Education – Title 1 cluster (84.010A and 84.389A)

Year ended June 30, 2018

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

Cause and Effect: Because the District was unable to provide evidence that a "Comprehensive District Education Plan" was being prepared and updated it did not meet Title 34 of Code of Regulations (34 CFR 200.26(c)) of the Title 1 Program.

Auditor's Recommendation: ***Bolivar-Richburg Central School District*** should develop and update a "Comprehensive District Education Plan" on an annual basis.

School District's Response: The District is investigating this requirement and in the process of updating a Comprehensive District Education Plan.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2018

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

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Year ended June 30, 2017

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures. During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2018 as finding 2018-001.

B. COMPLIANCE AND OTHER MATTERS

2017-002 Unassigned Fund Balance

Year ended June 30, 2017

Summary of Prior Year Finding: ***Bolivar-Richburg Central School District's*** unassigned fund balance as of June 30, 2017 amounted to $1,358,682. This amount constituted approximately 7.0% of the 2017-2018 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

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

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30,2018 as finding 2018-002.

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

A. COMPLIANCE

Year ended June 30, 2017

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

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2017

There were no findings related to internal control over compliance during the fiscal year June 30, 2017.

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

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

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2018 of the District's financial statements and have issued our reports thereon dated September 18, 2018. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the ***Bolivar-Richburg Central School District*** for the year ended June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2014 through June 30, 2018. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. ***Bolivar-Richburg Central School*** has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

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

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

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 18, 2018

Members of American Institute of Certified Public Accountants
Private Companies Practice Section

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

REVENUE AND EXPENDITURES COMPARISON AND ANALYSIS OF FUND EQUITY - GENERAL FUND (AMOUNTS IN $1,000)

	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14
Revenue and other sources					
Property taxes	$ 2,725	$ 2,724	$ 2,715	$ 2,823	$ 2,770
State aid	15,838	15,100	14,475	14,027	13,074
All other	605	624	665	513	494
	19,168	18,448	17,855	17,363	16,338
Expenditures and other uses					
General support	2,721	2,515	2,254	2,071	2,206
Instruction	9,612	8,980	8,025	8,139	7,414
Transportation	807	801	590	653	690
Benefits	3,011	3,161	3,092	3,273	3,138
Debt	1,764	1,772	3,012	2,981	3,012
Transfers	816	420	1,082	180	362
	18,731	17,649	18,055	17,297	16,822
Excess (deficiency) of revenue over expenditures	437	799	(200)	66	(484)
Fund equity					
Beginning of year	9,904	9,105	9,305	9,239	9,723
End of year	$ 10,341	$ 9,904	$ 9,105	$ 9,305	$ 9,239
Analysis of fund equity					
Restricted					
Reserve for repairs	$ 67	$ 67	$ 67	$ 67	$ 67
Employee benefit reserve	804	804	804	804	804
Reserve for capital	4,892	4,576	3,836	4,143	4,046
Reserve for retirement system	614	614	614	614	614
Reserve for property loss	500	500	500	500	500
Reserve for insurance	1,275	1,275	1,275	1,275	1,275
Reserve for unemployment insurance	210	210	210	210	210
Assigned					
Reserve for encumbrances	19	-	-	5	12
Next year's budget	500	500	500	500	500
Unassigned	1,459	1,358	1,299	1,187	1,211
	$ 10,341	$ 9,904	$ 9,105	$ 9,305	$ 9,239

School Funding Transparency Reporting

In 2018, New York State passed a law requiring New York Schools to annually report a detailed statement of total funding allocation for each school in the District. A School Funding Transparency Form was created by New York State to capture this information. Beginning in 2020, the District will be required to submit this form annually to the Division of the Budget and State Education Department. Because this is a new reporting model, we recommend that the District continue to review any new guidance issued by New York State and seek opportunities to attend educational seminars if they arise.

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

Fund Balance Reserves

The 2017-18 budget included line items for the use of various reserves (debt service, retirement and EBLAR). Based on current year financial results, the District did not deem the use of these reserves as necessary and did not transfer the reserve funds. In the future it is recommended that the District transfer reserves in accordance with the voter approved budget and if deemed reasonable replenish the reserves via board approval.

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

District's response: The District will be incorporating the funds in the Debt Service Reserve into our strategic plan, including our five year financial plan. As the District looks at planning our next capital project, these funds will likely be used towards those debt service payments. Additionally, as the market for teachers becomes more and more competitive, Districts will likely have a hard time filling positions and will see the financial impact of that as well. We anticipate seeing a rise in personnel costs because of the anticipated shortage of teachers, creating the need to use additional fund balance to balance the budget.

Capital Assets

The District reports approximately $34 million of capital assets within the District-wide financial statements. During the current year, a new independent appraisal of fixed assets was conducted by a third-party provider and a report which details all fixed assets owned by the District was provided. In future years, an important step in the capital asset process includes reporting additions and disposals to the appraisal company on an annual basis and also reviewing the report once the update is complete to verify that such items were properly included.

District's response: The District provides additions and deletions to the Asset Management Company every year, and then review the final statements for accuracy. Due to timing, the District did not review the statements prior to sending.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the ***Bolivar-Richburg Central School District*** for the year ended June 30, 2018, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of the ***Bolivar-Richburg Central School District*** for the year ended June 30, 2018 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 18, 2018

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	Balances July 01, 2017	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2018
Extraclasroom activities:					
Class of 2017	$ 1,442	$ -	$ 1,442	$ 1,442	$ -
Class of 2018	9,912	42,215	52,127	51,146	981
Class of 2019	6,949	1,868	8,817	2,590	6,227
Class of 2020	2,876	828	3,704	480	3,224
Class of 2021	-	5,477	5,477	2,603	2,873
Clothing Store	-	951	951	470	481
Ecology Club	1,001	995	1,996	1,180	816
FCCLA	1,393	201	1,594	1,024	570
Language Club	419	12,978	13,397	12,756	641
Library Fund	427	-	427	-	427
NHS	627	-	627	-	627
Business/Marketing Club	944	451	1,395	588	807
Junior NHS	48	-	48	-	48
Rachel's Challenge	377	255	632	152	480
SADD	2,298	3,216	5,514	2,270	3,244
Sales Tax	211	1,579	1,790	1,545	245
Sentinel	340	-	340	-	340
Science Club	5,510	3,939	9,449	3,122	6,327
Ski Club	16	862	878	861	17
Student Council	7,274	3,724	10,998	3,476	7,522
Theatre Arts	4,897	1,236	6,133	680	5,453
Yearbook	16,270	5,891	22,161	6,768	15,393
Total activity fund	$ 63,231	$ 86,665	$ 149,897	$ 93,152	$ 56,743

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of ***Bolivar-Richburg Central School District***. Consequently, such transactions are not included in the financial statements of the School District. However, cash balances of $56,743 are included in the Trust and Agency Fund as restricted cash and due from other funds with a corresponding amount recorded as a liability in the Fund.

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

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

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

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of ***Bolivar-Richburg Central School District*** as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered ***Bolivar-Richburg Central School District***'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***Bolivar-Richburg Central School District***'s internal control. Accordingly, we do not express an opinion on the effectiveness of ***Bolivar-Richburg Central School District***'s internal control.

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

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

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

Inactive Activity Funds

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

District's response: The Library Club and the Sentinel Club have been reinstated for the 2018-2019 school year with new advisors. The Advisors have new events planned for the year which may or may not include fundraising in the first year, depending on how many students sign up for the clubs. The National Honor Society and Junior National Honor Society are both active clubs but have not done any fundraising in the recent year. That may change for 2018-2019 as the National Honor Society is planning a handful of day trips throughout the Western New York Region.

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 18, 2018

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

September 18, 2018

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

We have audited the financial statements of Bolivar-Richburg Central School as of and for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 20, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bolivar-Richburg Central School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by Bolivar-Richburg Central School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

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Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 18, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

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

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 18, 2018