

**AUDITED
BASIC FINANCIAL STATEMENTS**

BATAVIA CITY SCHOOL DISTRICT

JUNE 30, 2014

BATAVIA CITY SCHOOL DISTRICT

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BATAVIA CITY SCHOOL DISTRICT

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SECTION A
FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The President and Members of the
Board of Education of
Batavia City School District
Batavia, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 the aggregate remaining fund information of the District, as of June 30, 2014 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules on pages 1-12 and A26-A27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements; schedule of change from adopted budget to amended budget – general fund and real property tax limit; schedule of project expenditures – capital project fund; schedule of net investment in capital assets; and the schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements; schedule of change from adopted budget to amended budget – general fund and real property tax limit; schedule of project expenditures – capital project fund; schedule of net investment in capital assets; and the schedule of expenditures of federal awards 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 non-major fund financial statements; schedule of change from adopted budget to amended budget – general fund and real property tax limit; schedule of project expenditures – capital project fund; schedule of net investment in capital assets; and the schedule of expenditures of federal awards 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 August 30, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York
August 30, 2014

**Management's Discussion and Analysis
Batavia City School District
Fiscal Year ended June 30, 2014**

This section of Batavia City School District's (the District) annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key Financial Highlights for fiscal year 2014 are as follows:

- The District continues to budget and operate conservatively in these times of economic uncertainty. This budget practice allows the District to continue planning for the long term by setting funds aside in anticipation of future needs while maintaining effective fund balances in a time of financial uncertainty in funding from the State of New York. The District has also been able to make adjustments in its budget and operations over the last several years while absorbing reductions in NYS aid thereby helping to maintain modest minimal growth in the property tax rate over the last five years, while at the same time maintaining most of our educational program offerings. Over the past few years, the District has been able to set aside funds into reserves to plan for long term anticipated increases in expenditures. The District has been able to put funds into the following reserve funds: Unemployment Insurance which has a total balance of \$1,224,157; Tax Certiorari which has a total balance of \$157,885; Capital which has a total balance of \$689,930; Employee Benefit Liability which has a balance of \$7,920,174; NYS Employees Retirement and repair reserves are indicated below.
- The District continued to fund its Retirement Contribution reserve during the 2013-14 fiscal year by transferring \$464,566 into this reserve. The District has a total of \$2,440,328 set aside in the Retirement Contribution reserve to fund future contributions/expenditures to New York State Employees Retirement System.
- The District continued to fund its Repair reserve during the 2013-14 fiscal year by transferring \$200,000 into this reserve. The District has a total of \$620,821 set aside in the Repair reserve to fund future repairs to capital improvements or equipment.
- New York State Law limits the amount of unreserved fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the undesignated fund balance of the General Fund was \$1,719,455, and this amount was within the statutory limit.
- The District has continued to offer retirement incentives and fully funded the 2014-2015 payment as an accrued liability as of June 30, 2014. The remaining balance of \$302,883 are recorded as other long term debt.
- General fund revenues which include unallocated Federal and State Aid and Real Property Taxes accounted for \$40,024,501 or 85.10% of all revenues.
- The District tax levy in the last seven (7) completed fiscal years from 2007-08 through 2013-14, has increased a total of only \$828,170 or 4.78% over the past seven (7) years or an average yearly increase of \$117,310 which represents a minimal average annual increase of only 0.68% per year.

- The Governor proposed a mid year cut in NYS State Aid during both the 2008-09 and 2009-10 fiscal years and federal stimulus funds were used to offset the proposed State Aid cuts. The adopted NYS budget in 2010-11, 2011-12, 2012-13 and 2013-14 fiscal years has resulted in significant reductions in the District's State Aid allocation. These State Aid reductions are known as GAP Elimination Adjustments. Over this four (4) year period, the total GAP Elimination Adjustment, or loss of state aid, to Batavia City Schools was \$7,875,971 or an average annual loss on NYS Aid of \$1,968,993.

Overview of the Financial Statements

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of Batavia City School District's Annual Financial Report

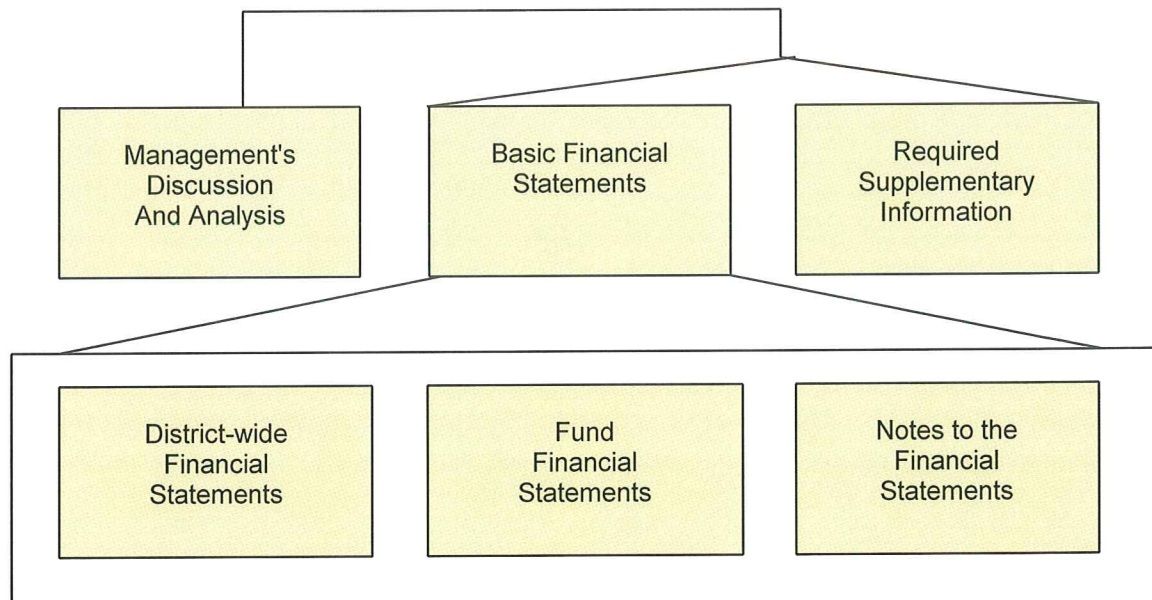


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

Figure A-2 Major Features of the District-wide and Fund Financial Statements			
		Fund Financial Statements	
	District-wide Statements	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	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position - Fiduciary Funds • Statement Changes in Net Position - Fiduciary Fund
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, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	Generally assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; generally 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 expenditures 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

District-wide Statements

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

The two District-wide statements report the 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.

In the district-wide financial statements, the District's activities are shown as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.

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:

- Some funds are required by state law.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- **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 can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps 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 included on the reconciliation schedules explains the relationship (or differences) between them.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds 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.

Financial Analysis of the District as a Whole

By far, the largest component of the District's net position reflects its capital assets, less any related debt used to acquire those assets still outstanding. The District uses these assets to provide services to the students and consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At year end, the District's net investment in capital assets, was \$25,145,737 and constitute 73.72% of total net position.

The other reserves established by the District are restricted for very specific purposes. The amount that is available from these reserves for spending in the subsequent year is limited to the purpose for which the reserve was established, such as payment of current year retiree health insurance and current year principal and interest payments.

Figure A-3

Condensed Statement of Net Position (in thousands of dollars)

	Governmental Activities and Total District		Total Percentage Change
	2014	2013	2013-2014
Current and other assets	\$ 23,861	\$ 24,363	-2.06%
Capital assets not being depreciated	2,555	2,252	13.45%
Capital assets, net of accumulated depreciation	43,335	45,225	-4.18%
Total assets	69,751	71,840	-2.91%
Long-term liabilities	31,433	35,440	-11.31%
Other liabilities	4,206	3,446	22.05%
Total liabilities	35,639	38,886	-8.35%
Net Investment in capital assets	25,146	22,841	10.09%
Restricted for:			
Tax certiorari	158	291	-45.70%
Unemployment insurance	1,224	1,238	-1.13%
Employee benefit accrued liability	7,920	7,907	0.16%
Repairs	621	461	34.71%
Capital projects	690	689	0.15%
Retirement contribution	2,440	1,972	23.73%
Unrestricted (deficit)	(4,087)	(2,445)	67.16%
Total net position	\$ 34,112	\$ 32,954	3.51%

Figure A-4

*Changes in Net Position
(in thousands of dollars)*

	Governmental Activities and Total District		Total Percentage Change
	2014	2013	2013-2014
Revenues:			
Real property taxes	\$ 18,221	\$ 18,109	0.62%
Real property tax items	635	582	9.11%
Non-property taxes	768	628	22.29%
Charges for services	236	204	15.69%
Use of money and property	261	178	46.63%
Miscellaneous	637	667	-4.50%
Sale of property and compensation for loss	14	15	-6.67%
State and federal aid	25,571	25,656	-0.33%
School lunch	367	388	-5.41%
Gain on disposal of assets	4	499	100.00%
Total revenues	<u>46,714</u>	<u>46,926</u>	<u>-0.45%</u>
Expenses:			
General support	6,138	5,616	9.29%
Instruction	34,081	32,406	5.17%
Pupil Transportation	1,500	1,347	11.36%
Debt service	705	1,171	-39.80%
School lunch	1,156	1,096	5.47%
Depreciation	1,976	1,991	-0.75%
Total expenses	<u>45,556</u>	<u>43,627</u>	<u>4.42%</u>
Change in net position	<u>\$ 1,158</u>	<u>\$ 3,299</u>	<u>-64.90%</u>

Figure A-5

Sources of Revenues for Fiscal Year 2014

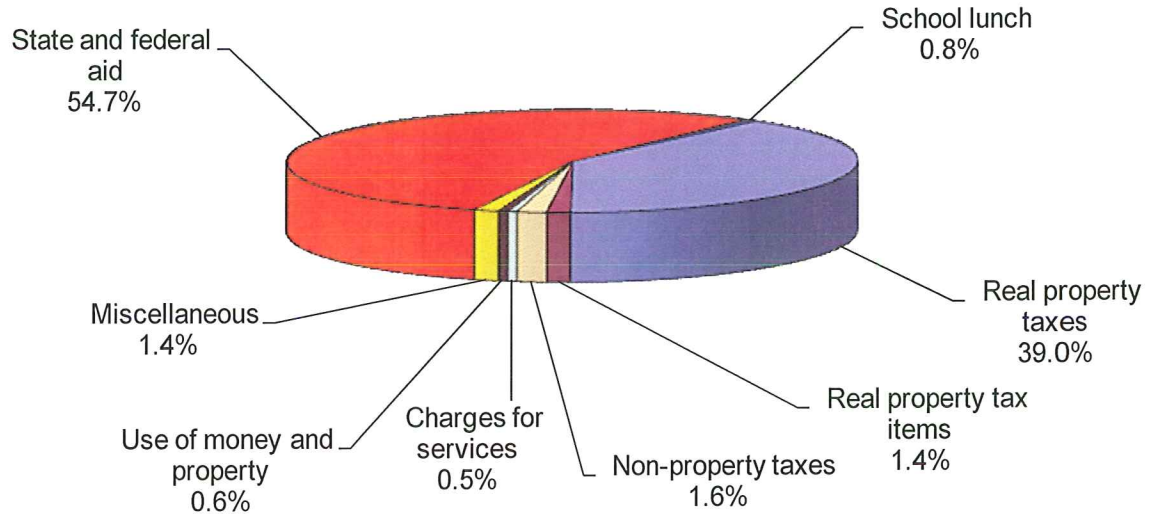


Figure A-5

Sources of Revenues for Fiscal Year 2013

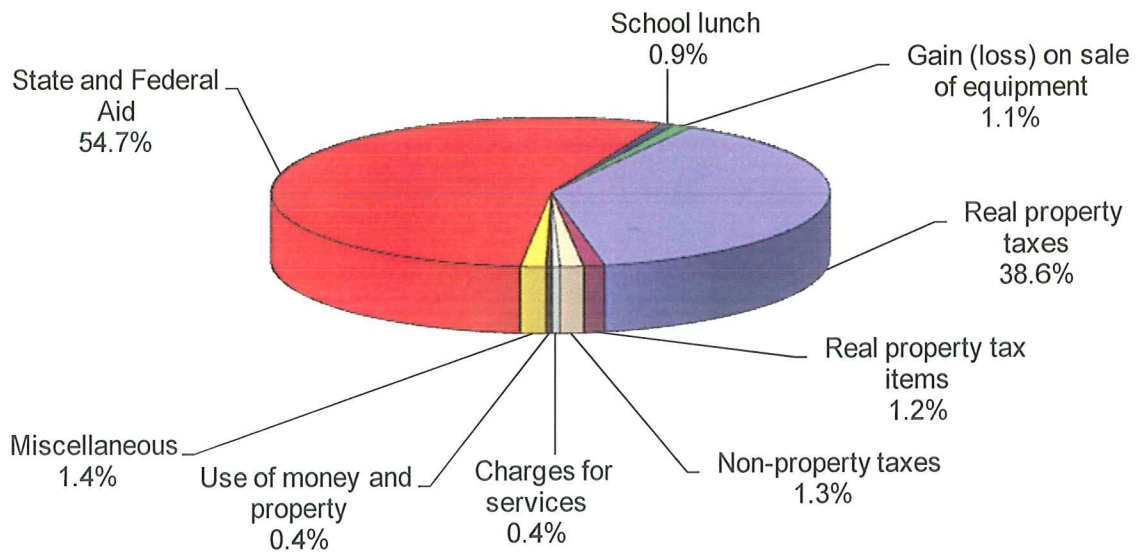


Figure A-6

Expenses for Fiscal Year 2014

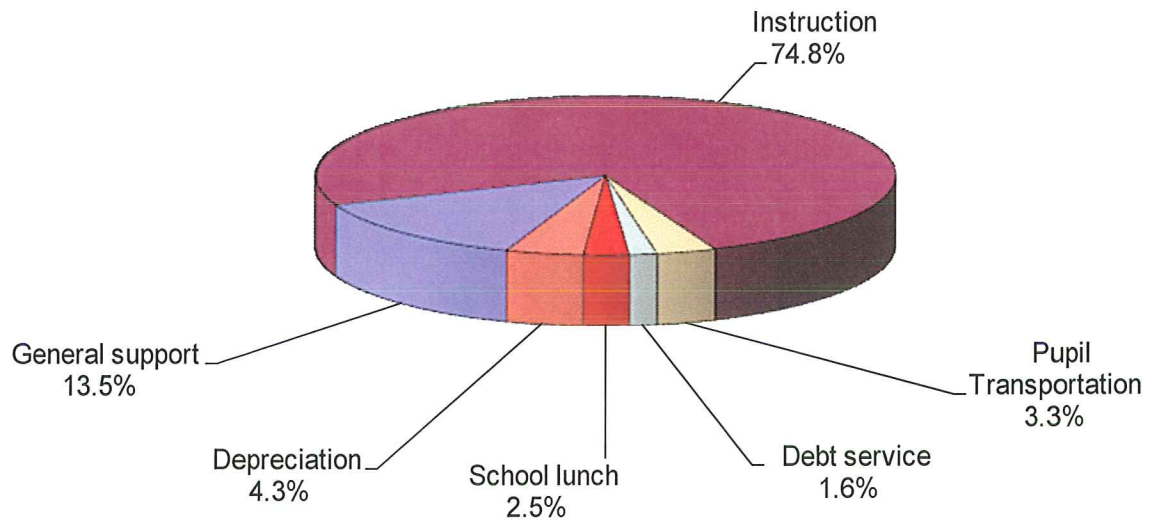
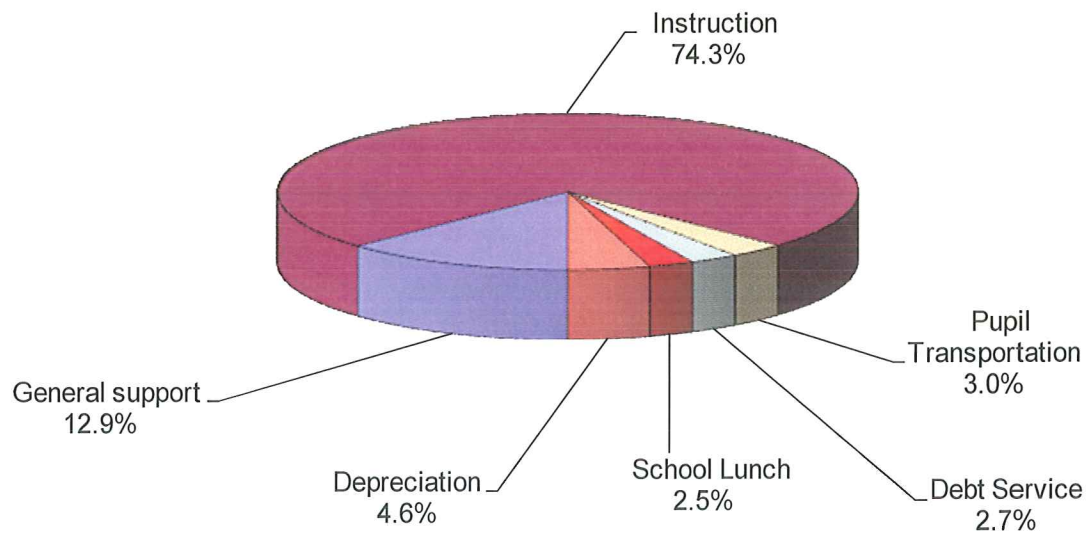


Figure A-6

Expenses for Fiscal Year 2013



Governmental Activities

This section presents the cost of six major District activities: general support, instruction, pupil transportation, debt service, school lunch and depreciation. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7

Sources of Revenues for Fiscal Year 2013

Net Cost of Governmental Activities (in thousands of dollars)

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2014	2013	2013-2014	2014	2013	2013-2014
General support	\$ 6,138	\$ 5,616	9.29%	\$ 6,015	\$ 5,501	9.34%
Instruction	34,081	32,406	5.17%	25,891	23,962	8.05%
Pupil transportation	1,500	1,347	11.36%	586	552	6.16%
Debt service	705	1,171	-39.80%	705	1,171	-39.80%
School lunch	1,156	1,096	5.47%	24	(36)	-166.67%
Depreciation	1,976	1,991	-0.75%	1,976	1,991	-0.75%
Total	\$ 45,556	\$ 43,627	4.42%	\$ 35,197	\$ 33,141	6.20%

Financial Analysis of The District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds:

The focus of the District's governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year and amounts to be applied against next year's fund balance.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$19,429,590. \$6,264,664 constitutes unreserved (assigned and unassigned) fund balance, of which \$2,050,100 has been designated for subsequent years' expenditures (as appropriated fund balance) and represents the amount estimated for use in the 2014-2015 budget. The remainder of the fund balance, \$13,164,926 is reserved (nonspendable or restricted) to indicate that it is not available for new spending because it has already been committed. These reserves have been established in accordance with New York State educational law and their use is restricted for the intended purpose. The District's General Fund reserves include: a reserve for tax certiorari proceedings of \$157,885; a reserve for unemployment insurance of \$1,224,157; a reserve for employee benefit accrued liability of \$7,920,174; a reserve for repairs of \$620,821; a capital projects reserve of \$689,930; and a reserve for retirement contribution of \$2,440,328.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was \$17,830,633, of which \$1,719,455 or 4.00% of the ensuing year's budget was unreserved and undesignated. As previously mentioned, New York State Law limits the amount of unreserved fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. The fund balance of the General Fund increased by \$379,979.

Figure A-8

*Revenues, Expenditures and Changes in Fund Balances - Governmental Major Funds
(in thousands of dollars)*

2014			
	Revenues	Expenditures	Fund Balances
General Fund	\$ 40,025	\$ 39,623	\$ 17,831
Special Aid Fund	2,304	2,304	-
2013			
	Revenues	Expenditures	Fund Balances
General Fund	\$ 39,051	\$ 37,532	\$ 17,451
Debt Service Fund	19,509	19,545	2,486
Special Aid Fund	1,967	1,967	-

General Fund Budgetary Highlights

The District underexpended a significant amount of its amended budget and while conservatively estimating revenues. By continuing a conservative budget approach the District was able to maintain its current reserves while funding both the Repair Reserve and Retirement Contribution Reserve. Funding of these reserves are planned in anticipation for the continued reduction in State Aid by the GAP Elimination Adjustment; increasing costs associated with Employees Retirement System and costs for repairs of capital improvements and equipment. The reserve for the employee benefit accrued liability at June 30, 2014 was \$7,920,174 and represents 75.44% of the District's projected total long-term liability for current employee and retiree post employment health insurance costs. All reserves are evaluated each year as part of the District's long range financial plan.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014 the District had capital assets of \$74,101,322 (\$45,889,481, net of accumulated depreciation), invested in a broad range of capital assets including land, buildings, and furniture and equipment. The change in capital assets, net of accumulated depreciation, is reflected below.

Presently the Batavia City School District maintains an A1 credit rating from Moody's Credit Corporation which is among the highest in Genesee County.

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Figure A-9

Capital Assets Net of Depreciation
(in thousands of dollars)

	Governmental Activities and Total District		Percentage Change
	2014	2013	2013-2014
Land	\$ 2,555	\$ 2,252	13.45%
Buildings	39,161	40,543	-3.41%
Furniture and equipment	4,174	4,682	-10.85%
Total	<u>\$ 45,890</u>	<u>\$ 47,477</u>	<u>-3.34%</u>

Long-Term Obligations

At June 30, 2014, the District had in general obligations and other long-term debt outstanding, as follows:

Figure A-10

Outstanding Long-Term Debt
(in thousands of dollars)

	Governmental Activities and Total District		Percentage Change
	2014	2013	2013-2014
General obligation bonds and notes (financed with property taxes)	\$ 20,075	\$ 23,825	-15.74%
Unamortized premium	669	810	100.00%
Retirement incentives	303	316	-4.11%
Compensated absences	10,386	10,489	-0.98%
Total	<u>\$ 31,433</u>	<u>\$ 35,440</u>	<u>-11.31%</u>

More detailed information about the District's long term obligations is presented in the notes to the financial statements.

Factors Bearing on the District's Future

The State Comptroller has advised all participating employers that billings from the New York State Employee Retirement System, beginning with the December 2003 bill (billing period April 2003 through March 2004), would be at least 4.5% of eligible payroll. The New York State Employee Retirement System has also informed the participating employer that the rate in effect, for eligible payroll, for the February 2015 bill (billing period April 2014 through March 2015) will be approximately 27.40% for Tier 1 employees (a 3.86% decrease) from the prior year; 25.20% for Tier 2 employees (a 3.45% decrease); 20.20% for Tier 3 employees (a 3.35% decrease); 20.20% for Tier 4 employees (a 3.35% decrease); 16.50% for Tier 5 (new tier as of January 1, 2010), a decrease of 1.79% and 10.90% for Tier 6 (new tier as of April 1, 2012), a decrease of 4.39%. Tentative 2016 rates are as follows: Tier 1 and Tier 2 do not apply as there are no more employees of the District in these Tiers. 18.70% for both Tiers 3 & 4 (a 7.43% decrease); 15.400% for Tier 5 (a 6.67% decrease) and 10.50% for Tier 6 (a 3.67% decrease).

The New York State Teachers' Retirement System has also indicated the rate to be used to calculate the TRS expenditures for 2014-15 fiscal year will be 17.53% of eligible salaries. This is an increase of 7.88% compared to 2013-14. In 2013-14 the fiscal year was 16.25% or an increase of 37.25% compared to 2012-13. In 2012-13 fiscal year the rate was 11.84% or an increase of 6.57% compared to the 2011-12 rate of 11.11%. The 2011-12 rate was an increase of 28.89% compared to the 2010-2011 rate of 8.62% of eligible salaries.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Batavia City School District, Batavia, New York.



BATAVIA CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Cash and cash equivalents	\$ 20,361,493
State and federal aid receivable	1,627,071
Taxes receivable	402,283
Accounts receivable	157,470
Due from other governments	1,197,551
Due from fiduciary funds	3,576
Prepaid expenses	96,200
Inventory	15,431
Capital assets not being depreciated	2,554,524
Capital assets, net of accumulated depreciation	<u>43,334,957</u>
 Total assets	 <u>69,750,556</u>

LIABILITIES AND NET POSITION

LIABILITIES:

Accounts payable	487,011
Accrued liabilities	719,900
Accrued interest payable	120,000
Due to other governments	10,597
Unearned revenue	8,888
Due to retirement systems	2,859,334
Long-term liabilities:	
Due and payable within one year	3,711,368
Due and payable after one year	<u>27,721,940</u>
 Total liabilities	 <u>35,639,038</u>

NET POSITION:

Net investment in capital assets	25,145,737
Restricted for:	
Tax certiorari	157,885
Unemployment insurance	1,224,157
Employee benefit accrued liability	7,920,174
Repairs	620,821
Capital projects	689,930
Retirement contribution	2,440,328
Unrestricted (deficit)	<u>(4,087,514)</u>
 Total net position	 <u>\$ 34,111,518</u>

See notes to basic financial statements.

BATAVIA CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Expenses	Indirect Cost Allocation	Program Revenues		Net (Expense) Revenues and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
Governmental activities:					
General support	\$ 5,120,563	\$ 1,017,082	\$ 122,884	\$ -	\$ (6,014,761)
Instruction	25,590,867	8,490,576	112,767	8,077,943	(25,890,733)
Pupil transportation	1,490,959	9,416	-	914,015	(586,360)
Debt service	704,745	-	-	-	(704,745)
School lunch	1,156,469	-	367,488	764,954	(24,027)
Unallocated employee benefits	9,517,074	(9,517,074)	-	-	-
Unallocated depreciation	1,976,099	-	-	-	(1,976,099)
Total governmental activities	\$ 45,556,776	\$ -	\$ 603,139	\$ 9,756,912	(35,196,725)
General revenues:					
Real property taxes					18,221,085
Real property tax items					635,149
Non-property taxes					768,067
Use of money and property					261,273
Sale of property and compensation for loss					13,679
State and federal aid not restricted for a specific purpose					15,813,947
Gain on sale of equipment					3,816
Other miscellaneous revenues					637,333
Total general revenues					36,354,349
Change in net position					1,157,624
Net position - beginning					32,953,894
Net position - ending					\$ 34,111,518

BATAVIA CITY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Special Aid	Non-Major Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 18,483,293	\$ 2,233	\$ 1,875,967	\$ 20,361,493
State and federal aid receivable	462,648	1,103,540	60,883	1,627,071
Taxes receivable	402,283	-	-	402,283
Accounts receivable	154,983	318	2,169	157,470
Due from other governments	1,197,551	-	-	1,197,551
Due from other funds	1,383,415	21,703	-	1,405,118
Prepaid expenditures	96,200	-	-	96,200
Inventory	-	-	15,431	15,431
Total assets	\$ 22,180,373	\$ 1,127,794	\$ 1,954,450	\$ 25,262,617
LIABILITIES:				
Accounts payable	\$ 456,009	\$ 14,189	\$ 16,813	\$ 487,011
Accrued liabilities	683,115	7,886	28,899	719,900
Due to other governments	-	9,806	791	10,597
Due to other funds	21,703	1,095,913	283,926	1,401,542
Unearned revenue	3,000	-	5,888	8,888
Due to retirement systems	2,840,158	-	19,176	2,859,334
Total liabilities	4,003,985	1,127,794	355,493	5,487,272
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	345,755	-	-	345,755
Total deferred inflows of resources	345,755	-	-	345,755

See notes to basic financial statements.

BATAVIA CITY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013
(Continued)

	General	Special Aid	Non-Major Funds	Total Governmental Funds
FUND BALANCES:				
Nonspendable	96,200	-	15,431	111,631
Restricted	13,053,295	-	-	13,053,295
Assigned	2,961,683	-	1,885,701	4,847,384
Unassigned	1,719,455	-	(302,175)	1,417,280
Total fund balances	17,830,633	-	1,598,957	19,429,590
Total liabilities, deferred inflows of resources and fund balances	\$ 22,180,373	\$ 1,127,794	\$ 1,954,450	

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 in the funds, net of accumulated depreciation	45,889,481
Long-term liabilities including serial bonds payable, compensated absences, and retirement incentives are not due and payable in the current period and therefore are not reported in the funds.	(31,433,308)
Interest is accrued and reported in the district-wide Statement of Net Position but not on the fund basis Balance Sheet because it is not due and payable in the current period.	(120,000)
Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenue in the Statement of Activities.	345,755

Net position \$ 34,111,518

BATAVIA CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General	Special Aid	Non-Major Funds	Total Governmental Funds
REVENUES:				
Real property taxes	\$ 18,534,589	\$ -	-	\$ 18,534,589
Real property tax items	635,149	-	-	635,149
Non-property taxes	768,067	-	-	768,067
Charges for services	235,651	-	-	235,651
Use of money and property	258,626	-	2,647	261,273
Sale of property and compensation for loss	23,679	-	-	23,679
Miscellaneous local sources	470,403	88,517	62,142	621,062
Interfund revenues	16,271	-	-	16,271
State sources	18,996,283	427,120	3,557,494	22,980,897
Federal sources	85,783	1,766,540	737,639	2,589,962
School lunch	-	-	367,488	367,488
Total revenues	40,024,501	2,282,177	4,727,410	47,034,088
EXPENDITURES:				
General support	5,184,708	-	302,175	5,486,883
Instruction	23,582,194	2,037,222	-	25,619,416
Pupil transportation	1,458,257	32,702	-	1,490,959
Debt service	-	-	4,611,213	4,611,213
School lunch	-	-	1,156,469	1,156,469
Employee benefits	9,397,660	233,956	-	9,631,616
Total expenditures	39,622,819	2,303,880	6,069,857	47,996,556

See notes to basic financial statements.
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BATAVIA CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

	General	Special Aid	Non-Major Funds	Total Governmental Funds
Excess (deficit) of revenues over expenditures	401,682	(21,703)	(1,342,447)	(962,468)
OTHER FINANCING SOURCES (USES):				
Interfund transfers in	-	21,703	-	21,703
Interfund transfers out	(21,703)	-	-	(21,703)
Total other financing sources (uses)	(21,703)	21,703	-	-
Net change in fund balances	379,979	-	(1,342,447)	(962,468)
Fund balances - beginning	17,450,654	-	2,941,404	20,392,058
Fund balances - ending	<u>\$ 17,830,633</u>	<u>\$ -</u>	<u>\$ 1,598,957</u>	<u>\$ 19,429,590</u>

BATAVIA CITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds	\$ (962,468)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$1,976,099) exceeded capital outlays (\$394,869) in the current period.	(1,581,230)
In the statement of activities, the loss on the disposal of assets is reported as a decrease in financial resources. Thus the change in net position differs from the change in fund balance by the net book value of the assets sold.	(6,184)
Repayments of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period.	3,750,000
Governmental funds report the effect of premiums when debt is first issued in the fund basis statement of revenues, expenses and changes in fund balances whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.	142,034
Increases/decreases in accrued compensated absences reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.	102,025
In the Statement of Activities, the liability related to current and long-term retirement system incentives are reported whereas in the governmental funds the current portion to be paid with current financial resources are recorded.	12,517
Interest accrued and reported in the Statement of Activities does not provide for or require the use of current financial resources and therefore is not reported as expenditures in the governmental funds.	14,434
Revenues that are deferred are accrued and reported in the Statement of Activities whereas on the governmental funds only revenues that are available to pay current obligations are reported.	(313,504)
Change in net position of governmental activities	\$ <u><u>1,157,624</u></u>

BATAVIA CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION -
FIDUCIARY FUNDS
JUNE 30, 2014

	Private Purpose Trust	Agency
	<u>Trust</u>	<u>Agency</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 474,980
Cash and cash equivalents - restricted	270,730	108,091
Restricted investments	369,825	-
Accounts receivable	<u>-</u>	<u>7,587</u>
Total assets	\$ <u>640,555</u>	\$ <u>590,658</u>

LIABILITIES AND NET POSITION

LIABILITIES:		
Accounts payable	\$ 23,020	\$ -
Agency liabilities	-	478,991
Extraclassroom activity balances	-	108,091
Due to other funds	<u>-</u>	<u>3,576</u>
Total liabilities	23,020	590,658
NET POSITION:		
Reserved for scholarships	<u>617,535</u>	<u>-</u>
Total liabilities and net position	\$ <u>640,555</u>	\$ <u>590,658</u>

See notes to basic financial statements.

BATAVIA CITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION -
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Private Purpose Trust
	<hr/>
ADDITIONS:	
Interest	\$ 13,446
Gifts and donations	15,898
Net increase in fair value of investments	<hr/> 31,839
Total additions	61,183
DEDUCTIONS:	
Scholarships	<hr/> 26,556
Total deductions	<hr/> 26,556
Change in net position	34,627
Net position - beginning	<hr/> 582,908
Net position - ending	\$ <hr/> <hr/> 617,535

See notes to basic financial statements.

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Batavia City School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. REPORTING ENTITY

The District is governed by the Education Law and other laws of the State of New York. The District is an independent entity governed by an elected Board of Education. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and are primarily accountable for all fiscal matters.

The scope of activities included within the accompanying financial statements are those transactions which comprise District operations and are governed by, or significantly influenced by, the Board of Education. Essentially, the primary function of the District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function. The financial reporting entity includes all funds, account groups, functions and organizations over which the District officials exercise oversight responsibility.

The reporting entity of the District is based upon criteria set forth by the Governmental Accounting Standards Board. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

1. Included in the Reporting Entity

The Extraclassroom Activity Funds of the District represent funds of the students within the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to financial transactions and designation of student management. The District accounts for assets held as an agent for various student organizations in the Agency Fund of the District.

2. Joint Venture

The District is a component unit in the Genesee Valley Educational Partnership (BOCES). The 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.

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

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school district enrollment as defined in Education Law Section 1950 (4)(b)(7). BOCES charges districts for program costs based on participation and for administrative costs. During the year ended June 30, 2014, the District was billed \$5,751,010 for BOCES administrative and program costs. Financial statements for the BOCES are available from the BOCES administrative office at 80 Munson Street, LeRoy, New York 14482.

There is no authority or process by which a school district can terminate its status as a BOCES component school district. 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 NYS Education Law.

B. 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 District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through property taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include specific operating and discretionary (either operating or capital) grants.

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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. 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 financial 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. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as Federal and State grants that are legally restricted to expenditures for a specified purpose. These legal restrictions may be imposed either by governments that provide the funds or by outside parties.

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the District reports the following fund types:

Fiduciary Funds: These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that are the property of others. These activities are not included in the district-wide financial statements, because their resources are not the property of the District, and are not available to be used. There are two classes of fiduciary funds:

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

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

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the district-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the district-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 the timing of related cash flows. Property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within one year of the end of the current fiscal period with the exception of property taxes, which the period of availability is sixty days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within one year of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

D. BUDGETARY INFORMATION

1. BUDGET POLICIES

The District's administration prepares a proposed budget for approval by the Board of Education for the general fund. The proposed appropriation budget is then approved by the voters within the District. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred.

2. BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2014, and therefore, is the only fund presented on the Budgetary Comparison Schedule.

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

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists was not determined at the time the budget was adopted.

The capital projects fund is appropriated on a project-length basis. Other special revenue funds and the permanent fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

2. RESTRICTED ASSETS

Certain assets are classified on the balance sheet as restricted because their use is limited. Donations to be used towards scholarships in the Private Purpose Trust Fund and funds supporting extraclassroom activities in the Agency Fund, are restricted specifically for those purposes. Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment, are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

3. INVESTMENTS

Investments for the District are reported at fair value (generally based on quoted market prices).

4. ACCOUNTS RECEIVABLE

Accounts receivables are carried at their net realizable value. Accounts are written-off as uncollectible after the likelihood of payment is considered remote by management. No allowance for uncollectible accounts has been established by management since management believes all accounts receivable to be fully collectible.

5. INVENTORY

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

These assets are classified as nonspendable to signify that portion of fund balance that is not in a spendable form.

6. CAPITAL ASSETS

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2004. For assets acquired prior to June 30, 2004, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,000	straight-line	30-40 years
Building improvements	2,000	straight-line	15-30 years
Site improvements	2,000	straight-line	15-30 years
Vehicles	2,000	straight-line	8-15 years
Furniture and equipment	2,000	straight-line	5-40 years

7. INSURANCE

The District insures against liability for most risks including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

8. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualified for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – property taxes*, is reported only in the governmental funds balance sheet.

9. UNEARNED REVENUE

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant funds are received prior to the occurrence of qualifying expenditures. In subsequent periods when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

10. COMPENSATED ABSENCES

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (LIFO) basis. Upon retirement, resignation or death, employees may receive a credit to be used towards health insurance based on unused accumulated sick leave, based on contractual provisions.

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

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on contractually negotiated rates in effect at year end.

In the fund statements only, the amount of matured vacation time is accrued within the General Fund based on expendable and available financial resources. Sick time is expensed on a pay-as-you-go basis.

11. ACCRUED LIABILITIES AND LONG-TERM LIABILITIES

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in full from current financial resources. Claims and judgments and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

12. NET POSITION FLOW ASSUMPTION

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

13. FUND BALANCE FLOW ASSUMPTIONS

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the District's fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy that the Board of Education will assess the current financial condition of the District and then determines the order of application of expenditures to which fund balance classifications will be charged.

14. FUND BALANCE POLICIES

Fund balance of District's funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the Business Administrator to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. REVENUES AND EXPENDITURES/EXPENSES

1. PROGRAM REVENUES

Amounts reported as *program revenues* include 1) charges to tax payers or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. PROPERTY TAXES

Real property taxes are levied annually by the Board of Education no later than October 1. Taxes are collected during the period of October through December. Uncollected real property taxes are subsequently enforced by the City of Batavia and Genesee County for the Towns of Batavia and Stafford. The City and County pay an amount representing uncollected taxes transmitted to them for enforcement to the District no later than the forthcoming January 1. Uncollected real property taxes at June 30, 2014 are reported as taxes receivable and unearned tax revenue.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

H. FUTURE ACCOUNTING PRONOUNCEMENT

As of June 30, 2014, the Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, which will be effective for the year ending June 30, 2015 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which should be applied simultaneously with the provisions of Statement No. 68. These statements would require the District to record the District's unfunded liability related to the Employees' Retirement System (ERS) in the district-wide financial statements. As of June 30, 2014, ERS has not provided sufficient information related to this liability to determine whether it will have a material impact on the District's financial statements upon implementation.

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. DEPOSITS AND INVESTMENTS

The District's investment policies are governed by State statutes. In addition, the District has its own written investment policy. The District funds must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include demand accounts and certificates of deposit, 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 deposits, 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.

The District's aggregate bank balances were fully collateralized at June 30, 2014.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contract to be reserved for various purposes. Restricted cash as of year-end includes \$108,091 within the Agency Fund restricted for extraclassroom activities, \$270,730 in the Private Purpose Trust Fund restricted for scholarships.

Investments

The District has investments donated to scholarship funds. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as registered in the District's name.

		<u>Cost</u>	<u>Market Value</u> <u>June 30, 2014</u>
198	Shares Comcast Corporation	\$ -	\$ 10,629
34	Shares NCR Corporation	-	1,202
34	Shares Teradata Corporation	-	1,376
1323	Shares American Telephone and Telegraph, Inc.	2,820	46,186
3527	Shares Putnam Investors Fund, Inc.	27,852	74,038
68	Shares Alcatel-Lucent	1,141	242
19	Shares LSI Corporation	-	212
3210	Shares Eastman Kodak	200,000	96
638	Shares Verizon	5,498	30,886
12	Shares Fair Point Communications	-	168
3579	Shares JP Morgan Chase	24,319	204,790
			<u>\$ 369,825</u>

For the year ended June 30, 2014, the District recognized a net increase in the value on investments of \$31,839.

Investment and Deposit Policy

The District implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

B. RECEIVABLES

Significant revenues accrued by the District include the following:

Accounts receivable consists of the following at June 30, 2014:

General Fund:	
Taxes receivable	\$ <u>402,283</u>
Due from other governments:	
BOCES' aid	\$ 1,196,783
Miscellaneous	<u>768</u>
	\$ <u>1,197,551</u>

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

State and federal aid receivable, consist of the following at June 30, 2014:

General Fund:	
State aid - excess cost aid	\$ <u>462,648</u>
Special Aid Fund:	
Section 619	30,789
Section 611	436,764
Race to the top	21,318
Title I	227,251
Universal Pre-Kindergarten	107,243
Summer school	203,575
Teacher Resource Center	35,831
Title III	4,202
Title IIA	<u>36,567</u>
	1,103,540
School Lunch Fund	<u>60,883</u>
Total	\$ <u>1,627,071</u>

C. CAPITAL ASSETS

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

	Balance 6/30/13	Increases	Decreases	Balance 6/30/14
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,252,349	\$ -	\$ -	\$ 2,252,349
Construction in process	<u>-</u>	<u>302,175</u>	<u>-</u>	<u>302,175</u>
Total capital assets, not being depreciated	<u>2,252,349</u>	<u>302,175</u>	<u>-</u>	<u>2,554,524</u>
Capital assets that are depreciated:				
Buildings	58,920,964	-	-	58,920,964
Furniture and equipment	<u>12,563,496</u>	<u>92,694</u>	<u>30,356</u>	<u>12,625,834</u>
Total capital assets, being depreciated	<u>71,484,460</u>	<u>92,694</u>	<u>30,356</u>	<u>71,546,798</u>
Less accumulated depreciation:				
Buildings	18,378,244	1,381,915	-	19,760,159
Furniture and equipment	<u>7,881,670</u>	<u>594,184</u>	<u>24,172</u>	<u>8,451,682</u>
Total accumulated depreciation	<u>26,259,914</u>	<u>1,976,099</u>	<u>24,172</u>	<u>28,211,841</u>
Total capital assets, being depreciated, net	<u>45,224,546</u>	<u>(1,883,405)</u>	<u>6,184</u>	<u>43,334,957</u>
Governmental activities capital assets, net	<u>\$47,476,895</u>	<u>\$ (1,581,230)</u>	<u>\$ 6,184</u>	<u>\$45,889,481</u>

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

D. ACCRUED LIABILITIES

Accrued liabilities reported by the District at June 30, 2014, were as follows:

	General Fund	Special Aid Fund	Non-Major Funds	Total
Salary and employee benefits	\$ 99,059	\$ 7,886	\$ 1,229	\$ 108,174
Accrued vacation	195,503	-	9,421	204,924
BTA sick bank	55,286	-	-	55,286
Retirement incentives	333,267	-	-	333,267
Retainage	-	-	18,249	18,249
Total accrued liabilities	<u>\$683,115</u>	<u>\$ 7,886</u>	<u>\$ 28,899</u>	<u>\$ 719,900</u>

E. PENSION OBLIGATIONS

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS) (the Systems).

PLAN DESCRIPTIONS

Teachers' Retirement System (TRS)

The New York State Teachers' Retirement System is administered by the New York State Teachers' Retirement Board. The System provides retirement, disability, withdrawal and death 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 New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits, as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

FUNDING POLICIES

The Systems are noncontributory except for employees who joined the Systems after July 27, 1976 who contribute 3.0% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employees contribution rates under ERS tier VI vary based on a sliding salary scale. For the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulated fund. Pursuant to Article 11 of the Education Law, rates are established annually for TRS by the New York State Teachers' Retirement Board.

The District is required to contribute at an actuarially determined rate. The retirement contributions for the current year and two preceding years were:

	ERS	TRS
2014	\$ 838,995	\$1,875,520
2013	953,206	1,819,035
2012	862,438	1,634,209

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The District chose to prepay the required contributions by December 15, 2013 and received an overall discount of \$7,550

F. CONSTRUCTION AND OTHER COMMITMENTS

CONSTRUCTION COMMITMENTS

The District has an active construction project as of June 30, 2014. The project includes improvements to Richmond Memorial Library. Outstanding construction commitments are estimated at \$983,553.

ENCUMBRANCES

As discussed in Note 1.D.2, Budgetary Information, Budgetary Basis of Accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were \$921,067 in the General Fund.

G. LONG-TERM LIABILITIES

GENERAL OBLIGATION BONDS

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds outstanding at June 30, 2014 are as follows:

The following is a summary of maturities of indebtedness:

<u>Description</u>	<u>Issue Date</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding 6/30/14</u>
Technology Project and improvements	06/15/2025	\$ 3,685,000	06/15/2014	Various	\$ 2,855,000
Partial Reconstruction and Improvements	11/01/2007	12,449,045	06/15/2014	Various	7,325,000
2012 Refunding Serial Bonds	08/14/2012	13,995,000	03/15/2019	Various	<u>9,895,000</u>
					<u>\$ 20,075,000</u>

CHANGES IN LONG-TERM LIABILITIES

	<u>Balance 6/30/13</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance 6/30/14</u>	<u>Due Within One Year</u>
General obligation debt:					
Serial bonds	\$ 23,825,000	\$ -	\$ 3,750,000	\$20,075,000	\$ 3,050,000
Unamortized premium	810,778	-	142,034	668,744	142,034
Other long-term debt:					
Compensated absences	10,488,706	2,014,586	2,116,611	10,386,681	519,334
Retirement incentive	<u>593,850</u>	<u>320,750</u>	<u>278,450</u>	<u>636,150</u>	<u>333,267*</u>
Total long-term liabilities	<u>\$ 35,718,334</u>	<u>\$2,335,336</u>	<u>\$ 6,287,095</u>	<u>\$31,766,575</u>	<u>\$ 4,044,635</u>

*The current amount is included in accrued liabilities.

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The following is a summary of maturing debt service requirements for the District's serial bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 3,050,000	\$ 752,388
2016	3,155,000	651,763
2017	3,245,000	547,588
2018	3,355,000	418,938
2019	2,595,000	285,938
2020-2024	4,365,000	457,251
2025	310,000	11,625
Total	<u>\$ 20,075,000</u>	<u>\$ 3,125,491</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$9,895,000 of bonds outstanding are considered defeased.

H. FUND BALANCE

DETAIL OF FUND BALANCES

As of June 30, 2014, fund balances were classified as follows:

	<u>General</u>	<u>Non-Major Funds</u>	<u>Total</u>
<u>Nonspendable</u>			
Prepaid expenditures	\$ 96,200	\$ -	\$ 96,200
Inventory	-	15,431	15,431
<u>Restricted:</u>			
Unemployment	1,224,157	-	1,224,157
Retirement	2,440,328	-	2,440,328
Tax Certiorari	157,885	-	157,885
Capital	689,930	-	689,930
Repairs	620,821	-	620,821
Employee Benefits			
Accrued Liability	7,920,174	-	7,920,174
<u>Assigned:</u>			
Subsequent years' expenditures	2,050,100	-	2,050,100
Debt Service	-	1,407,493	1,407,493
School Lunch	-	478,208	478,208
<u>Encumbrances:</u>			
General Support	896,562	-	896,562
Instruction	8,256	-	8,256
Transportation	6,765	-	6,765
<u>Unassigned:</u>			
General fund	1,719,455	-	1,719,455
Capital fund	-	(302,175)	(302,175)
Total	<u>\$ 17,830,633</u>	<u>\$ 1,598,957</u>	<u>\$ 19,429,590</u>

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

I. INTERFUND ACTIVITY

Interfund activity at June 30, 2014 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 1,383,415	\$ 21,703	\$ -	\$ 21,703
Capital Fund	-	283,926	-	-
Special Aid Fund	21,703	1,095,913	21,703	-
Trust & Agency Fund	-	3,576	-	-
Total	<u>\$ 1,405,118</u>	<u>\$ 1,405,118</u>	<u>\$ 21,703</u>	<u>\$ 21,703</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

Interfund receivables and payables were incurred primarily due to salaries paid by general fund on behalf of the special aid fund, amounts owed by the general fund to the special aid fund for the summer school program and amounts owed to the general fund by the capital fund for reimbursement of capital project expenses.

J. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

DEFICIT FUND EQUITY

At June 30, 2014, the capital projects fund, a non-major fund, has a deficit fund balance of \$302,175. The deficit is the result of project costs that have not yet been funded. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in).

NOTE 3 - RISK MANAGEMENT

A. WORKERS' COMPENSATION PLAN

Genesee County Plan

The District is a participant in the Genesee County Self-Insurance Workers' Compensation Plan (the Plan). The Plan was established under the provisions of Workers' Compensation Law of the State of New York and is administered and sponsored by its predominant participant, Genesee County. The Plan is a public entity risk pool which provides the District the opportunity to participate in a cooperative program for providing workers' compensation benefits to its employees.

The District is one of over 26 municipal corporations that participate in the Plan. Eligible participants may become members upon filing with the Executive Secretary of the Plan a certified copy of the resolution of the prospective member's governing board electing to participate in the Plan on or before July 15th. Voluntary withdrawal from the Plan is effective once annually. Withdrawal from the Plan is effective at the end of the current operating year, upon filing with the Executive Secretary of the Plan a certified copy of the resolution of the member's governing board electing to withdraw from the Plan before July 15th. Upon withdrawal, the participant shall pay, in a lump sum or in installments, an equitable share of the outstanding liabilities of the Plan as of the date of withdrawal, as determined by the Plan administrator. Contributions to the Plan are determined annually based upon claim payment experience and real property tax assessments.

BATAVIA CITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - RISK MANAGEMENT (Continued)

No refunds or assessments, other than periodic premiums, are charged to the participant organizations, except in the case where the Plan's assets are not sufficient to meet liabilities. In that instance, a special assessment may be assessed against the participant organizations. The Plan has established reserve liabilities which provide for current claim expenses. At June 30, 2014 the Plan did not provide sufficient information to disclose the funding status or future claim liabilities for the District.

Since actual claim costs depend on such complex factors as inflation and changes in doctrines of legal liability, the process used in estimating future claim liability does not result in an exact amount. Estimated claim liability is calculated based on actuarial and statistical information, which reflects recent settlements and other social and economic factors, as well as past experience. As of December 31, 2013, the Plan had an unfunded liability of \$2,187,667

NOTE 4 - COMMITMENTS AND CONTINGENCIES

A. CONTINGENCIES

The District participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

BATAVIA CITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Amended Budget	Current Year's Revenues	Over (Under) Amended Budget
REVENUES:				
Local sources:				
Real property taxes	\$ 18,140,376	\$ 18,140,376	\$ 18,534,589	\$ 394,213
Real property tax items	606,052	606,052	635,149	29,097
Non-property tax items	720,000	720,000	768,067	48,067
Charges for services	121,000	121,000	235,651	114,651
Use of money and property	124,400	124,400	258,626	134,226
Sale of property and compensation for loss	15,500	15,500	23,679	8,179
Miscellaneous local sources	325,000	325,000	470,403	145,403
Interfund revenues	-	-	16,271	16,271
State sources:				
Basic formula, excess cost and lottery aid	16,529,134	16,529,134	16,068,890	(460,244)
BOCES	2,872,900	2,872,900	2,659,517	(213,383)
Other	210,425	210,425	267,876	57,451
Federal sources	78,000	78,000	85,783	7,783
Total revenues	39,742,787	39,742,787	40,024,501	281,714
Other sources:				
Appropriated fund balance	3,213,416	3,213,416	-	(3,213,416)
Total revenues and other sources	\$ 42,956,203	\$ 42,956,203	\$ 40,024,501	\$ (2,931,702)

BATAVIA CITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

	Original Budget	Amended Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
EXPENDITURES:					
General support:					
Board of education	\$ 12,318	\$ 41,734	\$ 33,626	\$ 4,701	\$ 3,407
Central administration	258,361	288,453	273,053	205	15,195
Finance	706,313	536,049	500,071	29,140	6,838
Staff	206,007	373,340	276,893	3,020	93,427
Central services	3,267,312	3,368,987	2,854,477	173,465	341,045
Special items	845,924	1,292,240	1,246,586	-	45,654
Instruction:					
Instruction, administration and improvements	1,385,030	1,469,250	1,426,767	5,167	37,316
Teaching - regular school	13,115,291	13,018,223	12,144,809	191,679	681,735
Programs for children with handicaps	5,056,831	5,146,589	4,408,766	227,469	510,354
Occupational education	1,106,550	1,106,550	998,055	-	108,495
Instructional media	2,619,300	3,158,375	2,815,203	263,344	79,828
Pupil services	1,928,232	1,973,671	1,788,596	5,030	180,045
Pupil transportation	1,691,104	1,727,877	1,458,257	107	269,513
Employee benefits	10,722,630	9,419,865	9,397,660	8,256	13,949
Total expenditures	42,921,203	42,921,203	39,622,819	911,583	2,386,801
Other uses:					
Interfund transfers out	35,000	35,000	21,703	-	13,297
Total expenditures and other uses	\$ 42,956,203	\$ 42,956,203	39,644,522	\$ 911,583	\$ 2,400,098
Net change in fund balance			\$ 379,979		

SECTION B
SUPPLEMENTAL SCHEDULES

BATAVIA CITY SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

ASSETS:					
	School Lunch	Debt Service	Capital	Total	
Cash and cash equivalents	\$ 468,474	\$ 1,407,493	\$ -	\$ 1,875,967	
State and federal aid receivable	60,883	-	-	60,883	
Accounts receivable	2,169	-	-	2,169	
Inventory	15,431	-	-	15,431	
Total assets	\$ 546,957	\$ 1,407,493	\$ -	\$ 1,954,450	
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	16,813	-	-	16,813	
Accrued liabilities	10,650	-	18,249	28,899	
Due to other governments	791	-	-	791	
Due to other funds	-	-	283,926	283,926	
Unearned revenue	5,888	-	-	5,888	
Due to retirement systems	19,176	-	-	19,176	
Total liabilities	53,318	-	302,175	355,493	
Fund balances:					
Nonspendable	15,431	-	-	15,431	
Assigned	478,208	1,407,493	-	1,885,701	
Unassigned	-	-	(302,175)	(302,175)	
Total fund balances	493,639	1,407,493	(302,175)	1,598,957	
Total liabilities and fund balances	\$ 546,957	\$ 1,407,493	\$ -	\$ 1,954,450	

See notes to the basic financial statements.

BATAVIA CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	School Lunch	Debt Service	Capital	Total
REVENUES:				
Use of money and property	\$ 424	\$ 2,223	\$ -	2,647
Miscellaneous local sources	62,142	-	-	62,142
State sources	27,315	3,530,179	-	3,557,494
Federal sources	737,639	-	-	737,639
School lunch	367,488	-	-	367,488
Total revenues	1,195,008	3,532,402	-	4,727,410
EXPENDITURES:				
General support	-	-	302,175	302,175
Debt service	-	4,611,213	-	4,611,213
School lunch	1,156,469	-	-	1,156,469
Total expenditures	1,156,469	4,611,213	302,175	6,069,857
Net change in fund balances	38,539	(1,078,811)	(302,175)	(1,342,447)
Net position - beginning of year	455,100	2,486,304	-	2,941,404
Net position - end of year	\$ 493,639	\$ 1,407,493	\$ (302,175)	\$ 1,598,957

See notes to the basic financial statements.

BATAVIA CITY SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ORIGINAL
BUDGET TO REVISED BUDGET -
GENERAL FUND AND REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2014

Adopted Budget	\$ 41,981,241
Additions:	
Encumbrances from prior year	<u>974,962</u>
Amended Budget	<u>\$ 42,956,203</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2014-15 expenditure budget	\$ 42,986,362
Maximum allowed	1,719,455

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

Unrestricted fund balance:	
Assigned fund balance	2,961,683
Unassigned fund balance	<u>1,719,455</u>
Total unrestricted fund balance	<u>4,681,138</u>

Less:	
Appropriated fund balance	2,050,100
Encumbrances included in	
assigned fund balance	<u>911,583</u>
Total adjustments	<u>2,961,683</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 1,719,455</u>
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Actual percentage	4%
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BATAVIA CITY SCHOOL DISTRICT
 SCHEDULE OF PROJECT EXPENDITURES -
 CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2014

Project Title	Original Appropriations	Revised Appropriations	Capital Expenditures		Unexpended Balance	Methods of Financing			Fund Balance 06/30/14
			Prior Years	Current Year		Proceeds of Obligations	State Aid	Local Sources	
Richmond Memorial Library	\$ 1,224,480	\$ 1,285,728	\$ -	\$ 302,175	\$ 302,175	\$ -	\$ -	\$ -	\$ (302,175)
Total	\$ 1,224,480	\$ 1,285,728	\$ -	\$ 302,175	\$ 302,175	\$ -	\$ -	\$ -	\$ (302,175)

BATAVIA CITY SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

Capital assets, net	\$ 45,889,481
Deduct:	
Long-term portion of serial bonds payable	20,075,000
Unamortized premium on bonds payable	<u>668,744</u>
Net investment in capital assets	<u>\$ 25,145,737</u>

SECTION C
SUPPLEMENTARY INFORMATION -
FEDERAL FINANCIAL ASSISTANCE

BATAVIA CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture</u>			
<i>Direct Programs:</i>			
None			
<i>Passed through New York State Bureau of School Food Management:</i>			
Food Distribution	10.555	---	\$ 79,043
National School Lunch Program	10.555	---	514,811
National School Breakfast Program	10.553	---	<u>143,785</u>
Total U.S. Department of Agriculture			<u>737,639</u>
<u>U.S. Department of Education</u>			
<i>Direct Programs:</i>			
None			
<i>Passed through the State Education Department of the State of New York:</i>			
Educationally Deprived Children			
Local Education Agencies			
Title I – 2012-2013	84.010	0021-13-1000	105,947
Title I – 2013-2014	84.010	0021-14-1000	440,812
Title I School Improvement A – 2013-2014	84.010	0011-14-2020	25,188
Title I School Improvement – 2013-2014	84.010	0011-14-2220	57,425
Handicapped-State Grants - Part B,			
Education of the Handicapped			
Section 611 – 2012-2013	84.027	0032-13-0276	26,535
Section 611 – 2013-2014	84.027	0032-14-0276	786,638
Education of the Handicapped			
Section 619 – 2012-2013	84.173	0033-13-0276	11,419
Section 619 – 2013-2014	84.173	0033-14-0276	59,146
Federal, State, and Local Partnership for			
Education Improvement			
Title IIA – 2012-2013	84.367	0147-13-1000	114,213
Title IIA – 2013-2014	84.367	0147-14-1000	62,908
English Language Acquisition State Grants			
Title III – 2013-2014	84.365	0149-14-1000	8,966
ARRA - Race to the Top – 2013-2014	84.395	5500-14-1000	<u>67,343</u>
Total U.S. Department of Education			<u>1,766,540</u>
Total Expenditures of Federal Awards			<u>\$2,504,179</u>

See notes to schedule of expenditures of federal awards.

BATAVIA CITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the District's financial reporting system, which is the source of the Districts' basic financial statements. Grant numbers were presented where available.

NOTE 3 - MAJOR PROGRAM DETERMINATION

Major program determination is a risk based assessment which classifies programs as either a Type A program or a Type B program. All federal programs with expenditures exceeding the greater of 3% of the total federal awards or \$300,000 are considered Type A programs and all other programs are considered Type B programs. The Type B federal programs with expenditures which do not exceed the greater of .3% of the total federal awards or \$100,000 are considered insignificant and were not further evaluated. All other programs were then further assessed based on risk and major programs were selected.

NOTE 4 - NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2014, the District received \$79,043 of commodities under the Surplus Food Distribution Program (CFDA 10.555).

SECTION D

INTERNAL CONTROL AND COMPLIANCE

**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**

INDEPENDENT AUDITOR'S REPORT

The President and Members of the
Board of Education of
Batavia City School District
Batavia, New York

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

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
August 30, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

The President and Members of the
Board of Education of
Batavia City School District
Batavia, New York

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Freed Maxick CPAs, P.C.

Batavia, New York
August 30, 2014

BATAVIA CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report(s) issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes

 X no

Significant deficiency(ies) identified?

 yes

 X none reported

Noncompliance material to financial statements noted?

 yes

 X 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(s) issued on compliance for
major programs:

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of Circular A-133?

 yes

 X no

Identification of major programs

CFDA#

Title 1 – 2013-2014

84.010

Dollar threshold used to distinguish between Type A and Type B
Programs

\$300,000

Auditee qualified as low risk?

 X yes

 no

BATAVIA CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

II. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings in the current year.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs related to federal awards noted in the current year.

BATAVIA CITY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

I. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings in the year ended June 30, 2013.

II. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs related to federal awards noted in the prior year.

SECTION E
EXTRACLASSROOM ACTIVITY

**INDEPENDENT AUDITOR'S REPORT ON THE STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN CASH BASIS NET POSITION OF THE
EXTRACLASSROOM ACTIVITY FUNDS**

The President and Members of the
Board of Education of
Batavia City School District
Batavia, New York

Report on the Financial Statements

We have audited the accompanying Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Position of the Extraclassroom Activity Funds of Batavia City School District (the District), as of and for the year ended June 30, 2014 and the related note 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 preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control over Extraclassroom Activity relevant to the preparation and fair presentation of the financial statement that is 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls over Extraclassroom Activity relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used 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 opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts, disbursements and changes in cash basis net position of the Extraclassroom Activity Funds of the District for the year ended June 30, 2014, arising from cash collected and disbursements made during the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statement is prepared on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Freed Maxick CPAs, P.C.

Batavia, New York
August 30, 2014

BATAVIA CITY SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
NET POSITION OF THE EXTRACLASSROOM ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
Petty Cash	\$ 1,408	\$ 542	\$ (198)	\$ 1,752
JK Student Council	2,543	1,033	(693)	2,883
JK Media	2,270	5,197	(4,625)	2,842
BMS Student Council	6,122	212	(3,900)	2,434
BMS Jr National Honor Society	801	470	(497)	775
BMS Yearbook	11,231	7,354	(4,395)	14,190
BMS A.H.E.A.D.	63	1,388	(1,124)	327
Outdoor Club	571	7,160	(6,523)	1,208
BMS Drama	-	718	(200)	519
Page Turners	334	62	-	396
BMS 5th Grade	802	16,351	(14,982)	2,171
BMS Entrepreneurship	-	53	-	53
BMS 6th Grade	5,977	23,901	(23,059)	6,819
7th Grade-Blue-Team 2	4,195	3,501	(2,921)	4,776
BMS 8th Grade	1,453	7,135	(7,802)	786
BMS Band	1,155	-	(116)	1,039
BMS/BHS Orchestra	3,949	568	(1,794)	2,723
BMS Ski Club	1,008	10,306	(10,143)	1,171
Batavian	5,030	12,987	(10,540)	7,477
BHS Student Government	6,465	6,525	(8,073)	4,917
BHS Literary	100	245	(324)	21
HS National Honor Society	319	3,913	(3,900)	332
S.A.D.D./A.T.O.P.	11	485	(390)	105
Art Club	337	596	(566)	366
BHS Drama	4,076	1,232	(661)	4,648
BHS Production	11,252	3,172	(4,098)	10,326
Character Education	346	228	(361)	213
BHS Virtual Enterprise	5	-	-	5
Zonta Club	-	3,250	-	3,250
BHS Band	769	200	(250)	719
BHS Chorus	7,369	-	(750)	6,619
TRI-M	1,934	1,271	(1,911)	1,294
Barber Shop / Sweet Adeline	501	-	-	501
BHS Ski Club	81	4,771	(4,759)	92
Class of 2013	74	-	(74)	-
Class of 2014	7,374	26,496	(31,246)	2,623
Class of 2015	3,915	11,247	(4,819)	10,343
Class of 2016	2,955	1,429	(1,011)	3,373
Class of 2017	-	10,261	(6,657)	3,604
NYS Sales Tax	2,130	4,502	(6,231)	400
	<u>\$ 98,925</u>	<u>\$ 178,760</u>	<u>\$ (169,593)</u>	<u>\$ 108,091</u>

See note to financial statement.

BATAVIA CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTE TO FINANCIAL STATEMENT

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are not considered part of the reporting entity of the Batavia City School District (the District). Consequently, such transactions are included in the basic financial statements of the District only to the extent that cash and a corresponding liability are recorded in the Agency Fund in the District's Statement of Net Assets-Fiduciary Funds at June 30, 2014.

The books and records of the District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenses are recognized when cash is disbursed.