

**CHENANGO VALLEY
CENTRAL SCHOOL DISTRICT**

Binghamton, NY

FINANCIAL REPORT

June 30, 2014

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
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John H. Dietershagen, C.P.A.
Jerry E. Mickelson, C.P.A.
Thomas K. Van Derzee, C.P.A.
Debbie Conley Jordan, C.P.A.
Patrick S. Jordan, C.P.A.
Duane R. Shoen, C.P.A.
Lesley L. Horner, C.P.A.
D. Leslie Spurgin, C.P.A.



Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Education
Chenango Valley
Central School District
Binghamton, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chenango Valley Central School District (the School District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School 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 of 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 School District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

- 1 -

CORTLAND

39 Church Street
Cortland, New York 13045
607-753-7439
fax 607-753-7874

ITHACA

401 East State Street ~ Suite 500
Ithaca, New York 14850
607-272-4444
fax 607-273-8372
www.cdlim.com

WATKINS GLEN

108 West Fourth Street
Watkins Glen, New York 14891
607-535-4443
fax 607-535-6220

Emphasis of a Matter

During the year ended June 30, 2014, the School District implemented Governmental Accounting Standards Board Statement Number 65, "Items Previously Reported as Assets and Liabilities." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and the Schedule of Funding Progress on pages 3 through 3i and 29 through 32 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 School District's basic financial statements. The supplementary information on pages 33 through 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The supplementary information 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2014 on our consideration of the School 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 School District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Lisa A. Dietrich, CPA". The signature is written in a cursive, flowing style. The letters are connected, and the "CPA" is written in a slightly smaller, more upright font at the end of the signature.

September 22, 2014
Ithaca, New York

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

The following is a discussion and analysis of the Chenango Valley Central School District's (the School District) financial performance for the fiscal year ended June 30, 2014. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and Governmental Fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The School District follows Governmental Accounting Standards Board (GASB) Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." This statement required the School District to record an expense and liability for a portion of the Actuarial Accrued Liability in the amount of \$2,657,166 for the current year in the District-wide financial statements. The total liability recognized at June 30, 2014 amounted to \$18,272,539.
- The School District's financial position declined with a decrease in net position of \$(1,697,707) in 2014 compared to a decrease in net position of \$(1,206,433) in 2013. The 2014 net position decrease was larger than in 2013, primarily due to an increase in expenses of \$2,019,974. Revenues increased by \$1,528,700, primarily due to increases in State aid and property taxes.
- General Fund budgeted expenditures were underspent by \$1,186,453.
- Capital asset additions during 2014 amounted to \$822,398. The School District also reported depreciation expense of \$1,489,731 and net disposals of \$(31,904) during 2014.
- The bonded indebtedness of the School District, in the amount of \$18,155,958, was down \$(2,259,927) from 2013. This was the result of the issuance of \$441,566 of new debt offset by reduction of outstanding debt of \$2,701,493.
- Unassigned fund balance in the General Fund increased \$521,762 to \$1,673,519 at June 30, 2014 compared to \$1,151,757 at June 30, 2013, primarily due to revenues exceeding expenditures. The current year excess of revenues over expenditures was \$406,117 and ending fund balance was \$6,063,629 at June 30, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

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 School District's budget for the year and a Schedule of Funding Progress related to the School District's unfunded actuarial liability for other postemployment benefits.

District-wide Financial Statements

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

The two District-wide financial statements report the School District's net assets and how they have changed. Net position - the difference between the School District's assets and liabilities - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

Governmental Fund Financial Statements

The Governmental Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that 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 one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds financial statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund and the Student Activities Funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's combined net position for fiscal year ended June 30, 2014 decreased by \$(1,697,707). Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

Figure 1

Condensed Statement of Net Position	Governmental Activities and Total School District		Total Dollar Change
	2013	2014	2013 - 2014
<i>Current assets</i>	\$ 4,159,680	\$ 4,703,428	\$ 543,748
<i>Noncurrent assets</i>	4,121,090	4,065,494	(55,596)
<i>Capital assets, net</i>	31,393,519	30,694,282	(699,237)
Total Assets	39,674,289	39,463,204	(211,085)
<i>Deferred charges on defeased debt</i>	925,176	773,947	(151,229)
Total Deferred Inflow of Resources	925,176	773,947	(151,229)
<i>Current liabilities</i>	4,870,626	4,742,893	(127,733)
<i>Noncurrent liabilities</i>	36,249,834	37,712,960	1,463,126
Total Liabilities	41,120,460	42,455,853	1,335,393
<i>Net Investment in capital assets</i>	14,313,055	15,217,271	904,216
<i>Restricted</i>	3,875,436	4,300,313	424,877
<i>Unrestricted net (deficit)</i>	(18,709,486)	(21,736,286)	(3,026,800)
Total Net Deficit	\$ (520,995)	\$ (2,218,702)	\$ (1,697,707)

The increase in current assets was primarily due to increased cash balances, aid receivable and other receivables. The decrease in capital assets primarily due to depreciation expense exceeding capital asset additions. The increase in noncurrent liabilities was primarily due to recording the other postemployment benefit GASB 45 liability of \$2,657,166 and an increase in compensated absences, offset by debt payments.

The increase of \$904,216, in net investment in capital assets, was due to capital outlay and the decrease in related long-term debt exceeding depreciation expense. The increase in restricted net position is mainly due to the addition of \$875,000 to capital reserves offset by the appropriation of \$453,800 from the retirement contributions reserve. The net effect of the School District's activities resulted in a decrease in unrestricted net position (deficit) of \$(3,026,800) is primarily due to the other postemployment benefit expense of \$2,657,166.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Our analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

Changes in Net Position	Governmental Activities and Total School District		Total Dollar Change
	2013	2014	2013 - 2014
REVENUES			
<i>Program revenues:</i>			
<i>Charges for services</i>	\$ 524,939	\$ 534,344	\$ 9,405
<i>Operating grants and contributions</i>	1,957,694	1,897,413	(60,281)
<i>General revenues:</i>			
<i>Property taxes</i>	14,457,861	14,793,070	335,209
<i>Other taxes</i>	3,821,114	3,857,976	36,862
<i>Unrestricted State sources</i>	12,265,442	13,085,901	820,459
<i>Use of money and property</i>	58,832	48,351	(10,481)
<i>Other general revenues</i>	485,835	883,362	397,527
Total Revenues	33,571,717	35,100,417	1,528,700
PROGRAM EXPENSES			
<i>General support</i>	4,503,412	4,745,173	241,761
<i>Instruction</i>	27,439,393	29,098,891	1,659,498
<i>Pupil transportation</i>	1,648,400	1,743,242	94,842
<i>Community services</i>	8,521	9,982	1,461
<i>School lunch program</i>	603,561	535,844	(67,717)
<i>Interest on debt</i>	574,863	664,992	90,129
Total Expenses	34,778,150	36,798,124	2,019,974
(DECREASE) IN NET POSITION	\$ (1,206,433)	\$ (1,697,707)	\$ (491,274)

Total revenues for the School District's Governmental Activities increased by \$1,528,700, or 4.6%, while total expenses increased \$2,019,974, or 5.8%.

In 2014, total taxes were up for the year by \$335,209, reflecting an increase in the tax levy for 2014. State aid, reported in unrestricted State sources, showed an increase of \$820,459, largely due to State aid modifications to School Districts. Other general revenues increased largely due to increases in BOCES and other refunds.

Expenses increased primarily due to increases in employee benefits expenses, including teachers' retirement system, health insurance, and compensated absences. School lunch expenses decreased because the proportion of employee benefits allocated to school lunch was smaller than the prior year.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Figures 3 and 4 show the sources of revenue for 2014 and 2013.

Figure 3

Sources of Revenue for 2014

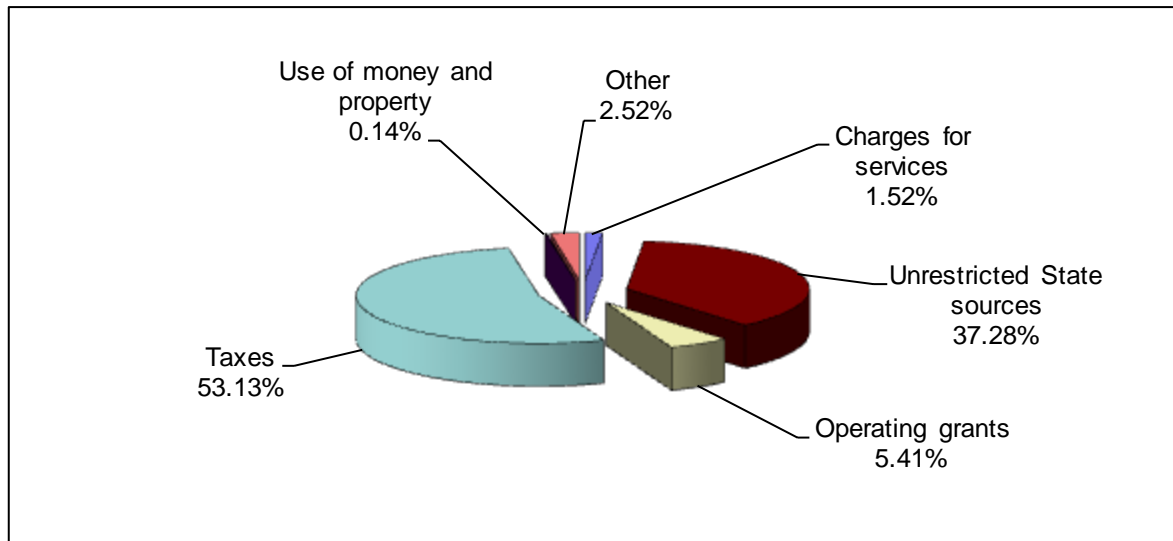
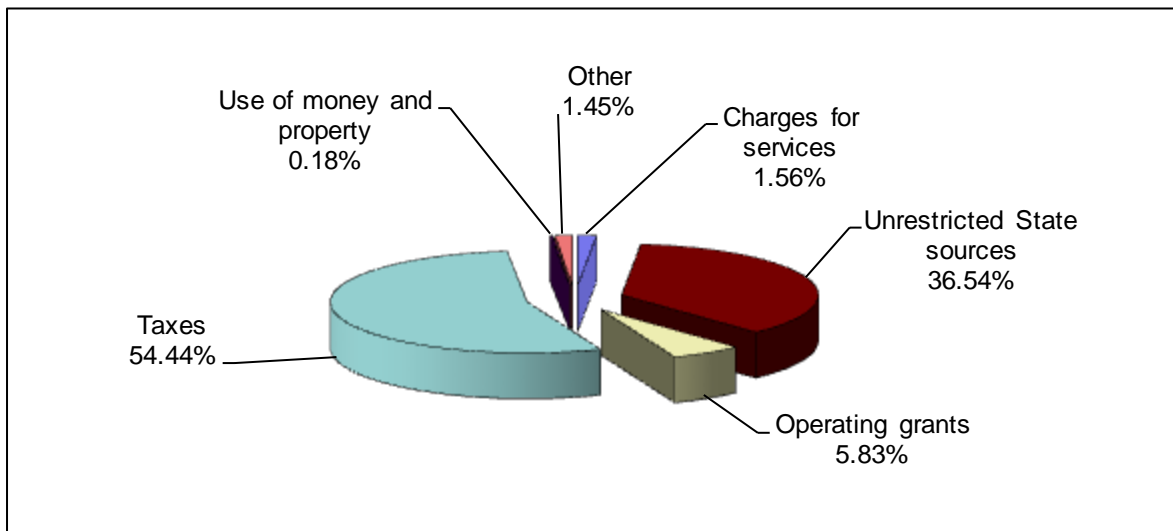


Figure 4

Sources of Revenue for 2013



CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Figures 5 and 6 present the cost of each of the School District's programs for 2014 and 2013.

Figure 5

Cost of Programs for 2014

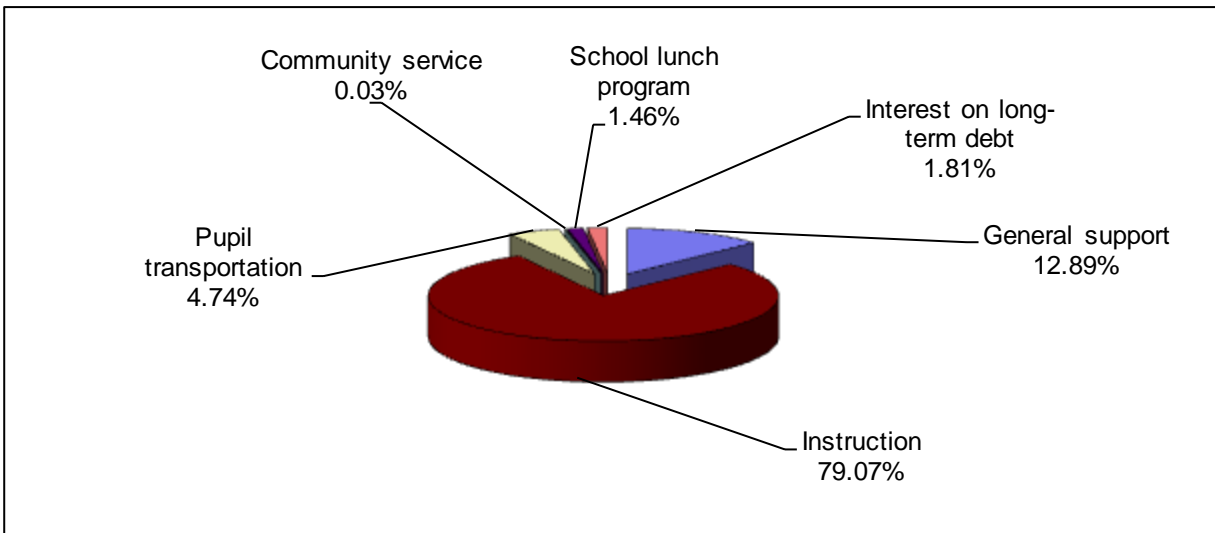
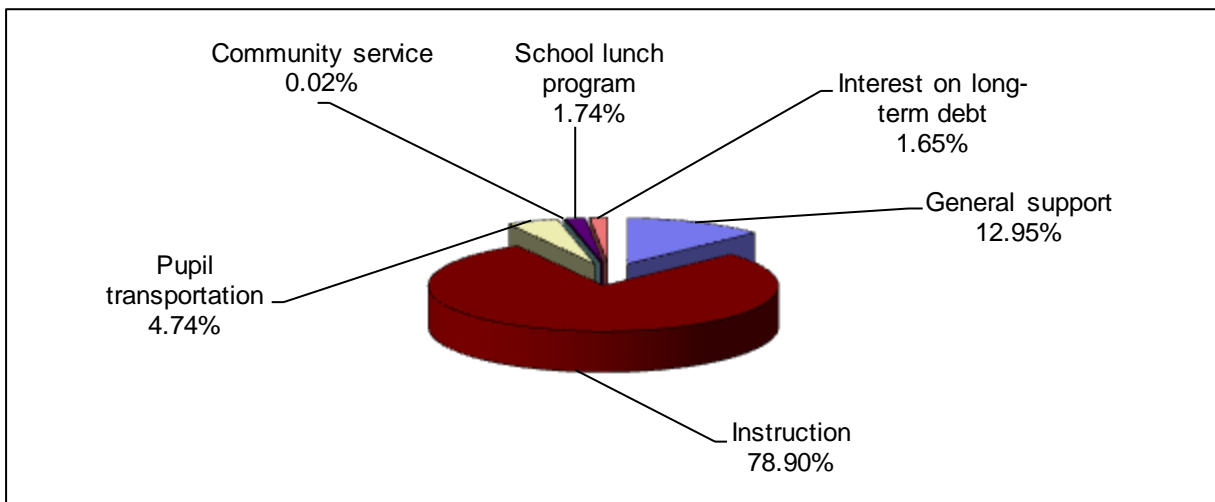


Figure 6

Cost of Programs for 2013



CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in fund balances for the year for the School District's Major Funds.

As the School District completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a combined fund balance of \$6,600,763, compared to last year's total of \$6,156,708.

Figure 7

Governmental Fund Balances	2013	2014	Total Dollar Change
			2013 - 2014
General Fund	\$ 5,657,512	\$ 6,063,629	\$ 406,117
School Lunch Fund	264,589	302,315	37,726
Debt Service Fund	235,335	234,819	(516)
Capital Projects Fund	(728)	-0-	728
Totals	\$ 6,156,708	\$ 6,600,763	\$ 444,055

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board approves budgetary transfers that revise the School District budget line items. These budget amendments consist of budget transfers between functions, and budget amendments that increased the overall budget by \$163,831. The actual charges to appropriations (expenditures) were favorable to final budget amounts by \$1,186,453 which includes carry-over encumbrances. Figure 8 summarizes the original and final budgets, actual expenditures (including encumbrances), and variances for the year ending June 30, 2014.

Figure 8

Condensed Budgetary Comparison General Fund - 2014	Original Budget	Revised Budget	Actual w/ Encumbrances	Total Dollar Variance
REVENUES				
Real property taxes	\$ 18,574,237	\$ 14,810,679	\$ 14,793,070	\$ (17,609)
Other tax items	92,514	3,856,073	3,857,976	1,903
State sources	12,879,660	13,037,335	13,188,307	150,972
Other revenues and financing sources	828,443	834,148	1,219,752	385,604
Total Revenues and Financing Sources	\$ 32,374,854	\$ 32,538,235	\$ 33,059,105	\$ 520,870
Appropriated Fund Balances and Reserves	\$ 1,375,822	\$ 1,375,822		
EXPENDITURES				
General support	\$ 3,798,515	\$ 3,864,279	\$ 3,636,089	\$ 228,190
Instruction	15,228,998	15,434,908	15,245,266	189,642
Pupil transportation	1,033,573	1,034,774	884,312	150,462
Community services	7,300	8,565	7,308	1,257
Employee benefits	10,356,981	10,244,987	9,629,512	615,475
Debt service	3,204,809	3,204,844	3,204,844	-0-
Other financing (uses)	120,500	121,700	120,273	1,427
Total Expenditures, and Other Financing Sources and (Uses)	\$ 33,750,676	\$ 33,914,057	\$ 32,727,604	\$ 1,186,453

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2014, the School District had invested in a broad range of capital assets. The net book value of capital assets decreased by \$(699,237) during the year ended June 30, 2014, primarily because depreciation exceeded capital outlay during the year.

Figure 9

Changes in Net Book Value of Capital Assets	Governmental Activities and Total School District		Total Dollar Change
	2013	2014	2013 - 2014
<i>Land</i>	\$ 1,385,715	\$ 1,385,715	\$ -0-
<i>Construction in progress</i>	229,072	-0-	(229,072)
<i>Buildings and improvements</i>	27,612,814	27,032,059	(580,755)
<i>Equipment</i>	2,165,918	2,276,508	110,590
Totals	\$ 31,393,519	\$ 30,694,282	\$ (699,237)

Capital additions for the year ended June 30, 2014 included the following:

Buildings and Improvements	\$ 577,832
Furniture and equipment	244,566
Total additions	822,398
Less net value of disposals	(31,904)
Less depreciation	(1,489,731)
Net Change	<u>\$ (699,237)</u>

Debt Administration

Debt, both short and long-term, considered a liability of Governmental Activities, decreased by \$(2,259,927) in 2014, as shown in *Figure 10*. Total indebtedness represented 24.8% of the constitutional debt limit, exclusive of building aid estimates.

Figure 10

Outstanding Debt	Governmental Activities and Total School District		Total Dollar Change
	2013	2014	2013 - 2014
<i>Serial Bonds/Statutory Installment Bonds</i>	\$ 20,415,885	\$ 18,155,958	\$ (2,259,927)
Totals	\$ 20,415,885	\$ 18,155,958	\$ (2,259,927)

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Additional information on the maturities and terms of the School District's outstanding obligations can be found in the notes to these financial statements.

The School District's bond rating is A+, which did not change from the prior year.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- Chenango Valley Central School District is pleased with the passage of the 2014-15 budget of \$34,060,502. 1028 voters came to the polls and passed the budget by a margin of 6:1, the largest margin in over 40 years. The budget increased by 2.26% from the previous year. The corresponding tax levy was a decrease of \$81,676 (-0.44%) from the previous year's tax levy. The final tax levy stems from a negative tax levy limit calculation which resulted from a large decrease in debt structure for the 2014-15 school year combined with an increase in scheduled PILOT payments.
- The School District will continue to rely on long term projections and available resources to reduce the use of fund balance and reserves to support future budgets. The School District currently has the following amounts in the various reserves as of June 30, 2014:

Retirement Contribution Reserve	\$2,643,521
Capital Reserve	\$1,075,586
Tax Reduction Reserve	\$ 507,761
Unemployment Insurance Reserve	\$ 302,539
Tax Certiorari Reserve	\$ 26,600
Employee Benefit Accrued Liability Reserve	\$ 17,248

- The School District is working toward defining a capital project to address safety and security concerns, various maintenance items, and potentially develop the newly acquired Depot Property. The current plan includes the use of remaining EXCEL Funds, planned use of the Capital Reserve, and any other methods to reduce the impact on local share.
- The School District intends to continue to identify and support mini capital projects (up to \$100,000) as part of the annual budget process in order to sustain our facilities while maximizing our building aid revenue stream.
- The School District currently has a bond rating as assigned by Standard & Poor's Rating Services of A+ with a stable outlook. This rating reflects their opinion of the District's own general creditworthiness including:
 - Good income and strong wealth
 - Significantly improved finances
 - Moderate overall net debt
- The School District has fully implemented the new Annual Professional Performance Review (APPR). This unfunded mandate has increased School District expenses.
- The School District continues to remain in compliance with all actuarial calculations and reporting as required by GASB 45. There is still no legally acceptable method for funding this long term obligation of the school district; therefore, the current methodology of "pay-as-you-go" will be continued until such time that statutory or regulatory changes allow the School District to consider other options.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

- The economic health of our community is projected to remain at current levels for the foreseeable future.
- Enrollment projections for our School District indicate leveling numbers for enrollment over the next several years.
- The recently completed consolidation study with the Chenango Forks Central School District went to public vote in December, 2013. It was narrowly passed for Chenango Valley but resoundingly defeated for Chenango Forks. As a result, the merger discussions are over and Chenango Valley will return to its focus as its own entity. Any projections that included merging with Chenango Forks will not be considered again until and unless another consolidation study is conducted in the future.
- The School District will continue to monitor and mitigate expenses that have put a strain on all school budgets including required participation with the NYS Employees Retirement System (ERS), NYS Teachers Retirement System (TRS), and health insurance. The District will be compliant with all aspects of the Affordable Care Act and, as such, is expecting the cost of health insurance to rise. We have started the process of moving our retirees, age 65 and older, to a Medicare Supplemental Plan as a cost savings measure to mitigate that increase.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Chenango Valley Central School District, at 221 Chenango Bridge Road, Binghamton, NY 13901.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current assets

Cash:

Unrestricted	\$ 2,953,986
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Restricted	234,819
------------	---------

Receivables:

State and Federal aid	598,105
-----------------------	---------

Due from other governments	734,258
----------------------------	---------

Due from Fiduciary Funds	39,970
--------------------------	--------

Other	116,637
-------	---------

Inventories	25,653
-------------	--------

Bond issue costs, current

Total current assets	4,703,428
----------------------	-----------

Noncurrent assets

Restricted cash	4,065,494
-----------------	-----------

Bond issue costs, noncurrent

Land and other nondepreciable capital assets	1,385,715
--	-----------

Capital assets, net	29,308,567
---------------------	------------

Total noncurrent assets	34,759,776
-------------------------	------------

Total Assets	39,463,204
--------------	------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on defeased debt	773,947
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Total Deferred Outflows of Resources	773,947
--------------------------------------	---------

LIABILITIES

Current liabilities

Payables:

Accounts payable	122,063
------------------	---------

Accrued liabilities	20,134
---------------------	--------

Due to other governments	79,306
--------------------------	--------

Bond interest and matured bonds	55,483
---------------------------------	--------

Unearned revenue	16,154
------------------	--------

Due to teachers' retirement system	1,750,865
------------------------------------	-----------

Due to employees' retirement system	140,465
-------------------------------------	---------

Current portion of long-term obligations:

Bonds payable	2,519,251
---------------	-----------

Compensated absences payable	39,172
------------------------------	--------

Total current liabilities	4,742,893
---------------------------	-----------

Noncurrent liabilities and obligations

Bonds payable	15,636,707
---------------	------------

Compensated absences payable	3,803,714
------------------------------	-----------

Other postemployment benefits liability	18,272,539
---	------------

Total noncurrent liabilities and obligations	37,712,960
--	------------

Total Liabilities	42,455,853
-------------------	------------

NET POSITION

Net investment in capital assets	15,217,271
----------------------------------	------------

Restricted net position	4,300,313
-------------------------	-----------

Unrestricted net (deficit)	(21,736,286)
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Total Net (Deficit)	\$ (2,218,702)
---------------------	----------------

See Independent Auditor's Report and Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
General support	\$ 4,745,173	\$	\$	\$	\$ (4,745,173)
Instruction	29,098,891	255,941	1,507,104		(27,335,846)
Pupil transportation	1,743,242	1,500			(1,741,742)
Community services	9,982				(9,982)
School lunch program	535,844	276,903	390,309		131,368
Interest on debt	664,992				(664,992)
Total Functions and Programs	\$ 36,798,124	\$ 534,344	\$ 1,897,413	\$ -0-	(34,366,367)

GENERAL REVENUES

Real property taxes	14,793,070
Real property tax items	3,857,976
Use of money and property	48,351
State sources	13,085,901
Federal sources	1,000
Sale of property and compensation for loss	(24,323)
Miscellaneous	906,685
Total General Revenues	32,668,660
Change in Net Position	(1,697,707)
Total Net (Deficit) - Beginning of Year, as Restated	(520,995)
Total Net (Deficit) - End of Year	\$ (2,218,702)

See Independent Auditor's Report and Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	Major Funds		
	General Fund	Special Aid Fund	School Lunch Fund
ASSETS			
Cash:			
Unrestricted	\$ 2,656,896	\$ 105,174	\$ 191,011
Restricted	4,065,494		
Receivables:			
Due from other funds	196,570	12	65,786
State and Federal aid	478,465	93,720	25,920
Due from other governments	734,258		
Due from Fiduciary Funds	39,970		
Other	114,065		2,572
Inventories			25,653
 Total Assets	 \$ 8,285,718	 \$ 198,906	 \$ 310,942
LIABILITIES			
Payables:			
Accounts payable	\$ 121,057	\$ 989	\$ 17
Accrued liabilities	19,761	238	135
Due to other funds	68,416	193,047	
Due to other governments	79,214		92
Unearned revenue	3,139	4,632	8,383
Due to teachers' retirement system	1,750,865		
Due to employees' retirement system	140,465		
Compensated absences payable	39,172		
 Total Liabilities	 2,222,089	 198,906	 8,627
FUND BALANCES			
Nonspendable			25,653
Restricted	4,065,494		
Assigned	324,616		276,662
Unassigned	1,673,519		
 Total Fund Balances	 6,063,629	 -0-	 302,315
 Total Liabilities and Fund Balances	 \$ 8,285,718	 \$ 198,906	 \$ 310,942

See Independent Auditor's Report and Notes to Basic Financial Statements

Major Funds		
Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ 759	\$ 146	\$ 2,953,986
234,819		4,300,313
	728	263,096
		598,105
		734,258
		39,970
		116,637
		25,653
\$ 235,578	\$ 874	\$ 9,032,018
\$	\$	\$ 122,063
		20,134
759	874	263,096
		79,306
		16,154
		1,750,865
		140,465
		39,172
759	874	2,431,255
		25,653
234,819		4,300,313
		601,278
		1,673,519
234,819	-0-	6,600,763
\$ 235,578	\$ 874	\$ 9,032,018

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Fund Balances - Total Governmental Funds	\$	6,600,763
--	----	-----------

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Total historical cost	\$ 56,712,303	
Less accumulated depreciation	<u>(26,018,021)</u>	30,694,282

Deferred inflows of resources, including deferred charges on defeased debt, represents an acquisition of net position that applies to future periods and, therefore, are not reported in the funds.

Deferred charges on defeased debt	773,947
-----------------------------------	---------

Long-term bond payable liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	(18,155,958)
---------------	--------------

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Compensated absences	\$ (3,803,714)	
Other postemployment benefits liability	(18,272,539)	
Accrued interest on long-term debt	<u>(55,483)</u>	<u>(22,131,736)</u>

Net Position of Governmental Activities	\$	<u><u>(2,218,702)</u></u>
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See Independent Auditor's Report and Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds		
	General Fund	Special Aid Fund	School Lunch Fund
REVENUES			
Real property taxes	\$ 14,793,070	\$	\$
Other tax items	3,857,976		
Charges for services	234,686		
Use of money and property	48,045		168
Sale of property and compensation for loss	7,581		
Miscellaneous	906,685	642	57
State sources	13,188,307	313,250	80,295
Medicaid reimbursement	22,755		
Federal sources		1,025,806	376,014
Sales - School lunch			276,846
Total Revenues	33,059,105	1,339,698	733,380
EXPENDITURES			
General support	3,591,850		
Instruction	15,221,326	1,338,326	337,995
Pupil transportation	877,875	16,903	
Community services	7,308		
Employee benefits	9,629,512	2,041	77,780
Debt service:			
Principal	2,598,609		
Interest	606,235		
Cost of sales			282,580
Capital outlay			
Total Expenditures	32,532,715	1,357,270	698,355
Excess (Deficiency) of Revenues Over Expenditures	526,390	(17,572)	35,025
OTHER FINANCING SOURCES AND (USES)			
Premium on obligations			
Proceeds of obligations			
Operating transfers in		17,572	2,701
Operating transfers (out)	(120,273)		
Payment to escrow agent			
Total Other (Uses) Sources	(120,273)	17,572	2,701
Net Change in Fund Balance	406,117	-0-	37,726
Fund Balances - Beginning of Year	5,657,512	-0-	264,589
Fund Balances (Deficit) - End of Year	\$ 6,063,629	\$ -0-	\$ 302,315

See Independent Auditor's Report and Notes to Basic Financial Statements

Major Funds		
Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$	\$	\$ 14,793,070
		3,857,976
		234,686
138		48,351
		7,581
		907,384
		13,581,852
		22,755
		1,401,820
		276,846
138	-0-	35,132,321
		3,591,850
		16,897,647
		894,778
		7,308
		9,709,333
		2,598,609
		606,235
		282,580
	541,492	541,492
-0-	541,492	35,129,832
138	(541,492)	2,489
		-0-
		-0-
74	100,728	121,075
(728)	(74)	(121,075)
		-0-
(654)	542,220	441,566
(516)	728	444,055
235,335	(728)	6,156,708
\$ 234,819	\$ -0-	\$ 6,600,763

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 444,055

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the net change in capital assets.

Capital asset additions	\$ 822,398	
Depreciation expense	(1,489,731)	
Net book value of disposed assets	<u>(31,904)</u>	(699,237)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term debt in the Statement of Net Position. This is the amount by which repayments exceeded proceeds.

Proceeds of debt	\$ (441,566)	
Principal payment	<u>2,598,609</u>	2,157,043

Long-term obligations, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements. This is the change in the amount of compensated absences and other postemployment benefit liability reported in the Statement of Activities.

Compensated absences	\$ (883,645)	
Other postemployment benefits liability - GASB Statement Number 45	<u>(2,657,166)</u>	(3,540,811)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. This is the amount interest payable increased from the prior year. (10,412)

Premiums received on obligations are recorded as revenues and expenditures in the Governmental Funds when received, but are deferred and amortized in the Governmental Activities. This is the amortization of premiums received in previous years, and the adjustment for premiums and costs received in the current year.

Amortization of premiums	102,884
--------------------------	---------

The issuance of refunding bonds results in a deferral of the change in the amount of debt. The deferred amount is amortized annually. This is the current amortization.

Amortization of deferred amounts on refunding of debt	<u>(151,229)</u>
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Net Change in Net Position of Governmental Activities	<u>\$ (1,697,707)</u>
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See Independent Auditor's Report and Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Private Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash:		
Unrestricted	\$ <u>50,938</u>	\$ <u>196,710</u>
Total Assets	<u>50,938</u>	<u>\$ 196,710</u>
 LIABILITIES		
Due to Governmental Funds	<u>573</u>	\$ <u>39,397</u>
Extraclassroom Activity balances	<u> </u>	<u>137,023</u>
Other liabilities		<u>20,290</u>
Total Liabilities	<u>573</u>	<u>\$ 196,710</u>
 NET POSITION		
Reserved for scholarships	\$ <u>50,365</u>	

See Independent Auditor's Report and Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Private Purpose Trust Fund
ADDITIONS	
Gifts and contributions	\$ 5,675
Investment earnings	80
Total Additions	5,755
DEDUCTIONS	
Scholarships and awards	18,390
Change in Net Position	(12,635)
Net Position - Beginning of Year	63,000
Net Position - End of Year	\$ 50,365

See Independent Auditor's Report and Notes to Basic Financial Statements

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

Essentially, the primary function of the School 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 consists of the following, as defined by GASB Statement Number 14, "The Financial Reporting Entity," as amended by GASB Statement Number 39, "Determining Whether Certain Organizations are Component Units," and GASB Statement Number 61, "The Financial Reporting Entity: Omnibus."

1. The primary government, which is the School District;
2. Organizations for which the primary government is financially accountable, and;
3. 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 basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at 221 Chenango Bridge Road, Binghamton, NY 13901.

B. Joint Venture

The School District is one of 15 component school districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

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

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

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

C. Basis of Presentation

1. District-wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program 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. Governmental Fund Financial Statements

The Governmental Fund financial statements provide information about the School District's funds, including Fiduciary Funds. Separate statements for each fund category (Governmental and Fiduciary) are presented. The emphasis of Governmental Fund financial statements is on Major Governmental Funds, each displayed in a separate column.

The School District reports the following Major Governmental Funds:

- General Fund: This is the School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Special Aid Fund: Accounts for the proceeds of specific revenue sources, such as Federal, State and local grants legally restricted to expenditures for specified purposes, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
- School Lunch Fund: Accounts for revenues and expenditures in connection with the School District's food service program.
- Debt Service Fund: Accounts for accumulation of resources and payment of principal and interest on long-term general obligation debt of Governmental Activities.
- Capital Projects Fund: Accounts for financial resources used for renovation of the School District's educational complex and purchase of buses.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Fiduciary Activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District, and are not available to be used.

The School District reports the following Fiduciary Funds:

- Private-Purpose Trust Fund: Accounts for Scholarship Funds awarded to individual students. These activities, and those of the Agency Funds described below, are not included in the District-wide financial statements because their resources do not belong to the School District and are not available to be used.
- Agency Funds: Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the School District as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

D. Measurement Focus and Basis of Accounting

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

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within six months after the end of the fiscal year.

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

E. Cash and Investments

The School 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. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value. 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 districts.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

F. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

G. Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

H. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

Nonspendable fund balances associated with these non-liquid assets (inventories and prepaid items) have been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

I. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2010. For assets acquired prior to June 30, 2010, historical costs have been estimated, if not available, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair value at the time received.

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

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 1,000	40 years
Building improvements	1,000	various
Furniture and equipment	1,000	various

Capital assets are depreciated using the straight line method.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

J. Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time:

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

School District employees are granted vacation time 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.

Consistent with GASB Statement Number 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the Governmental Fund financial statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

K. Postemployment Benefits

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postretirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The School District follows GASB Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

L. Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The School District has one item that qualifies for reporting in this category. It is the deferred charges on defeased debt in the government-wide Statement of Net Position. A deferred charge on defeased debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

M. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

N. Equity Classifications

1. District-wide Financial Statements

Equity is classified as net assets and displayed in three components:

- **Net Investment in Capital Assets**
Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted**
Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted**
Consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

2. Governmental Fund Financial Statements

Fund balance is broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- **Nonspendable**
Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted**
Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- **Committed**
Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority, the Board of Education, prior to the end of the fiscal year, which requires the same level of formal action to remove said constraint.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

- Assigned

Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

- Unassigned

Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has not adopted any resolutions to commit fund balance. The Board of Education has not authorized anyone to assign fund balance. The School District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

3. Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within the State of New York. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance, except as noted. Reserves currently in use by the School District include the following:

- Mandatory Reserve for Debt Service (GML §6-I)

Used to establish a reserve for the purpose of retiring outstanding obligations upon the sale of School District property or capital improvement financed by obligations that remain outstanding at the time of sale. Funding of the reserve is from proceeds of sale of School District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

- Reserve for Tax Reduction (Education Law §1604(36) and §1709(37))

Used for the gradual use of the proceeds of the sale of School District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the School District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. This reserve is accounted for in the General Fund Unassigned Fund Balance.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

- **Unemployment Insurance Reserve (GML §6-m)**
Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other Reserve Fund. This reserve is accounted for in the General Fund.
- **Capital Reserve (Education Law §3651)**
Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserves only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserves and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the General Fund.
- **Employee Benefit Accrued Liability Reserve (GML §6-p)**
Used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- **Retirement Contributions Reserve**
Used to reserve funds for the payment of retirement contributions, due to volatility in the economic marketplace. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- **Tax Certiorari Reserve (Education Law §3651.1-a)**
Used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

O. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on July 31, 2013. Taxes were collected during the period September 3, 2013 to November 4, 2013.

2. Enforcement

Uncollected real property taxes are subsequently enforced by Broome County. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the following April 1.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

P. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

Q. Use of Estimates

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

Note 2 - Participation in BOCES

During the year ended June 30, 2014, the School District's share of BOCES income amounted to \$1,462,206. The School District was billed \$4,697,407 for BOCES administration and program costs. Financial statements for the Broome-Tioga BOCES are available from the BOCES administrative office at 435 Upper Glenwood Road, Binghamton, New York, 13905.

Note 3 - Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement Number 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of \$7,840,915 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

Restricted cash consists of the following at June 30, 2014:

General Fund Reserves	\$ 4,065,494
Debt Service Fund Reserve	<u>234,819</u>
Total	<u>\$ 4,300,313</u>

Note 4 - Other Receivables

Other receivables consisted of the following, which are stated at net realizable value.

	<u>Description</u>	<u>Amount</u>
General Fund	Tuition	\$ 110,054
General Fund	Other charges	4,011
School Lunch Fund	Fees and services	<u>2,572</u>
Total Governmental Funds		<u>\$ 116,637</u>

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Note 5 - Interfund Balances and Activity

Interfund balances at June 30, 2014, are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 196,570	\$ 68,416	\$	\$ 120,273
Special Aid Fund	12	193,047	17,572	
Capital Projects Fund	728	874	100,728	74
Debt Service Fund		759	74	728
School Lunch Fund	65,786		2,701	
Total	<u>\$ 263,096</u>	<u>\$ 263,096</u>	<u>\$ 121,075</u>	<u>\$ 121,075</u>

Interfund receivables and payables are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Projects Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as excess funds are accumulated from the School Lunch Fund.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Note 6 - Capital Assets

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

	Beginning Balance	Additions	Reclass- ifications and Retirements	Ending Balance
<u>Governmental Activities</u>				
Capital assets that are not depreciated:				
Land	\$ 1,385,715	\$	\$	\$ 1,385,715
Construction in progress	229,072	9,577	(238,649)	-0-
Total Nondepreciable Historical Cost	<u>1,614,787</u>	<u>9,577</u>	<u>(238,649)</u>	<u>1,385,715</u>
Capital assets that are depreciated:				
Buildings and improvements	48,090,398	213,137	236,084	48,539,619
Furniture and equipment	6,542,403	599,684	(355,118)	6,786,969
Total Depreciable Historical Cost	<u>54,632,801</u>	<u>812,821</u>	<u>(119,034)</u>	<u>55,326,588</u>
Total Historical Cost	<u>56,247,588</u>	<u>822,398</u>	<u>(357,683)</u>	<u>56,712,303</u>
Less accumulated depreciation:				
Buildings	(20,477,584)	(1,032,913)	(2,937)	(21,507,560)
Furniture and equipment	(4,376,485)	(456,818)	(322,842)	(4,510,461)
Total Accumulated Depreciation	<u>(24,854,069)</u>	<u>(1,489,731)</u>	<u>(325,779)</u>	<u>(26,018,021)</u>
Total Historical Cost, Net	<u>\$ 31,393,519</u>	<u>\$ (667,333)</u>	<u>\$ (31,904)</u>	<u>\$ 30,694,282</u>

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Depreciation expense was charged to governmental functions as follows:

General support	\$ 49,470
Instruction	1,172,235
Pupil transportation	255,695
School lunch	<u>12,331</u>
Total Depreciation Expense	\$ <u>1,489,731</u>

Note 7 - Short-term Debt

The School District may issue Revenue Anticipation Notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's represent a liability that will be extinguished by the use of expendable, available resources of the General Fund. There were no RAN's issued or redeemed during the year.

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

The School District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. There were no BANs issued or redeemed during the year.

Note 8 - Long-term Debt

At June 30, 2014, the total outstanding indebtedness of the School District represented 24.8% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows:

Serial Bonds and Statutory Installment Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

On October 30, 2012 the School District issued \$13,405,000 of general obligation bonds, with interest rates ranging between 2.00% and 4.50%, pursuant to a Refunding Bond Resolution duly adopted by the Board of Education on October 17, 2012. The School District issued the bonds to advance refund \$12,865,000 of the \$14,465,000 outstanding balance of the 2005 serial bonds with interest rates of 4%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$12,865,000 in bonds is considered defeased and the liability has been removed from the School District's financial statements. The present value of the total debt service savings to the School District was \$836,225 at the date of issuance. The outstanding principal of the defeased bonds was \$12,865,000 at June 30, 2014.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED JUNE 30, 2014

The following is a summary of the School District's notes payable and long-term debt for the year ended June 30, 2014.

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2014
Bonds:				
Serial bond - Deficit financing	04/01/2009	04/01/2019	3.85-4.50%	\$ 1,905,000
Statutory installment bond	10/22/2009	10/22/2014	3.56%	56,493
Serial bond	06/24/2010	06/15/2024	3.00-4.00%	1,755,000
Statutory installment bond	08/24/2010	08/24/2015	2.68%	158,866
Statutory installment bond	07/26/2011	07/26/2016	3.39%	233,049
Refunding serial bonds	10/30/2012	06/15/2023	2.00-4.50%	13,080,000
Statutory installment bond	07/31/2013	07/31/2018	2.85%	441,566
Total Bonds				17,629,974
Add unamortized premium on serial bonds				525,984
Total Bonds				<u>\$ 18,155,958</u>

Interest paid on long-term debt during the year was:

Interest paid	\$ 606,235
Less interest accrued in the prior year	(45,071)
Less premium recognized in the current year	(102,884)
Add interest accrued in the current year	55,483
Add amortization of deferral of debt change	151,229
Total Expense	<u>\$ 664,992</u>

Interest paid on the serial bonds varies from year to year, in accordance with the interest rates specified in the bond agreements.

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

Long-Term Debt	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Serial bonds	\$ 19,125,000	\$	\$ (2,385,000)	\$ 16,740,000	\$ 2,115,000
Statutory installment bonds	662,017	441,566	(213,609)	889,974	301,923
Total Bonds	19,787,017	441,566	(2,598,609)	17,629,974	2,416,923
Unamortized premiums	628,868		(102,884)	525,984	102,328
Total	<u>\$ 20,415,885</u>	<u>\$ 441,566</u>	<u>\$ (2,701,493)</u>	<u>\$ 18,155,958</u>	<u>\$ 2,519,251</u>
<u>Deferred Outflows of Financial Resources</u>					
Deferred charges on defeased debt	\$ (925,176)	\$ -0-	\$ 151,229	\$ (773,947)	\$ (150,373)

Unamortized defeased debt related to the 2012 bond refunding is amortized over the life of the bonds and the balance and activity are shown above.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The following is a summary of the maturity of long-term indebtedness.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,416,923	\$ 520,059	\$ 2,936,982
2016	2,070,428	443,820	2,514,248
2017	2,050,996	378,161	2,429,157
2018	2,033,313	319,140	2,352,453
2019	2,093,313	261,292	2,354,605
2020-2024	6,965,001	575,826	7,540,827
Total	<u>\$ 17,629,974</u>	<u>\$ 2,498,298</u>	<u>\$ 20,128,272</u>

Note 9 - Other Long-term Obligations

Other Long-term Obligations - In addition to the above long-term debt, the School District had the following noncurrent liabilities:

- **Compensated Absences:** Represents the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds.
- **Other Postemployment Benefits Liabilities:** Represents the expected obligation for the postretirement health care benefits program. See Note 11 for further information.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Compensated absences	\$ 2,920,069	\$ 883,645	\$	\$ 3,803,714
Other postemployment benefits	15,615,373	2,657,166		18,272,539
Total Long-term Obligations	<u>\$ 18,535,442</u>	<u>\$ 3,540,811</u>	<u>\$ -0-</u>	<u>\$ 22,076,253</u>

Changes to long-term compensated absences and liability for postemployment benefits are reported net, as it is impractical to individually determine the amount of additions and deletions during the fiscal year.

Note 10 - Pension Plans

A. General Information

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

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

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, 110 State Street, Albany, New York 12244.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

B. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining NYSTRS on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining NYSTRS on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on salary, for their entire working career. Those joining NYSERS on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. Under the authority of the New York State Retirement and Social Security Law, 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 the employer to the Pension Accumulation Fund.

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2014	\$ 544,064	\$ 1,244,791
2013	533,516	1,182,204
2012	441,246	926,306

Note 11 - Other Postemployment Benefits

A. Postemployment Benefits Other than Pensions

The School District follows GASB Statement Number 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." In the past, the School District reported the cost of its retiree health care postretirement benefits on a "pay-as-you-go" basis. An actuarial valuation of the School District Postretirement Health Care Plan (Plan) was performed as of July 1, 2012 for the fiscal years ending June 30, 2014 and 2013.

Plan Description - The Plan is a single-employer, defined benefit healthcare plan administered by the School District. The Plan provides medical, dental, and vision benefits to eligible retirees and their spouses. Benefit provisions are established through negotiations between the School District and bargaining units and are renegotiated each three-year period.

The School District assigns the authority to establish and amend benefit provisions to the Board of Education for non-bargaining unit employees. The Plan does not issue a stand-alone financial report.

The contribution requirements of Plan members and the School District are established and may be amended by the Board of Education. The School District has negotiated several collective bargaining agreements, which include obligations of Plan members and the School District. The required contribution is based on projected pay-as-you-go financing requirements. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

The School District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement Number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and accumulate sufficient total accruals for all postretirement benefits when due.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED JUNE 30, 2014

The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the School District's net OPEB obligation to the School District's Plan:

Normal cost	\$ 2,328,320
Supplemental cost	3,598,363
Interest	118,534
Total Annual Required Contribution	<u>6,045,217</u>
Interest on net OPEB obligation	624,615
Adjustment to annual required contribution	<u>(868,307)</u>
Annual OPEB Cost (Expense)	5,801,525
Contributions made on behalf of 230 employees	<u>(3,144,359)</u>
Increase in Net OPEB Obligation	2,657,166
Net OPEB Obligation - July 1, 2013	<u>15,615,373</u>
Net OPEB Obligation - June 30, 2014	<u>\$ 18,272,539</u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014, 2013, and 2012 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2014	\$ <u>5,801,525</u>	54.2%	\$ <u>18,272,539</u>
06/30/2013	\$ <u>5,740,988</u>	48.8%	\$ <u>15,615,373</u>
06/30/2012	\$ <u>5,437,676</u>	41.5%	\$ <u>12,673,767</u>

Funded Status and Funding Progress - As of June 30, 2014, the Plan was not funded. The actuarial accrued liability for benefits was \$64,711,924; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$12,942,342 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 500.0%.

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding funded status of the Plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the July 1, 2012, Actuarial Valuation Report, the projected unit credit cost method was used. The actuarial value of assets was determined as the accumulation of prior accruals, less benefits paid. Actuarial assumptions included annual discount and salary increase rates of 4% and 4%, respectively. Additional actuarial assumptions included an annual medical cost trend rate of 9% initially, adjusting to an ultimate rate of 7% after one year.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED JUNE 30, 2014

Note 12 - Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

The School District is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Other Items

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

Note 13 - Fund Balance Detail

At June 30, 2014, non-spendable, restricted, assigned, and unassigned fund balances in the Governmental Funds were as follows:

	General Fund	Special Aid Fund	School Lunch Fund	Debt Service Fund	Capital Projects Fund
<u>Non-Spendable</u>					
Inventory	\$ -0-	\$ -0-	\$ 25,653	\$ -0-	\$ -0-
<u>Restricted</u>					
Retirement contribution reserve	\$ 2,643,521	\$	\$	\$	\$
Unemployment insurance reserve	302,539				
Capital reserve	1,075,586				
Tax certiorari reserve	26,600				
Employee benefit accrued liability reserve	17,248				
Debt				234,819	
Total Restricted Fund Balance	\$ 4,065,494	\$ -0-	\$ -0-	\$ 234,819	\$ -0-
<u>Assigned</u>					
Appropriated for next year's budget	\$ 250,000	\$	\$	\$	\$
Encumbered for:					
General support	44,239				
Instruction	23,940				
Pupil transportation	6,437				
Employee benefits					
School lunch			276,662		
Capital projects					
Total Assigned Fund Balance	\$ 324,616	\$ -0-	\$ 276,662	\$ -0-	\$ -0-
<u>Unassigned</u>					
Unreserved, undesignated	\$ 1,165,758	\$	\$	\$	\$ -0-
Reserve for tax reduction	507,761				
Total Unassigned Fund Balance	\$ 1,673,519	\$ -0-	\$ -0-	\$ -0-	\$ -0-

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Note 14 - Restricted Fund Balances

Portions of restricted fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet.

The balances and activity for the year ended June 30, 2014 of the General Fund reserves were as follows:

General Fund Reserved Fund Balance	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Restricted:					
Retirement contribution reserve	\$ 3,093,689	\$	\$ 3,632	\$ (453,800)	\$ 2,643,521
Reserve for employee benefit accrued liability	17,226		22		17,248
Capital reserve	200,457	875,000	129		1,075,586
Tax certiorari reserve	-0-	26,600			26,600
Unemployment insurance reserve	302,361		178		302,539
 Total Reserved Fund Balance	 \$ 3,613,733	 \$ 901,600	 \$ 3,961	 \$ (453,800)	 \$ 4,065,494
Unassigned:					
Reserve for tax reduction	\$ 507,357	\$ -0-	\$ 404	\$ -0-	\$ 507,761

Note 15 - Restatement of Prior Year Net Position

During the year, the School District implemented GASB Statement Number 65, "Items Previously Reported as Assets and Liabilities." As a result, net position as of June 30, 2013 has been restated to eliminate bond issue costs in the amount of \$165,245.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources:				
Real property taxes	\$ 18,574,237	\$ 14,810,679	\$ 14,793,070	\$ (17,609)
Other tax items	92,514	3,856,073	3,857,976	1,903
Charges for services	186,200	186,200	234,686	48,486
Use of money and property	35,165	35,165	48,045	12,880
Sale of property and compensation for loss			7,581	7,581
Miscellaneous	587,078	592,783	906,685	313,902
 Total Local Sources	 19,475,194	 19,480,900	 19,848,043	 367,143
 State sources	 12,879,660	 13,037,335	 13,188,307	 150,972
Medicaid reimbursement	20,000	20,000	22,755	2,755
 Total Revenues	 32,374,854	 32,538,235	 33,059,105	 520,870
 Total Revenues and Other Financing Sources	 32,374,854	 32,538,235	 \$ 33,059,105	 \$ 520,870
 Appropriated Fund Balance	 450,000	 450,000		
 Appropriated Reserves	 483,800	 483,800		
 Designated Fund Balance				
Encumbrances Carried Forward from Prior Year	442,022	442,022		
 Total Revenues, Appropriated Reserves and Designated Fund Balance	 \$ 33,750,676	 \$ 33,914,057		

See Independent Auditor's Report and Notes to Required Supplementary Information

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget
EXPENDITURES		
General Support:		
Board of Education	\$ 41,403	\$ 38,838
Central administration	335,981	333,963
Finance	461,637	479,070
Staff	185,848	242,474
Central services	2,428,932	2,358,494
Special items	344,714	411,440
Total General Support	3,798,515	3,864,279
Instruction:		
Instruction, administration and improvement	798,069	815,077
Teaching - Regular school	7,582,427	7,936,076
Programs for children with handicapping conditions	3,249,246	2,889,711
Occupational education	610,094	610,094
Teaching - Special school		154,096
Instructional media	1,423,908	1,478,345
Pupil services	1,565,254	1,551,509
Total Instruction	15,228,998	15,434,908
Pupil Transportation	1,033,573	1,034,774
Community Services	7,300	8,565
Employee Benefits	10,356,981	10,244,987
Debt Service:		
Principal	2,598,609	2,598,609
Interest	606,200	606,235
Total Debt Service	3,204,809	3,204,844
Total Expenditures	33,630,176	33,792,357
OTHER FINANCING USES		
Operating transfers out	120,500	121,700
Total Expenditures and Other Financing Uses	\$ 33,750,676	\$ 33,914,057
Net Change in Fund Balance		
Fund Balance - Beginning of Year		
Fund Balance - End of Year		

See Independent Auditor's Report and Notes to Required Supplementary Information

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 31,916	\$	\$ 6,922
319,568		14,395
467,869	4,783	6,418
236,415		6,059
2,129,220	39,456	189,818
406,862		4,578
3,591,850	44,239	228,190
778,265		36,812
7,869,186	4,881	62,009
2,855,026	5,686	28,999
602,094		8,000
150,132		3,964
1,468,921		9,424
1,497,702	13,373	40,434
15,221,326	23,940	189,642
877,875	6,437	150,462
7,308		1,257
9,629,512		615,475
2,598,609		-0-
606,235		-0-
3,204,844	-0-	-0-
32,532,715	74,616	1,185,026
120,273		1,427
32,652,988	\$ 74,616	\$ 1,186,453
406,117		
5,657,512		
\$ 6,063,629		

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
06/30/2014	7/1/2012	\$ <u>-0-</u>	\$ <u>64,711,924</u>	\$ <u>64,711,924</u>	0.0%	\$ <u>12,942,342</u>	500.0%
06/30/2013	7/1/2012	\$ <u>-0-</u>	\$ <u>64,711,924</u>	\$ <u>64,711,924</u>	0.0%	\$ <u>12,942,342</u>	500.0%
06/30/2012	7/1/2010	\$ <u>-0-</u>	\$ <u>62,476,731</u>	\$ <u>62,476,731</u>	0.0%	\$ <u>13,692,762</u>	456.3%
06/30/2011	7/1/2010	\$ <u>-0-</u>	\$ <u>62,381,800</u>	\$ <u>62,381,800</u>	0.0%	\$ <u>13,426,000</u>	464.6%
06/30/2010	7/1/2008	\$ <u>-0-</u>	\$ <u>66,346,452</u>	\$ <u>66,346,452</u>	0.0%	\$ <u>13,657,000</u>	485.8%
06/30/2009	7/1/2008	\$ <u>-0-</u>	\$ <u>59,133,638</u>	\$ <u>59,133,638</u>	0.0%	\$ <u>13,566,013</u>	435.9%

See Independent Auditor's Report and Notes to Required Supplementary Information

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 - Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund. The Special Aid and School Lunch funds do not have legally required budgets.

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Supplemental appropriations of \$163,381 occurred during the year; \$157,676 for the incarcerated youth program and \$5,705 for donations.

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

Note 2 - Reconciliation of the Budget Basis to GAAP

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2014.

Note 3 - Schedule of Funding Progress

The Schedule of Funding Progress, presented as required supplementary information presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2014

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 33,308,654
Prior year's encumbrances	<u>442,022</u>
Original Budget	<u>33,750,676</u>
 Budget Revisions (see Page 32, Note 1)	
 Total Additions	 <u>163,381</u>
Total Deductions	<u>-0-</u>
Final Budget	<u>\$ 33,914,057</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next year's budget is a voter approved budget	\$ <u>34,060,502</u>
Maximum allowed (4% of the 2014-2015 budget)	\$ <u>1,362,420</u>

General Fund fund balance subject to Section §1318 of Real Property Tax Law:

Unrestricted fund balance:

Committed fund balance	\$ -0-
Assigned fund balance	324,616
Unassigned fund balance	<u>1,673,519</u>
Total Unrestricted Fund Balance	<u>1,998,135</u>

Less:

Appropriated fund balance	\$ 250,000
Tax reduction reserve	507,761
Encumbrances included in assigned fund balance	<u>74,616</u>
Total Adjustments	<u>832,377</u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law	\$ <u>1,165,758</u>
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Actual Percentage	<u>3.4%</u>
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CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Revised Budget	Expenditures			Total
			Prior Years	Current Year	Transfer to Debt Service	
September 2011 Flood Emergency	\$	\$ 190,000	\$ 177,177	\$	\$	\$ 177,177
Chenango Bridge Elementary Reconstruction 030701-060-004-007	100,000	100,000		100,000		100,000
2013-2014 Buses	454,000	441,566		441,492	74	441,566
Total	\$ 554,000	\$ 731,566	\$ 177,177	\$ 541,492	\$ 74	\$ 718,743

See Independent Auditor's Report

Unexpended Balance	Methods of Financing				Fund Balance June 30, 2014
	Proceeds of Obligations	State Aid	Local Sources	Total	
\$ 12,823	\$	\$ 11,449	\$ 165,728	\$ 177,177	\$ -0-
			100,000	100,000	-0-
	441,566			441,566	-0-
\$ 12,823	\$ 441,566	\$ 11,449	\$ 265,728	\$ 718,743	\$ -0-

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

Capital assets, net	\$ <u>30,694,282</u>
Deduct:	
Premium on bonds payable	<u> </u>
Short-term portion of bonds payable, excluding deficit elimination bond	<u>(2,169,251)</u>
Long-term portion of bonds payable, excluding deficit elimination bond	<u>(14,081,707)</u>
Less: unspent bond proceeds	<u> </u>
Deferred charges on defeased debt	<u>773,947</u>
Net Investment in Capital Assets	\$ <u><u>15,217,271</u></u>

See Independent Auditor's Report

John H. Dietershagen, C.P.A.
Jerry E. Mickelson, C.P.A.
Thomas K. Van Derzee, C.P.A.
Debbie Conley Jordan, C.P.A.
Patrick S. Jordan, C.P.A.
Duane R. Shoen, C.P.A.
Lesley L. Horner, C.P.A.
D. Leslie Spurgin, C.P.A.



Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

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

Board of Education
Chenango Valley
Central School District
Binghamton, New York

Report on the Financial Statements

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 the Chenango Valley Central School District (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 22, 2014.

Internal Control Over Financial Reporting

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

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

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

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CORTLAND

39 Church Street
Cortland, New York 13045
607-753-7439
fax 607-753-7874

ITHACA

401 East State Street ~ Suite 500
Ithaca, New York 14850
607-272-4444
fax 607-273-8372
www.cdlim.com

WATKINS GLEN

108 West Fourth Street
Watkins Glen, New York 14891
607-535-4443
fax 607-535-6220

Compliance and Other Matters

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

We noted certain matters that we reported to management of the School District in a separate report dated September 22, 2014.

Purpose of This Report

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

A handwritten signature in black ink that reads "Lisa Dietershagen, Little, Minkler & Company, CPA". The signature is written in a cursive, flowing style.

September 22, 2014
Ithaca, New York

John H. Dietershagen, C.P.A.
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Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

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

Board of Education
Chenango Valley
Central School District
Binghamton, New York

Report on Compliance for Each Major Federal Program

We have audited the Chenango Valley Central School District's (the School 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 School District's major federal programs for the year ended June 30, 2014. The School 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 School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

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CORTLAND

39 Church Street
Cortland, New York 13045
607-753-7439
fax 607-753-7874

ITHACA

401 East State Street ~ Suite 500
Ithaca, New York 14850
607-272-4444
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www.cdlim.com

WATKINS GLEN

108 West Fourth Street
Watkins Glen, New York 14891
607-535-4443
fax 607-535-6220

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School 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 School 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.

A handwritten signature in black ink, reading "Lisa Dietershagen, Little, Ninkman & Company, LLP". The signature is written in a cursive, flowing style.

September 22, 2014
Ithaca, New York

CHENANGO VALLEY CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass - Through Grantor Program Title</u>	<u>Federal CFDA #</u>	<u>Pass - Through Grantor #</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>			
Passed Through NYS Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	0021140165	\$ 419,472
Title I Grants to Local Educational Agencies	84.010	0021130165	<u>37,546</u>
		Subtotal	<u>457,018</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	0032140053	490,878
Special Education - Grants to States	84.027	0032130053	33
Special Education - Preschool Grants	84.173	0033140053	<u>4,033</u>
		Subtotal	<u>494,944</u>
Improving Teacher Quality State Grants	84.367	0147140165	43,956
Improving Teacher Quality State Grants	84.367	0147130165	10,630
Race to the Top Fund - ARRA	84.395	5500140165	<u>19,258</u>
Total U.S. Department of Education			<u>1,025,806</u>
<u>U.S. Department of Agriculture</u>			
Passed Through NYS Department of Education:			
Child Nutrition Cluster:			
National School Lunch	10.555	03070106	303,759
School Breakfast Program	10.553	03070106	<u>71,255</u>
Child Nutrition Cluster		Subtotal	375,014
Team Nutrition Grant	10.574	03070106	<u>1,000</u>
Total U.S. Department of Agriculture			<u>376,014</u>
Total Expenditures of Federal Awards			<u>\$ 1,401,820</u>

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

CHENANGO VALLEY CENTRAL 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 presents the activity of all federal awards programs administered by the School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 - Basis of Accounting

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

Note 3 - Indirect Costs

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented.

Note 4 - Matching Costs

Matching costs, i.e., the School District's share of certain program costs, are not included in the reported expenditures.

Note 5 - Non-Monetary Federal Program

The School 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 School District received \$43,539 worth of commodities under the National School Lunch Program (CFDA #10.555).

Note 6 - Other Disclosures

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

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

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

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes √ no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? _____ yes √ none reported

Noncompliance material to financial statements noted? _____ yes √ none reported

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes √ no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? _____ yes √ none reported

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

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of Circular A-133? _____ yes √ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027 and 84.173	Special Education Cluster

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

Auditee qualified as low-risk? √ yes _____ no

Section II - Financial Statement Findings: None

Section III - Federal Award Findings and Questioned Costs: None

Section IV - Prior Year Audit Findings: None