NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2014

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Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
North Rose - Wolcott Central School District, 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 North Rose - Wolcott Central School District, New York, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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.

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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 North Rose - Wolcott Central School District, New York, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress postemployment benefit plan on pages 4–13 and 41–43 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 North Rose - Wolcott Central School District, New York's basic financial statements. The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2014 on our consideration of the North Rose - Wolcott Central School District, New York'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 North Rose - Wolcott Central School District, New York's internal control over financial reporting and compliance.

Raymond F. Wager CPA PC

September 5, 2014

North Rose – Wolcott Central School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

The following is a discussion and analysis of the School District's 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, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

At the close of the fiscal year, the total assets (what the district owns) exceeded its total liabilities (what the district owes) by $ 33,635,199 (net position) an increase of $1,143,363 from the prior year. This increase is a result of a decrease in long term obligations, and an increase in reserves.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of $16,943,943 an increase of $1,005,405 in comparison with the prior year. This increase is a result of decrease in long term obligations and an increase in Capital Reserve by the total aidable capital transportation expense.

General revenues which include Federal and State Aid and Real Property Taxes (Excluding Non Property Taxes) accounted for $25,146,369 or 89% of all revenues. Program specific revenues in the form of Charges for services, Operating Grants and Contributions accounted for $3,109,770 or 11% of total revenues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The School District maintains five individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the special aid fund which are reported as major funds. Data for the school lunch fund, the debt service fund and capital projects fund are aggregated into a single column and reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all 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 government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District As A Whole

Net Position

The District's combined net position were larger on June 30, 2014, than they were the year before, increasing by 3.5% to $33,635,199 as shown in table below.

	Explanation	Governmental Activities 2014	Governmental Activities 2013	Total Percentage Change
ASSETS:				
Current and Other Assets	Represents cash and cash equivalents together with other current assets	$ 19,106,917	$ 17,481,167	9.3%
Capital Assets	Represents land, work in progress, and buildings (net of depreciation)	29,701,557	30,905,162	-3.9%
Total Assets		**$ 48,808,474**	**$ 48,386,329**	.9%
LIABILITIES:				
Long-Term Debt Obligations	Represents what District owes for serial bonds and compensated absences	$ 13,018,424	$ 14,348,417	-9.3%
Other Liabilities	Represents obligations to teachers' and employees' retirement systems, accounts payable, and accrued liabilities	2,154,851	1,546,076	39.4%
Total Liabilities		**$ 15,173,275**	**$ 15,894,493**	-4.5%
NET POSITION:				
Net Investment in Capital Assets	What the District owns less any related outstanding debt	$ 18,892,483	$ 16,811,088	12.4%
Restricted For,				
Capital Reserve	Funds restricted for capital repair and capital improvement	5,038,004	4,935,794	2.1%
Other Purposes	Funds restricted by enabling legislation or Board of Education resolutions	8,931,721	9,410,299	-5.1%
Unrestricted	Represents net position not legally restricted	772,991	1,334,655	-42.1%
Total Net Position		**$ 33,635,199**	**$ 32,491,836**	3.5%

The District's financial position is the product of many factors.

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

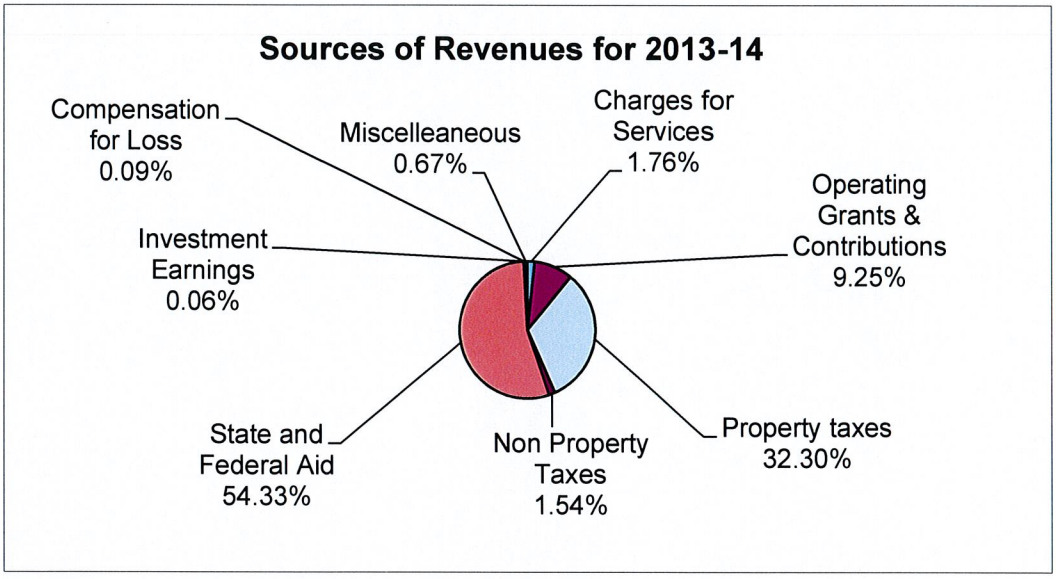
There are two restricted net position balances, Capital Reserve and Other Purposes which constitute 42% of total net position. The remaining balance of unrestricted net position, which is a surplus of $772,991 or 2%, may be used to finance future operations.

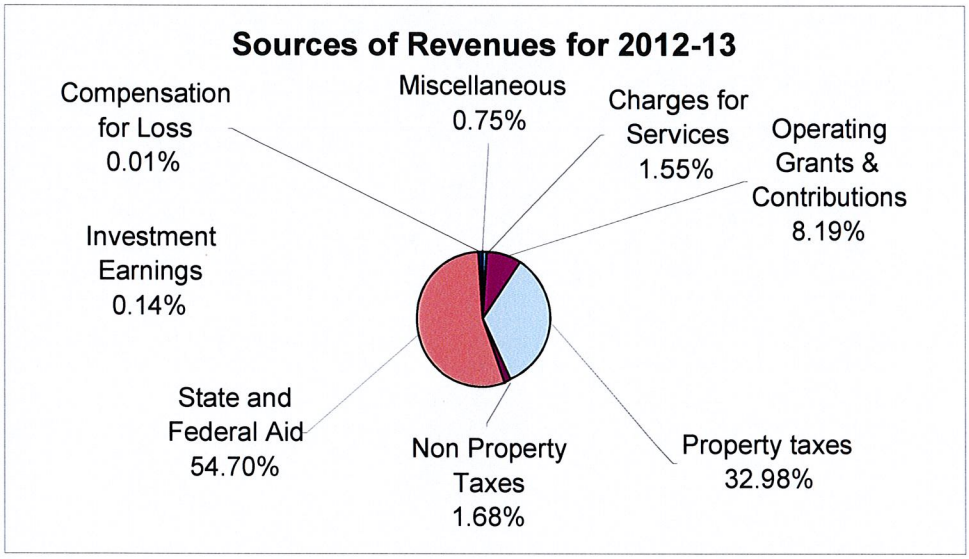
Changes in Net Position

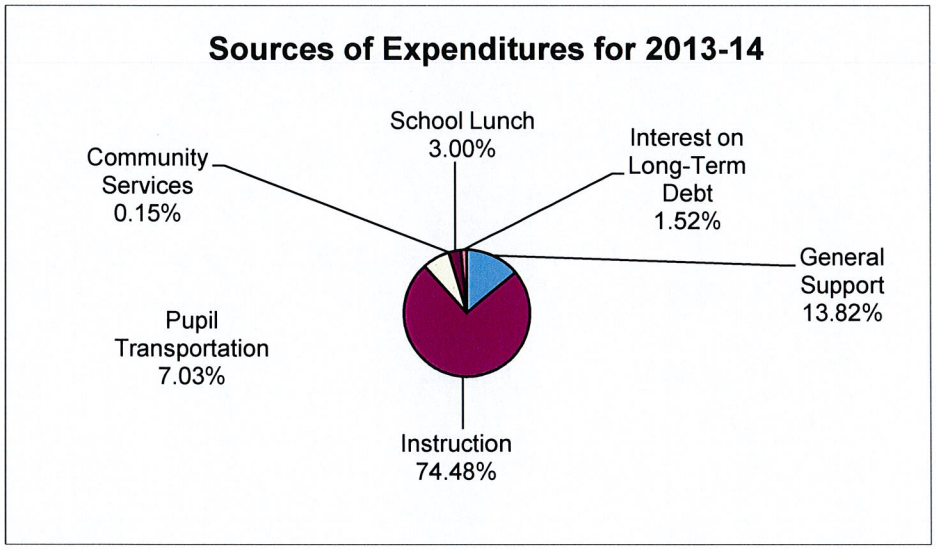
The District's total revenue increased 2% to $28,256,139. State and federal aid 54% and property taxes 32% accounted for most of the District's revenue. The remaining 14% of the revenue comes from operating grants and contributions, charges for services, non-property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

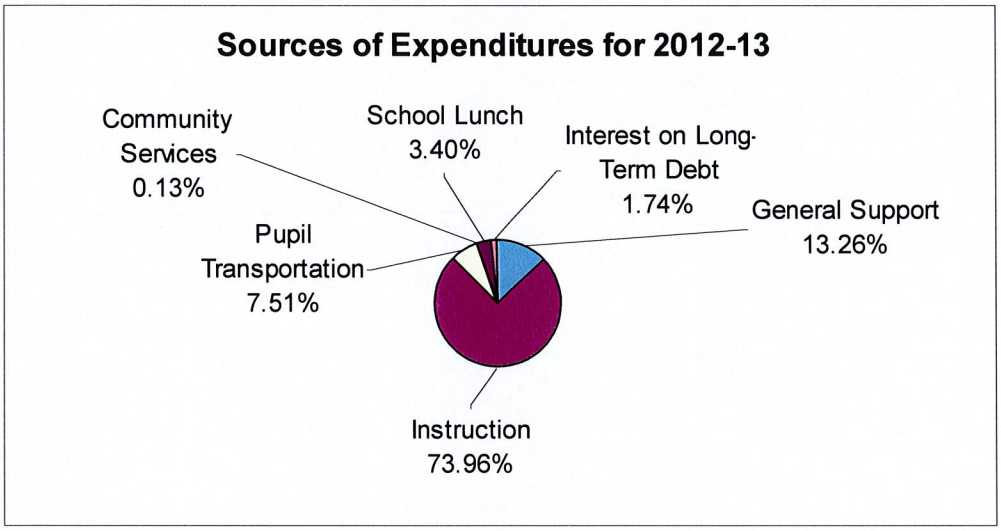
The total cost of all the programs and services increased 3.53% to $27,112,776. The District's expenses are predominately related to education and caring for the students (Instruction) 74%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 14% of the total costs. See table below:

	Explanation	Governmental Activities 2014	Governmental Activities 2013	Total Percentage Change
REVENUES:				
Program -				
Charges for Services	Revenue received for services such as school lunch or breakfast	$496,060	$428,002	15.9%
Operating Grants & Contributions	Revenue received from other agencies	2,613,710	2,267,798	15.25%
Total Program		$ 3,109,770	$ 4,695,800	15.36%
General -				
Property Taxes	Property taxes collected by the District	$ 9,125,652	$ 9,127,298	-.02%
Non-Property Taxes	Sales tax collected by the District	435,606	465,193	-6.36%
State and Federal Aid	Aid received from New York State and Federal Government	15,353,445	15,139,703	1.41%
Investment Earnings	Earnings on deposits and investments	15,947	38,141	-58.19%
Compensation for Loss	Revenue received for damage to or loss of District property	25,156	1,896	1226.79%
Miscellaneous	Revenue received from various sources which are not explained in other categories	190,563	207,696	-8.25%
Total General		$ 25,146,369	$24,979,927	.67%
TOTAL REVENUES		**$ 28,256,139**	**$27,675,727**	2.10%
EXPENSES:				
General Support	Expenses associated with the operation, maintenance and administration of the District	$ 3,746,650	$ 3,472,917	7.88%
Instruction	Expenses associated with providing educational services to students	20,194,837	19,368,839	4.26%
Pupil Transportation	Expenses associated with providing transportation services to students	1,906,751	1,967,564	-3.09%
Community Services	Expenses associated with various community services	41,144	34,412	19.56%
School Lunch	Expenses associated with providing lunch and breakfast for the District	812,534	889,282	-8.63%
Interest on Long-Term Debt	Interest paid on serial bonds, BANs, RANs and energy performance contracts	410,860	454,798	-9.66%
TOTAL EXPENSES		**$ 27,112,776**	**$26,187,812**	3.53%
INCREASE IN NET POSITION		**$ 1,143,363**	**$ 1,487,915**	-23.16%


Sources of Revenues for 2013-14
Compensation for Loss 0.09%
Miscelleaneous 0.67%
Charges for Services 1.76%
Operating Grants & Contributions 9.25%
Investment Earnings 0.06%
State and Federal Aid 54.33%
Non Property Taxes 1.54%
Property taxes 32.30%


Sources of Revenues for 2012-13
Compensation for Loss 0.01%
Miscellaneous 0.75%
Charges for Services 1.55%
Operating Grants & Contributions 8.19%
Investment Earnings 0.14%
State and Federal Aid 54.70%
Non Property Taxes 1.68%
Property taxes 32.98%





Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of $16,943,943 which is more than last year's ending fund balance of 15,938,538.

General Fund NonSpendable Balances:	Purpose	2014	2013	Variance
Prepaid	The District has prepaid for various items	$ 445,796	$ 477,483	(31,687)
Long Term Receivable	Long Term Receivable	519,021	519,021	-
Total NonSpendable		**$ 964,817**	**$ 996,504**	**$ (31,687)**
General Fund Restricted Balances:				
Reserved for Unemployment	Unemployment Insurance Fund for payments made to claimants.	$ 592,012	$ 599,144	(7,132)
Reserved for Tax Certiorari	To meet anticipated judgments and claims arising out of tax certiorari proceedings.	10,000	10,000	-
Capital Reserve	Capital reserve monies which were established by voters for capital project costs.	5,038,004	4,935,794	102,210
Reserved for Workers Comp.	Funds to cover payment for potential worker' comp. claims.	105,154	252,024	(146,870)
Reserved for Liability	Funds to cover payment for potential liability claims.	646,325	660,887	(14,562)
Reserved for Insurance	Funds to cover payment for claims not otherwise covered	3,828,960	3,828,954	(994)
Retirement Contrib. Reserve	Funds to cover retirement costs	1,855,289	2,080,569	(225,280)
Reserved for Employee Benefit Accrued Liability	Funds for the payment of accrued employee benefits due upon termination.	717,367	796,069	(78,702
Total General Fund Restricted Balances		**$ 12,792,111**	**$ 13,163,442**	**$ 371,331**

A reserve fund balance indicates that it is not available due to the fact that it is either legally restricted to liquidate current contracts and/or purchase orders or restricted for other purposes. The additional reserves and the increase in the amounts in various reserves demonstrate the continuing growth in the District's financial strength.

One of the most important pieces of information reported in the governmental fund financial statements is available fund balance. The fund balances represent the availability of various governmental fund resources for future use.

General Fund Balances	Purpose	2014	2013	Variance
Nonspendable	Amounts that are not in a spendable form	$ 964,817	$ 996,504	(31,687)
Restricted reserves	Amounts constrained to specific purposes (For details see pg. 40)	12,792,111	13,163,441	(371,330)
Assigned	Amounts a government intends to use for a specific purpose	298,992	935,097	(636,105)
Unassigned	Amounts that are available for school purposes pursuant to any Education Law Restrictions	1,033,300	1,028,523	4,777
Total General Fund Balances		**$ 15,089,220**	**$ 16,123,565**	**$ (1,034,345)**

At the end of this year, the $15,089,220 fund balance in the general fund was divided between $964,817 in Non Spendable; $12,792,111 in restricted fund balance, $298,992 Assigned for Encumbrances; and $1,033,300 in unassigned fund balance.

The Assigned portion, will be used in the 2014-15 fiscal year to fund operations. The unassigned portion is not specifically designated and will assist the District in cash flow needs.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was $2,884,928. This change is attributable to $2,465,761 transfers to other funds, $21,944 reassessment of W/C plan, $15,000 litigation settlement from liability reserve, $7,126 gifts to the district, and $375,097 of carryover encumbrances from the 2012-13 school year.

The key factors for budget variances in the general fund are listed below along with explanations for each.

Expenditure Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Central Services	$199,426	Carry over encumbrances
Teaching-Regular School	$249,545	Carry over encumbrances
Employee Benefits	($268,647)	Grants paid for benefits normally paid from general fund
Transfer-Out	$2,503,495	Transfer to capital fund to purchase buses and for capital project

Revenue Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Charges for Services	$182,253	Headstart trips and BOCES ARC transportation
Miscellaneous	$109,380	CPSE reimbursement/BOCES surplus/E-rat/Sub-teacher reimbursement
State Sources	$351,934	State aid increases

Expenditure Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Central Services	$209,224	Utility costs lower than anticipated
Programs for Children with Handicapping Conditions	$420,163	BOCES services and program materials and supplies were lower than anticipated
Pupil Transportation	$294,680	Diesel fuel and salaries were lower than anticipated
Employee Benefits	$341,655	Medical insurance costs were lower than anticipated

Capital Asset and Debt Administration

Capital Assets

By the end of the 2013-14 fiscal year, the District had invested $29,701,557 in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	2014	2013
Land	$ 190,188	$ 190,188
Work in Progress	89,487	89,487
Buildings and Improvements	21,834,038	27,922,635
Machinery and Equipment	7,587,844	2,702,852
Total	**$ 29,701,557**	**$ 30,905,162**

Long-Term Debt

At year end, the District had $13,018,425 in general obligation bonds and other long-term debt outstanding as follows:

Type	2014	2013
Serial Bonds	$ 11,395,000	$ 12,680,000
Other Long Term Liability	580,000	772,000
OPEB	963,966	833,091
Compensated Absences	79,458	63,326
Total Long-Term Obligations	**$ 13,018,424**	**$ 14,348,417**

Factors Bearing on the District's Future

The District will continue to face fiscal challenges regarding rising health insurance, pension, fuel, and energy costs in the future. The economic uncertainty and fiscal stress at the state level will impact financial planning models. The District's approach to conservative budgeting and long range planning for large capital expenditures will aid in easing the financial burden in these areas. Capital improvements and long term planning will continue to be a major point of emphasis in the 2014-15 year as the District continues to work on improving and upgrading its facilities to meet the needs of the students, staff, and community.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

North Rose - Wolcott Central School District
Attn: Robert Magin
Business Administrator
11631 Salter Colvin Road
Wolcott, New York 14590

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 16,959,064
Accounts receivable	1,665,883
Inventories	36,174
Prepaid items	445,796
Capital Assets:	
Land	190,188
Work in progress	89,487
Other capital assets (net of depreciation)	29,421,882
TOTAL ASSETS	**$ 48,808,474**
LIABILITIES	
Accounts payable	$ 357,697
Accrued liabilities	100,083
Unearned revenues	13,848
Due to other governments	118
Due to teachers' retirement system	1,542,527
Due to employees' retirement system	140,578
Long-Term Obligations:	
Due in one year	1,073,805
Due in more than one year	11,944,619
TOTAL LIABILITIES	**$ 15,173,275**
NET POSITION	
Net investment in capital assets	$ 18,892,483
Restricted For:	
Insurance reserve	3,827,960
Reserve for employee retirement system	1,855,289
Capital reserves	5,038,004
Other purposes	3,248,472
Unrestricted	772,991
TOTAL NET ASSETS	**$ 33,635,199**

(See accompanying notes to financial statements)

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Activities and Changes in Net Position

For Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Primary Government -				
General support	$ 3,746,650	$ -	$ -	$ (3,746,650)
Instruction	20,194,837	309,692	2,006,269	(17,878,876)
Pupil transportation	1,906,751	-	-	(1,906,751)
Community services	41,144	-	-	(41,144)
School lunch	812,534	186,368	607,441	(18,725)
Interest	410,860	-	-	(410,860)
Total Primary Government	**$ 27,112,776**	**$ 496,060**	**$ 2,613,710**	**$ (24,003,006)**

General Revenues:	
Property taxes	$ 9,125,652
Non property taxes	435,606
State and federal aid	15,353,445
Investment earnings	15,947
Compensation for loss	25,156
Miscellaneous	190,563
Total General Revenues	**$ 25,146,369**
Changes in Net Position	$ 1,143,363
Net Position, Beginning of Year	32,491,836
Net Position, End of Year	**$ 33,635,199**

(See accompanying notes to financial statements)

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2014

ASSETS	General Fund	Special Aid Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 15,747,528	$ 2,888	$ 1,208,648	$ 16,959,064
Receivables	1,165,113	456,439	44,331	1,665,883
Inventories	-	-	36,174	36,174
Due from other funds	516,091	63,826	673,882	1,253,799
Prepaid items	445,796	-	-	445,796
TOTAL ASSETS	**$ 17,874,528**	**$ 523,153**	**$ 1,963,035**	**$ 20,360,716**
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	$ 295,455	$ 53,728	$ 8,514	$ 357,697
Accrued liabilities	40,191	43,960	250	84,401
Due to other funds	737,708	420,343	95,748	1,253,799
Due to other governments	-	-	118	118
Due to TRS	1,542,527	-	-	1,542,527
Due to ERS	140,578	-	-	140,578
Compensated absences	23,805	-	-	23,805
Unearned revenue	5,044	5,122	3,682	13,848
TOTAL LIABILITIES	**$ 2,785,308**	**$ 523,153**	**$ 108,312**	**$ 3,416,773**
Fund Balances -				
Nonspendable	$ 964,817	$ -	$ 36,174	$ 1,000,991
Restricted	12,792,111	-	1,763,540	14,555,651
Assigned	298,992	-	55,009	354,001
Unassigned	1,033,300	-	-	1,033,300
TOTAL FUND BALANCE	**$ 15,089,220**	**$ -**	**$ 1,854,723**	**$ 16,943,943**
TOTAL LIABILITIES, FUND BALANCES	**$ 17,874,528**	**$ 523,153**	**$ 1,963,035**	

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,701,557
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(15,682)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(11,395,000)
OPEB	(963,966)
Compensated absences	(55,653)
Retirement Incentives	(580,000)
Net Position of Governmental Activities	**$ 33,635,199**

(See accompanying notes to financial statements)

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For Year Ended June 30, 2014

	General Fund	Special Aid Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes and tax items	$ 9,125,652	$ -	$ -	$ 9,125,652
Non-property taxes	435,606	-	-	435,606
Charges for services	258,488	-	-	258,488
Use of money and property	15,427	-	520	15,947
Sale of property and compensation for loss	25,156	-	-	25,156
Miscellaneous	190,496	51,204	67	241,767
State sources	15,255,935	457,166	19,694	15,732,795
Federal sources	97,510	1,549,103	587,747	2,234,360
Sales	-	-	186,368	186,368
TOTAL REVENUES	**$ 25,404,270**	**$ 2,057,473**	**$ 794,396**	**$ 28,256,139**
EXPENDITURES				
General support	$ 2,993,946	$ -	$ -	$ 2,993,946
Instruction	12,254,479	1,757,450	-	14,011,929
Pupil transportation	1,048,907	44,600	471,319	1,564,826
Community services	30,902	-	-	30,902
Employee benefits	5,907,086	289,611	122,339	6,319,036
Debt service - principal	1,285,000	-	-	1,285,000
Debt service - interest	414,800	-	-	414,800
Cost of sales	-	-	356,830	356,830
Other expenses	-	-	273,465	273,465
TOTAL EXPENDITURES	**$ 23,935,120**	**$ 2,091,661**	**$ 1,223,953**	**$ 27,250,734**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,469,150	$ (34,188)	$ (429,557)	$ 1,005,405
OTHER FINANCING SOURCES (USES)				
Transfers - in	$ -	$ 34,188	$ 2,469,307	$ 2,503,495
Transfers - out	(2,503,495)	-	-	(2,503,495)
TOTAL OTHER FINANCING SOURCES (USES)	**$ (2,503,495)**	**$ 34,188**	**$ 2,469,307**	**$ -**
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	**$ (1,034,345)**	**$ -**	**$ 2,039,750**	**$ 1,005,405**
FUND BALANCE, BEGINNING OF YEAR	16,123,565	-	(185,027)	15,938,538
FUND BALANCE, END OF YEAR	**$ 15,089,220**	**$ -**	**$ 1,854,723**	**$ 16,943,943**

(See accompanying notes to financial statements)

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities

For Year Ended June 30, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 1,005,405
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets exceeded depreciation in the current period:		
Additions to Assets, Net	$ 515,345	
Depreciation	(1,718,950)	
		(1,203,605)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:		
Debt Repayments		1,285,000
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		3,940
The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		(130,875)
In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:		
Compensated Absences	$ (8,502)	
Retiree Incentives	192,000	
		183,498
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		**$ 1,143,363**

(See accompanying notes to financial statements)

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2014

	Private Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	$ 79,861	$ 711,651
Receivable from general fund	-	5,983
TOTAL ASSETS	**$ 79,861**	**$ 717,634**
LIABILITIES		
Extraclassroom activity balances	$ -	$ 110,812
Other liabilities	-	606,822
TOTAL LIABILITIES	**$ -**	**$ 717,634**
NET POSITION		
Restricted for scholarships	$ 79,861	
TOTAL NET POSITION	**$ 79,861**	

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2014

	Private Purpose Trust
ADDITIONS	
Contributions	$ 1,677
Miscellaneous	66
TOTAL ADDITIONS	**$ 1,743**
DEDUCTIONS	
Scholarships and donations	$ 5,456
TOTAL DEDUCTIONS	**$ 5,456**
CHANGE IN NET POSITION	$ (3,713)
NET POSITION, BEGINNING OF YEAR	83,574
NET POSITION, END OF YEAR	**$ 79,861**

(See accompanying notes to financial statements)

I. Summary of Significant Accounting Policies

The financial statements of the North Rose - Wolcott Central School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The North Rose - Wolcott Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of ten members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held as an agency for various student organizations in an agency fund.

B. Joint Venture

The District is a component of the Wayne - Finger Lakes (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed $3,539,871 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $1,176,630.

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

C. Basis of Presentation

1. Districtwide Statements

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

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

2. Fund Statements

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

The District reports the following governmental funds:

a. Major Governmental Funds

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

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

b. Nonmajor Governmental - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

School Lunch Fund - Used to account for transactions of the District's lunch, breakfast and milk programs.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

Capital Projects Fund - Used to account for the acquisition construction or major repair of capital facilities.

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

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

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

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 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 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 measureable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year 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. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 27, 2013. Taxes are collected during the period September 1, 2013 to October 31, 2013.

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

F. Restricted Resources

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

G. Interfund Transactions

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

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note V. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H. 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, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and Cash Equivalents

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

New York State Law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. 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.

J. Receivables

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

K. Inventory and Prepaid Items

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

Prepaid items represent payments made by the 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 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.

L. Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of $5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

Class	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 50,000	SL	25-50 Years
Machinery and Equipment	$ 5,000	SL	5-20 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

M. Unearned Revenue

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

N. Vested Employee Benefits

1. 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.

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that 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 funds 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.

O. Other Benefits

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 District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

P. Accrued Liabilities and Long-Term Obligations

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

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

Q. Equity Classifications

1. District-Wide Statements

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

a. **Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

b. **Restricted Net Position** - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

On the Statement of Net Position the following balances represent the restricted for other purposes:

		Total
Workers' Compensation	$	105,154
Unemployment Costs		592,012
Tax Certiorari		10,000
Capital Projects		477,936
Debt		699,678
Liability		646,325
Employee Benefits Accrued Liability		717,367
Total Net Position - Restricted for Other Purposes	**$**	**3,248,472**

c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

2. **Fund Statements**

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

a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes:

		Total
Inventory in school lunch	$	36,174
Prepaid items		445,796
Noncurrent receivables		519,021
Total Nonspendable Fund Balance	**$**	**1,000,991**

b. **Restricted Fund Balances** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the general fund are classified as restricted fund balance. The District has established the following restricted fund balances:

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

Name of Reserve	Maximum Funding	Total Funding Provided	Total Year to Date Balance
Capital Reserve	$ 4,500,000	$ 1,787,030	$ 1,788,221
Building Capital Reserve	$ 4,500,000	$ 2,511,970	$ 2,513,644
2013 Capital Bus Reserve	$ 1,000,000	$ 848,629	$ 736,139
2014 Capital Bus Reserve	$ 1,000,000	$ -	$ -

Reserve for Debt Service - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

Employee Benefit Accrued Liability Reserve - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to 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.

Insurance Reserve - According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriation, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval.

Liability Reserve - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or $15,000, whichever is greater.

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Tax Certiorari Reserve - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims 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 proceeding 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.

Unemployment Insurance Reserve - According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the 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.

Workers' Compensation Reserve - According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

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

Restricted fund balances include the following:

General Fund -		
Capital	$	5,038,004
Employee Benefit Accrued Liability		717,367
Insurance		3,827,960
Liability		646,325
Retirement Contribution		1,855,289
Tax Certiorari		10,000
Unemployment Insurance		592,012
Workers' Compensation		105,154
Capital Fund -		
Bus Purchases		477,936
Capital Additions		585,926
Debt Service Fund -		
Debt Service		699,678
Total Restricted Funds	**$**	**14,555,651**

The District appropriated and /or budgeted funds totaling $65,000 from the Employee Benefit Accrued Liability Reserve for the 2014-15 budget.

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2014.

d. **Assigned Fund Balance** – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

Significant encumbrances for the general fund, management has determined that amounts in excess of $37,000 are considered significant and are summarized below:

- Operation of Plant $47,362, Maintenance of Plant $60,482, and Teaching Regular School $52,464.

Assigned fund balances include the following:

General Fund-Encumbrances	$	298,992
School Lunch Fund-Year End Equity		55,009
Total Assigned Fund Balance	**$**	**354,001**

e. **Unassigned Fund Balance** –Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district.

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

3. Order of Use of Fund Balance

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

R. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2014, the District implemented the following new standards issued by GASB:

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, effective for the year ending June 30, 2014.

GASB Statement 66, GASB *Technical Corrections – 2012 – an Amendment of Statement 10 and 62*, effective for the year ending June 30, 2014.

S. Future Changes in Accounting Standards

GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, effective for the year ending June 30, 2015.

GASB has issued Statement 69, *Government Combinations and Disposals of Government Operations*, effective for the year ending June 30, 2015.

GASB has issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending June 30, 2015.

GASB has issued Statement 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an Amendment of GASB Statement No. 68*, effective for the year ending June 30, 2015.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

II. Stewardship, Compliance and Accountability

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

Appropriations established by 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. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2013-14 fiscal year, the budget was increased by $7,126 for donations received, $21,994 for a reassessment of the workers' compensation plan, $2,000,000 for a transfer to capital project in lieu of issuing debt, $15,000 for the settlement of litigation and $465,761 for voter approved purchase of buses.

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.

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

B. Encumbrances

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

III. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

(III.) (Continued)

The District's aggregate bank balances, included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution	2,610,200
Collateralized within Trust department or agent	14,878,078
Total	**$ 17,488,278**

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $14,555,651 within the governmental funds and $79,861 in the fiduciary funds.

IV. Receivables

Receivables at June 30, 2014 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			
Description	General Fund	Special Aid Fund	Non-Major Funds	Total
Accounts Receivable	$ 40,450	$ 44,886	$ 2,454	$ 87,790
Due From State and Federal	414,287	411,553	41,877	867,717
Due From Other Governments	710,376	-	-	710,376
Total	**$ 1,165,113**	**$ 456,439**	**$ 44,331**	**$ 1,665,883**

District management has deemed the amounts to be fully collectible.

V. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2014 were as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General Fund	$ 516,091	$ 737,708	$ -	$ 2,503,495
Special Aid Fund	63,826	420,343	34,188	-
School Lunch Fund	-	6,819	3,546	-
Capital Fund	673,882	88,929	2,465,761	-
Total government activities	**$ 1,253,799**	**$ 1,253,799**	**$ 2,503,495**	**$ 2,503,495**

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

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

All interfund payables are not necessarily expected to be repaid within one year.

VI. Capital Assets

Capital asset balances and activity were as follows:

Type	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014
Governmental Activities:				
Capital assets that are not depreciated -				
Land	$ 190,188	$ -	$ -	$ 190,188
Work in progress	89,487	-	-	89,487
Total Nondepreciable	$ 279,675	$ -	$ -	$ 279,675
Capital assets that are depreciated -				
Buildings and improvements	$ 48,507,940	$ -	$ -	$ 48,507,940
Machinery and equipment	7,650,621	783,649	(846,426)	7,587,844
Total Depreciated Assets	$ 56,158,561	$ 783,649	$ (846,426)	$ 56,095,784
Less accumulated depreciation -				
Buildings and improvements	$ 20,585,305	$ 1,267,872	$ -	$ 21,853,177
Machinery and equipment	4,947,769	451,078	(578,122)	4,820,725
Total accumulated depreciation	$ 25,533,074	$ 1,718,950	$ (578,122)	$ 26,673,902
Total capital assets depreciated, net of accumulated depreciation	$ 30,625,487	$ (935,301)	$ (268,304)	$ 29,421,882
Total Capital Assets	**$ 30,905,162**	**$ (935,301)**	**$ (268,304)**	**$ 29,701,557**

Depreciation expense for the period was charged to functions/programs as follows:

Governmental Activities:	
General government support	$ 286,263
Instruction	918,650
Pupil transportation	456,671
School lunch	57,366
Total Depreciation Expense	**$ 1,718,950**

VII. Long-Term Debt Obligations

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

Governmental Activities:	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014	Due Within One Year
Bonds and Notes Payable -					
Serial Bonds	$ 12,680,000	$ -	$ 1,285,000	$ 11,395,000	$ 1,050,000
Other Liabilities -					
OPEB Liability	$ 833,091	$ 130,875	$ -	$ 963,966	$ -
Other Long-Term Liability	772,000	-	192,000	580,000	-
Compensated Absences	63,326	16,132	-	79,458	23,805
Total Other Liabilities	$ 1,668,417	$ 147,007	$ 192,000	$ 1,623,424	$ 23,805
Total Long-Term Obligations	**$ 14,348,417**	**$ 147,007**	**$ 1,477,000**	**$ 13,018,424**	**$ 1,073,805**

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Interest Rate	Amount Outstanding 6/30/2014
Serial Bonds -				
Construction	2010	2024	2.500%-4.000%	$ 10,770,000
Refunding	2005	2019	3.750%-3.875%	625,000
Total Serial Bonds				**$ 11,395,000**

The following is a summary of debt service requirements:

	Serial Bonds	
Year	Principal	Interest
2015	$ 1,050,000	$ 376,361
2016	1,085,000	348,674
2017	1,115,000	320,049
2018	1,150,000	288,136
2019	1,185,000	252,531
2020-24	5,810,000	686,000
Total	**$ 11,395,000**	**$ 2,271,751**

Interest on long-term debt for June 30, 2014 was composed of:

Interest paid	$ 414,800
Less: interest accrued in the prior year	(19,622)
Plus: interest accrued in the current year	15,682
Total interest expense	**$ 410,860**

VIII. Pension Plans

A. General Information

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

B. Provisions and Administration

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, Albany, NY 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. The report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

C. Funding Policies

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

	NYSTRS	NYSERS
2014	$ 1,470,778	$ 504,977
2013	$ 1,063,474	$ 427,584
2012	$ 979,348	$ 418,699

IX. Postemployment Benefits

The District provides postemployment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

The District implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the school year ended June 30, 2009. This required the District to calculate and record a net other postemployment benefit obligation at year end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the general fund of the funds financial statements as payments are made. For the year ended June 30, 2014 the District recognized $483,000 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of June 30, 2013 which indicates that the total liability for other postemployment benefits is $5,835,637.

Annual OPEB Cost and Net OPEB Obligation - The District's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation by governmental activities:

Annual required contribution	$ 626,395
Interest on net OPEB obligation	28,089
Adjustment to annual required contribution	(40,609)
Annual OPEB cost (expense)	$ 613,875
Contributions made	483,000
Increase in net OPEB obligation	$ 130,875
Net OPEB obligation - beginning of year	833,091
Net OPEB obligation - end of year	**$ 963,966**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year end 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	$ 613,875	78.68%	$ 963,966
6/30/2013	$ 613,875	78.68%	$ 833,091
6/30/2012	$ 492,470	67.27%	$ 702,216

Funded Status and Funding Progress - As of June 30, 2013, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $5,835,637, and the actuarial value of assets was $0 resulting in an unfunded actuarial accrued liability of $5,835,637. The covered payroll (annual payroll of active employees covered by the plan) was $12,034,244, and the ratio of the UAAL to the covered payroll was 48.49%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 includes 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 June 30, 2013 actuarial valuation, the Project Unit Credit Actuarial Cost Method was used. The discount rate used was 4%. Because the plan is unfunded, reference to the general assets was considered in the selections of the four percent rate. The annual healthcare cost trend rate is 9% initially, reduced by decrements to an ultimate rate of 5% after four years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014, was twenty four years.

X. Risk Management

A. General Information

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

B. Workers' Compensation

The District incurs costs related to the Wayne-Finger Lakes Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, of Ontario, Seneca, Yates, Cayuga and Wayne Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Ontario, Seneca, Yates, Cayuga and Wayne Counties BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of Wayne Finger Lakes BOCES and twenty-two districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2014, the North Rose - Wolcott Central School District incurred premiums or contribution expenditures totaling $168,383.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2013, revealed that the Plan is fully funded.

C. Dental Coverage

The District self insures for dental coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. The expenditures as claims are presented for payment with a cap of $1,000 per employee or employee dependent. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

A reconciliation of the claims recorded for 2014 and 2013 are as follows:

	2014	2013
Beginning liabilities	$ 4,275	$ 3,370
Incurred claims	65,820	70,638
Claims payments	(66,075)	(69,733)
Ending liabilities	**$ 4,020**	**$ 4,275**

The Plan has available fund balance totaling $148,954 at June 30, 2013.

The following statistical information is presented:

Year	Contribution Revenue	Actual Claim Expense
2014	$ 80,007	$ 65,820
2013	$ 92,406	$ 70,638
2012	$ 76,618	$ 71,270
2011	$ 78,859	$ 73,460
2010	$ 96,167	$ 66,318
2009	$ 87,096	$ 70,790
2008	$ 92,692	$ 70,643
2007	$ 89,821	$ 64,374
2006	$ 59,401	$ 61,781

D. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2013-14 fiscal year totaled $9,883. The balance of the fund at June 30, 2014 was $592,012 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2014, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XI. Commitments and Contingencies

A. Litigation

The District is not aware of any pending litigation.

B. Grants

The 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 years' experience, the District's administration believes disallowances, if any, will be immaterial.

Required Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of Funding Progress
of Post Employment Benefit Plan
(Unaudited)
For Year Ended June 30, 2014

Actuarial Valuation Date June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
2009	$ -	$ 5,427,284	0.00%	$ 5,427,284	$ 13,760,384	39.44%
2012	$ -	$ 4,705,903	0.00%	$ 4,705,903	$ 11,751,317	40.05%
2013	$ -	$ 5,835,637	0.00%	$ 5,835,637	$ 12,034,244	48.49%

Required Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget (Non-GAAP Basis) and Actual - General Fund

(Unaudited)

For Year Ended June 30, 2014

	Original Budget	Amended Budget	Current Year's Revenues	Over (Under) Revised Budget
REVENUES				
Local Sources -				
Real property taxes	$ 9,037,155	$ 7,597,075	$ 7,597,075	$ -
Real property tax items	70,000	1,517,649	1,528,577	10,928
Non-property taxes	440,000	440,000	435,606	(4,394)
Charges for services	76,110	76,235	258,488	182,253
Use of money and property	24,150	28,780	15,427	(13,353)
Sale of property and compensation for loss	-	140	25,156	25,016
Miscellaneous	90,000	81,116	190,496	109,380
State Sources -				
Basic formula	13,774,765	11,440,671	11,795,245	354,574
Lottery aid	-	2,156,250	2,156,250	-
BOCES	1,001,447	1,179,270	1,176,630	(2,640)
Textbooks	77,173	77,240	77,240	-
All Other Aid -				
Computer software	42,329	42,295	42,295	-
Library loan	8,287	8,275	8,275	-
Federal Sources	40,000	40,000	97,510	57,510
TOTAL REVENUES	$ 24,681,416	$ 24,684,996	$ 25,404,270	$ 719,274
Other Sources -				
Transfer - in	$ -	$ 3,546	$ -	$ (3,546)
TOTAL REVENUES AND OTHER SOURCES	$ 24,681,416	$ 24,688,542	$ 25,404,270	$ 715,728
Appropriated reserves	$ 471,668	$ 771,668		
Appropriated fund balance	$ 560,000	$ 3,137,802		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	**$ 25,713,084**	**$ 28,598,012**		

(See Independent Auditors' Report)

Required Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget (Non-GAAP Basis) and Actual - General Fund

(Unaudited)

For Year Ended June 30, 2014

	Original Budget	Amended Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
EXPENDITURES					
General Support -					
Board of education	$ 40,563	$ 44,063	$ 43,329	$ 70	$ 664
Central administration	217,055	253,755	251,182	63	2,510
Finance	492,233	497,031	447,007	-	50,024
Staff	93,400	100,611	82,616	2,625	15,370
Central services	1,960,550	2,159,976	1,829,884	120,868	209,224
Special items	333,000	359,997	339,928	-	20,069
Instructional -					
Instruction, administration and improvement	1,076,018	1,048,832	981,946	4,894	61,992
Teaching - regular school	5,886,882	6,136,427	5,730,060	151,131	255,236
Programs for children with handicapping conditions	3,347,925	3,389,059	2,965,377	3,519	420,163
Occupational education	350,000	337,081	256,621	-	80,460
Teaching - special schools	210,350	243,612	241,751	-	1,861
Instructional media	1,143,469	1,176,259	1,125,454	3,206	47,599
Pupil services	998,052	1,015,751	953,270	4,554	57,927
Pupil Transportation	1,314,200	1,350,811	1,048,907	7,224	294,680
Community Services	32,199	32,711	30,902	838	971
Employee Benefits	6,517,388	6,248,741	5,907,086	-	341,655
Debt service - principal	1,285,000	1,285,000	1,285,000	-	-
Debt service - interest	414,800	414,800	414,800	-	-
TOTAL EXPENDITURES	$ 25,713,084	$ 26,094,517	$ 23,935,120	$ 298,992	$ 1,860,405
Other Uses -					
Transfers - out	$ -	$ 2,503,495	$ 2,503,495	$ -	$ -
TOTAL EXPENDITURES AND OTHER USES	$ 25,713,084	$ 28,598,012	$ 26,438,615	$ 298,992	$ 1,860,405
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ -	$ -	$ (1,034,345)		
FUND BALANCE, BEGINNING OF YEAR	16,123,565	16,123,565	16,123,565		
FUND BALANCE, END OF YEAR	$ 16,123,565	$ 16,123,565	$ 15,089,220		

(See Independent Auditors' Report)

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of Change From Adopted Budget To Final Budget And The Real Property Tax Limit For Year Ended June 30, 2014

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	$ 25,713,084
Budget revisions -	
Prior year's encumbrances	375,097
For the receipt of a donation	7,126
Voter approved purchase of buses	165,761
Voter approved purchase of buses from bus reserve	300,000
Reassessment of workers compensation plan	21,944
Litigation settlement from liability reserve	15,000
Reduce debt from 2007 capital project	2,000,000
FINAL BUDGET	**$ 28,598,012**

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2014-15 voter approved expenditure budget		$ 25,842,757
Unrestricted fund balance:		
Assigned fund balance	$ 298,992	
Unassigned fund balance	1,033,300	
Total Unrestricted fund balance	$ 1,332,292	
Less adjustments:		
Encumbrances included in assigned fund balance	298,992	
Total adjustments	$ 298,992	
General fund fund balance subject to Section 1318 of Real Property Tax Law		1,033,300
ACTUAL PERCENTAGE		**4.00%**

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND

Schedule of Project Expenditures

June 30, 2014

			Expenditures				Methods of Financing				
Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Obligations	Local Sources	State Sources	Total	Fund Balance
2012-13 Bus Purchases	$ 550,000	$ 550,000	$ 417,015	$ -	$ 417,015	$ 132,985	$ -	$ 429,190	$ -	$ 429,190	$ 12,175
2013-14 Bus Purchases	535,000	535,000	-	471,319	471,319	63,681	-	471,319	-	471,319	-
2014-15 Bus Purchases	465,761	465,761	-	-	-	465,761	-	465,761	-	465,761	465,761
2006-07 District-Wide Renovations/Additions	21,023,500	21,023,500	19,631,424	-	19,631,424	1,392,076	15,101,386	4,000,000	1,115,964	20,217,350	585,926
TOTAL	**$ 22,574,261**	**$ 22,574,261**	**$ 20,048,439**	**$ 471,319**	**$ 20,519,758**	**$ 2,054,503**	**$ 15,101,386**	**$ 5,366,270**	**$ 1,115,964**	**$ 21,583,620**	**$ 1,063,862**

(See Independent Auditors' Report)

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Combined Balance Sheet - Nonmajor Governmental Funds

June 30, 2014

	Special Revenue Fund			
	School Lunch Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 30,061	$ 699,678	$ 478,909	$ 1,208,648
Receivables	44,331	-	-	44,331
Inventories	36,174	-	-	36,174
Due from other funds	-	-	673,882	673,882
TOTAL ASSETS	**$ 110,566**	**$ 699,678**	**$ 1,152,791**	**$ 1,963,035**
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	$ 8,514	$ -	$ -	$ 8,514
Accrued liabilities	250	-	-	250
Due to other funds	6,819	-	88,929	95,748
Due to other governments	118	-	-	118
Unearned revenue	3,682	-	-	3,682
TOTAL LIABILITIES	**$ 19,383**	**$ -**	**$ 88,929**	**$ 108,312**
Fund Balances -				
Nonspendable	$ 36,174	$ -	$ -	$ 36,174
Restricted	-	699,678	1,063,862	1,763,540
Assigned	55,009	-	-	55,009
TOTAL FUND BALANCE	**$ 91,183**	**$ 699,678**	**$ 1,063,862**	**$ 1,854,723**
TOTAL LIABILITIES AND FUND BALANCES	**$ 110,566**	**$ 699,678**	**$ 1,152,791**	**$ 1,963,035**

(See Independent Auditors' Report)

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Combined Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

June 30, 2014

	Special Revenue Fund School Lunch Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Use of money and property	$ -	$ 520	$ -	$ 520
Miscellaneous	67	-	-	67
State sources	19,694	-	-	19,694
Federal sources	587,747	-	-	587,747
Sales	186,368	-	-	186,368
TOTAL REVENUES	**$ 793,876**	**$ 520**	**$ -**	**$ 794,396**
EXPENDITURES				
Pupil transportation	$ -	$ -	$ 471,319	$ 471,319
Employee benefits	122,339	-	-	122,339
Cost of sales	356,830	-	-	356,830
Other expenses	273,465	-	-	273,465
TOTAL EXPENDITURES	**$ 752,634**	**$ -**	**$ 471,319**	**$ 1,223,953**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 41,242	$ 520	$ (471,319)	$ (429,557)
OTHER FINANCING SOURCES (USES)				
Transfers - in	$ 3,546	$ -	$ 2,465,761	$ 2,469,307
TOTAL OTHER FINANCING SOURCES (USES)	**$ 3,546**	**$ -**	**$ 2,465,761**	**$ 2,469,307**
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	**$ 44,788**	**$ 520**	**$ 1,994,442**	**$ 2,039,750**
FUND BALANCE, BEGINNING OF YEAR	46,395	699,158	(930,580)	(185,027)
FUND BALANCE, END OF YEAR	**$ 91,183**	**$ 699,678**	**$ 1,063,862**	**$ 1,854,723**

(See Independent Auditors' Report)

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Net Investment in Capital Assets

For Year Ended June 30, 2014

Capital assets, net		$ 29,701,557
Add:		
Unspent bond proceeds	$ 585,926	
		585,926
Deduct:		
Short-term portion of bonds payable	$ 1,050,000	
Long-term portion of bonds payable	10,345,000	
		11,395,000
Net Investment in Capital Assets		**$ 18,892,483**

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Grantor / Pass - Through Agency Federal Award Cluster / Program	CFDA Number	Grantor Number	Pass-Through Agency Number	Total Expenditures
Direct Programs:				
Innovative Programs Fund for the Improvement of Education	84.215	5215E130381	N/A	$ 67,471
Innovative Programs Fund for the Improvement of Education	84.215	5215E140381	N/A	311,787
U.S. Department of Education:				
Indirect Programs:				
Passed Through NYS Education Department -				
Strengthening Teachers - ARRA	84.395A	N/A	5545-14-0031	121,267
Race to the Top - ARRA	84.395	N/A	5500-14-3590	19,846
Title IIA - Teacher Training	84.367	N/A	0147-14-3590	94,845
Title VI - Rural and Low Income	84.358	N/A	0006-14-3590	26,506
Title VII - McKinney - Vento	84.196	N/A	0212-14-4070	35,100
Title I, Part A Cluster -				
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-13-3590	3,788
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-14-3590	279,821
Special Education Cluster IDEA -				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-14-1040	352,326
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-14-1040	17,946
Passed Through Lyons Central School District -				
21st Century	84.287	N/A	N/A	218,400
Total U.S. Department of Education				**$ 1,549,103**
U.S. Department of Agriculture:				
Indirect Programs:				
Passed Through NYS Education Department (Child Nutrition Services) -				
Home Delivery Program	10.579	N/A	0014-11-0002	$ 52,658
Nutrition Cluster -				
National School Lunch Program	10.555	N/A	011701	301,624
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	011701	37,843
National School Snack Program	10.555	N/A	011701	31,676
National School Breakfast Program	10.553	N/A	011701	106,341
Summer Food Service Program	10.559	N/A	011701	57,605
Total U.S. Department of Agriculture				**$ 587,747**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 2,136,850**

(See Independent Auditors' Report)

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

To the Board of Education
North Rose - Wolcott Central School District, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Rose - Wolcott Central School District, New York, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the North Rose - Wolcott Central School District, New York's basic financial statements, and have issued our report thereon dated September 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the North Rose - Wolcott Central School District, New York's internal control over financial reporting 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 North Rose - Wolcott Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Rose - Wolcott Central School District, New York'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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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.

Compliance and Other Matters

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

Purpose of this Report

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

Raymond F. Wager, CPA, PC

September 5, 2014