

GOWANDA CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

***WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS***

GOWANDA CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

2013 FINANCIAL STATEMENTS

	<u>Schedule</u>	<u>Page</u>
Independent Auditors' Report		1-2
Management's Discussion and Analysis		3-9
Government-wide Financial Statements		
Statement of Net Position	1	10
Statement of Activities	2	11
Fund Financial Statements		
Combined Balance Sheet - Governmental Funds	3	12
Combined Statement of Revenue, Expenditures and Changes in Fund Equity - Governmental Funds	4	13
Statement of Fiduciary Net Position - Fiduciary Funds	5	14
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	6	15
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	7	16
Reconciliation of Governmental Funds Revenue, Expenditures and Changes in Fund Equity to the Statement of Activities	8	17
Notes to the Financial Statements		18-31
Supplementary Information		
Combining Schedule of Revenue, Expenditures and Changes In Fund Equity - Budget and Actual - Governmental Funds	SS1&SS1A	32-33
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit	SS2	34
Schedule of Project Expenditures - Capital Projects Fund	SS3	35
Budget Comparison Statement for State and Other Grant Programs - Special Aid and Food Service Funds	SS4A	36
Notes to the Schedule of Expenditures of Federal Awards	SS4B	37
Schedule of Expenditures of Federal Awards	SS4C	37
Schedule of Major Programs Tested	SS4D	38
Schedule of Certain Revenue and Expenditures Compared to ST-3 Data - General Fund	SS5	39
Schedule of Net Investment in Capital Assets	SS6	40
Independent Auditors' 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"		41-42
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133		43-44
Schedule of Findings and Questioned Costs		45-47
Management Letter		48-50
Annual Financial Statement on Extraclassroom Activity Fund		51-53



INDEPENDENT AUDITORS' REPORT

**To the President and Members of
The Board of Education
Gowanda Central School District
Gowanda, New York**

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of *Gowanda Central School District* as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the *Gowanda Central School District's* basic financial statements as listed in the accompanying table of contents. We have also audited the fiduciary fund types of the *Gowanda Central School District* as of June 30, 2013, as displayed in the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the presentation 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 these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the *Gowanda Central School District* as of June 30, 2013, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the *Gowanda Central School District's* June 30, 2012 financial statements, and our report dated August 22, 2012, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 32 through 33, respectively, 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 **Gowanda Central School District's** basic financial statements as a whole. The combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2013 on our consideration of **Gowanda Central School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Gowanda Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
August 21, 2013**

**GOWANDA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Page 3

I. Discussion and Analysis

The following is a discussion and analysis of the **Gowanda Central School District's** financial performance for the year ended June 30, 2013. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the **Gowanda Central School District** during the fiscal year ended June 30, 2013:

- Overall net position of the District decreased \$205,000 during the current year as compared to an increase of \$3,285,000 during the prior fiscal year.
- The District's enrollment was 1,266 students as compared with 1,266 during the prior year.
- The District's total revenue decreased 10% from \$29,284,000 during June 30, 2012 to \$26,254,000 during June 30, 2013. This decrease was primarily due to a decrease in Native American building aid that was received in the prior year which was not received in the current year.
- The District's total expenses increased approximately 2% from \$25,999,000 during the year ended June 30, 2012 to \$26,459,000 during the year ended June 30, 2013. This increase was primarily due to the increase in employee benefit expenses from higher retirement system contribution rates and retirement incentives.
- The District's had capital outlays during the current year in the amount of \$843,000 which primarily related to improvements related to Phase II of the current capital project.

III. Overview of the Financial Statements

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

**III. Overview of the Financial Statements
(continued)**

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

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

1. Statement of Net Assets

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

2. Statement of Activities

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

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

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

**GOWANDA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Page 4

**III. Overview of the Financial Statements
(continued)**

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

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

The District has two kinds of funds:

1. Governmental Funds

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

**III. Overview of the Financial Statements
(continued)**

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

1. Governmental Funds (continued)

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

2. Fiduciary Funds

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

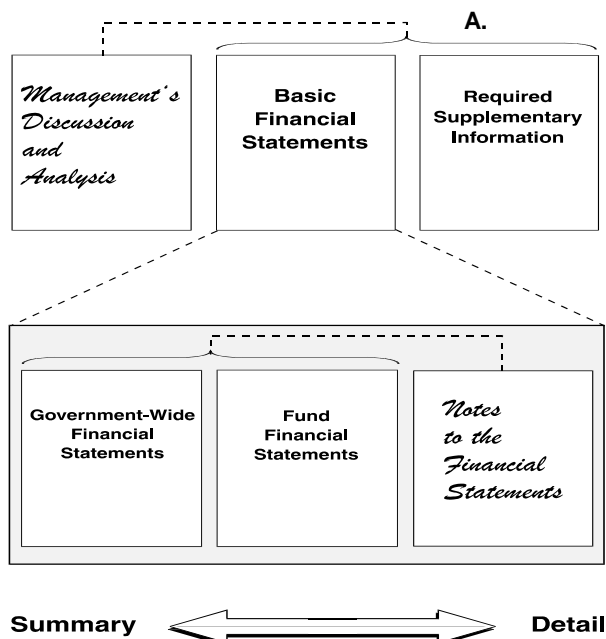
Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

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

**GOWANDA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Page 5

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



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$29,108,000. The components of net assets include: net investment in capital assets, of \$21,515,000; restricted net assets of \$3,410,000; and unrestricted net assets of \$4,183,000.

Changes in Net Position

The District's total government-wide revenue decreased by approximately \$3,030,000 to \$26,254,000. Approximately 18%, 8% and 62% of total revenue is derived from the property taxes, operating grants and the state aid, respectively. The remaining 12% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

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

Changes in Net Assets (continued)

The total cost of all programs and services of the District increased 2% to \$26,459,000. The District's expenses cover a range of services, with 73% related to instruction and 15% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities decreased approximately 10%, while total expenses increased 2%. The District's total net position decreased approximately \$205,000 during the fiscal year ended June 30, 2013.

Figure A-4 presents the major sources of revenue of the District. Total revenue of the District totaled \$26,254,000 for the fiscal year ended June 30, 2013. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 18% of the District's total revenue for governmental activities increased approximately 2% during the year ended June 30, 2013 as a result of an increase in the tax levy.
- The District's most significant revenue is state sources which represent \$16,237,000 or 62% of total governmental revenue. The District State Aid decreased approximately 5% as the result of a decrease in Native American building aid received in the current year.
- During the year ended June 30, 2013, the District saw a decrease in program revenue, which mostly resulted from a decrease in charges for services resulting from decreases in Native American tuition revenue and decreases in operating grants and contributions due to not receiving Education Jobs, ARRA funding which was received in the prior year.

**GOWANDA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Page 6

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

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$26,459,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$337,000 or 9% which was primarily due to increases in contractual expenses, material and supply purchases and employee benefit expenses.
- The District's instruction costs increased by approximately \$496,000 or 3% which was the result of an increase in employee benefits related to higher retirement contribution rates due to an increase in salaries. These increases were partially offset by a decrease in BOCES expenditures.
- Debt service of the District decreased approximately \$345,000 during the year ended June 30, 2013 which was the result of lower interest rates and a refunding of previously issued bonds in the current year at a lower interest rate.
- Transportation costs of the District decreased \$45,000 or 2% during the year ended June 30, 2013 due to a decrease in salaries and a decrease in depreciation expense.
- The District's cost of sales (food service fund) totaled \$685,000 during the current year as compared to \$668,000 during the fiscal year ended June 30, 2012.
- The District received approximately \$4,188,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$22.3 million) were financed by real property taxes and state aid.

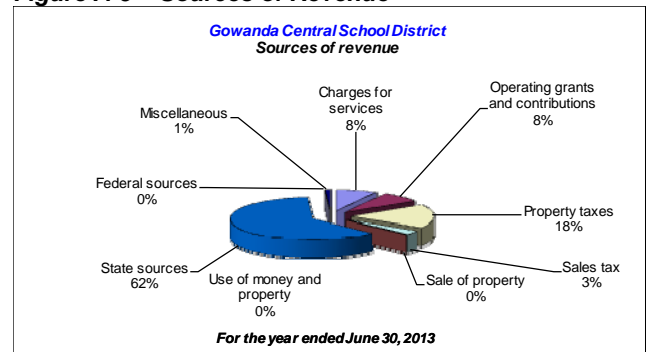
Figure A-3 – Condensed Statement of Net Assets

Gowanda Central School District Condensed Statement of Net Position (in thousands of dollars)			
	Governmental Activities and Total District-wide		
	2013	2012	% Change
Assets			
Current and other assets	\$ 10,910	\$ 13,011	-16%
Capital assets	38,443	38,868	-1%
Total assets	\$ 49,353	\$ 51,879	-5%
Liabilities			
Other liabilities	\$ 7,084	\$ 7,649	-7%
Long-term debt outstanding	13,161	14,917	-12%
Total liabilities	20,245	22,566	-10%
Net position			
Invested in capital assets,			
Net of related debt	21,515	20,575	5%
Restricted	3,410	3,541	-4%
Unrestricted	4,183	5,197	-20%
Total net position	29,108	29,313	-1%
Total liabilities and net position	\$ 49,353	\$ 51,879	-5%

Figure A-4 – Changes in Net Asset

Gowanda Central School District Changes in Net Assets from Operating Results (in thousands of Dollars)			
	Governmental Activities and Total District-wide		
	2013	2012	% Change
Revenue			
Program revenue			
Charges for services	\$ 2,170	\$ 3,749	-42%
Operating grants and contributions	2,018	2,702	-25%
General revenue			
Real property taxes	4,714	4,619	2%
Sales tax	732	738	-1%
Use of money & property	25	46	-46%
Sale of property & comp for loss	41	(2)	-2150%
State sources	16,237	17,111	-5%
Federal sources	32	38	-16%
Miscellaneous	285	283	1%
Total revenue	26,254	29,284	-10%
Expenses			
General support	3,902	3,565	9%
Instruction	19,336	18,840	3%
Transportation	2,025	2,070	-2%
Debt service - interest	511	866	-40%
Cost of sales	685	668	3%
Total expenses	26,459	25,999	2%
Change in net position	\$ (205)	\$ 3,285	

Figure A-5 – Sources of Revenue



GOWANDA CENTRAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Page 7

Figure A-6 - Expenses

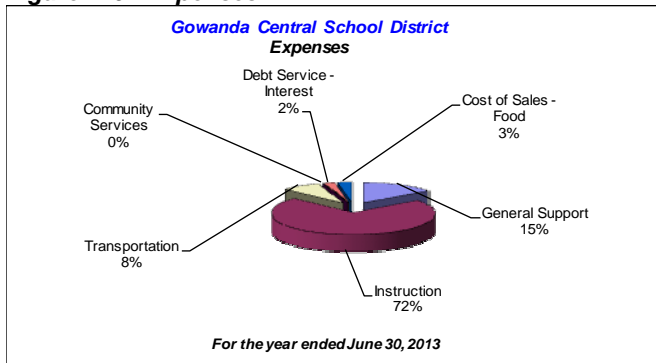


Figure A-7 – Expenditures Supported with Program Revenue

Gowanda Central School District Expenditures supported with program revenue (in thousands of dollars)				
	Governmental Activities & Total District			
	2013	2012		
Expenditures supported with general revenue (from taxes & other sources)	\$ 22,271	84%	\$ 19,548	75%
Expenditures supported with program revenue	4,188	16%	6,451	25%
Total expenditures related to governmental activities	\$ 26,459	100%	\$ 25,999	100%

Figure A-8 – Net Cost of Governmental Activities

Gowanda Central School District Net Cost of Governmental Activities (in thousands of dollars)						
	Total cost of services			Net cost of services		
	2013	2012	Change	2013	2012	Change
General support	\$ 3,902	\$ 3,565	\$ 337	\$ 3,902	\$ 3,565	\$ 337
Instruction	19,336	18,840	496	16,101	13,455	2,646
Transportation	2,025	2,070	(45)	1,699	1,611	88
Debt service - interest	511	856	(345)	511	856	(345)
Cost of sales - food	685	668	17	58	61	(3)
Total	\$ 26,459	\$ 25,999	\$ 460	\$ 22,271	\$ 19,548	\$ 2,723

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net assets is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term

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

debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund revenue exceeded its expenditures and other uses by approximately \$1,020,000.
- The District's general fund unassigned fund balance equated to approximately \$1,046,000 as of June 30, 2013.
- The District maintained many fund balance reserves during the year ended June 30, 2013, and had a total restricted fund balance of approximately \$2,473,000.
- The District's total assets decreased approximately \$723,000 as of June 30, 2013. The District's liabilities decreased approximately \$1,743,000. These decreases were primarily due to a decrease in receivables and deferred revenue related to Native American tuition.
- Total revenue in the District's general fund increased \$2,049,000, which was primarily related to an increase in Native American tuition received during the current year. Total expenditures in the District's general fund increased \$101,000 primarily as a result of an increase in salaries and benefits and the purchase of materials and supplies. These increases were offset by a decrease in interfund transfers related to Native American Building Aid transferred to the Capital Projects Fund in the prior year.

Food Service Fund

- The District's food service fund experienced approximately a \$6,800 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$691,800 during 2013 as compared with \$607,000 in 2012. Revenue included a transfer from the General Fund of \$64,800.

Special Aid Fund

- The District's revenue and expenditures decreased approximately \$712,000 or 31% which was primarily related to no longer receiving the Education Jobs Funding.

Capital Projects Fund

The District had expenditures in the amount of \$791,000 in capital projects during the year ended June 30, 2013, which was primarily related to the voter approved Excel project.

**GOWANDA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Page 8

VI. General Fund Budgetary Highlights

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$1,607,000 below the revised budget. The most significant variance was in the area of transportation and general support which totaled \$604,000 and \$480,000, respectively, below the budget. On the other hand, resources available for appropriations were approximately \$986,000 above the final budgeted amount. Significant variance of revenue items consisted of Local sources which totaled \$922,000 above that budgeted, while State and Federal sources, were each approximately \$32,000, above, the budget.

Figure A-9 – Budget vs. Actual Comparison

Gowanda Central School District General Fund - Budget vs Actual Comparison (in thousands of dollars)				
	Revised Budget	Actual	Difference	%
Revenue				
Local sources	\$ 8,693	\$ 9,615	\$ 922	11%
State sources	16,205	16,237	32	0%
Federal sources	-	32	32	100%
Other sources	392	392	-	0%
Total revenue	\$ 25,290	\$ 26,276	\$ 986	4%
Expenditures				
General support	\$ 3,587	\$ 3,107	\$ 480	13%
Instruction	13,051	12,859	192	1%
Transportation	1,616	1,012	604	37%
Employee benefits	5,643	5,488	155	3%
Debt service	2,767	2,724	43	2%
Operating transfers	198	65	133	67%
Total expenditures	\$ 26,862	\$ 25,255	\$ 1,607	6%

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2013, the District had invested approximately \$38,443,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2013, totaled approximately \$843,000 and consisted of primarily capital expenses related to the current excel project. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2013, the District had approximately \$13,161,000 in bonds and compensated absences, a decrease of approximately 12% as compared with the previous year. The decrease in bonds payable was the result of payments on outstanding debt and refunding of prior year bonds. The increase in compensated absences was related to benefits earned which exceeded payments made to retirees in the current year.

Figure A-10 – Capital Assets

Gowanda Central School District Capital Assets (net of depreciation)			
	Governmental Activities & Total District-wide		
	2013	2012	Change
Land	\$ 88,200	\$ 88,200	0%
Cost basis	54,474,225	53,852,557	1%
Accumulated depreciation	(16,119,121)	(15,072,832)	7%
Total Capital Assets, net	\$ 38,443,304	\$ 38,867,925	-1%

Figure A-11 – Outstanding Long-term Debt

Gowanda Central School District Outstanding Long-Term Debt and Liabilities			
	Governmental Activities & Total District-wide		
	2013	2012	Change
Bonds payable	\$ 12,146,470	\$ 13,915,879	-13%
Compensated absences	1,015,000	1,001,000	1%
Total Long-Term Debt	\$ 13,161,470	\$ 14,916,879	-12%

**GOWANDA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Page 9

VIII. Factors Bearing on the District's Future

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

- The District received voter approval during the 2009-10 school year to perform additional capital projects for necessary instructional and technology related needs.

IX. Contacting the District's Financial Management

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

Gowanda Central School District
District Administrative Offices
Attention: Mrs. Joelle Woodward
Business Administrator
10674 Prospect Street
Gowanda, New York 14070

GOWANDA CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

Schedule 1

Page 10

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 7,308,533	\$ 7,337,606
Receivables		
State and federal aid	2,460,525	4,708,983
Other receivables	-	25,821
Due from other governments	1,115,855	918,306
Due from other fiduciary funds	21	39
Inventories	16,765	15,887
Prepaid expenses	7,705	4,320
Capital assets, net	38,443,304	38,867,925
Total assets	<u>\$ 49,352,708</u>	<u>\$ 51,878,887</u>
Liabilities		
Current liabilities		
Accounts payable and retainage payable	\$ 574,147	\$ 859,148
Accrued liabilities	276,909	138,708
Accrued interest	111,000	170,000
Due to other governments	494	575
Due to retirement systems	1,335,874	1,307,968
Unearned revenue	7,305	9,445
Bond anticipation notes payable	4,778,000	5,163,408
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,750,000	1,776,000
Compensated absences	24,000	68,000
Portion due or payable after one year		
Bonds payable	10,396,470	12,139,879
Compensated absences	991,000	933,000
Total liabilities	<u>20,245,199</u>	<u>22,566,131</u>
Net Position		
Net investment in capital assets	21,515,075	20,575,579
Restricted	3,409,332	3,540,580
Unrestricted	4,183,102	5,196,597
Total net position	<u>29,107,509</u>	<u>29,312,756</u>
Total liabilities and net position	<u>\$ 49,352,708</u>	<u>\$ 51,878,887</u>

GOWANDA CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 2

Page 11

					2013	2012
					Net (Expense)	Net (Expense)
					Revenue and	Revenue and
					Changes in	Changes in
					Net Assets	Net Assets
	Expenses	Indirect Expenses Allocation	Program Revenues Charges for Services	Operating Grants		
Functions/Programs						
General support	\$ 3,728,731	\$ 172,937	\$ -	\$ -	\$ (3,901,668)	\$ (3,564,705)
Instruction	18,614,142	723,211	1,964,845	1,271,291	(16,101,217)	(13,455,642)
Pupil transportation	1,681,513	343,100	-	325,190	(1,699,423)	(1,610,781)
Debt service - interest	510,653	-	-	-	(510,653)	(856,423)
Food service program	685,024	-	205,423	421,607	(57,994)	(60,920)
Depreciation	1,239,248	(1,239,248)	-	-	-	-
Total functions and programs	\$ 26,459,311	\$ -	\$ 2,170,268	\$ 2,018,088	(22,270,955)	(19,548,471)
General Revenues						
Real property taxes					4,713,781	4,619,496
Sales tax					732,216	737,979
Use of money and property					25,038	46,055
Sale of property and compensation for loss					40,957	(1,789)
Miscellaneous					285,436	282,575
State sources					16,236,686	17,110,687
Federal sources					31,594	38,461
Total general revenues					22,065,708	22,833,464
Change in net position					(205,247)	3,284,993
Net position - beginning of year					29,312,756	25,936,337
Prior period adjustments					-	91,426
Net position - end of year					\$ 29,107,509	\$ 29,312,756

GOWANDA CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2013

Schedule 3

Page 12

	Governmental Funds					2013	2012
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Assets							
Unrestricted cash	\$ 3,658,468	\$ 376	\$ 88,014	\$ -	\$ 152,361	\$ 3,899,219	\$ 3,797,026
Restricted cash	2,473,224	-	-	936,090	-	3,409,314	3,540,580
Due from other funds	177,623	-	-	18	-	177,641	521,793
State and federal aid receivable	2,201,204	256,259	3,062	-	-	2,460,525	4,708,983
Other receivables	-	-	-	-	-	-	25,821
Due from other governments	1,115,855	-	-	-	-	1,115,855	918,306
Inventories and prepaid expenses	-	5,147	19,323	-	-	24,470	20,207
Total assets	<u>\$ 9,626,374</u>	<u>\$ 261,782</u>	<u>\$ 110,399</u>	<u>\$ 936,108</u>	<u>\$ 152,361</u>	<u>\$ 11,087,024</u>	<u>\$ 13,532,716</u>
Liabilities and Fund Equity							
Liabilities							
Accounts payable	\$ 395,797	\$ 19,942	\$ 3,412	\$ -	\$ 800	\$ 419,951	\$ 639,067
Retainage payable	-	-	-	-	154,196	154,196	220,081
Accrued liabilities	270,547	3,741	1,979	-	642	276,909	138,708
Bond anticipation notes payable	-	-	-	-	4,778,000	4,778,000	5,163,408
Due to other funds	-	177,602	-	-	18	177,620	521,754
Unearned revenue	2,005,585	331	6,974	-	-	2,012,890	3,844,837
Due to other governments	-	-	494	-	-	494	575
Due to Teachers' Retirement System	1,140,307	52,185	-	-	-	1,192,492	1,095,954
Due to Employees' Retirement System	119,792	7,981	15,145	-	464	143,382	212,014
Total liabilities	<u>3,932,028</u>	<u>261,782</u>	<u>28,004</u>	<u>-</u>	<u>4,934,120</u>	<u>9,155,934</u>	<u>11,836,398</u>
Fund Equity							
Fund equity:							
Nonspendable	-	-	19,323	-	-	19,323	19,231
Restricted	2,473,224	-	-	936,108	-	3,409,332	3,540,580
Assigned	2,174,780	-	63,072	-	-	2,237,852	1,628,191
Unassigned (deficit)	1,046,342	-	-	-	(4,781,759)	(3,735,417)	(3,491,684)
Total fund equity (deficit)	<u>5,694,346</u>	<u>-</u>	<u>82,395</u>	<u>936,108</u>	<u>(4,781,759)</u>	<u>1,931,090</u>	<u>1,696,318</u>
Total liabilities and fund equity	<u>\$ 9,626,374</u>	<u>\$ 261,782</u>	<u>\$ 110,399</u>	<u>\$ 936,108</u>	<u>\$ 152,361</u>	<u>\$ 11,087,024</u>	<u>\$ 13,532,716</u>

GOWANDA CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 4

Page 13

	Governmental Funds					2013	2012
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Revenue							
Real property taxes and tax items	\$ 4,713,781	\$ -	\$ -	\$ -	\$ -	\$ 4,713,781	\$ 4,619,496
Non-property taxes	735,116	-	-	-	-	735,116	739,379
Charges for services	3,791,752	-	-	-	-	3,791,752	1,406,868
Use of money and property	19,496	-	103	5,542	-	25,141	46,513
Sale of property compensation for loss	69,238	-	-	-	-	69,238	8,475
Miscellaneous	285,436	-	152	-	-	285,588	283,091
State sources	16,236,686	650,786	17,790	-	-	16,905,262	17,917,136
Federal sources	31,594	945,695	379,376	-	-	1,356,665	1,915,627
Surplus food	-	-	24,441	-	-	24,441	18,485
Sales (school food service)	-	-	205,168	-	-	205,168	202,152
Total revenue	25,883,099	1,596,481	627,030	5,542	-	28,112,152	27,157,222
Expenditures							
General support	3,107,102	-	295,159	-	-	3,402,261	3,171,422
Instruction	12,858,507	945,059	-	-	-	13,803,566	13,676,641
Pupil transportation	1,012,052	325,190	-	-	-	1,337,242	1,808,156
Employee benefits	5,488,452	326,232	117,207	-	-	5,931,891	5,453,959
Debt service							
Principal	2,110,408	-	-	-	-	2,110,408	1,695,000
Interest	614,062	-	-	-	-	614,062	763,509
Capital outlay	-	-	-	-	790,700	790,700	4,362,048
Cost of sales	-	-	255,893	-	-	255,893	237,204
Other expenses	-	-	16,765	-	-	16,765	21,175
Total expenditures	25,190,583	1,596,481	685,024	-	790,700	28,262,788	31,189,114
Excess (deficiency) of revenue over expenditures	692,516	-	(57,994)	5,542	(790,700)	(150,636)	(4,031,892)
Other sources and uses							
Proceeds from refunding bonds	-	-	-	8,944,818	-	8,944,818	-
Payment to refunded bond escrow agent	-	-	-	(8,944,818)	-	(8,944,818)	-
BANs redeemed from appropriations	-	-	-	-	385,408	385,408	-
Operating transfers in	392,000	-	64,800	-	-	456,800	1,329,842
Operating transfers out	(64,800)	-	-	(392,000)	-	(456,800)	(1,329,842)
Total other sources (uses)	327,200	-	64,800	(392,000)	385,408	385,408	-
Excess (deficiency) of revenue and other sources over expenditures and other uses							
	1,019,716	-	6,806	(386,458)	(405,292)	234,772	(4,031,892)
Fund equity (deficit), beginning of year	4,674,630	-	75,589	1,322,566	(4,376,467)	1,696,318	5,728,210
Fund equity (deficit), end of year	\$ 5,694,346	\$ -	\$ 82,395	\$ 936,108	\$ (4,781,759)	\$ 1,931,090	\$ 1,696,318

See accompanying independent auditors' report and notes to financial statements.

GOWANDA CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
AS OF JUNE 30, 2013

Schedule 5

Page 14

	Private Purpose Trusts	Agency Funds	Total 6/30/2013	(Memo only) Total 6/30/2012
Assets				
Cash	\$ 75,967	\$ 165,347	\$ 241,314	\$ 252,934
Accounts receivable	-	14,113	14,113	21,323
Total assets	\$ 75,967	\$ 179,460	\$ 255,427	\$ 274,257
Liabilities				
Accrued liabilities	\$ -	\$ 98,484	\$ 98,484	\$ 94,942
Due to other funds	-	21	21	39
Student extraclassroom activity funds	-	80,955	80,955	102,456
Total liabilities	-	179,460	179,460	197,437
Net position				
Reserved for scholarships	75,967	-	75,967	76,820
Total liabilities and net position	\$ 75,967	\$ 179,460	\$ 255,427	\$ 274,257

GOWANDA CENTRAL SCHOOL DISTRICT**Schedule 6****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013****Page 15**

	6/30/2013	(Memo only) 6/30/2012
Additions		
Gifts and contributions	\$ 562	\$ 533
Interest earnings	247	364
Total additions	809	897
Deductions		
Scholarships awarded	1,662	1,627
Change in net position	(853)	(730)
Net position - beginning of year	76,820	77,550
Net position - end of year	<u>\$ 75,967</u>	<u>\$ 76,820</u>

GOWANDA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

Total fund balances - governmental funds

\$ 1,931,090

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:

Cost of the assets

\$ 54,562,425

Accumulated depreciation

(16,119,121)

38,443,304

Native American aid and sales tax earned throughout the fiscal year is reported as revenue on the government-wide basis. Amounts not available for use are not recognized as revenue in the governmental funds until measurable and available.

2,005,585

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(111,000)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Bonds payable, net

(12,146,470)

Compensated absences

(1,015,000)

(13,161,470)

Total net position - governmental activities

\$ 29,107,509

	Total Governmental Funds	Capital Related and Other Items	Long-term Debt Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 7,308,533	\$ -	\$ -	\$ -	\$ 7,308,533
Due from other funds	177,641	-	-	(177,620)	21
State and federal aid receivable	2,460,525	-	-	-	2,460,525
Due from other governments	1,115,855	-	-	-	1,115,855
Inventories and prepaid expenses	24,470	-	-	-	24,470
Capital assets, net	-	38,443,304	-	-	38,443,304
Total assets	\$ 11,087,024	\$ 38,443,304	\$ -	\$ (177,620)	\$ 49,352,708
Liabilities and Fund Equity					
Liabilities					
Accounts payable	\$ 419,951	\$ -	\$ -	\$ -	\$ 419,951
Retainage payable	154,196	-	-	-	154,196
Accrued liabilities	276,909	-	-	-	276,909
Accrued interest	-	-	111,000	-	111,000
Due to other funds	177,620	-	-	(177,620)	-
Deferred revenue	2,012,890	(2,005,585)	-	-	7,305
Due to other governments	494	-	-	-	494
Due to retirement systems	1,335,874	-	-	-	1,335,874
Bond anticipation notes payable	4,778,000	-	-	-	4,778,000
Bonds payable	-	-	12,146,470	-	12,146,470
Compensated absences	-	-	1,015,000	-	1,015,000
Total liabilities	9,155,934	(2,005,585)	13,272,470	(177,620)	20,245,199
Fund equity and net position	1,931,090	40,448,889	(13,272,470)	-	29,107,509
Total liabilities and fund equity	\$ 11,087,024	\$ 38,443,304	\$ -	\$ (177,620)	\$ 49,352,708

GOWANDA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Total net change in fund balances - governmental funds \$ 234,772

Amounts reported for governmental activities in the statement of activities
are different because:

Capital outlays are reported in governmental funds as expenditures. However,
in the statement of activities, the cost of those assets is allocated over their
estimated useful lives as depreciation expense. Activity for the current fiscal
year ended was as follows:

Capital outlays	\$ 842,908	
Depreciation expense	<u>(1,239,248)</u>	(396,340)

A portion of sales tax revenue which is earned through the end of the fiscal year is not received when considered available. In the governmental funds, this amount will be recognized as revenue when it is received in the subsequent year.	(2,900)
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A portion of Native American aid which is earned through the end of the fiscal year is not received when considered available. In the governmental funds, this amount will be recognized as revenue when it is received in the subsequent year.	(1,826,907)
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Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities, a gain or loss on sale is reported.	(28,281)
--	----------

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	2,213,817
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Bond anticipation notes redeemed from appropriations is recorded as revenue and other sources in the governmental funds, whereas the repayment reduces short-term liabilities in the statement of net assets.	(385,408)
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In the statement of activities, certain operating expenses - compensated absences and special termination benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits and compensated absences earned exceeded the amounts paid.	<u>(14,000)</u>
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Change in net position of governmental activities	<u><u>\$ (205,247)</u></u>
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	Total Governmental Funds	Capital Related and Other Items	Long-term Debt Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 4,713,781	\$ -	\$ -	\$ -	\$ 4,713,781
Non-property taxes	735,116	(2,900)	-	-	732,216
Charges for services	3,791,752	-	-	(3,791,752)	-
Use of money and property	25,141	-	-	(103)	25,038
Sale of property compensation for loss	69,238	(28,281)	-	-	40,957
Miscellaneous	285,588	-	-	(152)	285,436
State sources	16,905,262	-	-	(668,576)	16,236,686
Federal sources	1,356,665	-	-	(1,325,071)	31,594
Surplus food	24,441	-	-	(24,441)	-
Sales (school food service)	205,168	-	-	(205,168)	-
Total revenue	28,112,152	(31,181)	-	(6,015,263)	22,065,708
Expenditures					
General support	3,402,261	151,319	-	348,088	3,901,668
Instruction	13,803,566	2,550,118	14,000	(266,467)	16,101,217
Pupil transportation	1,337,242	312,510	-	49,671	1,699,423
Employee benefits	5,931,891	-	-	(5,931,891)	-
Debt service	2,724,470	-	(2,213,817)	-	510,653
Capital outlay	790,700	(790,700)	-	-	-
Cost of sales	255,893	-	-	(197,899)	57,994
Other expenses	16,765	-	-	(16,765)	-
Total expenditures	28,262,788	2,223,247	(2,199,817)	(6,015,263)	22,270,955
Excess (deficiency) of revenue over expenditures	(150,636)	(2,254,428)	2,199,817	-	(205,247)
Other sources and uses					
Proceeds from refunding bonds	8,944,818	-	(8,944,818)	-	-
Payment to refunded bond escrow agent	(8,944,818)	-	8,944,818	-	-
BANs redeemed from appropriations	385,408	-	(385,408)	-	-
Operating transfers in	456,800	-	-	(456,800)	-
Operating transfers out	(456,800)	-	-	456,800	-
Total other sources (uses)	385,408	-	(385,408)	-	-
Net change for year	\$ 234,772	\$ (2,254,428)	\$ 1,814,409	\$ -	\$ (205,247)

**GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 18

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

I. Significant Accounting Policies

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

A. Reporting Entity

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

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

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the **Gowanda Central School District** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Agency Fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are included as supplementary information to these audited financial statements, located on pages 51-53 of this report.

B. Joint Venture

The **Gowanda Central School District** is one of 27 component school districts in the Erie 2 – Chautauqua/Cattaraugus Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

B. Joint Venture (continued)

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

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

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

During the year, the District was billed \$2,584,000 for BOCES administration and program costs. The District's share of BOCES aid and refunds amounted to \$1,351,000 for the year ended June 30, 2013. Financial statements for the Chautauqua-Cattaraugus BOCES are available at the BOCES administrative offices in Angola, New York.

C. Basis of Presentation

1. District-wide Statements

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

**GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 19

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

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

D. Measurement Focus and Basis of Accounting

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

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

GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Page 20

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

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

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. Capital Assets

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	Straight-line	50 years
Land improvements	5,000	Straight-line	25-30 years
Furniture and equipment	5,000	Straight-line	5-20 years
Transportation vehicles	5,000	Straight-line	8 years

I. Due To/From Other Funds

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

J. Compensated Absences

Sick leave and Retirement Incentive Pay - certain of the District's employee groups have negotiated retirement incentive benefits payable based on accumulated unused sick days. Generally the employee must have accumulated minimum years of service with the District and must be eligible for retirement under the provisions of either the teacher or employee retirement systems.

K. Unearned Revenue

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

**GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 21

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

L. Fund Equity

1. Governmental Funds

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

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

A. Nonspendable

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

1. Prepaid Expenses

This reserve is used to account for expenditures that were prepaid at the end of the fiscal year. This reserve is accounted for in the School Food Service Fund.

2. Inventory Reserve

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

B. Restricted

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

L. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

1. Unemployment Reserve

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

2. Reserve for Employee Benefits

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

3. Capital Reserve

These reserves are used to accumulate funds to finance all or a portion of future capital projects and bus purchases for which bonds may be issued. Voter authorization is required for both the establishment of the reserves and payments from the reserves. These reserves are accounted for in the General Fund.

4. Employee Retirement Contribution Reserve

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

**GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 22

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

L. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

5. Insurance Reserve

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law. The reserve may be established by board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

6. Reserve for Repairs

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

7. Endowment Scholarships Reserve

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

L. Fund Equity (continued)

1. Governmental Funds (continued)

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District did not have any committed fund balance as of June 30, 2013.

D. Assigned

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

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure.

**GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 23

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

L. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned (continued)

2. Appropriated Fund Balance

General Fund - The amount of \$1,809,351 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2014 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

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

2. Government-wide financial statements

A. Net Investment in Capital Assets

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

B. Restricted

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

C. Unrestricted

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

3. Order of Fund Balance Spending Policy

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

L. Fund Equity (continued)

3. Order of Fund Balance Spending Policy (continued)

- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

M. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted.

2. Budget Basis for Accounting

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

**GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 24

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Budgetary Procedures and Budgetary Accounting (continued)

2. Budget Basis for Accounting (continued)

The budget and actual comparison for Food Service Fund, included in the combined schedule of revenue and expenditures and changes in fund Equity - budget and actual, reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

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

N. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 17 and become a lien on November 16 in Chautauqua and Cattaraugus Counties, and December 1 in Erie County.

2. Enforcement

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

O. Interfund Transfers

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

P. Estimates

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Deferred Compensation Plan

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

R. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

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

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

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

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

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

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

**GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 25

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

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

3. Long-term Debt Transaction Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

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

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash (continued)

A. Deposits

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

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2013 per the bank were approximately \$7,964,000. Deposits are categorized as follows:

<u>Category 1</u>	<u>Category 2</u>	<u>Carrying Value</u>
\$ 695,000	\$ 7,269,000	\$ 7,964,000

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to its custodial risk, New York State statutes govern the District's investment policies. At June 30, 2013, the District's bank deposits were fully collateralized.

II. Interfund Transactions

Interfund balances as of June 30, 2013 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 177,623	\$ -
Special Aid Fund	-	177,602
Capital Projects Fund	18	-
Debt Service Fund	-	18
Agency Fund	-	21
Total	<u>\$ 177,641</u>	<u>\$ 177,641</u>

Interfund transactions for the year ended June 30, 2013 are as follows:

	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
General Fund	\$ 392,000	\$ 64,800
School Lunch Fund	64,800	-
Debt Service Fund	-	392,000
Total	<u>\$ 456,800</u>	<u>\$ 456,800</u>

GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Page 26

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

II. Interfund Transactions (continued)

During the year ended June 30, 2013, the District transferred \$392,000 from its debt service to the general fund to fund a portion of the debt service costs. In addition, the District transferred \$64,800 from the general fund to the school lunch fund.

III. Receivables

Receivables at June 30, 2013 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
School Food Service	State and Federal Aid	\$ 3,062
Special Aid	State and Federal Aid	256,259
General	State and Federal Aid – Native American Tuition	1,906,185
General	State and Federal Aid	295,019
General	Due from Other Governments	1,115,855
		<u>\$ 3,576,380</u>

IV. Capital Assets

During the current year, the District had capital additions in the amount of \$842,908 of which \$790,700 and \$52,208 was related to building improvements and equipment purchases, respectively. Current year depreciation of \$1,239,248 consisted of \$875,657 and \$363,591 related to building improvements and furniture and equipment, respectively.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

IV. Capital Assets (continued)

Capital asset balances and activity for the year ended June 30, 2013 were as follows:

	<u>Beginning Balance 07/01/12</u>	<u>Change</u>	<u>Ending Balance 06/30/13</u>
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 88,200	\$ -	\$ 88,200
Construction-in-progress	<u>5,106,008</u>	<u>694,779</u>	<u>5,800,787</u>
Capital assets that are depreciated:			
Buildings and improvements	43,420,508	(19,324)	43,401,184
Furniture and equipment	<u>5,326,041</u>	<u>(53,787)</u>	<u>5,272,254</u>
Total historical cost	<u>48,746,549</u>	<u>\$ (73,111)</u>	<u>48,673,438</u>
Buildings and improvements	11,441,740	\$ 856,333	12,298,073
Furniture and equipment	<u>3,631,092</u>	<u>189,956</u>	<u>3,821,048</u>
Total accumulated depreciation	<u>15,072,832</u>	<u>\$ 1,046,289</u>	<u>16,119,121</u>
Total net book value	<u>\$38,867,925</u>		<u>\$38,443,304</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 172,937
Instruction	723,211
Pupil transportation	<u>343,100</u>
	<u>\$ 1,239,248</u>

V. Liabilities

A. Pension Plans

1. General Information

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

**GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 27

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

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

b. Employees' Retirement System (ERS)

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

3. Funding Policies

The Systems are noncontributory except for employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976 and prior to January 1, 2010, employees contribute 3% of their salary. In addition, employee contribution rates under ERS tier VI vary based on a sliding scale. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. Employers are required to contribute at an actuarially determined rate, currently at 11.84%, of the annual covered payroll for the fiscal year ended June 30, 2013. Rates applicable to the fiscal years ended June 30, 2012 and 2011 were 11.11% and 8.62%, respectively.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Funding Policies (continued)

For the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of members' payroll, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, rates are established annually for TRS by the New York State Teachers' Retirement Board.

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

<u>Year</u>	<u>TRS</u>	<u>ERS</u>
2013	\$ 1,203,000	\$ 610,000
2012	1,105,000	697,000
2011	923,000	573,000

The School District contributions made to the Systems were equal to 100% of the contributions required for each year.

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

Over the years, the State Legislature has authorized local governments to make available retirement incentive programs to eligible employees. The District had no liability or expenditures related to such incentives as of or for the year ended June 30, 2013.

B. Post-Employment Benefits

The District has no liability related to other post-employment benefits as prescribed by GASB 45 as the District does not provide health insurance to its retirees.

**GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 28

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

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

State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. On July 20, 2011 the District issued bond anticipation notes in the amount of \$5,163,408 to fund its current capital project. The notes had an interest rate of 1.5% and matured on July 19, 2012. On July 19, 2012 the District issued bond anticipation notes in the amount of \$4,778,000. The bond anticipation notes have an interest rate of 0.7% and will mature on July 17, 2013. The bond anticipation notes will be utilized to finance the District's capital project.

b. Short-Term Debt Interest

The District had interest on short-term debt for the year ended June 30, 2013 in the amount of \$77,236.

2. Long-Term Debt

a. Debt Limit

At June 30, 2013, the total indebtedness represents approximately 74% of its debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2013 are summarized as follows:

	Balance June 30, 2013	Balance June 30, 2012	Amounts Due Within One Year
Serial bonds	\$ 12,146,470	\$ 13,915,879	\$ 1,750,000
Compensated absences	1,015,000	1,001,000	24,000
	<u>\$ 13,161,470</u>	<u>\$ 14,916,879</u>	<u>\$ 1,774,000</u>

d. Summary

1. The following is a summary of maturity of serial bonds indebtedness on June 30, 2013.

Description of Issue	Outstanding June 30, 2013
<u>Refunded Serial Bonds:</u>	
Building Construction and Reconstruction Bonds, issued October 31, 2012 with maturity date of June 2019; bonds carry interest at 3.0% - 5.0%. Refunded previous 2002 Serial Bonds.	\$ 6,685,000
<u>Serial Bonds:</u>	
Building Construction and Reconstruction Bonds, issued November 22, 2002 with maturity date of June 2019; bonds carry interest at 3.5% - 4.0%.	1,195,000
Building Construction and Reconstruction Bonds, issued August 15, 2007 with maturity date of February 2022; bonds carry interest at 4.0% - 4.125%.	3,440,000
<u>Serial Bonds:</u>	
Bonds related to BOCES capital project, issued June 15, 2006 with maturity date of June 2019; bonds carry interest at 3.5% - 4.0%.	135,000
Subtotal of serial bonds	11,455,000
Less: unamortized bond issuance costs and debt defeasement costs of refunding	(58,578)
Add: unamortized bond premium net of bond issuance costs and debt defeasement costs on refunding	750,048
	<u>\$ 12,146,470</u>

GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Page 29

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

e. Maturity

1. The following is a summary of maturing debt service requirements for serial bonds and capital leases:

Year	Serial Bonds	
	Principal	Interest
2014	\$ 1,750,000	\$ 509,669
2015	1,820,000	440,163
2016	1,915,000	354,900
2017	2,005,000	264,681
2018	1,275,000	170,169
2019-2022	2,690,000	224,681
Total	<u>\$ 11,455,000</u>	<u>\$ 1,964,263</u>

f. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$536,826 for the year ended June 30, 2013 and consisted of interest paid on bonds held by the district.

3. Refunding of Long-Term Debt

In October, 2012, the District issued general obligation bond series 2013 of \$7,920,000 (par value) with interest rates ranging from 3.0% to 5.5% to refund general obligation bonds originally issued in 2002 with interest rates ranging from 3.0% to 5.0%. The net proceeds of \$8,788,772 (after discounts and bond issuance costs of \$156,046 and issue premium of \$1,024,818) were used to purchase government securities. Those securities were deposited into and irrevocable trust with an escrow agent to provide for all future debt service payments of the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements.

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity

A. Classification

The District's fund equity is comprised of various components.

Category / Fund	Description	Balance June 30, 2013
Nonspendable:		
Food Service	Inventory	\$ 16,765
	Prepaid expenses	2,558
		<u>\$ 19,323</u>
Restricted:		
General	Reserve for employee benefits	\$ 414,713
	Reserve for retirement	
	system contributions	955,065
	Reserve for unemployment	105,300
	Reserve for repairs	30,399
	Reserve for capital	856,066
	Insurance reserve	111,681
		<u>\$ 2,473,224</u>
Debt Service	Fund Balance	<u>\$ 936,108</u>
Trust and Agency	Reserve for endowment scholarships	<u>\$ 75,967</u>
Assigned:		
General	Appropriated Fund Balance	\$ 1,809,351
	Encumbrances	365,429
		<u>\$ 2,174,780</u>
Food Service	Fund Balance	<u>\$ 63,072</u>

B. Deficit Fund Balances

The District's capital project fund had an accumulated deficit in the amount of \$4,781,759 as of June 30, 2013. It is not uncommon for school districts to have deficit fund balances in the capital project funds as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or redeemed at which time such proceeds are recorded as other financing sources revenue.

C. Assigned – Appropriated Fund Balance

General Fund - The amount of \$1,809,351 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2014 as allowed by Section 1318 of the Real Property Tax Law.

**GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 30

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity (continued)

D. District-wide Net Position

Net position of the District include restricted net position of \$3,409,332 which represents restricted amounts in the general and debt service funds as presented above.

VII. Commitments and Contingencies (continued)

A. Risk Financing and Related Insurance

1. General Information

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

2. Risk Sharing Pools

For its employee health and accident coverage, **Gowanda Central School District** is a participant in the NY 44 Health Trust, a public entity risk pool operated for the benefit of Erie and surrounding counties governmental units. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Medical Plan obtains independent coverage for insured events in excess of this amount.

The District also participates in Erie #2 Area Schools Self Funded Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Erie #2 Area Schools Self Funded Workers' Compensation Plan is considered a self-sustaining risk pool that will provide coverage for its members up to \$500,000 per insured event and the District has transferred all related risk to the Plan. The excess expenses of any claim above the coverage amount will be paid by the carrier. The Plan has a liability for unbilled and open claims, for which the District has not made a provision for this its share of the liability. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies (continued)

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

C. Litigation

The District is involved with various legal proceedings which in the opinion of management will not have a material adverse effect upon the financial position of the District.

VIII. Native American Tuition and Transportation

During the fiscal year ended June 30, 2013, the District has claims for reimbursement related to Native American tuition in the amount of approximately \$1,906,185. These amounts were not received as of June 30, 2013 and therefore recorded as a State and Federal Aid receivable. At the date of the audit, the District had no indication as to the date of when such funds would be available to the District. As a result of this uncertainty and based on prior years' experience, the District recorded estimated Native American tuition in the amount of approximately \$1,906,185 as deferred revenue in the fund financial statements. In the district-wide financial statements, the total receivable recognized was recorded as revenue as a result of such reimbursement being earned as of June 30, 2013.

The District received reimbursement for expenditures related to Native American transportation. During the years ended June 30, 2013 and 2012, the District received \$375,432 and \$496,062, respectively which was reported in the special aid fund, along with applicable transportation expenditures.

**GOWANDA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 31

NOTE 4 – CAPITAL PROJECT

In a special meeting held on November 10, 2009 voters of the **Gowanda Central School District** voted to adopt a proposition authorizing the District to undertake an improvement program consisting of building renovations and upgrades; High School auditorium and gymnasium renovations and upgrades; High School addition; and the Stream Bank Stabilization Project at a maximum cost of \$6,821,593. During the years ended June 30, 2013, 2012 and 2011, the District incurred costs totaling \$790,700, \$4,362,048, and \$1,432,664, respectively.

NOTE 5 – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2012, the District recorded a prior period adjustment related to its fixed assets. The effect of this prior period adjustment was a net increase to beginning governmental net assets in the amount of \$91,424.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events were evaluated through August 21, 2013, which is the date the financial statements were available to be issued.

The District issued bond anticipation notes on July 16, 2013 in the amount of \$4,628,000 to fund its current capital project. The bond anticipation notes have an interest rate of .64% and will mature on June 17, 2014.

SUPPLEMENTARY INFORMATION

GOWANDA CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Revised Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 4,702,947	\$ 4,702,947	\$ 4,713,781	\$ 10,834
Non-property tax items	1,325,000	1,574,289	735,116	(839,173)
Charges for services	2,195,246	2,195,246	3,791,752	1,596,506
Use of money and property	21,000	21,000	19,496	(1,504)
Sale of property and compensation for loss	900	900	69,238	68,338
Miscellaneous	196,021	198,721	285,436	86,715
State Sources:				
Basic formula	14,867,374	14,867,373	14,551,973	(315,400)
BOCES	1,111,287	1,111,287	1,351,531	240,244
Textbooks	80,566	80,566	79,337	(1,229)
All other aid	145,275	145,275	253,845	108,570
Federal Sources:				
Medicaid reimbursement	-	-	31,594	31,594
Total revenue	24,645,616	24,897,604	25,883,099	985,495
Other Sources:				
Operating transfer in	392,000	392,000	392,000	-
Total revenue and other sources	25,037,616	25,289,604	<u>\$ 26,275,099</u>	<u>\$ 985,495</u>
Appropriated fund equity	1,571,833	1,571,833		
Total revenue, other sources and appropriated fund equity	<u>\$ 26,609,449</u>	<u>\$ 26,861,437</u>		

	Original Budget	Revised Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 17,756	\$ 19,068	\$ 11,162	\$ 2	\$ 7,904
Central administration	219,686	222,751	210,564	-	12,187
Finance	433,414	443,625	379,808	11,748	52,069
Staff	92,577	149,713	120,044	-	29,669
Central services	2,428,481	2,484,516	2,127,200	38,921	318,395
Special items	264,515	267,072	258,324	-	8,748
Instructional:					
Instruction, administration and improvement	615,895	654,270	659,749	-	(5,479)
Teaching - regular school	7,100,762	7,164,551	7,140,065	48,609	(24,123)
Programs for children with handicapping conditions	3,046,076	3,078,480	2,885,417	4,872	188,191
Teaching - special schools	68,209	76,106	60,286	-	15,820
Occupational education	441,438	441,438	421,362	-	20,076
Instructional media	536,974	545,418	663,760	1,085	(119,427)
Pupil services	1,077,770	1,090,695	1,027,868	10,903	51,924
Pupil Transportation	1,359,547	1,616,419	1,012,052	249,289	355,078
Employee Benefits	5,786,065	5,642,862	5,488,452	-	154,410
Debt Service:					
Debt service principal	2,161,408	2,133,095	2,110,408	-	22,687
Debt service interest	761,338	633,820	614,062	-	19,758
Total expenditures	<u>26,411,911</u>	<u>26,663,899</u>	<u>25,190,583</u>	<u>365,429</u>	<u>1,107,887</u>
Other Uses:					
Transfer to other funds	197,538	197,538	64,800	-	132,738
Total other uses	<u>197,538</u>	<u>197,538</u>	<u>64,800</u>	<u>-</u>	<u>132,738</u>
Total expenditures and other uses	<u>\$ 26,609,449</u>	<u>\$ 26,861,437</u>	<u>25,255,383</u>	<u>\$ 365,429</u>	<u>\$ 1,240,625</u>
Excess of revenue and other sources over expenditures and other uses			<u>\$ 1,019,716</u>		

GOWANDA CENTRAL SCHOOL DISTRICT**Schedule SS1A****COMBINING SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES****IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS****FOR THE YEAR ENDED JUNE 30, 2013****Page 33**

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 19,900	\$ 17,790	\$ (2,110)
Federal sources	417,740	379,376	(38,364)
Sales	243,058	205,168	(37,890)
Miscellaneous	600	152	(448)
Surplus food	18,500	24,441	5,941
Use of money and property	500	103	(397)
Total revenue	700,298	627,030	(73,268)
Expenditures			
General support	314,717	295,159	19,558
Employee benefits	119,693	117,207	2,486
Cost of sales	248,079	255,893	(7,814)
Other expenses	17,809	16,765	1,044
Total expenditures	700,298	685,024	15,274
Other sources			
Transfer from other funds	-	64,800	64,800
Total other sources	-	64,800	64,800
Excess of revenue over expenditures	<u>\$ -</u>	<u>6,806</u>	<u>\$ 6,806</u>
Fund equity, beginning of year		<u>75,589</u>	
Fund equity, end of year		<u>\$ 82,395</u>	

GOWANDA CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2013

Schedule SS2

Page 34

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 26,337,616
Additions:	
Prior year's encumbrances	271,833
Original budget	26,609,449
Budget revisions:	
Utilization of transportation reserve to purchase vehicles	249,288
Donations	2,700
Final budget	<u>\$ 26,861,437</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2013-14 voter-approved expenditure budget	
Maximum allowed (4% of 2013-14 budget)	\$ 27,388,487

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

Unrestricted fund balance:

Committed fund balance	\$ -
Assigned fund balance	2,174,780
Unassigned fund balance	1,046,342
Total unrestricted fund balance	<u>3,221,122</u>

Less:

Appropriated fund balance	1,809,351
Insurance recovery reserve	111,681
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	365,429
Total adjustments	<u>2,286,461</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u>\$ 934,661</u>
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Actual percentage	3.4%
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* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of the General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

GOWANDA CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule SS3

Page 35

Project Title	Original Appropriation	Revised Appropriation	Expenditures		Unexpended (Overexpended) Balance	Methods of financing				Fund Balance	
			Prior Years	Current Year		Total	Proceeds of Obligations	State Sources	Local Sources	Total	June 30, 2013
Reconstruction project 2010	\$ 6,821,593	\$ 6,821,593	\$ 5,967,502	\$ 790,700	\$ 6,758,202	\$ 63,391	\$ 5,163,408	\$ 1,303,811	\$ 287,224	\$ 6,754,443	\$ (3,759)
Reconstruction project 2006	7,762,492	7,762,492	7,767,196	-	7,767,196	(4,704)	5,075,000	1,641,669	1,050,527	7,767,196	-
	<u>\$ 14,584,085</u>	<u>\$ 14,584,085</u>	<u>\$ 13,734,698</u>	<u>\$ 790,700</u>	<u>\$ 14,525,398</u>	<u>\$ 58,687</u>	<u>\$ 10,238,408</u>	<u>\$ 2,945,480</u>	<u>\$ 1,337,751</u>	<u>\$ 14,521,639</u>	(3,759)
Less: Bond anticipation notes outstanding											<u>(4,778,000)</u>
Ending fund equity (deficit) balance											<u>\$ (4,781,759)</u>

GOWANDA CENTRAL SCHOOL DISTRICT**Schedule SS4A****BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013****Page 36**

Grant Title	Grantors Project No.	Grant Period	Total Revenue	Total Expenditures
Summer school	N/A	2012-13	\$ 113,867	\$ 113,867
Native American Transportation	N/A	2012-13	375,432	375,432
Universal Pre-Kindergarten	0409-13-0250	2012-13	156,487	156,487
Livermore Grant	N/A	2012-13	5,000	5,000
School breakfast programs	N/A	2012-13	5,781	5,781
School lunch programs	N/A	2012-13	12,009	12,009
			<u>\$ 668,576</u>	<u>\$ 668,576</u>

GOWANDA CENTRAL SCHOOL DISTRICT

Schedule SS4B

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Gowanda Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - Non-monetary Federal Program

The accompanying **Gowanda Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2013, the District reported in the Schedule of Federal Awards \$24,441 of donated commodities at fair market value received and disbursed.

GOWANDA CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Schedule SS4C

Page 37

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Direct Award:					
Title VII	84.060A	n/a	\$ 156,700	\$ 167,795	\$ 167,795
Title VII	84.060A	n/a	58	29	29
Passed through NYS					
Department of Education:					
Title I *	84.010A	0021-13-0250	369,031	343,106	343,106
Title I *	84.010A	0021-12-0250	38,504	11,899	11,899
Title II, Part A	84.367A	0147-13-0250	86,580	55,595	55,595
Title II, Part A	84.367A	0147-12-0250	1,190	1,190	1,190
IDEA, Part B Public Law 94-142 **	84.027A	0032-13-0080	347,316	326,669	326,669
IDEA, Part B Public Law 94-142 **	84.027A	0032-12-0080	250	125	125
IDEA, Pre-school Public Law 99-457 **	84.173A	0033-13-0080	18,848	18,346	18,346
Race to the Top, ARRA	84.395A	5500-13-0250	20,941	20,941	20,941
US Department of Agriculture:					
Passed through NYS					
Department of Education:					
National School Lunch Program ***					
Cash Assistance	10.555	N/A	278,077	278,077	278,077
National School Breakfast Program ***	10.553	N/A	101,299	101,299	101,299
Passed through NYS					
Office of General Services:					
National School Lunch Program ***					
Non-Cash Assistance (commodities)	10.555	N/A	24,441	24,441	24,441
Total expenditures and revenue				\$ 1,349,512	\$ 1,349,512

* Constitutes a cluster of Federal programs

** Constitutes a cluster of Federal programs

*** Constitutes a cluster of Federal programs

GOWANDA CENTRAL SCHOOL DISTRICT
SCHEDULE OF MAJOR PROGRAMS TESTED
FOR THE YEAR ENDED JUNE 30, 2013

Schedule SS4D

Page 38

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 1,349,512</u>
Major Programs Tested (Type A and B):		
Title VII	84.060A	\$ 167,824
Natinoal School Breakfast Program ***	10.553	101,299
National School Lunch Program ***		
Cash Assistance	10.555	278,077
Non-Cash Assistance (commodities)	10.555	<u>24,441</u>
Total major programs tested		<u>\$ 571,641</u>
% of Federal programs tested		<u>42%</u>

*** Constitutes a cluster of Federal programs

GOWANDA CENTRAL SCHOOL DISTRICT
SCHEDULE OF CERTAIN REVENUE AND EXPENDITURES
COMPARED TO ST-3 DATA – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule SS5

Page 39

	Account Code	ST-3 Amount	Audited Amount
Revenues			
Property taxes	A-1001	\$ 4,713,781	\$ 4,713,781
Non-property taxes	AT-1199	735,116	735,116
State aid	AT-3999	16,236,686	16,236,686
Federal aid	AT-4999	31,594	31,594
Total revenue	AT-5999	26,275,099	26,275,099
Expenditures			
General support	AT-1999	3,107,102	3,107,102
Pupil transportation	AT-5599	1,012,052	1,012,052
Debt service - principal	AT-9798.6	2,110,408	2,110,408
Debt service - interest	AT-9798.7	614,062	614,062
Total expenditures	AT-9999	\$ 25,255,383	\$ 25,255,383

GOWANDA CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2013

Schedule SS6

Page 40

Capital assets	\$ 38,443,304
Less:	
Serial bonds	(12,146,470)
Bond anticipation notes	(4,778,000)
Plus:	
Bond proceeds less capital expenditures	<u>(3,759)</u>
Net investment in capital assets	<u>\$ 21,515,075</u>



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

**To the President and
Members of the Board of Education
Gowanda Central School District
Gowanda, New York**

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Gowanda Central School District* as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise *Gowanda Central School District's* basic financial statements and have issued our report thereon dated August 21, 2013.

Internal Control Over Financial Reporting

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

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

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item II.A.2013-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Gowanda Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Gowanda Central School District's Response to Findings

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
August 21, 2013**



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

**To the President and
Members of the Board of Education
Gowanda Central School District
Gowanda, New York**

Report on Compliance for Each Major Federal Program

We have audited *Gowanda Central School District's* compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of *Gowanda Central School District's* major federal programs for the year ended June 30, 2013. *Gowanda Central School District's* major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, *Gowanda Central School District* complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. However, the results of our audit procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB A-133 and is described in the accompanying schedule of findings and questioned costs as item III.A.2013-2.

Report on Internal Control Over Compliance

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

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

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

We noted other matters that we have reported to management of [*Gowanda Central School District*](#) in a separate letter dated August 21, 2013.

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
August 21, 2013**

GOWANDA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Page 45

I. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the financial statements of **Gowanda Central School District**.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Governmental Auditing Standards". This significant deficiency is described in the accompanying schedule of findings and questioned costs as item II.A.2013-1.
3. There were no instances of noncompliance material to the financial statements of **Gowanda Central School District** reported in the 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".
4. No significant deficiencies relating to the audit of the major federal assistance programs of the **Gowanda Central School District** are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal assistance programs for the **Gowanda Central School District** expresses an unmodified opinion. However, the results of our audit procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB A-133 and is described in the accompanying schedule of findings and questioned costs as item III.A.2013-2.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:

Name	CFDA#	Program Type	Expenditures Amounts
Title VII	84.060A	Type B	\$ 167,824
National School Lunch Program ***			
Cash Assistance	10.555	Type A	278,077
Non- Cash Assistance (commodities)	10.555	Type A	24,441
School Breakfast Program ***	10.553	Type A	101,299
Total tested			<u>\$ 571,641</u>
Percentage of total programs tested			<u>42%</u>

*** Constitutes a cluster of Federal programs.

8. The threshold for distinguishing between Types A and B programs was \$300,000.
9. **Gowanda Central School District** does qualify as a low-risk auditee.

GOWANDA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Page 46

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2013-1 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2013

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

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

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

District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments on these financial statements. Lastly, the District considers such assistance provided by the auditors to be the most cost effective in preparing such information.

Year ended June 30, 2012

Similar finding was reported on during the fiscal year ended June 30, 2012.

B. COMPLIANCE AND OTHER MATTERS

Year ended June 30, 2013

No findings related to compliance are being reported upon during the fiscal year ended June 30, 2013.

Year ended June 30, 2012

No findings related to compliance were reported upon during the fiscal year ended June 30, 2012.

GOWANDA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Page 47

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

A. COMPLIANCE

Year ended June 30, 2013

U.S. Department of Education – Title VII – Indian Education Grant (CFDA #84.060A)

2013-2 Eligibility

Condition and Criteria: Testing was performed on twenty-five of the enrolled students in the Title VII – Indian Education Grant Program. During our tests of eligibility of enrolled students we reviewed student files for documentation that supported whether enrolled students were eligible as defined by the grant. To be considered eligible the student, one of the student's parents, or one of the student's grandparents must be a member of an Indian tribe or band recognized by the state in which the tribe or band resides. In three instances out of the sample of twenty-five (12%) the District did not have documentation indicating that the student, one of the student's parents, or one of the student's grandparents was a member of a state recognized Indian tribe or band. In one instance one of the student's great-grandparents was a member of a tribe, but neither the student, one of the student's parents, or one of the student's grandparents was documented as a member of a tribe. In the other two instances, no documentation was maintained documenting eligibility.

Effect: In these instances, the District was unable to provide evidence to support that eligibility of the student enrolled in the Title VII Program as determined by Federal guidelines were being followed.

Cause: Lack of understanding of eligibility standards and the proper maintenance of documentation.

Auditors' Recommendation: **Gowanda Central School District** should clearly define eligibility standards for students enrolled in the Title VII Program in alignment with Federal guidelines. Documentation determining eligibility should be required to be maintained in accordance with Federal guidelines.

District's Response: The District will implement procedures verifying enrollment guidelines into the Title VII Program.

Year ended June 30, 2012

No findings related to compliance were reported upon during the fiscal year ended June 30, 2012.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2013

No findings related to internal control over compliance are being reported upon during the fiscal year ended June 30, 2013.

Year ended June 30, 2012

No findings related to internal control over compliance were reported on during the fiscal year ended June 30, 2012.



August 21, 2013

To the President and Members of the
Board of Education
and School Administration
Gowanda Central School District
Gowanda, New York

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2013 of the District's financial statements and have issued our reports thereon dated August 21, 2013. Our audit report expressed an unqualified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Gowanda Central School District* for the year ended June 30, 2013, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation. Except as noted within the body of such reports, the District generally was in compliance with laws and regulations and maintains a reasonable system of accounting internal controls.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2009 through June 30, 2013. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Gowanda Central School District* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C

GOWANDA CENTRAL SCHOOL DISTRICT
REVENUE AND EXPENDITURES COMPARISON AND
ANALYSIS OF FUND EQUITY (AMOUNTS IN \$1,000)

Page 49

	6/30/2013	6/30/2012	6/30/2011	6/30/2010	6/30/2009
Revenue and other sources					
Property taxes	\$ 4,714	\$ 4,619	\$ 4,560	\$ 4,572	\$ 4,668
Non-property taxes	735	739	728	710	712
State aid	16,237	17,097	16,186	16,024	17,734
All other	4,589	1,771	3,072	3,593	2,804
	<u>26,275</u>	<u>24,226</u>	<u>24,546</u>	<u>24,899</u>	<u>25,918</u>
Expenditures and other uses					
General support	3,107	2,872	3,240	3,634	3,193
Instruction	12,859	12,296	12,485	13,295	12,659
Transportation	1,012	1,349	1,280	1,358	1,232
Benefits	5,488	4,879	4,658	4,329	4,226
Debt	2,725	2,459	2,496	2,588	2,585
Transfers	65	1,300	290	224	23
	<u>25,256</u>	<u>25,155</u>	<u>24,449</u>	<u>25,428</u>	<u>23,918</u>
Excess (deficiency) of revenue over expenditures	1,019	(929)	97	(529)	2,000
Fund equity					
Beginning of year	4,675	5,604	5,501	6,030	4,030
Prior period adjustment	-	-	6	-	-
End of year	<u>\$ 5,694</u>	<u>\$ 4,675</u>	<u>\$ 5,604</u>	<u>\$ 5,501</u>	<u>\$ 6,030</u>
Analysis of fund equity					
Restricted					
Reserve for repairs	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30
Reserve for employee benefits	415	279	312	346	345
Reserve for capital/transportation	856	743	964	897	882
Reserve for unemployment insurance	105	85	122	98	45
Reserve for insurance	112	111	111	110	-
Reserve for retirement system	955	970	1,072	1,127	848
Assigned					
Reserve for encumbrances	365	272	327	297	522
Next year's budget	1,809	1,300	1,647	1,647	2,343
Unassigned	1,047	885	1,019	949	1,015
	<u>\$ 5,694</u>	<u>\$ 4,675</u>	<u>\$ 5,604</u>	<u>\$ 5,501</u>	<u>\$ 6,030</u>

**GOWANDA CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Page 50

Budgeting and Forecasting

During the fiscal years ended June 30, 2013, 2012 and 2011, the District's actual revenue and expenditures, including encumbrances was different from the budget by approximately \$1,954,000, \$2,217,000 and \$1,422,000, respectively. The District should continue to prepare projections of future revenue and expenditures and should consider incorporating into a three year forecast of revenue and expenditures in the general fund. We realize that such a forecast will require the use of estimates and assumptions of information such as the amount of expected State Aid, expected rate increase in health insurance, potential increase in salaries, etc. However, we believe a forecast is a very useful tool that the District can utilize when negotiating employee contracts, setting future tax rates, and purchasing future equipment. The forecast would also be beneficial in the budgeting process, whereby the District would have an indication as to whether current year operations are running at an overall surplus or deficit.

District response: The District understands the importance of utilizing revenue and expenditure projections to maintain good fiscal health.

Food Service Fund

During the fiscal years ended June 30, 2013, 2012 and 2011, the District's Food Service Fund operating deficits before transfers from the general fund of approximately \$58,000, \$61,000 and \$70,000, respectively. The District should evaluate this deficit and develop an approach to alleviate this deficit in the future.

District response: The District will sustain its ongoing effort to evaluate the factors related to the deficit and will continue to implement mitigating measures.

Real Property Tax Cap

Because the tax cap is still relatively new and more information continues to be relayed by various New York State agencies, we recommend that the District continue to participate in seminars and webinars in future years to keep abreast of any changes or further clarification.

District response: The District understands the importance of preparing documents based on the most current and accurate guidelines and therefore references the Office of the State Comptroller's Local Government and School Accountability website for information related to the Real Property Tax Cap. In the event future seminars or webinars relating to the tax cap are offered, the District will make an effort to participate.

GOWANDA CENTRAL SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**



INDEPENDENT AUDITORS' REPORT

**To the President and
Members of the Board of Education
Gowanda Central School District
Gowanda, New York**

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the **Gowanda Central School District** for the year ended June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of the **Gowanda Central School District** for the year ended June 30, 2013 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
August 21, 2013**

GOWANDA CENTRAL SCHOOL DISTRICT**ANNUAL FINANCIAL STATEMENT ON EXTRACLASSROOM ACTIVITY FUND****JULY 1, 2012 THROUGH JUNE 30, 2013****Page 52**

	Beginning Balance June 30, 2012	Receipts	Balance	Disbursements	Reallocations/ Adjustments	Ending Balance June 30, 2013
High School Activity Funds						
Class of 2012	\$ 1,444	\$ -	\$ 1,444	\$ 650	\$ (794)	\$ -
Class of 2013	3,822	29,006	32,828	32,020	(95)	713
Class of 2014	7,790	12,159	19,949	17,951	-	1,998
Class of 2015	6,115	3,967	10,082	2,276	-	7,806
Class of 2016	2,977	5,681	8,658	3,732	-	4,926
Band	3,808	19,626	23,434	23,822	1,162	774
Baseball Club	147	2,666	2,813	2,302	24	535
Baton and Volleyball Club	3,061	3,621	6,682	2,299	-	4,383
Boys' Basketball Club	157	1,633	1,790	1,790	-	-
Cheerleaders' Club	1,450	11,215	12,665	12,020	(44)	601
Ecology Club	557	109	666	55	-	611
Football Club	2,733	6,378	9,111	5,607	(1,030)	2,474
Girls' Basketball Club	47	-	47	23	-	24
Girls' Track Club	219	2,309	2,528	1,868	-	660
Lacrosse Club	1,498	-	1,498	347	-	1,151
National Honor Society Club	1,386	4,880	6,266	4,197	-	2,069
Native American Youth Organization Club	47	-	47	-	-	47
School Store	3,101	3,466	6,567	5,364	-	1,203
Softball Club	420	3,150	3,570	3,346	-	224
Spanish Club	8,435	16,848	25,283	25,120	-	163
Student Council	18,579	2,783	21,362	6,982	794	15,174
Student Music Boosters Club	1,398	6,728	8,126	5,901	(1,223)	1,002
Tennis Club	820	-	820	642	-	178
Thespians Club	4,308	4,802	9,110	6,047	-	3,063
Valley Bugle Club	538	9,430	9,968	9,948	-	20
Wrestlers Club	4,351	6,645	10,996	7,400	-	3,596
Sales Tax Account	5,999	4,699	10,698	-	(3,972)	6,726
Total high school	85,207	161,801	247,008	181,709	(5,178)	60,121
Middle School Activity Funds						
Class of 2017	1,224	8,815	10,039	6,666	-	3,373
Class of 2018	-	13,512	13,512	11,400	-	2,112
Happy Tones	9,941	9,431	19,372	8,806	-	10,566
Middle School Student Council	6,084	8,250	14,334	9,565	-	4,769
Taxes	-	1,126	1,126	1,112	-	14
Total middle school	17,249	41,134	58,383	37,549	-	20,834
Total activity funds	\$ 102,456	\$ 202,935	\$ 305,391	\$ 219,258	\$ (5,178)	\$ 80,955

**GOWANDA CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

Page 53

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of **Gowanda Central School District**. Consequently, such transactions are not included in the financial statements of the School District. However, cash balances of \$80,955 are included in the Trust and Agency Fund as restricted cash, with a corresponding amount recorded as a liability in the Fund.

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

NOTE 2 – REALLOCATIONS/ADJUSTMENTS

Included in the annual financial statement on extraclassroom fund is a column for reallocations/adjustments. This column represents transactions that include wire transfers, adjustments to receipts and disbursements and reclassification of transactions between activity funds.

