

TOMPKINS-SENECA-TIOGA BOCES

Ithaca, New York

FINANCIAL REPORT

June 30, 2014

TOMPKINS-SENECA-TIOGA BOCES
 TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2014

Independent Auditor's Report	1-2
Required Supplementary Information:	
Management's Discussion and Analysis	3-3h
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	6-6a
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	8-8a
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	9
Statement of Fiduciary Net Position - Fiduciary Funds	10
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	11
Notes to Financial Statements	12-28
Required Supplementary Information:	
Schedule of Revenues and Expenditures Compared to Budget (Non-GAAP) - General Fund	29-29a
Schedule of Funding Progress	30
Notes to Required Supplementary Information	31
Supplementary Financial Information:	
Analysis of Account A431 School Districts	32
Schedule of Project Expenditures - Capital Projects Fund	33-33a
Schedule of General Fund Revenues and Expenditures Compared to Budget	34-34a
Specially Aided Programs - Federally Assisted Programs - Budget Comparison Statement	35-35a
Specially Aided Programs - State and Other Grant Programs - Budget Comparison Statement	36-36a
Schedule of Net Investment in Capital Assets	37
Report Required Under Government Auditing Standards:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	38-39

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INDEPENDENT AUDITOR'S REPORT

Board of Cooperative Educational Services
Tompkins-Seneca-Tioga BOCES
Ithaca, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the BOCES, as of June 30, 2014, and the respective changes in financial position thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

- 1 -

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Emphasis of a Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison and funding progress information on pages 3 through 3h and 29 through 31 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 BOCES' basic financial statements. The supplementary information on pages 32 through 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

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



September 22, 2014
Ithaca, New York

TOMPKINS-SENECA-TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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

FINANCIAL HIGHLIGHTS

During the year ended June 30, 2014, the BOCES received an updated actuarial valuation of its retiree health insurance liability in accordance with the adoption of Governmental Accounting Standards Board (GASB) Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." As a result, the BOCES has recorded a liability in the Statement of Net Position of \$22,200,167, of which \$4,089,127 was reflected as a liability and expense during the year ended June 30, 2014.

Expenses exceeded revenues in 2014 by \$3,579,173, as compared to \$3,840,326 in 2013, primarily due to the increase in the current year liability and expense added as required by GASB Statement Number 45, offset by depreciation in excess of capital outlay and decrease in compensated absences payable. Revenues exceeded expenses by \$509,954 exclusive of the \$4,089,127 addition to the other postemployment benefits liability in 2014.

The General Fund final budgeted appropriations of \$38,695,016 were under spent in 2014 by \$3,822,576.

The installment debt liability of the BOCES, in the amount of \$2,410,248, decreased \$(196,669) from 2013 as a result installment debt payments in 2014.

Total fund balance in the General Fund increased \$366,546 in 2014, as a result of an increase in the reserve for unemployment insurance of \$42,667 which amounted to \$154,002 at June 30, 2014, compared to \$111,335 at June 30, 2013 and the establishment of a retirement contribution reserve in the amount of \$323,879.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The first two statements are Government-wide financial statements that provide both short-term and long-term information about the BOCES' overall financial status.

The remaining statements are Governmental Fund financial statements that focus on individual parts of the BOCES, reporting the BOCES' operations in greater detail than the Government-wide statements. The Governmental Fund financial statements concentrate on the BOCES' most significant funds with all other Non-Major Funds listed in total in one column.

TOMPKINS-SENECA-TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the BOCES' budget for the year and a Schedule of Funding Progress related to the BOCES' unfunded actuarial liability for postemployment benefits.

Government-wide Financial Statements

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

The two Government-wide financial statements report the BOCES' net position and how it has changed. Net position - the difference between the BOCES' assets and liabilities - is one way to measure the BOCES' financial health or position. Over time, increases or decreases in the BOCES' net position is an indicator of whether its financial position is improving or deteriorating. To assess the BOCES' financial health, one needs to consider additional nonfinancial factors such as the condition of school buildings and other facilities.

In the Government-wide financial statements, the BOCES' activities are shown as Governmental Activities. Most of the BOCES' basic services are included here, such as regular and special education, career and technical education, and administration. Charges for services finance most of these activities.

Governmental Fund Financial Statements

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

Governmental Funds: Most of the BOCES' basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the BOCES' programs. Because this information does not encompass the additional long-term focus of the Government-wide financial statements, additional information following the Governmental Funds financial statements explains the relationship (or differences) between them.

Fiduciary Funds: The BOCES is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund and the Student Activities Funds. The BOCES 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 BOCES excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

TOMPKINS-SENECA-TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE

The BOCES' combined net position for the fiscal year ended June 30, 2014 decreased by \$(3,579,173) compared to a decrease of \$(3,840,326) in 2013. The decrease in 2014 is primarily due to the \$4,089,127 liability added as required by GASB Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." The decrease in 2013 was primarily due to the \$3,894,274 liability added as required by adopting GASB Statement Number 45.

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the BOCES' Governmental Activities.

Figure 1

Condensed Statement of Net Position	Governmental Activities and Total BOCES		Total Dollar Change
	2013	2014	2013 - 2014
<i>Current assets</i>	\$ 7,563,541	\$ 7,238,575	\$ (324,966)
<i>Noncurrent assets</i>	111,335	477,881	366,546
<i>Capital assets, net</i>	12,408,568	12,398,896	(9,672)
Total Assets	20,083,444	20,115,352	31,908
<i>Current liabilities</i>	7,740,485	7,466,318	(274,167)
<i>Noncurrent liabilities</i>	20,521,289	24,406,537	3,885,248
Total Liabilities	28,261,774	31,872,855	3,611,081
<i>Net investment in capital assets</i>	9,804,076	9,988,648	184,572
<i>Restricted</i>	111,335	477,881	366,546
<i>Unrestricted (deficit)</i>	(18,093,741)	(22,224,032)	(4,130,291)
Total Net (Deficit)	\$ (8,178,330)	\$ (11,757,503)	\$ (3,579,173)

The decrease in current assets is partly due to the funding of the new retirement system reserve, which also increased noncurrent assets and restricted net position. The decrease in current liabilities is primarily due to a decrease in amount due back to the component schools and the transfer of compensated absences payable to the retirement reserve, offset by increased due to teachers' retirement system. The increase in noncurrent liabilities is largely due to the reporting of the liability in accordance with GASB Statement Number 45 in the amount of \$4,089,127 for 2014, net of installment debt payments.

Net investment in capital assets reflects a slight increase, mainly due to debt payments. Unrestricted (deficit) increased primarily as a result of other postemployment benefits expense and liability of \$4,089,127, school lunch deficit operations, and increased restricted net position.

TOMPKINS-SENECA-TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Our analysis in *Figure 2* considers the operations of the BOCES' activities.

Figure 2

Changes in Net Position	Governmental Activities and Total BOCES		Total Dollar Change
	2013	2014	2013 - 2014
REVENUES			
<i>Program revenues:</i>			
Charges for services	\$ 30,554,357	\$ 33,930,190	\$ 3,375,833
Operating grants and contributions	1,116,399	1,114,508	(1,891)
<i>General revenues:</i>			
Use of money and property	52,620	36,013	(16,607)
Refund of prior years expenses	936,374	771,750	(164,624)
Other general revenues	1,083,060	1,415,959	332,899
Total Revenues	33,742,810	37,268,420	3,525,610
PROGRAM EXPENSES			
Administration	2,595,039	3,008,469	413,430
Capital	311,508	19,715	(291,793)
Occupational instruction	5,151,732	5,529,193	377,461
Instruction for the handicapped	9,828,675	10,594,684	766,009
Itinerant services	1,699,100	1,853,882	154,782
General instruction	3,672,812	3,790,616	117,804
Instructional support	7,309,847	8,358,882	1,049,035
Other services	6,593,964	7,306,907	712,943
School lunch program	163,740	153,314	(10,426)
Interest on debt	256,719	231,931	(24,788)
Total Expenses	37,583,136	40,847,593	3,264,457
(DECREASE) IN NET POSITION	\$ (3,840,326)	\$ (3,579,173)	\$ 261,153

Total revenues for the BOCES' Governmental Activities increased by \$3,525,610, or 10.4%. The increase in revenues is primarily attributable to increased component school district service revenue. Program expenses increased \$3,264,457 or 8.7%, mainly due to increased services.

TOMPKINS-SENECA-TIOGA BOCES
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2014

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

Figure 3

Sources of Revenue for 2014

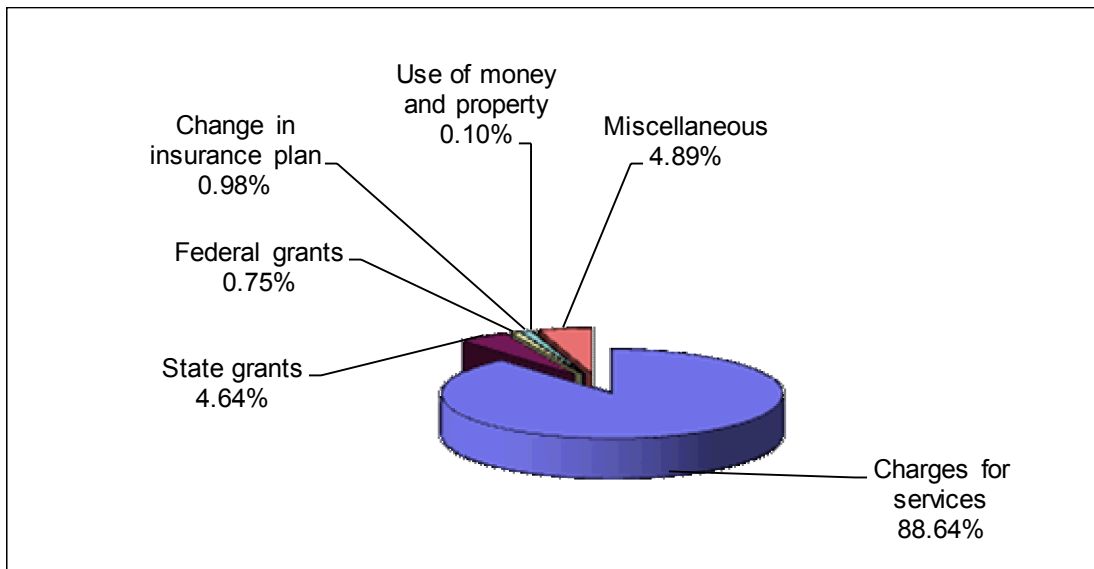
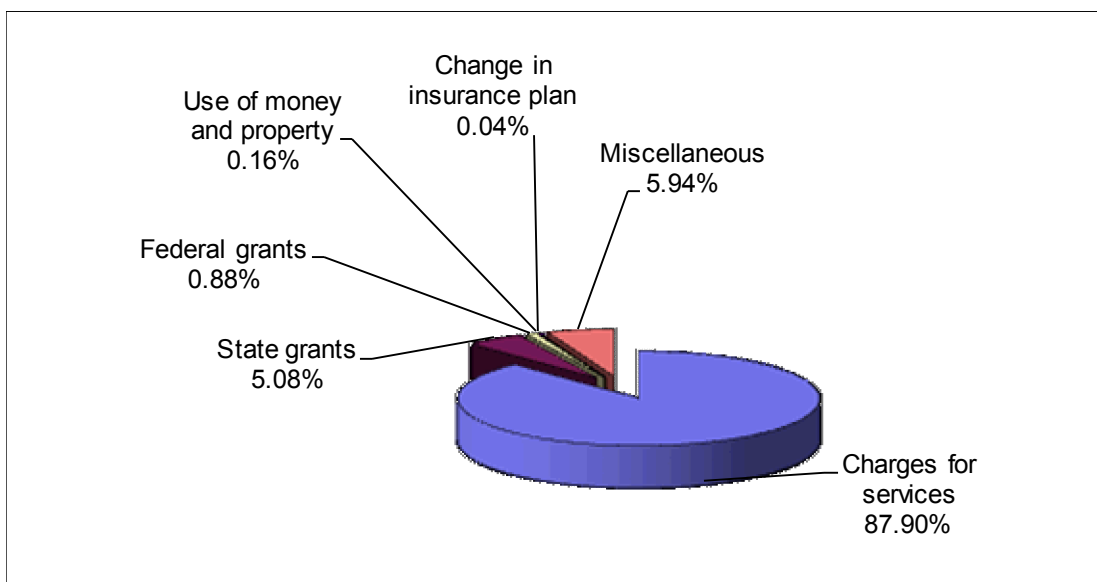


Figure 4

Sources of Revenue for 2013



TOMPKINS-SENECA-TIOGA BOCES
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2014

Figures 5 and 6 present the cost of each of the BOCES' programs for 2014 and 2013.

Figure 5

Cost of Programs for 2014

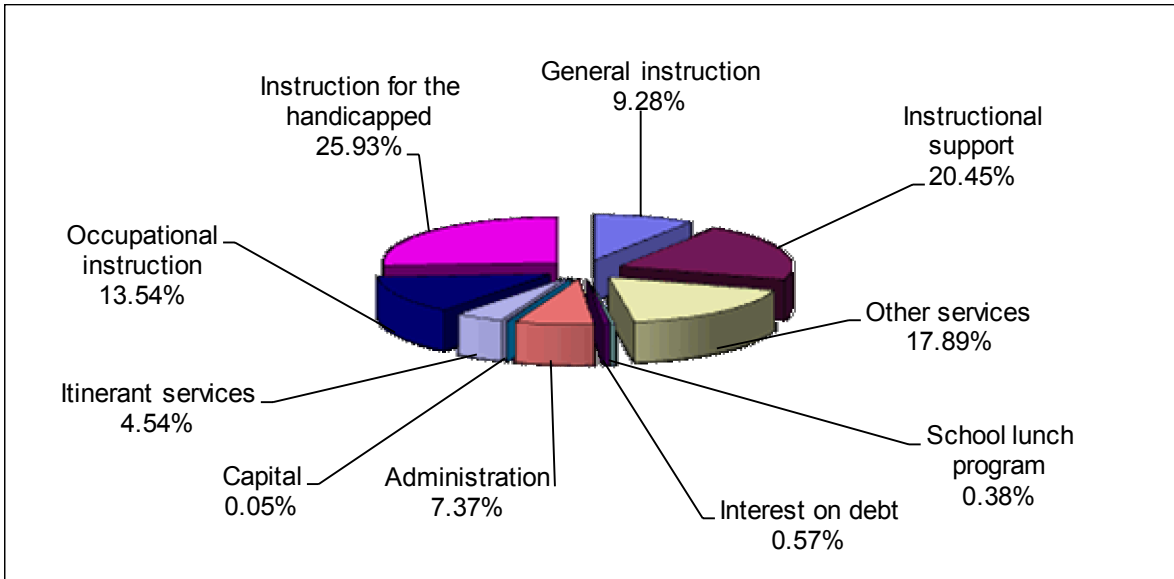
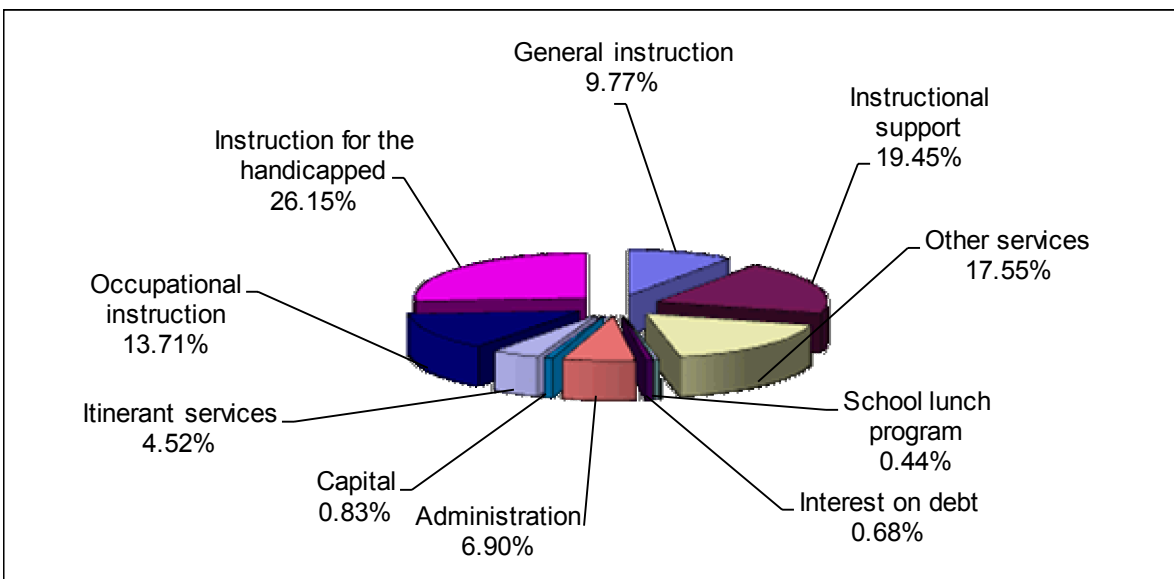


Figure 6

Cost of Programs for 2013



TOMPKINS-SENECA-TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE BOCES FUNDS

Figure 7 shows the changes in governmental fund balances for the year for the BOCES' funds. As the BOCES completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a combined fund balance of \$454,016, which is primarily due to the General Fund unemployment and retirement contribution reserves fund balance.

Figure 7

Governmental Fund Balances	2013	2014	Total Dollar Change
			2013 - 2014
General Fund	\$ 111,335	\$ 477,881	\$ 366,546
Special Aid Fund	-0-	-0-	-0-
School Lunch Fund	3,215	(28,033)	(31,248)
Capital Projects Funds	16,509	4,168	(12,341)
Total Governmental Fund Balances	\$ 131,059	\$ 454,016	\$ 322,957

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board approves any increases, decreases or transfers between cosers. The final budget did increase due to component school district requests for services.

Even with these adjustments, the actual charges to appropriations (expenditures) were well below the final budget amounts based on the services actually used by the component districts. Budget revisions increase or decrease the overall budget based on school requests for services.

Revenues exceeded budget by \$742,838, mainly due to E-rate revenues. Expenditures were underspent by \$(3,822,576), primarily based on decreased school requests for services from original anticipated requests.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and the variances for the year ending June 30, 2014.

Figure 8

Condensed Budgetary Comparison General Fund - 2014	Original Budget	Revised Budget	Actual w/ Encumbrances	Total Dollar Variance
REVENUES				
Charges to components and others	\$ 35,078,741	\$ 37,780,340	\$ 37,780,339	\$ (1)
Charges to other components - Capital	606,112	606,112	606,112	-0-
Interest and earnings	75,000	75,000	36,001	(38,999)
All other	257,529	233,564	1,017,816	784,252
Total Revenues	\$ 36,017,382	\$ 38,695,016	\$ 39,440,268	\$ 745,252
EXPENDITURES				
Administration	\$ 2,741,844	\$ 2,971,844	\$ 2,647,113	\$ 324,731
Capital	307,116	307,116	306,915	201
Occupational instruction	4,958,185	5,020,996	4,717,302	303,694
Instruction for the handicapped	9,510,345	9,754,784	8,637,168	1,117,616
Itinerant services	1,971,376	2,010,195	1,600,820	409,375
General instruction	2,867,296	3,072,764	2,710,081	362,683
Instructional support	6,382,613	7,991,016	7,282,307	708,709
Other services	6,362,111	6,879,805	6,512,838	366,967
Interest on debt	600,000	370,000	141,400	228,600
Operating transfer out	316,496	316,496	316,496	-0-
Total Expenditures	\$ 36,017,382	\$ 38,695,016	\$ 34,872,440	\$ 3,822,576
Excess Revenues	\$ -0-	\$ -0-	\$ 4,567,828	\$ 4,567,828

TOMPKINS-SENECA-TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the BOCES had invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of \$(9,672) from last year.

Figure 9

Changes in Capital Assets	Governmental Activities and Total BOCES		Total Dollar Change
	2013	2014	2013 - 2014
<i>Land</i>	\$ 165,708	\$ 165,708	\$ -0-
<i>Buildings</i>	11,721,572	11,649,925	(71,647)
<i>Equipment</i>	521,288	583,263	61,975
Totals	\$ 12,408,568	\$ 12,398,896	\$ (9,672)

This year's net change in capital assets is represented by:

Building additions, net	\$ 326,422
Equipment additions	258,451
Total additions, net	584,873
Depreciation	(594,545)
Net Change	<u>\$ (9,672)</u>

Debt Administration

Debt, both short- and long-term, considered a liability of Governmental Activities, decreased by \$(196,669) in 2014, as a result of installment debt payments made during the year as shown in *Figure 10*.

Figure 10

Outstanding Debt	Governmental Activities and Total BOCES		Total Dollar Change
	2013	2014	2013 - 2014
<i>Installment purchase debt</i>	\$ 2,606,917	\$ 2,410,248	\$ (196,669)

Additional information on the maturities and terms of the BOCES' outstanding debt can be found in the notes to these financial statements.

TOMPKINS-SENECA-TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

FACTORS BEARING ON THE BOCES' FUTURE

The 2% tax cap imposed on our component school districts by New York State continues to have an impact on the BOCES. Some programs have been and may be reduced further while other services have and may be increased in order to keep local tax increases within the 2% cap. Delays in State aid to the component school districts could have a negative impact on BOCES.

BOCES continues to investigate expanding Central Business Office (CBO) services for interested component school districts. Expanded service offerings are under consideration, such as human resource data processing, tax collection services and inventory control services. Additional services will, at some point, require a change in physical location of the CBO, as the current location has limited space.

A second Energy Performance Contract has been entered into for \$316,496 for additional boilers, hot water heaters, exterior lighting, and a new unified clock system with a projected savings of \$338,385. The first and second Energy Performance Contract have been completed and savings have already been realized.

Major renovations to the Construction Trades building have been done to accommodate moving the Alternative Education Program to the main campus. This has created substantial savings in rent, cleaning, and transportation expenses for the BOCES. Many Alternative Education students now have the opportunity to attend Career and Technology courses because both programs are housed on the same campus. The renovations allowed BOCES to house most of the summer programs on campus in the summer of 2014.

No pending or anticipated litigation has been noted.

CONTACTING THE BOCES' FINANCIAL MANAGEMENT

This financial report is designed to provide the BOCES' citizens, taxpayers, customers, investors, and creditors with a general overview of the BOCES' finances and to demonstrate the BOCES' accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Tompkins-Seneca-Tioga BOCES, at 555 Warren Road, Ithaca, NY.

TOMPKINS-SENECA-TIOGA BOCES
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current assets	
Cash:	
Unrestricted	\$ <u>6,330,535</u>
Receivables:	
State and Federal aid	<u>638,896</u>
Due from school districts, net	<u>165,101</u>
Other	<u>99,695</u>
Inventories	<u>4,348</u>
Total current assets	<u>7,238,575</u>
Restricted cash	<u>477,881</u>
Capital assets, net:	
Land and construction-in-progress	<u>165,708</u>
Depreciable assets, net	<u>12,233,188</u>
Total noncurrent assets	<u>12,876,777</u>
Total Assets	<u>20,115,352</u>

LIABILITIES

Current liabilities	
Payables:	
Accounts payable	<u>246,745</u>
Accrued liabilities	<u>10,823</u>
Due to school districts	<u>4,567,828</u>
Due to other governments	<u>3,317</u>
Overpayments and collections in advance	<u>110,309</u>
Due to teachers' retirement system	<u>1,572,201</u>
Due to employees' retirement system	<u>363,156</u>
Unearned revenues - Other	<u>388,061</u>
Current portion of long-term liabilities:	
Installment purchase debt payable	<u>203,878</u>
Total current liabilities	<u>7,466,318</u>
Noncurrent liabilities	
Installment purchase debt payable	<u>2,206,370</u>
Other postemployment benefits liability	<u>22,200,167</u>
Total noncurrent liabilities	<u>24,406,537</u>
Total Liabilities	<u>31,872,855</u>

NET POSITION

Net investment in capital assets	<u>9,988,648</u>
Restricted	<u>477,881</u>
Unrestricted (deficit)	<u>(22,224,032)</u>
Total Net Position (Deficit)	<u>\$ (11,757,503)</u>

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

TOMPKINS-SENECA-TIOGA BOCES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
Administration	\$ 3,008,469	\$ 2,741,064	\$	\$	\$ (267,405)
Capital	19,715	603,696			583,981
Occupational instruction	5,529,193	4,714,272	92,217		(722,704)
Instruction for the handicapped	10,594,684	8,619,694	135,017		(1,839,973)
Itinerant services	1,853,882	1,600,820			(253,062)
General instruction	3,790,616	2,718,265	590,829		(481,522)
Instructional support	8,358,882	6,615,446	195,167		(1,548,269)
Other services	7,306,907	6,296,223			(1,010,684)
School lunch program	153,314	20,710	101,278		(31,326)
Interest on debt	231,931				(231,931)
Total Functions and Programs	\$ 40,847,593	\$ 33,930,190	\$ 1,114,508	\$ -0-	(5,802,895)

GENERAL REVENUES

Use of money and property	36,013
Sale of property and compensation for loss	31,392
Refund of prior years expenses	771,750
Net change in share of insurance plan assets	366,546
Miscellaneous	1,018,021
Total General Revenues	2,223,722
Change in Net Position	(3,579,173)
Total Net Position (Deficit) - Beginning of Year	(8,178,330)
Total Net Position (Deficit) - End of Year	\$ (11,757,503)

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

TOMPKINS-SENECA-TIOGA BOCES
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	Major Funds	
	General Fund	Special Aid Fund
ASSETS		
Cash:		
Unrestricted	\$ 6,211,081	\$ 84,787
Restricted	<u>477,881</u>	
Receivables:		
Due from other funds	<u>358,767</u>	
State and Federal aid		<u>638,284</u>
Due from school districts	<u>165,101</u>	
Other	<u>65,070</u>	<u>34,625</u>
Inventories		
Total Assets	<u><u>7,277,900</u></u>	<u><u>757,696</u></u>
LIABILITIES		
Payables:		
Due to school districts	\$ 4,567,828	\$
Accounts payable	<u>237,829</u>	<u>366</u>
Accrued liabilities	<u>15,021</u>	<u>(4,198)</u>
Due to other funds		<u>316,319</u>
Due to other governments	<u>1,424</u>	<u>1,871</u>
Overpayments and collections in advance	<u>104,777</u>	<u>5,532</u>
Due to teachers' retirement system	<u>1,572,201</u>	
Due to employees' retirement system	<u>291,636</u>	<u>59,048</u>
Unearned revenues	<u>9,303</u>	<u>378,758</u>
Compensated absences payable		
Total Liabilities	<u><u>6,800,019</u></u>	<u><u>757,696</u></u>
FUND BALANCES		
Nonspendable	\$	\$
Restricted	<u>477,881</u>	
Assigned		
Unassigned		
Total Fund Balances	<u><u>477,881</u></u>	<u><u>-0-</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 7,277,900</u></u>	<u><u>\$ 757,696</u></u>

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

School Lunch Fund	Major Funds		Total Governmental Funds
	Capital Projects Funds		
	Energy Performance	Building D Renovations	
\$ 21,949	\$ 10	\$ 12,708	\$ 6,330,535
			477,881
			358,767
612			638,896
			165,101
			99,695
4,348			4,348
\$ 26,909	\$ 10	\$ 12,708	\$ 8,075,223
\$	\$	\$	\$ 4,567,828
		8,550	246,745
			10,823
42,448			358,767
22			3,317
			110,309
			1,572,201
12,472			363,156
			388,061
			-0-
54,942	-0-	8,550	7,621,207
\$ 4,348	\$	\$	\$ 4,348
			477,881
	10	4,158	4,168
(32,381)			(32,381)
(28,033)	10	4,158	454,016
\$ 26,909	\$ 10	\$ 12,708	\$ 8,075,223

TOMPKINS-SENECA-TIOGA BOCES
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Fund Balances - Total Governmental Funds	\$	454,016
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

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

Total historical cost	\$ 21,716,148	
Less accumulated depreciation	<u>(9,317,252)</u>	12,398,896

Long-term liabilities, including installment debt payable and other postemployment benefits liability, are not due and payable in the current period and, therefore, are not reported in the funds.

Installment purchase debt payable	\$ (2,410,248)	
Other postemployment benefits liability	<u>(22,200,167)</u>	<u>(24,610,415)</u>

Net Position (Deficit) of Governmental Activities	\$	<u><u>(11,757,503)</u></u>
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See Independent Auditor's Report and Notes to Basic Financial Statements

TOMPKINS-SENECA-TIOGA BOCES
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds	
	General Fund	Special Aid Fund
REVENUES		
Local sources:		
Charges to components - Administrative	\$ 3,263,844	\$
Charges to components - Services	33,862,826	
Charge to other BOCES	653,669	
Charges to components - Capital	606,112	
Interest and earnings	36,001	
Miscellaneous	212,259	
Refund of prior year's expenses	771,750	
Sales	31,392	
State sources		1,727,092
Federal sources		182,691
Total Revenues	39,437,853	1,909,783
EXPENDITURES		
Administration	2,788,513	
Capital	17,300	
Occupational instruction	4,717,302	92,217
Instruction for the handicapped	8,637,168	782,942
Itinerant services	1,600,820	
General instruction	2,710,081	725,283
Instructional support	7,282,307	309,341
Cost of sales		
Other services	6,512,838	
Debt service:		
Principal	196,669	
Interest	92,946	
Capital outlay		
Total Expenditures	34,555,944	1,909,783
Excess (Deficiency) of Revenues		
Over Expenditures	4,881,909	-0-
OTHER FINANCING SOURCES AND (USES)		
Operating transfers in	2,415	
Operating transfers (out)	(316,496)	
Refunds of surplus to districts	(4,567,828)	
ERS reserve revenue	323,879	
ERS reserve expenditures		
Insurance reserve revenue	49,676	
Insurance reserve expenditures	(7,009)	
Total Other (Uses) Sources	(4,515,363)	-0-
Net Change in Fund Balances	366,546	-0-
Fund Balances - Beginning of Year	111,335	-0-
Fund Balances - End of Year	\$ 477,881	\$ -0-

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

School Lunch Fund	Major Funds		Total Governmental Funds
	Capital Projects Funds		
	Energy Performance	Building D Renovations	
\$ _____	\$ _____	\$ _____	\$ 3,263,844
_____	_____	_____	33,862,826
_____	_____	_____	653,669
_____	_____	_____	606,112
12	_____	_____	36,013
66	_____	_____	212,325
_____	_____	_____	771,750
20,710	_____	_____	52,102
3,285	_____	_____	1,730,377
97,993	_____	_____	280,684
122,066	-0-	-0-	41,469,702
_____	_____	_____	2,788,513
_____	_____	_____	17,300
_____	_____	_____	4,809,519
_____	_____	_____	9,420,110
_____	_____	_____	1,600,820
_____	_____	_____	3,435,364
_____	_____	_____	7,591,648
48,370	_____	_____	48,370
104,944	_____	_____	6,617,782
_____	_____	_____	196,669
_____	_____	_____	92,946
_____	316,496	9,926	326,422
153,314	316,496	9,926	36,945,463
(31,248)	(316,496)	(9,926)	4,524,239
_____	316,496	_____	318,911
_____	(2,415)	_____	(318,911)
_____	_____	_____	(4,567,828)
_____	_____	_____	323,879
_____	_____	_____	-0-
_____	_____	_____	49,676
_____	_____	_____	(7,009)
-0-	314,081	-0-	(4,201,282)
(31,248)	(2,415)	(9,926)	322,957
3,215	2,425	14,084	131,059
\$ (28,033)	\$ 10	\$ 4,158	\$ 454,016

TOMPKINS-SENECA-TIOGA BOCES
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 322,957

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

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

Capital outlay	\$ 584,873	
Depreciation expense	<u>(594,545)</u>	(9,672)

Long-term liabilities, such as those associated with debt and other postemployment benefits, are reported in the Statement of Net Position. Therefore expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. This is the amount of the changes reported in the Statement of Activities for installment debt and other postemployment benefits.

Installment debt payment	\$ 196,669	
Net change in other postemployment benefits liability	<u>(4,089,127)</u>	<u>(3,892,458)</u>

Net Change in Net Position of Governmental Activities		<u><u>\$ (3,579,173)</u></u>
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See Independent Auditor's Report and Notes to Basic Financial Statements

TOMPKINS-SENECA-TIOGA BOCES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash:		
Unrestricted	\$ <u>4,408</u>	\$ <u>566,354</u>
Investments		
Unrestricted	<u>76,779</u>	<u> </u>
Total Assets	<u>81,187</u>	<u>\$ 566,354</u>
 LIABILITIES		
Extraclassroom Activity Funds balance	<u> </u>	\$ <u>60,944</u>
Other liabilities	<u> </u>	<u>505,410</u>
Total Liabilities	<u>-0-</u>	<u>\$ 566,354</u>
 NET POSITION		
Reserved for scholarships	<u>\$ 81,187</u>	

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

TOMPKINS-SENECA-TIOGA BOCES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Private Purpose Trust Fund
ADDITIONS	
Interest	\$ <u>173</u>
Total Additions	<u>173</u>
 DEDUCTIONS	
Scholarships and awards	<u>13,375</u>
Change in Net Position	(13,202)
Net Position - Beginning of Year	<u>94,389</u>
Net Position - End of Year	<u>\$ <u>81,187</u></u>

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

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The Tompkins-Seneca-Tioga BOCES is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Cooperative Educational Services. The scope of activities included within the accompanying financial statements are those transactions which comprise operations and are governed by, or significantly influenced by, the Board of Cooperative Educational Services.

Essentially, the primary function of the BOCES is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

BOCES were established by New York State Legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, Legislation was passed allowing the BOCES to provide vocational and special education. A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs to provide educational and support activities more economically, efficiently, and equitably than could be provided locally. The BOCES provides instructional and support programs and services to the following nine school districts in New York's Tompkins, Seneca, and Tioga counties: Candor, Dryden, George Junior Republic, Groton, Ithaca, Lansing, Newfield, South Seneca, and Trumansburg.

The BOCES' programs and services include special education, vocational education, academic and alternative programs, summer schools, staff development, employee benefits coordination, work environment, health and safety, educational communication, cooperative purchasing, and central business office services.

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

1. The primary government, which is the BOCES;
2. Organizations for which the primary government is financially accountable, and;
3. Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

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

The BOCES is financially accountable for the Extraclassroom Activity Funds. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the BOCES reporting entity.

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

The Extraclassroom Activity Funds of the BOCES represent funds of the students of BOCES. The BOCES exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the BOCES with respect to its financial transactions and designation of student management, and the cash and investment balances are reported in the Agency Fund of the BOCES. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the BOCES business office located at 555 Warren Road, Ithaca, NY.

B. Basis of Presentation

1. Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the BOCES' Governmental Activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental Activities generally are financed through exchange transactions with component school districts and other BOCES, as well as nonexchange transactions in the form of Federal and State grants. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the BOCES' 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 are presented as general revenues.

2. Governmental Fund Financial Statements

The Governmental Fund financial statements provide information about the BOCES' funds, including Fiduciary Funds. Separate statements for each fund category (Governmental and Fiduciary) are presented. The emphasis of Governmental Fund financial statements is on Major Governmental Funds, each displayed in a separate column. All remaining Governmental Funds are aggregated and reported as Non-Major Funds.

The BOCES reports the following Major Governmental Funds:

General Fund: This is the BOCES' primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund. The General Fund includes the Risk Retention Fund.

School Lunch Fund: Accounts for revenues and expenditures in connection with the BOCES' food service program.

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

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Capital Projects Funds: Accounts for and reports financial resources to be used for the acquisition, construction, or renovation of major capital facilities, or equipment. These funds currently are used to account for the financial resources used for the renovation of the campus buildings.

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

The BOCES reports the following Fiduciary Funds:

Private-Purpose Trust Fund: Accounts for Scholarship Funds awarded to individual students. These activities, and those of the Agency Funds described below, are not included in the Government-wide financial statements because their resources do not belong to the BOCES and are not available to be used.

Agency Funds: Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the BOCES as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

C. Measurement Focus and Basis of Accounting

The Government-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 BOCES gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

D. Cash and Investments

The BOCES' cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the BOCES' investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts. Investments are stated at fair value.

TOMPKINS-SENECA-TIOGA BOCES
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

E. Accounts Receivable

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

F. Due To/From Other Funds

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

G. Inventories and Prepaid Items

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

The recognition for these non-liquid assets (inventories and prepaid items) has been recognized as nonspendable fund balance to signify that a portion of fund balance is not available for other subsequent expenditures.

H. Capital Assets

Capital assets are reported at historical cost. Donated assets are reported at estimated fair market value at the time received.

The BOCES depreciates capital assets using the straight-line method of depreciation. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), and estimated useful lives of capital assets reported in the Government-wide financial statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 5,000	50 years
Building Improvements	5,000	30 years
Furniture and equipment	5,000	5-15 years

I. Vested Employee Benefits

Compensated Absences

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

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

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

J. Other Benefits

The BOCES' employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

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

The BOCES follows GASB Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." The BOCES' liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 10 for additional information.

K. Unearned and Unavailable Revenues

Unearned revenues arise when resources are received by the BOCES before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the BOCES has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

The Governmental Fund financial statements also report deferred inflows of resources when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflows of resources are removed and revenues are recorded.

L. Restricted Resources

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

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

M. Equity Classifications

1. Government-wide Financial Statements

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

Net Investment in Capital Assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: Consists of net resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted: Consists of all other net resources that do not meet the definition of "restricted" or "net investment in capital assets."

2. Governmental Fund Financial Statements

The BOCES follows GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach provides users more consistent and understandable information about a fund's net resources.

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

Nonspendable: Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.

Restricted: Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the BOCES' legally adopted reserves are reported here.

Committed: Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority, the Board of Education, prior to the end of the fiscal year, which requires the same level of formal action to remove said constraint.

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

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

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

The Board of Education of the BOCES has not adopted any resolutions to commit fund balance. By resolution, the Board of Education authorized the Superintendent to assign fund balance. BOCES' policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

3. Legally Adopted Reserves

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

Unemployment Insurance Reserve (GML §6-m): Used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

Retirement Contribution Reserve (GML §6-r): Used to reserve funds for the purpose of financing retirement contributions. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

N. Interfund Transfers

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

O. Use of Estimates

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

TOMPKINS-SENECA-TIOGA BOCES
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Note 2 - Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks

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

The BOCES' aggregate bank balances of \$8,679,086 are either insured or collateralized with securities held by the pledging financial institution in the BOCES' name.

The BOCES has few investments (primarily donated Scholarship Funds), and chooses to disclose its investments by specifically identifying each. The BOCES' investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

1. Insured or registered, or investments held by the BOCES or by the BOCES' agent in the BOCES' name, or
2. Uninsured and unregistered, with investments held by the financial institution's trust department in the BOCES' name, or
3. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the BOCES' name.

	Cost	Carrying Amount Fair Value	Type of Investment	Category
Private Purpose Trust Fund	\$ 76,779	\$ 76,779	Certificate Of Deposit	(1)

The BOCES does not purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The BOCES does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

Note 3 - Other Receivables

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

	Description	Amount
General Fund	Reimbursement for Program Services	\$ 65,070
Special Aid Fund	Reimbursement for Program Services	34,625
Total Governmental Funds and Total BOCES		\$ 99,695

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Note 4 - Interfund Balances and Activity

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

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 358,767	\$	\$ 2,415	\$ 316,496
Capital Projects Funds			316,496	2,415
Special Aid Fund		316,319		
School Lunch Fund		42,448		
Total	<u>\$ 358,767</u>	<u>\$ 358,767</u>	<u>\$ 318,911</u>	<u>\$ 318,911</u>

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

The BOCES typically transfers from the General Fund to the Special Aid Fund. The BOCES may also transfer funds from the General Fund to the Capital Projects Fund to fund capital projects. Periodically, the BOCES may transfer funds as needed to subsidize the School Lunch Fund.

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

Note 5 - Capital Assets

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

	Beginning Balance	Additions	Retirements and Reclass- ifications	Ending Balance
<u>Governmental Activities</u>				
Capital assets that are not depreciated:				
Land	\$ 165,708	\$	\$	\$ 165,708
Total Nondepreciable Historical Cost	<u>165,708</u>	<u>-0-</u>	<u>-0-</u>	<u>165,708</u>
Capital assets that are depreciated:				
Buildings	18,320,246	326,422		18,646,668
Furniture and equipment	2,699,859	258,451	(54,538)	2,903,772
Total Depreciable Historical Cost	<u>21,020,105</u>	<u>584,873</u>	<u>(54,538)</u>	<u>21,550,440</u>
Total Historical Cost	<u>21,185,813</u>	<u>584,873</u>	<u>(54,538)</u>	<u>21,716,148</u>
Less accumulated depreciation:				
Buildings	(6,598,674)	(398,069)		(6,996,743)
Furniture and equipment	(2,178,571)	(196,476)	54,538	(2,320,509)
Total Accumulated Depreciation	<u>(8,777,245)</u>	<u>(594,545)</u>	<u>54,538</u>	<u>(9,317,252)</u>
Total Historical Cost, Net	<u>\$ 12,408,568</u>	<u>\$ (9,672)</u>	<u>\$ -0-</u>	<u>\$ 12,398,896</u>

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 21,031
Occupational instruction	186,582
Instruction for the handicapped	205,833
General instruction	3,750
Instructional support	103,968
Other services	<u>73,381</u>
Total Depreciation Expense	<u>\$ 594,545</u>

Note 6 - Short-term Debt

The BOCES may issue Revenue Anticipation Notes (RANs) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The BOCES issued and redeemed \$21,000,000 of RANs during the year in order to provide working capital. Interest on short-term debt for the year was \$141,400; which was recorded as an administration expenditure.

Transactions in short-term debt for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
RANs	\$ <u>-0-</u>	\$ <u>21,000,000</u>	\$ <u>21,000,000</u>	\$ <u>-0-</u>

Note 7 - Long-term Debt

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities</u>					
EPC Leases	\$ <u>2,606,917</u>	<u> </u>	\$ <u>(196,669)</u>	\$ <u>2,410,248</u>	\$ <u>203,878</u>
Total Long-term Debt	\$ <u>2,606,917</u>	\$ <u>-0-</u>	\$ <u>(196,669)</u>	\$ <u>2,410,248</u>	\$ <u>203,878</u>

Interest on long-term debt for the year was \$92,946.

Other Long-term Obligations

Other long-term obligations consist of the following:

Other Postemployment Benefits Liability: Represents the expected obligation for the postretirement health care benefits program. See Note 10 for further information.

The 2013-2014 activity consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Other postemployment benefits liability	\$ <u>18,111,040</u>	\$ <u>5,143,396</u>	\$ <u>(1,054,269)</u>	\$ <u>22,200,167</u>
Total Other Long-term Obligations	\$ <u>18,111,040</u>	\$ <u>5,143,396</u>	\$ <u>(1,054,269)</u>	\$ <u>22,200,167</u>

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Note 8 - Lease Commitments and Leased Assets

A. Operating Leases

The BOCES, as lessee, leases property and equipment under operating leases. Total rental expenses on such leases for the fiscal year ended June 30, 2014, were approximately \$139,099.

The following is a schedule of future minimum lease payments under operating leases as of June 30, 2014.

Year Ending June 30,	Payments
2015	\$ <u>27,748</u>
Minimum Lease Payments	\$ <u><u>27,748</u></u>

B. Rent to Districts

The BOCES negotiates yearly classroom rentals with certain School Districts. This is a one year obligation. The total rental amount paid to School Districts for 2013-2014 amounted to \$17,300.

C. Capital Leases (Installment Purchase Debt)

The BOCES is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled \$3,236,599 at June 30, 2014.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2014.

Year Ending June 30,	Payments
2015	\$ 289,615
2016	289,615
2017	289,615
2018	289,615
2019	289,615
2020	289,615
2021	289,615
2022	289,615
2023	289,615
2024	<u>289,619</u>
Minimum Lease Payments	2,896,154
Less: Amounts Representing Interest at BOCES Incremental Borrowing Rate	<u>(485,906)</u>
Present Value - Minimum Lease Payments	\$ <u><u>2,410,248</u></u>

TOMPKINS-SENECA-TIOGA BOCES
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Note 9 - Pension Plans

A. General Information

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

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

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

B. Funding Policy

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

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2014	\$ 1,041,653	\$ 923,367
2013	937,601	895,628
2012	847,337	707,731

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Note 10 - Other Postemployment Benefits

A. Postemployment Benefits Other than Pensions

The BOCES follows GASB Statement Number 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." In the past, the BOCES reported the cost of its retiree health care postretirement benefits on a "pay-as-you-go" basis. An actuarial valuation of the BOCES Postretirement Health Care Plans (Plan) was performed as of July 1, 2012 for fiscal years ending June 30, 2014 and 2013, and as of July 1, 2010 for fiscal years ending June 30, 2012 and 2011.

Plan Description - The Plan is a single-employer, defined benefit healthcare plan administered by BOCES. The Plan provides medical, dental, and vision benefits to eligible retirees and their spouses. Benefit provisions are established through negotiations between the BOCES and bargaining units and are renegotiated each three-year period. The Plan does not issue a stand-alone financial report, as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The contribution requirements of Plan members and the BOCES are established and may be amended pursuant to applicable collective bargaining and employment agreements. The required contribution is based on projected pay-as-you-go financing requirements and varies depending on the applicable agreement.

For the year ended June 30, 2014, the BOCES contributed \$898,940 to the Plan for current premiums. The expected employer contribution of \$1,054,269 represents an actuarially determined estimate of premiums and claims paid on behalf of retirees. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit. The costs of administering the Plan are paid by the BOCES.

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

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

Normal cost	\$ 2,662,893
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	2,870,795
Total Annual Required Contribution	<u>5,533,688</u>
Interest on net OPEB obligation	724,442
Adjustment to annual required contribution	<u>(1,114,734)</u>
Annual OPEB Cost (Expense)	5,143,396
Expected contributions made on behalf of 107 retirees	<u>(1,054,269)</u>
Increase in Net OPEB Obligation	4,089,127
Net OPEB Obligation - July 1, 2013	<u>18,111,040</u>
Net OPEB Obligation - June 30, 2014	<u><u>\$ 22,200,167</u></u>

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

The BOCES' annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2014	\$ <u>5,143,396</u>	20.5%	\$ <u>22,200,167</u>
06/30/2013	\$ <u>4,877,019</u>	20.2%	\$ <u>18,111,040</u>
06/30/2012	\$ <u>4,367,661</u>	22.1%	\$ <u>14,216,766</u>

Funded Status and Funding Progress - As of June 30, 2014, the Plan was not funded. The actuarial accrued liability for benefits was \$44,847,798; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$14,221,757 and the ratio of the UAAL to the covered payroll was 315.3%.

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

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

In the July 1, 2012, Actuarial Valuation Report, the projected unit credit method was used. Under this method, each participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial data and actuarial assumptions. The actuarial assumption included an annual discount rate of 4%. Additional actuarial assumptions included a dental trend rate of 4% per year and annual medical cost trend rates of 10% initially, reduced by decrements to an ultimate rate of 4.3%.

Note 11 - Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

TOMPKINS-SENECA-TIOGA BOCES
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

2. Health Insurance

The BOCES incurs costs related to an employee health insurance plan (Plan) sponsored by the BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. School districts joining the Plan must remain members for a minimum of one year; a member district may withdraw from the Plan after that time by providing notice to the consortium prior to the May 1, immediately preceding the commencement of the next school year. Plan members include nine school districts, with the BOCES bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The BOCES premium was \$3,067,133 for the year ended June 30, 2014. Financial statements for the Plan can be obtained by contacting the BOCES' Business Office.

3. Workers' Compensation Insurance

The BOCES incurs costs related to a workers' compensation insurance plan (Plan) sponsored by the BOCES and its component school districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. School districts joining the Plan must remain members for a minimum of one year; a member school district may withdraw from the Plan after that time by forwarding a resolution passed by its Board of Education prior to the end of the fiscal year. Plan members include eight school districts and one BOCES, with the BOCES bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount.

TOMPKINS-SENECA-TIOGA BOCES
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The BOCES premium was \$121,409 for the year ended June 30, 2014. Financial statements for the Plan can be obtained by contacting the BOCES Business Office.

B. Other Item

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

Note 12 - Fund Balance Detail

At June 30, 2014, nonspendable, restricted and assigned fund balance in the governmental funds was as follows:

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Capital Project Funds-EPC</u>	<u>Capital Project Funds - Bldg D</u>
<u>Nonspendable</u>					
Inventory	\$ _____	\$ _____	\$ 4,348	\$ _____	\$ _____
Total Nonspendable Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,348</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Restricted</u>					
Unemployment insurance reserve	\$ 154,002	\$ _____	\$ _____	\$ _____	\$ _____
Retirement contribution reserve	323,879	_____	_____	_____	_____
Total Restricted Fund Balance	<u>\$ 477,881</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Assigned</u>					
Capital project funds-EPC	\$ _____	\$ _____	\$ _____	\$ 10	\$ _____
Capital project funds - Bldg D	_____	_____	_____	_____	4,158
Total Assigned Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 10</u>	<u>\$ 4,158</u>

A. Reconciliation Between Restricted Fund Balance and Restricted Net Position

Restricted fund balances and restricted net position differ because unspent debt proceeds are reported as restricted fund balance in the fund financial statements and as part of net investment in capital in the statement of net position.

Restricted fund balance in the fund financial statements	\$ 477,881
Less unspent debt proceeds	<u>-0-</u>
Restricted net position in the Government-wide financial statements	<u>\$ 477,881</u>

TOMPKINS-SENECA-TIOGA BOCES
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Note 13 - General Fund Restricted Fund Balances

Portions of restricted fund balance are reserved and are not available for current expenditures as reported in the General Fund Governmental Funds Balance Sheet. General Fund reserve balance and activity for the year ended June 30, 2014 of the reserve was as follows:

General Fund Restricted Fund Balance	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Unemployment insurance reserve	\$ 111,335	\$ 49,585	\$ 91	\$ (7,009)	\$ 154,002
Retirement contribution reserve	-	323,879			323,879
Total General Fund	<u>\$ 111,335</u>	<u>\$ 373,464</u>	<u>\$ 91</u>	<u>\$ (7,009)</u>	<u>\$ 477,881</u>

Note 14 - Impact of Future Standards of the Governmental Accounting Standards Board (GASB)

The Tompkins-Seneca-Tioga BOCES is in the process of assessing the future effects of Governmental Accounting Standards Board (GASB) Statement Number 68, "Accounting and Financial Reporting for Pensions" to be implemented in fiscal year 2014-2015.

GASB Statement Number 68 establishes accounting and financial reporting requirements related to pension for governments whose employees are provided with pensions through certain pension plans. As a participant in a cost-sharing employer plan, the BOCES is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan) - the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

In governmental fund financial statements, the cost-sharing employer's proportionate share of the collective net pension liability is required to be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Generally, pension expenditures should be recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources.

Note 15 - Stewardship, Compliance, Accountability

Deficit Fund Balance

The School Lunch Fund had a deficit fund balance of \$(28,033) at June 30, 2014. This deficit will be eliminated via revenue enhancement and cost containment measures.

TOMPKINS-SENECA-TIOGA BOCES
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET (NON-GAAP)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>
REVENUES		
Local Sources		
Charges to components - Administrative	\$ 3,263,845	\$ 3,263,845
Charges to components - Services	31,345,691	33,862,826
Charge to other BOCES	469,205	653,669
Charges to components - Capital	606,112	606,112
Interest and earnings	75,000	75,000
Miscellaneous	227,967	202,597
Refund of prior years expenses	27,147	28,552
Sales		
Total Local Sources	<u>36,014,967</u>	<u>38,692,601</u>
Total Revenues	<u>36,014,967</u>	<u>38,692,601</u>
EXPENDITURES		
Administration	3,341,844	3,341,844
Capital	17,500	17,500
Occupational instruction	4,958,185	5,020,996
Instruction for the handicapped	9,510,345	9,754,784
Itinerant services	1,971,376	2,010,195
General instruction	2,867,296	3,072,764
Instructional support	6,382,613	7,991,016
Other services	6,362,111	6,879,805
Debt service		
Principal	196,669	196,669
Interest	92,947	92,947
Total Expenditures	<u>35,700,886</u>	<u>38,378,520</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	2,415	2,415
Operating transfers (out)	(316,496)	(316,496)
Refunds of surplus to districts		
Retirement contribution reserve revenue		
Retirement contribution reserve expenditures		
Insurance reserve revenue		
Insurance reserve expenditures		
Total Other Financing (Uses)	<u>(314,081)</u>	<u>(314,081)</u>
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

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

<u>Actual</u>	<u>Encumbrances</u>	Variance Favorable (Unfavorable)
\$ 3,263,844	\$ _____	\$ _____ (1)
33,862,826	_____	_____ -0-
653,669	_____	_____ -0-
606,112	_____	_____ -0-
36,001	_____	_____ (38,999)
212,259	_____	_____ 9,662
771,750	_____	_____ 743,198
31,392	_____	_____ 31,392
39,437,853	-0-	745,252
39,437,853	-0-	745,252
2,788,513	_____	_____ 553,331
17,300	_____	_____ 200
4,717,302	_____	_____ 303,694
8,637,168	_____	_____ 1,117,616
1,600,820	_____	_____ 409,375
2,710,081	_____	_____ 362,683
7,282,307	_____	_____ 708,709
6,512,838	_____	_____ 366,967
196,669	_____	_____ -0-
92,946	_____	_____ 1
34,555,944	-0-	3,822,576
2,415	_____	_____ -0-
(316,496)	_____	_____ -0-
(4,567,828)	_____	_____ (4,567,828)
323,879	_____	_____ 323,879
49,676	_____	_____ -0-
(7,009)	_____	_____ 49,676
(7,009)	_____	_____ (7,009)
(4,515,363)	-0-	(4,201,282)
\$ 366,546	\$ style="text-align: center;">-0-	\$ 366,546

TOMPKINS-SENECA-TIOGA BOCES
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014

Year End	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2014	7/1/2012	\$ -0-	\$ 44,847,798	\$ 44,847,798	0.0%	\$ 14,221,757	315.3%
6/30/2013	7/1/2012	\$ -0-	\$ 41,605,836	\$ 41,605,836	0.0%	\$ 13,928,634	298.7%
6/30/2012	7/1/2010	\$ -0-	\$ 37,693,858	\$ 37,693,858	0.0%	\$ 14,062,473	268.0%
6/30/2011	7/1/2010	\$ -0-	\$ 35,021,424	\$ 35,021,424	0.0%	\$ 14,107,571	248.2%
6/30/2010	7/1/2008	\$ -0-	\$ 34,245,190	\$ 34,245,190	0.0%	\$ 14,250,532	240.3%
6/30/2009	7/1/2008	\$ -0-	\$ 30,698,205	\$ 30,698,205	0.0%	\$ 13,680,733	224.4%

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

TOMPKINS-SENECA-TIOGA BOCES
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 - Budgetary Procedures and Budgetary Accounting

The BOCES' administration prepares a proposed budget for approval by the Board of Cooperative Educational Services for the General Fund for which a legal (appropriated) budget is adopted.

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

Board authorized increases in contractual charges to school districts	\$ 2,446,303
Other BOCES contractual adjustments	255,296
Miscellaneous local sources	<u>(23,965)</u>
Total Revisions	<u>\$ 2,677,634</u>

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances, if any, carried forward from the prior year. Insurance reserves expenditures are not budgeted.

Note 2 - Reconciliation of the Budget Basis to GAAP

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

There were no encumbrances at June 30, 2014.

Note 3 - Schedule of Funding Progress

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

TOMPKINS-SENECA-TIOGA BOCES
ANALYSIS OF ACCOUNT A431 SCHOOL DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR 2013

	<u>2014</u>	<u>2013</u>
July 1, - (Credit) Balance	\$ <u>(4,638,867)</u>	\$ <u>(3,471,592)</u>
Debits:		
Billings to School Districts	<u>38,386,451</u>	<u>35,262,580</u>
Refund of Balances due School Districts	<u>4,844,948</u>	<u>4,359,845</u>
Total Debits	<u>43,231,399</u>	<u>39,622,425</u>
Credits:		
Collection from School Districts	<u>38,427,431</u>	<u>35,944,752</u>
Adjustment - Credits to School Districts - Revenues in Excess of Expenditures	<u>4,567,828</u>	<u>4,844,948</u>
Total Credits	<u>42,995,259</u>	<u>40,789,700</u>
June 30, - (Credit) Balance	\$ <u><u>(4,402,727)</u></u>	\$ <u><u>(4,638,867)</u></u>
Balance Represented by:		
Due from School Districts, net	\$ 165,101	\$ 206,081
Refunds due School Districts	<u>(4,567,828)</u>	<u>(4,844,948)</u>
Total	\$ <u><u>(4,402,727)</u></u>	\$ <u><u>(4,638,867)</u></u>

See Independent Auditor's Report

TOMPKINS-SENECA-TIOGA BOCES
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Total
			Prior Years	Current Year	Interfund Transfer	
<u>EPC Lease Purchase</u>	<u>\$ 2,888,955</u>	<u>\$ 3,345,155</u>	<u>\$ 3,026,244</u>	<u>\$ 316,496</u>	<u>\$ 2,415</u>	<u>\$ 3,345,155</u>
Building D Renovations #61-90-020-00-0-011-007	<u>1,100,000</u>	<u>1,100,000</u>	<u>685,916</u>	<u>9,926</u>		<u>695,842</u>
Total	<u>\$ 3,988,955</u>	<u>\$ 4,445,155</u>	<u>\$ 3,712,160</u>	<u>\$ 326,422</u>	<u>\$ 2,415</u>	<u>\$ 4,040,997</u>

See Independent Auditor's Report

Unexpended Balance	Methods of Financing			Total	Fund Balance June 30, 2014
	Proceeds of Obligations	Federal Aid	Local Sources		
\$ _____	\$ 2,888,955	\$ 139,704	\$ 316,506	\$ 3,345,165	\$ 10
404,158	_____	_____	700,000	700,000	4,158
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
<u>\$ 404,158</u>	<u>\$ 2,888,955</u>	<u>\$ 139,704</u>	<u>\$ 1,016,506</u>	<u>\$ 4,045,165</u>	<u>\$ 4,168</u>

TOMPKINS-SENECA-TIOGA BOCES
SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURES
COMPARED TO BUDGET
FOR THE YEAR ENDED JUNE 30, 2014

	REVENUES			
	Original Budget	Final Budget	Current Year's Revenues	Over (Under) Final Budget
Administration 001	\$ 3,359,345	\$ 3,359,345	\$ 3,328,593	\$ (30,752)
Capital 002	606,112	606,112	606,112	-0-
Occupational Instruction 100-199	4,958,185	5,020,995	5,020,200	(795)
Instruction for Handicapped 200-299	9,510,345	9,754,784	9,772,258	17,474
Itinerant 300-399	1,971,376	2,010,195	2,010,195	-0-
General Instruction 400-499	2,867,296	3,072,765	3,075,552	2,787
Instructional Support 500-599	6,382,618	7,991,017	8,593,517	602,500
Other Services 600-699	6,362,105	6,879,803	7,031,426	151,623
Operating Transfers In/Out	-0-		2,415	2,415
 Totals	 \$ <u>36,017,382</u>	 \$ <u>38,695,016</u>	 \$ <u>39,440,268</u>	 \$ <u>745,252</u>

Excess Revenues

See Independent Auditor's Report

EXPENDITURES

Original Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
\$ 3,341,844	\$ 3,341,844	\$ 2,788,513	\$ _____	\$ 553,331
<u>307,116</u>	<u>307,116</u>	<u>306,915</u>	<u>_____</u>	<u>201</u>
<u>4,958,185</u>	<u>5,020,996</u>	<u>4,717,302</u>	<u>_____</u>	<u>303,694</u>
<u>9,510,345</u>	<u>9,754,784</u>	<u>8,637,168</u>	<u>_____</u>	<u>1,117,616</u>
<u>1,971,376</u>	<u>2,010,195</u>	<u>1,600,820</u>	<u>_____</u>	<u>409,375</u>
<u>2,867,296</u>	<u>3,072,764</u>	<u>2,710,081</u>	<u>_____</u>	<u>362,683</u>
<u>6,382,613</u>	<u>7,991,016</u>	<u>7,282,307</u>	<u>_____</u>	<u>708,709</u>
<u>6,362,111</u>	<u>6,879,805</u>	<u>6,512,838</u>	<u>_____</u>	<u>366,967</u>
<u>316,496</u>	<u>316,496</u>	<u>316,496</u>	<u>_____</u>	<u>-0-</u>
<u>\$ 36,017,382</u>	<u>\$ 38,695,016</u>	<u>34,872,440</u>	<u>\$ -0-</u>	<u>\$ 3,822,576</u>
		<u>\$ 4,567,828</u>		

TOMPKINS-SENECA-TIOGA BOCES
 SPECIALLY AIDED PROGRAMS
 FEDERALLY ASSISTED PROGRAMS
 BUDGET COMPARISON STATEMENT
PROJECTS OPEN AT JUNE 30, 2014

	<u>Federal CFDA #</u>	<u>Project Number</u>	<u>Original Award Program</u>	<u>Revised Budget</u>
<u>U.S. Department of Education</u>				
AEA Title II, WIA Career and Technical Education - Basic Grants to States (Formerly VATEA)	84.002	2338-14-1087	\$ 90,000	\$ 90,000
	84.048	8000-14-0009	<u>97,597</u>	<u>97,597</u>
Total U.S. Department of Education			<u>187,597</u>	<u>187,597</u>
Total Federal Assistance - Open Projects			<u>187,597</u>	<u>187,597</u>
<u>U.S. Department of Education</u>				
AEA Title II, WIA Career and Technical Education - Basic Grants to States (Formerly VATEA)	84.002	2338-13-1087	100,000	99,776
	84.048	8000-080-0009	97,597	97,102
DFSCA	84.186	0180-08-3392	48,741	48,741
Funds for the Improvement of Education Mental Health Integration in Schools	84.215	Unknown	-0-	10,380
Even Start	84.213	0024-11-5030	<u>39,410</u>	<u>39,403</u>
Total Federal Assistance - Closed Projects			<u>39,410</u>	<u>39,403</u>
Total Federal Assistance - Open and Closed Projects			<u>\$ 227,007</u>	<u>\$ 227,000</u>

See Independent Auditor's Report

	Expenditures		Unexpended (Overexpended)	
	Prior Year	Current Year		Total
\$		\$ 89,970	\$ 89,970	\$ 30
		<u>92,217</u>	<u>92,217</u>	<u>5,380</u>
	<u>-0-</u>	<u>182,187</u>	<u>182,187</u>	<u>5,410</u>
	<u>-0-</u>	<u>182,187</u>	<u>182,187</u>	<u>5,410</u>
	99,776		99,776	-0-
	97,102		97,102	-0-
	1,804	504	2,308	46,433
	10,380		10,380	-0-
	<u>39,403</u>		<u>39,403</u>	<u>-0-</u>
	<u>39,403</u>	<u>504</u>	<u>39,403</u>	<u>-0-</u>
\$	<u><u>39,403</u></u>	<u><u>182,691</u></u>	<u><u>221,590</u></u>	<u><u>5,410</u></u>

TOMPKINS-SENECA-TIOGA BOCES
SPECIALLY AIDED PROGRAMS
STATE AND OTHER GRANT PROGRAMS
BUDGET COMPARISON STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

<u>Grantor Title/ Pass - Through Grantor</u>	<u>Grantor's Project No.</u>	<u>Original Award Program</u>	<u>Revised Budget</u>
<u>NYS Dept. of Education</u>			
IDEA, Part B, SESIS	C010290	\$ 156,072	\$ 160,754
Youth Action	N/A	10,552	10,552
SAVE	N/A	12,539	21,673
Tobacco Free- COLA	N/A		7,504
Healthy Schools	N/A		93,568
School Library	0365-14-0040	148,299	113,424
Library Automation	0364-12-0040	7,495	7,098
Employment Preparation Education	N/A	505,515	505,515
School Library Supplemental	0365-13-0040	39,341	82,645
Summer School	N/A	223,450	223,450
Tompkins County Justice	N/A	56,697	56,697
Food Stamps	N/A	38,500	38,500
Educational Resouces	N/A	196,630	196,630
Total NYS Dept. of Education		<u>1,395,090</u>	<u>1,518,010</u>
<u>NYS OASAS</u>			
Youth Development	C002323	51,667	51,667
Total Open New York State Projects		<u>1,446,757</u>	<u>1,569,677</u>
<u>CLOSED NYS PROJECTS AT JUNE 30, 2013</u>			
<u>NYS Dept. of Education</u>			
School Library Systems	0365-12-1040	\$ 91,864	\$ 73,349
Educational Resources	C020721	238,754	62,611
Employment Preparation Education	N/A	505,515	515,515
Summer School 11-12	N/A	687,934	651,519
Summer School 12-13	N/A	700,086	1,066,265
Library Services Extra	0365-12-1040	2,573	2,573
IDEA, Part B, SESIS	C010290	233,494	242,453
Youth Action	N/A	6,120	12,379
Tobacco Free	C020852	93,650	63,555
Employment Preparation Education	N/A	505,515	509,068
Total NYS Dept. of Education		<u>3,065,505</u>	<u>3,199,287</u>
<u>NYS OASAS</u>			
Youth Development	C002323	149,030	149,493
Total Closed New York State Projects		<u>3,214,535</u>	<u>3,348,780</u>
TOTAL NEW YORK STATE		<u>\$ 4,661,292</u>	<u>\$ 4,918,457</u>
<u>Local Contribution</u>			
Adult Education	N/A	\$ 225,834	\$ 226,161
SAVE	N/A	3,430	3,430
Drug Quiz	N/A	24,263	32,100
Total Local Contribution		<u>\$ 253,527</u>	<u>\$ 261,691</u>

See Independent Auditor's Report

	Expenditures		Unexpended (Overexpended)	
	Prior Year	Current Year		Total
\$		\$ 135,017	\$ 135,017	\$ 25,737
		6,344	6,344	4,208
		173	173	21,500
		5,878	5,878	1,626
	18,392	45,113	63,505	30,063
		22,390	22,390	91,034
		7,098	7,098	-0-
		499,514	499,514	6,001
		82,645	82,645	-0-
		14,852	14,852	208,598
		38,180	38,180	18,517
	8,122	8,122	16,244	22,256
	45,032	5,414	50,446	146,184
	<u>71,546</u>	<u>870,740</u>	<u>942,286</u>	<u>575,724</u>
	<u>-0-</u>	<u>50,594</u>	<u>50,594</u>	<u>1,073</u>
	<u>71,546</u>	<u>921,334</u>	<u>992,880</u>	<u>576,797</u>
\$	4,698	\$ 32,043	\$ 36,741	\$ 36,608
	42,124	20,487	62,611	-0-
	509,068		509,068	6,447
	651,519		651,519	-0-
	433,192	633,073	1,066,265	-0-
			-0-	2,573
	97,943		97,943	144,510
	12,379		12,379	-0-
	63,555		63,555	-0-
	509,068		509,068	-0-
	<u>2,323,546</u>	<u>685,603</u>	<u>3,009,149</u>	<u>190,138</u>
	<u>94,382</u>	<u>55,111</u>	<u>149,493</u>	<u>-0-</u>
	<u>2,417,928</u>	<u>740,714</u>	<u>3,158,642</u>	<u>190,138</u>
\$	<u>2,489,474</u>	<u>1,662,048</u>	<u>4,151,522</u>	<u>766,935</u>
\$	103,514	\$ 63,595	\$ 167,109	\$ 59,052
			-0-	3,430
	12,465	1,449	13,914	18,186
\$	<u>115,979</u>	<u>65,044</u>	<u>181,023</u>	<u>80,668</u>

TOMPKINS-SENECA-TIOGA BOCES
 SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

Capital assets, net	\$ <u>12,398,896</u>
Add:	
Unamortized bond issuance costs	_____
Discount on bonds payable	_____
Other	_____
Deduct:	
Bond Anticipation Notes	_____
Premium on bonds payable	_____
Short-term portion of bonds payable	_____
Long-term portion of bonds payable	_____
Less: unspent bond proceeds	_____
Short-term portion of capital leases	(203,878)
Long-term portion of capital leases	(2,206,370)
Other short or long-term debt related to capital assets	_____
Other	_____
Net Investment in Capital Assets	\$ <u><u>9,988,648</u></u>

See Independent Auditor's Report