

BAINBRIDGE-GUILFORD
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

SINGLE AUDIT PACKAGE

JUNE 30, 2015

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the President and Members
of the Board of Education of the
Bainbridge-Guilford Central School District
Bainbridge, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the **BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT** (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Piaker & Lyons

Bainbridge-Guilford Central School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 19, the schedule of revenues, expenditures and changes in fund balance budget (non-GAAP basis) and actual - general fund on pages 60 through 61, and the schedule of funding progress for the OPEB Liability on page 62 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as supplementary information on pages 63 through 66 is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the District. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplemental information and the schedule of federal expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.


PIAKER & LYONS, P.C.

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

The following pages detail the Bainbridge-Guilford Central School District's discussion and analysis of financial performance during the fiscal year ended June 30, 2015. This report is intended to be reviewed in conjunction with the independently audited financial statements of the district.

Financial Highlights

For the year ended, Net Position increased by 9.2% or \$1,383,127. A new reporting requirement for net pension liability and assets and Pension Deferred Inflows and Outflows accounts for a portion of the net position change. In addition, the prior reporting period net position was revised to reflect the new pension reporting requirement.

The following are a few of the key financial highlights for the year:

- The district experienced positive budget performance for the reporting year. At year end, expenditures represented 97.5% of revenue. This number reflects a healthy combination of budget accuracy and effective fund balance management.
- At year end, the district increased the level of Appropriated Fund Balance from \$500,000 to \$745,000 - a net increase of \$245,000. This action is a reflection of the positive budget performance noted above. The additional appropriated fund balance will allow the district to pay off a majority of the outstanding BAN debt during the 2015-2016 school year.
- At year end, due to positive budget performance noted above, the district was able to fund the recent voter approved Capital Reserve Fund with \$580,434.
- Effective July 1, 2014, the district changed its group health insurance plan. The plan change resulted in premium reductions of over 20% compared to the previous plan. With health insurance as a major district cost driver, this development brought a significant and immediate cost savings.

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Overview of the Financial Statements

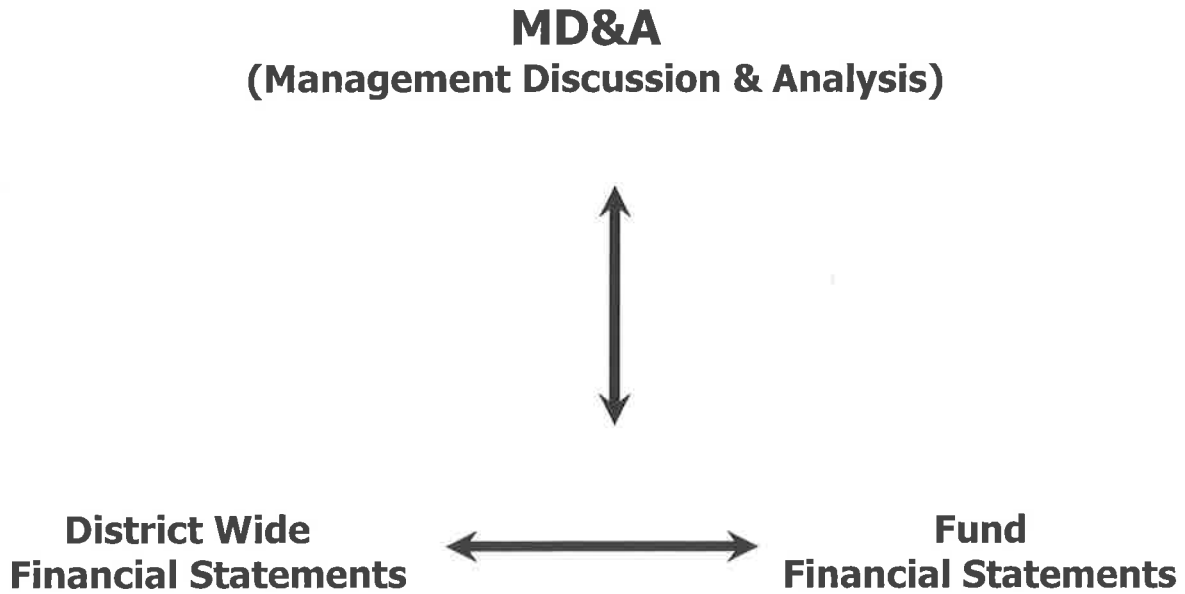
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic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

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

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Table A-1: Organization of the District's Annual Financial Report



NOTES TO THE FINANCIAL STATEMENTS

RSI
(Required Supplementary Information)

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

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

Table A-2: Major Features of the Entity-Wide and Fund Financial Statements

	Entity-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire district (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Equity 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term; funds do not contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

District-Wide Statements

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

The two district-wide statements report the District's *net position* and how it has changed. Net Position, the difference between the assets and liabilities, is one way to measure the financial health or position of the District.

- Over time, increases and decreases in Net Position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net Position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term liabilities including debt and compensated absences and other post-employment benefits;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net asset balances as follows:
 - *Net Position* invested in capital assets, net of related debt;
 - *Restricted net position* reflects constraints placed on use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
 - *Unrestricted Net Position* is net position that does not meet any of the above restrictions.

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- **Governmental funds:** Most of the 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 fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. In summary, the government fund statements focus primarily on the sources, uses, and balance of current financial resources and often have a budgetary orientation. Included are the general fund, special revenue funds, debt service funds, capital project funds and permanent funds. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Equity.

- **Fiduciary funds:** The District is the trustee or *fiduciary* for assets that belong to others, such as scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the entity-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This report should be used to support the District's own programs and is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post-employment healthcare plans.

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Financial Analysis of the District as a Whole

The District's Net Position increased by 9.2% or approximately \$1.4 million as detailed in Tables A-3 and A-4.

Current Assets increased by approximately \$3.9 million or 58.2%, whereas Capital Assets decreased 5.8% or approximately \$1 million mainly due to the depreciation of assets. The Current Asset increase was largely attributable to the new reporting requirement for Deferred Outflows related to the NYS Retirement Systems.

Total Liabilities increased by \$1.5 million or 16.0%. Of this amount, Current Liabilities represented an increase of \$215 thousand whereas Long-Term Liabilities represented an increase of \$1.3 million. In terms of long term liabilities, the increase was a result of the new reporting requirement for Deferred Inflows related to the NYS Retirement Systems.

Table A-3: Condensed Statement of Net Positions

<i>Description</i>	<i>Fiscal Year</i>		<i>Change</i>	
	<i>2014</i>	<i>2015</i>	<i>\$</i>	<i>%</i>
Current, other assets and Deferred Outflows	6,775,070	10,717,555	3,942,485	58.2%
Capital assets, net of depreciation	17,770,410	16,743,404	(1,027,006)	-5.8%
Total Assets	24,545,480	27,460,959	2,915,479	-11.9%
Current liabilities	2,618,888	2,834,001	215,113	8.2%
Long-term liabilities and Deferred Inflows	6,968,067	8,285,306	1,317,239	18.9%
Total liabilities	9,586,955	11,119,307	1,532,352	16.0%
Net Position:				
Investment in capital assets, net of related debt	12,223,910	12,289,737	65,827	-0.5%
Restricted	2,637,044	2,933,004	295,960	11.2%
Unrestricted	97,571	1,118,911	1,021,340	1046.8%
Total Net Position	14,958,525	16,341,652	1,383,127	9.2%

Changes in Net Position

The District's total fiscal year 2015 revenues (for general, special aid and school lunch funds) totaled \$18.2 million (see Table A-4). State formula aid and property taxes accounted for most of the District's revenue by contributing 58 cents and 33 cents, respectively, of every dollar raised. (See Table A-5) The remainder came from fees charged for services, tuition, operating grants, and other miscellaneous sources.

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

The total cost of all programs and services (for general, special aid and school lunch funds) totaled \$16.8 million for fiscal year 2015. These expenses are predominantly related to general instruction and transporting students (see Table A-7).

Table A-4: Changes in Net Assets from Operating Results

Revenues (General, Special Aid and School Lunch Funds)

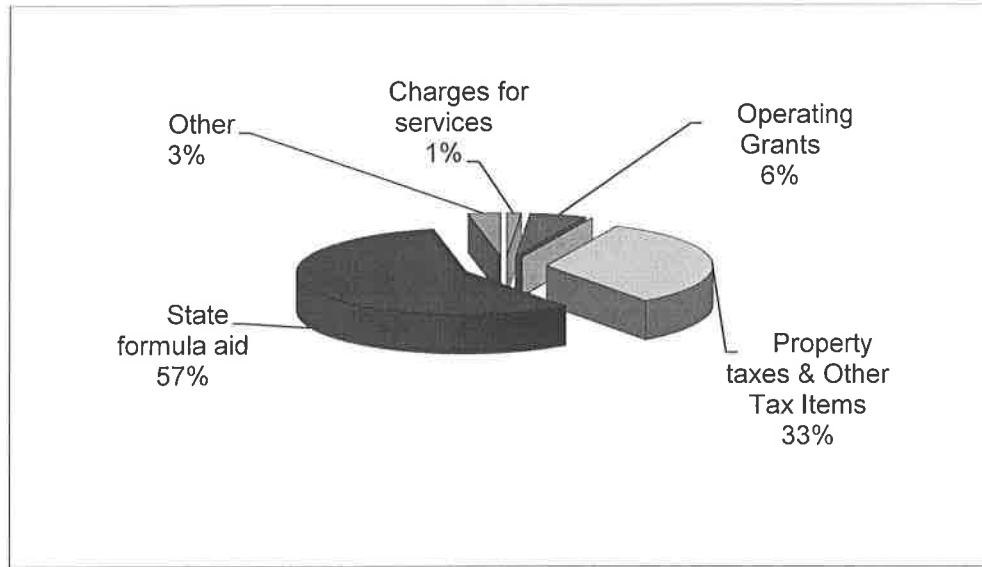
<i>Description</i>	<i>Fiscal Year</i>		<i>Change</i>	
	<i>2014</i>	<i>2015</i>	<i>\$</i>	<i>%</i>
Program Revenue:				
Charges for services	250,990	216,002	(34,988)	-13.9%
Operating Grants	965,594	945,220	(20,374)	-2.1%
General Revenue:				
Property taxes	5,896,823	6,007,444	110,621	1.9%
State formula aid	10,145,449	10,550,104	404,655	4.0%
Other	534,459	446,148	(88,311)	-16.5%
Total Revenue:	17,793,315	18,164,918	371,603	2.1%

Expenses (General, Special Aid and School Lunch Funds)

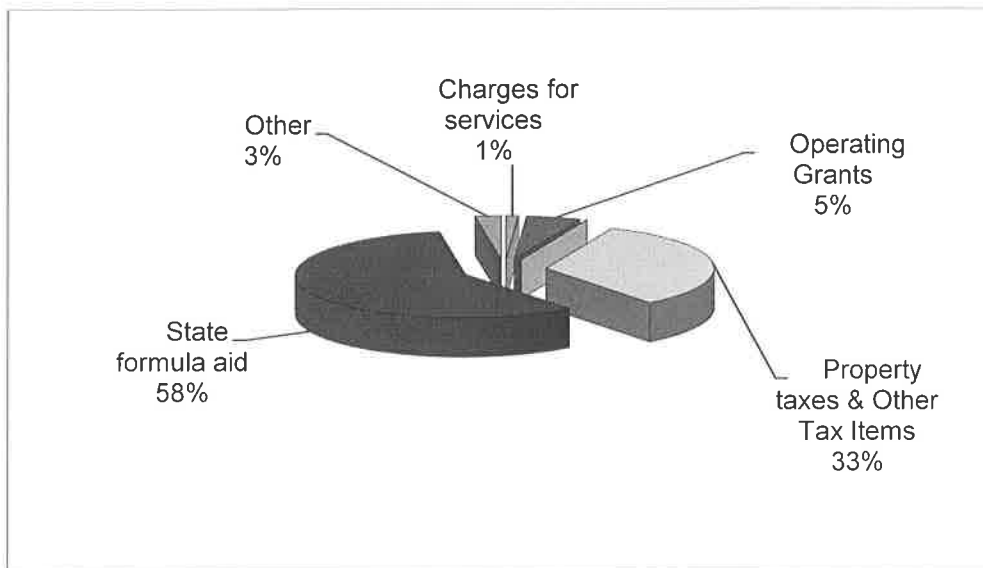
<i>Description</i>	<i>Fiscal Year</i>		<i>Change</i>	
	<i>2014</i>	<i>2015</i>	<i>\$</i>	<i>%</i>
Expenditures:				
General Support	4,902,226	4,326,575	(575,651)	-11.7%
Instruction	11,794,509	10,891,520	(902,989)	-7.7%
Transportation	1,106,337	980,811	(125,526)	-11.3%
Debt Service	166,612	146,924	(19,688)	-11.8%
School Lunch	497,520	435,961	(61,559)	-12.4%
Total Expenditures:	18,467,204	16,781,791	(1,685,413)	-9.1%

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Table A-5: Sources of Revenues for Fiscal Year 2014

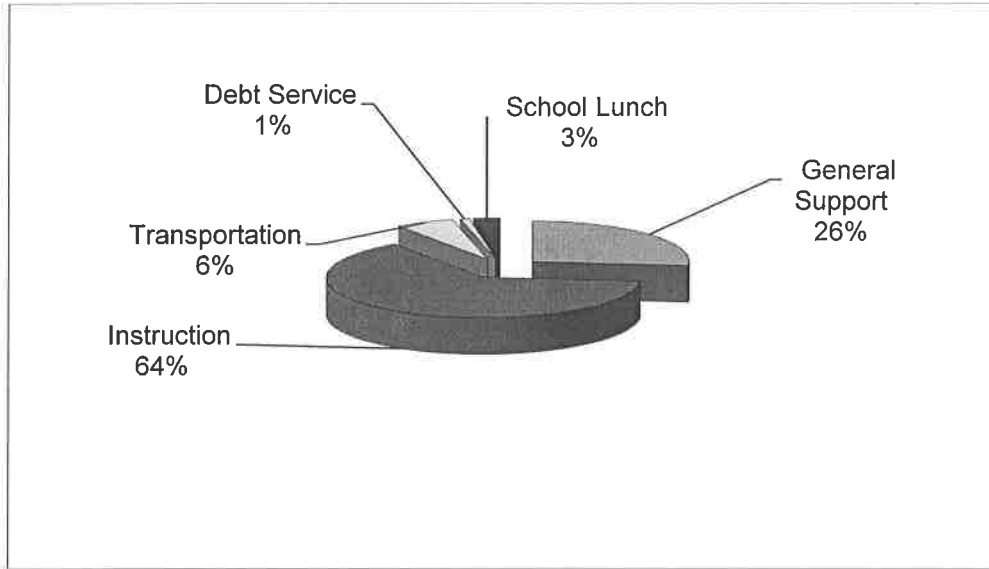


Revenue for Fiscal Year 2015

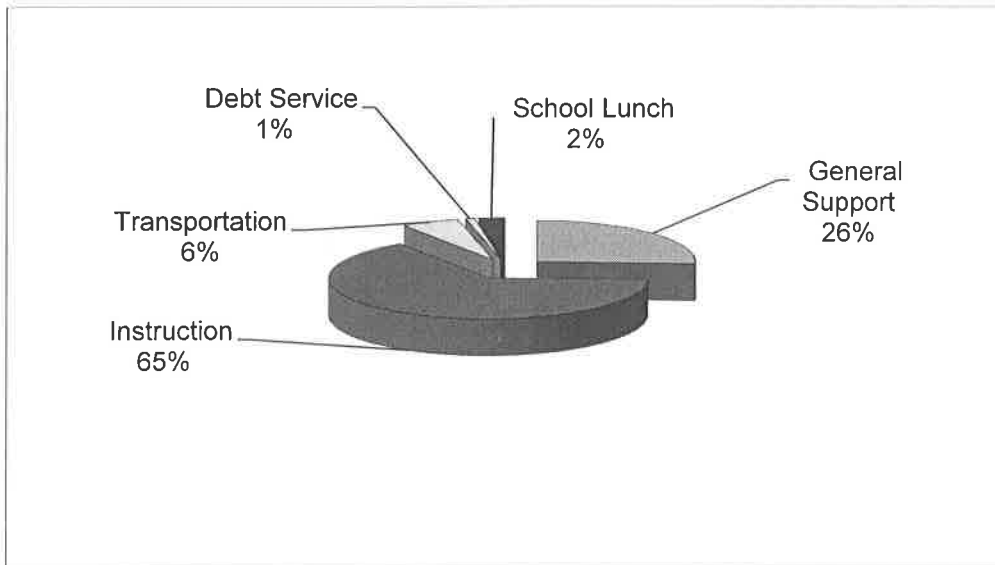


**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Table A-6: Expenses for Fiscal Year 2014



Expenses for Fiscal Year 2015



**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Governmental Activities

Revenues for the District's governmental activities totaled \$18.16 million while total expenses equaled \$16.78 million. The increase in net assets for governmental activities was \$1.38 million.

Table A-7 presents the cost of five major District activities: instruction, general support, pupil transportation, debt service and school lunch. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Table A-7: Net Cost of Governmental Activities
(in thousands)**

<i>Description</i>	<i>2014</i>		<i>2015</i>	
	<i>Total Cost</i>	<i>Net Cost</i>	<i>Total Cost</i>	<i>Net Cost</i>
Expenditures:				
Instruction	11,794	11,057	10,891	10,171
General Support	4,902	4,902	4,326	4,326
Transportation	1,106	1,106	981	981
Debt Service	167	167	147	147
School Lunch	498	18	436	(4)
Total Expenditures:	<u>18,467</u>	<u>17,250</u>	<u>16,781</u>	<u>15,621</u>

- The total cost of all governmental activities this year was \$16.8 million for the year ended.
- The users of the District's programs financed some of the costs associated with the programs. Amount: \$216 thousand.
- The federal and state governments subsidized certain programs with grants and contributions. Amount: \$945 thousand. (*Statement of Activities, Operating Grants*)
- Most of the District's net costs (\$15.6 million) were financed by District taxpayers and state and federal aid. (*Statement of Activities, Total Functions & Programs*)

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Financial Analysis of the District's Funds

Variations between years for the governmental fund financial statements are not the same as variations between years for the district-wide financial statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

Governmental Fund Balance Highlights

As the District completed the year, its governmental funds reported combined fund balances of \$4,281,017. This represents an increase from last year's ending fund balances of \$248,050.

The District's governmental funds revenues were \$18,164,918 as compared to \$17,809,901 in the prior year. The expenditures were \$18,000,219 as compared to \$17,540,560 in the prior year. A break down by fund follows:

Special Aid Fund – the fund balance remained the same as the previous year (Zero).

School Lunch Fund – the fund balance increased from \$198,729 to \$217,261.

Capital Projects Fund – the fund balance decreased from \$(158,470) to (\$350,778). This decrease is mainly reflective of school bus purchases and the issuance of BANS.

Debt Service Fund – the fund balance increased slightly from \$732,467 to 732,576.

General Fund – the General Fund Balance increased from \$3,260,241 to \$3,681,958. A breakdown of the district Fund Balance appears in the chart below:

<i>Description</i>	<i>Fiscal Year</i>		<i>Change</i>	
	<i>2014</i>	<i>2015</i>	<i>\$</i>	<i>%</i>
Fund Balance Breakdown:				
Restricted Fund Balance	1,684,757	2,024,612	339,855	20.2%
Assigned Fund Balance	884,063	939,005	54,942	6.2%
Unassigned Fund Balance	691,421	718,341	26,920	3.9%
Total Fund Balance:	3,260,241	3,681,958	421,717	12.9%

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Table A-8: Changes in General Fund Revenues

<i>Description</i>	<i>Fiscal Year</i>		<i>Change</i>	
	<i>2014</i>	<i>2015</i>	<i>\$</i>	<i>%</i>
Real property & tax items	5,896,823	6,007,444	110,621	1.9%
Charges for services	91,843	74,143	(17,700)	-19.3%
Use of money & property	40,144	49,318	9,174	22.9%
Miscellaneous	417,617	354,871	(62,746)	-15.0%
State sources	10,145,449	10,550,104	404,655	4.0%
Federal sources	65,453	23,271	(42,182)	-64.4%
Interfund Revenue	-	-	-	-
Total Revenue:	16,657,329	17,059,151	401,822	2.4%

Total General Fund revenues increased by \$401,822 or 2.4%. Real property taxes increased 1.9%. This amount was below the 2014 calculated Tax Levy Limit.

The decrease of \$17,700 or 19.3% in the Charges for Services category is largely due to the loss of BOCES Ancillary Services income and a reduction in the amount of Non-Resident Foster Care tuition that the district was able to charge the district of residence.

A decrease of \$62,746 in the miscellaneous revenue category is largely attributable to a refund of prior year adjustment that was received during the 2013-2014 school year. It was noted last year that this category would return to a more normal level following the 2013-2014 school year.

The increase of \$404,655 in the State Sources is attributable to the partial restoration of the Gap Elimination Adjustment (GEA) and an increase in state aid. In addition, the accounting methodology for Medicaid payments was revised. Medicaid funds are now recorded as 50% State revenue and 50% Federal revenue – thus the decrease of \$42,182 in the Federal Sources line item as well. This action reflects a change in accounting methodology, not necessarily a change in the level of funding provided by the program.

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Table A-9: Changes in General Fund Expenditures

<i>Description</i>	<i>Fiscal Year</i>		<i>Change</i>	
	<i>2014</i>	<i>2015</i>	<i>\$</i>	<i>%</i>
General Support	2,770,592	2,954,776	184,184	6.6%
Instruction	7,869,931	8,216,169	346,238	4.4%
Transportation	666,275	652,140	(14,135)	-2.1%
Employee benefits	3,606,030	3,488,830	(117,200)	-3.3%
Debt Service - principal	1,133,445	1,193,351	59,906	5.3%
Debt Service - interest	151,844	132,168	(19,676)	-13.0%
Inter-fund Transfer	-	-	-	-
Total Expenditures:	16,198,117	16,637,434	439,317	2.7%

General Fund expenditures increased \$439,317 or 2.7% to \$16.6 million. A categorical summary appears below:

General Support – Increased by \$184,184 or 6.6%.

Instructional Expense – Increased by \$346,238 or 4.4%.

Pupil Transportation – Decreased by \$14,135 or 2.1%.

Employee Benefits – Decreased by \$117,200 or 3.3%. A change in health insurance was a major cost benefit in this category.

Debt Service – The increase of \$40,230 in this category represents the impact of increased BAN (Bond Anticipation Notes) for the financing of replacement school buses.

Inter-fund Transfer – The district had no inter-fund transfers in the 2014-15 fiscal year.

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

General Fund Budgetary Highlights

Budget Adjustments:

Over the course of the year, the District revised its budget several times for various reasons. The following is a recap of the revisions:

1. The district received various private gifts & donations totaling \$30,930.
2. The district transferred money from the Employee Benefit Reserve to cover contractual retirement obligations in the amount of \$223,199.
3. The district transferred money from the Unemployment Reserve to cover unemployment payments in the amount of \$17,610.

The total of the budget revisions resulted in an increase of \$271,739.

Fund Balance:

The District applied \$500,000 to the budget from the prior year's overall fund balance. This amount was decreased to \$273,000 for the ensuing year.

After appropriating \$273,000 to support the budget, the district increased the appropriation by \$472,000 due to positive budget performance for the purpose of paying down outstanding Bus BAN debt in the ensuing year. The district also retained \$2,024,612 in various legal reserves which included the partial funding of a new Capital Reserve in the amount of \$580,434 and \$194,005 in encumbrances at year end. In addition to the above, the district continues to maintain the maximum Unassigned Fund Balance at the statutory limit of 4% of the ensuing year budget. The Unassigned Fund Balance at year end totaled \$718,341.

Budget Performance:

The district experienced positive, budget performance during the year.

1. The district's actual expenditures were within 95.0% of budget at \$16,637,434.
2. The district's actual revenues were within 97.5% of budget at \$17,059,151.
3. Actual expenditures incurred during the year represented 97.5% of actual revenue received.

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Capital Asset and Debt Administration

Capital Assets

The following table reflects the total cumulative cost of various building renovations and additions, technology and equipment expenditures through the end of fiscal year 2015. Asset additions primarily occur by annually replacing school buses, equipment purchases and construction in progress at the school buildings. Normal depreciation on the capital assets reduces the value of the assets over time.

**Table A-10: Capital Assets
(Net of Depreciation)**

<i>Description</i>	<i>Fiscal Year</i>	
	<i>2014</i>	<i>2015</i>
Land & Land Improvements	91,577	91,577
Construction in Progress	-	-
Buildings	16,755,270	15,538,109
Furniture & Equipment	923,563	1,113,718
Total:	17,770,410	16,743,404

Long-Term Debt

At year-end, the District had \$7.9 million in Long-Term Debt. Of this amount, \$4.5 million is represented by Serial Bonds for construction projects. \$3.4 million is represented by long-term employee benefit obligations – specifically pension obligations, compensated absences, and OPEB (other post- employment benefits).

Short-Term Debt

At year-end, the District had short-term debt obligations outstanding in the amount of \$526,594. This represents a BAN (Bond Anticipation Note) issued to finance the purchase of school buses which will be financed over a five year period. With an excellent Municipal Bond Rating of A+, the district was able to secure the BAN with an effective interest rate of 0.85%

**Bainbridge-Guilford Central School District
Management Discussion & Analysis
For the Year Ended June 30, 2015**

Factors Bearing on the District's Future

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

Factor 1: The District relies heavily upon annual educational funding from New York State. During the last few years, the state has used a formula known as the Gap Elimination Adjustment to reduce formula aid funding to school districts. The district has been among the hardest hit schools in the state on a per capital basis in terms of the GEA. The district stands to benefit significantly when this state aid adjustment is fully eliminated.

Factor 2: Due to the recent change in our group health insurance plan, the district expects to receive a large refund of monies (approximately \$919,000) held by the DCMO Health Insurance Consortium. The district intends to move these funds to the newly established Capital Reserve in anticipation of an upcoming Capital Project. The district expects the Capital Reserve to be fully funded in the amount of \$1.5 million by the end of the 2015-2016 school year.

Factor 3: The district ended the year with the statutory maximum 4% level of Unassigned Fund Balance as well as an additional \$3 million in Restricted & Assigned Reserves for a total of \$3.7 million in overall General Fund Reserves. This solid financial position should allow the district to absorb any unanticipated revenue shortfalls or expenditure increases in the future.

In summary, the district ended the year in a solid fiscal condition, well prepared to meet the challenges and welcome the opportunities that lie ahead.

Contacting the District's Financial Management

This report was prepared by Janice Rideout, Business Manager, in accordance with the requirements of GASB (Governmental Accounting Standards Board). The report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the Bainbridge-Guilford Central School District and to demonstrate our accountability in fiscal matters. If you have any questions about this report or need additional financial information, you are encouraged to contact:

Janice Rideout
Business Manager
Bainbridge-Guilford Central School District
18 Juliand Street, Bainbridge, NY 13733
Phone: 607-967-6335, or janice@bgcsd.org

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2015

ASSETS

Cash	
Cash - Unrestricted	\$ 2,017,824
Cash - Restricted	2,933,004
Receivables	
Accounts Receivable	54,438
State and Federal Aid Receivable	435,015
Due from Other Governments	516,826
Inventory - School Lunch	17,089
Capital Bond Issuance Cost, Net	31,333
Net Pension Asset - Proportionate Share	3,655,243
Capital Assets, (Net)	<u>16,743,404</u>
Total Assets	<u>26,404,176</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	<u>1,056,783</u>
Total Assets and Deferred Outflows of Resources	<u>27,460,959</u>

LIABILITIES

Payables	
Accounts Payable	40,780
Due to Other Governments	83,263
Bonds Anticipation Note Payable	526,594
Accrued Interest on Bonds Payable	5,822
Long-Term Liabilities	
Due and Payable Within One Year:	
Bonds Payable	1,135,000
Due to Teachers' Retirement System	977,720
Due to Employees' Retirement System	64,822
Due and Payable After One Year:	
Bonds Payable	3,350,000
Compensated Absences Payable	1,578,105
Net Pension Liability - Proportionate Share	182,971
Other Post-Employment Benefits (OPEB) Payable	<u>654,714</u>
Total Liabilities	<u>8,599,791</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	<u>2,519,516</u>
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NET POSITION

Investments in Capital Assets, Net of Related Debt	12,289,737
Restricted for:	
Unemployment Insurance Reserve	338,833
Liability Claims and Property Loss	303,050
Employee Benefit Accrued Liability	689,766
Reserve for Tax Certiorari	5,567
Capital Reserve	580,434
Repair Reserve	106,962
Debt Service	732,576
Capital Projects	175,816
Unrestricted	<u>1,118,911</u>
Total Net Position	<u>\$ 16,341,652</u>

See the accompanying notes to financial statements.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Revenue and Changes in Net Position</u>
FUNCTIONS AND PROGRAMS				
General Support	\$ (4,326,575)	\$ -	\$ -	\$ (4,326,575)
Instruction	(10,891,520)	74,143	646,345	(10,171,032)
Pupil Transportation	(980,811)	-	-	(980,811)
Debt Service	(146,924)	-	-	(146,924)
School Lunch Program	(435,961)	141,859	298,875	4,773
Total Functions and Programs	<u>\$(16,781,791)</u>	<u>\$ 216,002</u>	<u>\$ 945,220</u>	<u>(15,620,569)</u>
 GENERAL REVENUES				
Real Property Taxes				4,863,421
Other Tax Items				1,144,023
Use of Money and Property				33,576
Sale of Property				15,876
Miscellaneous				373,425
State Sources				10,550,104
Federal Sources				23,271
Total General Revenues				<u>17,003,696</u>
Change in Net Position				1,383,127
Net Position, Beginning of Year, as Restated				<u>14,958,525</u>
Net Position, End of Year				<u>\$ 16,341,652</u>

See the accompanying notes to financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash						
Unrestricted Cash	\$ 1,638,529	\$ 214,102	\$ 165,193	\$ -	\$ -	\$ 2,017,824
Restricted Cash	2,024,612	-	-	175,816	732,576	2,933,004
Receivables						
Accounts Receivable	54,086	-	352	-	-	54,438
Due from Other Funds	269,564	457	-	-	-	270,021
State and Federal Aid	274,431	137,568	23,016	-	-	435,015
Due from Other Governments	504,525	-	12,301	-	-	516,826
Inventories	<u>-</u>	<u>-</u>	<u>17,089</u>	<u>-</u>	<u>-</u>	<u>17,089</u>
 TOTAL ASSETS	 <u>\$ 4,765,747</u>	 <u>\$ 352,127</u>	 <u>\$ 217,951</u>	 <u>\$ 175,816</u>	 <u>\$ 732,576</u>	 <u>\$ 6,244,217</u>
 LIABILITIES AND FUND BALANCES						
Payables						
Accounts Payable	\$ 40,780	\$ -	\$ -	\$ -	\$ -	\$ 40,780
Bond Anticipation Note Payable	-	-	-	526,594	-	526,594
Due to Other Funds	457	269,564	-	-	-	270,021
Due to Other Governments	10	82,563	690	-	-	83,263
Due to Teachers' Retirement System	977,720	-	-	-	-	977,720
Due to Employees' Retirement System	<u>64,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,822</u>
 Total Liabilities Carried Forward	 <u>\$ 1,083,789</u>	 <u>\$ 352,127</u>	 <u>\$ 690</u>	 <u>\$ 526,594</u>	 <u>\$ -</u>	 <u>\$ 1,963,200</u>

See the accompanying notes to financial statements.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Total Liabilities and Deferred Inflows of Resources Brought Forward	\$ 1,083,789	\$ 352,127	\$ 690	\$ 526,594	\$ -	\$ 1,963,200
Fund Balance:						
Nonspendable	-	-	17,089	-	-	17,089
Restricted	2,024,612	-	-	175,816	732,576	2,933,004
Assigned	939,005	-	200,172	-	-	1,139,172
Unassigned	<u>718,341</u>	<u>-</u>	<u>-</u>	<u>(526,594)</u>	<u>-</u>	<u>191,747</u>
Total Fund Balances	<u>3,681,958</u>	<u>-</u>	<u>217,261</u>	<u>(350,778)</u>	<u>732,576</u>	<u>4,281,017</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,765,747</u>	<u>\$ 352,127</u>	<u>\$ 217,951</u>	<u>\$ 175,816</u>	<u>\$ 732,576</u>	

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital Assets Used in Governmental Activities are Not Financial Resources and Therefore are Not Reported in the Funds	16,743,404
Capital Bond Issuance Costs Used in Governmental Activities are Not Financial Resources and Therefore are Not Reported in the Funds	31,333
Other Post-Employment Benefits (OPEB) Payable	(654,714)
Accrued Interest are Not Due and Payable in the Current Period and Therefore are Not Reported in the Funds	(5,822)
Long-Term Liabilities, Including Bonds Payable and Compensated Absences are Not Due and Payable in the Current Period and Therefore are Not Reported in the Funds	(6,063,105)
Proportionate Share of Long-Term Asset and Liability Associated with Participation in State Retirement Systems are not Current Financial Resources or Obligations and are not Reported in the Funds	
Teachers' Retirement System	\$ 2,101,223
Employees' Retirement System	<u>(91,684)</u>
	<u>2,009,539</u>
Net Positions of Governmental Activities	<u>\$ 16,341,652</u>

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Total</u> <u>Governmental</u> <u>Funds</u>	<u>Long-Term</u> <u>Assets,</u> <u>Liabilities</u>	<u>Reclassifications</u> <u>and</u> <u>Eliminations</u>	<u>Statement</u> <u>of Net Position</u> <u>Totals</u>
ASSETS				
Cash - Unrestricted	\$ 2,017,824	\$ -	\$ -	\$ 2,017,824
Cash - Restricted	2,933,004	-	-	2,933,004
Accounts Receivable	54,438	-	-	54,438
Due from Other Funds	270,021	-	(270,021)	-
State and Federal Aid Receivable	435,015	-	-	435,015
Due from Other Governments	516,826	-	-	516,826
Inventory - School Lunch	17,089	-	-	17,089
Capital Bond Issuance Costs, (Net)	-	31,333	-	31,333
Net Pension Asset - Proportionate Share	-	3,655,243	-	3,655,243
Capital Assets, (Net)	-	16,743,404	-	16,743,404
	<u>6,244,217</u>	<u>20,429,980</u>	<u>(270,021)</u>	<u>26,404,176</u>
DEFERRED OUTFLOW OF RESOURCES				
Pensions	-	1,056,783	-	1,056,783
	<u>-</u>	<u>1,056,783</u>	<u>-</u>	<u>1,056,783</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 6,244,217</u>	<u>\$ 21,486,763</u>	<u>\$ (270,021)</u>	<u>\$ 27,460,959</u>
LIABILITIES				
Accounts Payable	\$ 40,780	\$ -	\$ -	\$ 40,780
Bond Anticipation Note Payable	526,594	-	-	526,594
Due to Other Funds/Fiduciary Funds	270,021	-	(270,021)	-
Due to Other Governments	83,263	-	-	83,263
Accrued Interest on Bonds Payable	-	5,822	-	5,822
Due to Teachers' Retirement System	977,720	-	-	977,720
Due to Employees' Retirement System	64,822	-	-	64,822
Bonds Payable	-	4,485,000	-	4,485,000
Compensated Absences Payable	-	1,578,105	-	1,578,105
Net Pension Liability - Proportionate Share	-	182,971	-	182,971
Other Post-Employment Benefits (OPEB) Payable	-	654,714	-	654,714
	<u>1,963,200</u>	<u>6,906,612</u>	<u>(270,021)</u>	<u>8,599,791</u>
DEFERRED INFLOW OF RESOURCES				
Pensions	-	2,519,516	-	2,519,516
	<u>-</u>	<u>2,519,516</u>	<u>-</u>	<u>2,519,516</u>
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	<u>4,281,017</u>	<u>12,060,635</u>	<u>-</u>	<u>16,341,652</u>
Total Liabilities, Deferred Inflows of Resources				
and Fund Balance/Net Position	<u>\$ 6,244,217</u>	<u>\$ 21,486,763</u>	<u>\$ (270,021)</u>	<u>\$ 27,460,959</u>

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES						
Real Property Taxes	\$ 4,863,421	\$ -	\$ -	\$ -	\$ -	\$ 4,863,421
Other Tax Items	1,144,023	-	-	-	-	1,144,023
Charges for Services	74,143	-	-	-	-	74,143
Use of Money and Property	33,442	-	-	25	109	33,576
Sale of Property	15,876	-	-	-	-	15,876
Miscellaneous	354,871	-	18,554	-	-	373,425
State Sources	10,550,104	88,003	38,310	-	-	10,676,417
Federal Sources	23,271	558,342	260,565	-	-	842,178
Surplus Food Sales	-	-	15,561	-	-	15,561
	-	-	126,298	-	-	126,298
Total Revenues	<u>17,059,151</u>	<u>646,345</u>	<u>459,288</u>	<u>25</u>	<u>109</u>	<u>18,164,918</u>
EXPENDITURES						
General Support	2,954,776	-	-	-	-	2,954,776
Instruction	8,216,169	619,544	-	-	-	8,835,713
Pupil Transportation	652,140	26,801	-	-	-	678,941
Employee Benefits	3,488,830	-	50,200	-	-	3,539,030
Debt Service	-	-	-	-	-	-
Principal	1,193,351	-	-	-	-	1,193,351
Interest	132,168	-	-	-	-	132,168
Cost of Sales	-	-	390,556	-	-	390,556
Capital Outlay	-	-	-	275,684	-	275,684
Total Expenditures	<u>16,637,434</u>	<u>646,345</u>	<u>440,756</u>	<u>275,684</u>	<u>-</u>	<u>18,000,219</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>421,717</u>	<u>-</u>	<u>18,532</u>	<u>(275,659)</u>	<u>109</u>	<u>164,699</u>
OTHER FINANCING SOURCES						
BAN'S Redeemed from Appropriations	-	-	-	83,351	-	83,351
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Sources	<u>421,717</u>	<u>-</u>	<u>18,532</u>	<u>(192,308)</u>	<u>109</u>	<u>248,050</u>
Fund Balance - Beginning of Year	<u>3,260,241</u>	<u>-</u>	<u>198,729</u>	<u>(158,470)</u>	<u>732,467</u>	<u>4,032,967</u>
Fund Balance - End of Year	<u>\$ 3,681,958</u>	<u>\$ -</u>	<u>\$ 217,261</u>	<u>\$ (350,778)</u>	<u>\$ 732,576</u>	<u>\$ 4,281,017</u>

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2015

	<u>Total</u> <u>Governmental</u> <u>Funds</u>	<u>Capital</u> <u>Related</u> <u>Items</u>	<u>Long-Term</u> <u>Debt</u> <u>Transactions</u>	<u>Statement</u> <u>of Activities</u> <u>Totals</u>
REVENUES				
Real Property Taxes	\$ 4,863,421	\$ -	\$ -	\$ 4,863,421
Other Tax Items	1,144,023	-	-	1,144,023
Charges for Services	74,143	-	-	74,143
Use of Money and Property	33,576	-	-	33,576
Sale of Property	15,876	-	-	15,876
Miscellaneous	373,425	-	-	373,425
State Sources	10,676,417	-	-	10,676,417
Federal Sources	842,178	-	-	842,178
Surplus Food	15,561	-	-	15,561
Sales - School Lunch	126,298	-	-	126,298
	<u>18,164,918</u>	<u>-</u>	<u>-</u>	<u>18,164,918</u>
EXPENDITURES/EXPENSES				
General Support	2,954,776	1,030,700	(11,276)	3,974,200
Instruction	8,835,713	139,217	(63,357)	8,911,573
Pupil Transportation	678,941	137,568	(5,431)	811,078
Employee Benefits	3,539,030	-	(986,775)	2,552,255
Debt Service				-
Principal	1,193,351	-	(1,193,351)	-
Interest	132,168	-	14,756	146,924
Cost of Sales	390,556	(4,795)	-	385,761
Capital Outlay	275,684	(275,684)	-	-
	<u>18,000,219</u>	<u>1,027,006</u>	<u>(2,245,434)</u>	<u>16,781,791</u>
Excess (Deficiency) of				
Revenues over Expenditures/Expenses	<u>164,699</u>	<u>(1,027,006)</u>	<u>2,245,434</u>	<u>1,383,127</u>
OTHER SOURCES AND USES				
BAN'S Redeemed from Appropriations	83,351	-	(83,351)	-
	<u>\$ 248,050</u>	<u>\$ (1,027,006)</u>	<u>\$ 2,162,083</u>	<u>\$ 1,383,127</u>
Net Change for the Year				

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	<u>Private- Purpose Trusts</u>	<u>Agency</u>
ASSETS		
Cash	\$ 197,437	\$ 95,012
Total Assets	<u>197,437</u>	<u>95,012</u>
LIABILITIES		
Extraclassroom Activity Balances	-	49,786
Other Liabilities	<u>-</u>	<u>45,226</u>
Total Liabilities	<u>-</u>	<u>95,012</u>
NET POSITION		
Reserved for Scholarships	<u>\$ 197,437</u>	<u>\$ -</u>

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Private- Purpose Trusts</u>
ADDITIONS	
Contributions	\$ 12,387
Investment Earnings	<u>62</u>
Total Additions	<u>12,449</u>
DEDUCTIONS	
Contractual - Playground	1,169
Scholarships and Awards	<u>7,950</u>
Total Deductions	<u>9,119</u>
Change in Net Position	3,330
Net Position - Beginning of Year	<u>194,107</u>
Net Position - End of Year	<u>\$ 197,437</u>

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bainbridge-Guilford Central School District (the "District") have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

A) Reporting Entity:

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

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

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

i) Extraclassroom Activity Funds:

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office located at 18 Juliand Street Bainbridge, NY 13733. The District accounts for assets held as an agent for various student organizations in an agency fund.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Joint Venture:

The District is a component district in the Delaware-Chenango-Madison-Otsego Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$3,113,692 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,144,079.

In addition, the District leases building space to BOCES on an annual basis with rental income of \$24,000 for the year ended June 30, 2015.

Financial statements for the BOCES are available from the BOCES administrative office located at 6678 County Road 32, Norwich, NY 13815.

C) Basis of Presentation:

i) District-wide Statements:

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

ii) Funds Statements:

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

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, school lunch operations, 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.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

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

The District reports the following fiduciary funds:

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

There are two classes of fiduciary funds:

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

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

D) Measurement Focus and Basis of Accounting:

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

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

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

E) Property Taxes:

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on the effective date of the tax warrant. Taxes were collected during the period September 1, 2014 to October 31, 2014.

Uncollected real property taxes are subsequently enforced by the counties of Broome, Chenango, Delaware, and Otsego. An amount representing uncollected real property taxes transmitted to the counties for enforcement is paid by the counties to the District no later than the forthcoming April 1.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) Restricted Resources:

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

G) Interfund Transactions:

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payable between the funds, with the exception of those due from or to the fiduciary funds.

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payable, expenditures and revenues activity.

H) Estimates:

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

I) Cash (and Cash Equivalents)/Investments:

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value. The District did not hold any investments as of June 30, 2015.

J) Accounts Receivable:

An allowance for uncollectible accounts has been provided for certain amounts that will not be collectible within one year. No allowance was necessary as of June 30, 2015.

K) 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 market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

L) Other Assets/Restricted Assets, as applicable:

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements, these same costs are netted against bond proceeds and recognized in the period of issuance.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

M) Capital Assets:

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building Improvements	\$ 1,000	Straight-line	15 - 40 Years
Furniture and Equipment, Vehicles	1,000	Straight-line	5 - 20 Years

N) Deferred Outflow and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometime report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the District contributions to the pension systems (NYSTRS and NYSERS Systems) subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. This item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

Pension Obligations

New York State and Local Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement (NYSTRS) (the Systems).

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plan Descriptions and Benefits Provided

Teachers' Retirement System (NYSTRS)

The District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in NYSTRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (NYSERS)

The District participates in the New York State and Local Employees' Retirement System (NYSERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York Serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent to their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 or 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under NYSERS tier VI vary based on a sliding salary scale. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For NYSTRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2014 - 2015	\$ 813,635	\$ 251,039
2013 - 2014	631,554	313,003
2012 - 2013	764,919	288,771

NYSERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

At June 30, 2015, the District reported an asset (liability) of \$3,655,243 for NYSTRS and (\$182,971) for NYSERS as its proportionate share of the net pension liability. The net pension asset (liability) was measured as of June 30, 2014 for NYSTRS and March 31, 2015 for NYSERS and the total pension asset (liability) used to calculate the net pension assets (liability) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was .032814% for NYSTRS, which was a decrease of .001947 from its proportion measured as of June 30, 2013. At June 30, 2015, the District's proportion was .0054162% for NYSERS.

For the year ended June 30, 2015, the District recognized pension (reduction) expense of (\$141,910) for NYSTRS and \$162,798 for NYSERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources		Deferred Inflows of Resources	
	NYSTRS	NYSERS	NYSTRS	NYSERS
Differences Between Expected and Actual Experience	\$ -	\$ 5,857	\$ 53,451	\$ -
Changes of Assumptions	-	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	31,780	2,454,893	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	11,483	-	-	11,172
District Contributions Subsequent to the Measurement Date	942,841	64,822	-	-
Total	\$ 954,324	\$ 102,459	\$ 2,508,344	\$ 11,172

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

\$942,841 for NYSTRS and \$64,822 for NYSERS reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction) as follows:

	<u>NYSTRS</u>	<u>NYSERS</u>
Year Ended June 30:		
2016	\$ (618,603)	\$ 6,616
2017	(618,603)	6,616
2018	(618,603)	6,616
2019	(618,603)	6,617
2020	(4,880)	-
Thereafter	(17,569)	-

Actuarial Assumptions:

The total pension liability in the June 30, 2013 actuarial valuation for NYSTRS and in the April 1, 2014 actuarial valuation for NYSERS was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>NYSTRS</u>	<u>NYSERS</u>
Inflation	3%	2.7%
Salary Increases	Rates of increase differ based on age and gender. They have been calculated based upon recent NYSTRS member experience.	4.9 percent in ERS, 6.0 percent in PFRS, indexed by service
Projected COLAs	1.625% compounded annually	1.4 percent annually
Investment Rate of Return	8% compounded annually, net of pension plan investment expense, including inflation	7.5 percent compounded annually, net of investment expenses

NYSTRS annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA.

NYSERS annuitant mortality rates are based on plan member experience, with adjustment for mortality improvements based on Society of Actuaries Scale MP-2014.

NYSTRS actuarial assumptions used in the June 30, 2013 valuations were based on the results of the actuarial expense study for the period July 1, 2005 to June 30, 2010.

NYSERS actuarial assumptions used in the April 1, 2014 valuations were based on the results of the actuarial expense study for the period April 1, 2005 to March 31, 2010.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

NYSTRS and NYSERS long-term expected rates of return on pension plan investments were determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the NYSTRS' target asset allocation as of the valuation date of June 30, 2013 are summarized in the following table:

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	37%	7.3%
International Equities	18	8.5
Real Estate	10	5
Alternative Investments	<u>7</u>	11
Total Equities	<u>72</u>	
Domestic Fixed Income Securities	18	1.5
Global Fixed Income Securities	2	1.4
Mortgages	8	3.4
Short-Term	<u>0</u>	0.8
Total Fixed Income	<u>28</u>	
Total	<u><u>100%</u></u>	

Best estimates of arithmetic real rates of return for each major asset class included in the NYSERS' target asset allocation as of March 31, 2015 are summarized in the following table:

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.30%
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds and Mortgages	18	4.00
Cash	2	2.25
Inflation-Indexed Bonds	<u>2</u>	4.00
Total	<u><u>100%</u></u>	

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discount Rate:

The discount rate used to measure the total pension asset (liability) was 8.00% for NYSTRS and 7.5% for NYSERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

Sensitivity of the District's proportionate share of the net pension asset (liability) to changes in the discount rate:

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 8% for NYSTRS and 7.5% for NYSERS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

NYSTRS	1% Decrease (7%)	Current Assumption (8%)	1% Increase (9%)
District's Proportionate Share of the Net Pension Asset (Liability)	<u>\$ (78,849)</u>	<u>\$ 3,655,243</u>	<u>\$ 6,702,828</u>
NYSERS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
District's Proportionate Share of the Net Pension Asset (Liability)	<u>\$ (1,219,583)</u>	<u>\$ (182,971)</u>	<u>\$ 692,186</u>

Pension Plan Fiduciary Net Position:

The components of the current-year net pension asset (liability) of the employers as of the respective valuation dates were as follows:

	(Dollars in Thousands)		
	<u>NYSTRS</u>	<u>NYSERS</u>	<u>Total</u>
	June 30, 2014	March 31, 2015	
Valuation Date			
Employers' Total Pension Asset (Liability)	\$ (97,015,707)	\$ (164,591,504)	\$ (261,607,211)
Plan Net Position	<u>108,155,083</u>	<u>161,213,259</u>	<u>269,368,342</u>
Employers' Net Pension Asset (Liability)	<u>\$ 11,139,376</u>	<u>\$ (3,378,245)</u>	<u>\$ 7,761,131</u>
Ratio of Plan Net Position to the Employers' Total Pension	111.48%	97.95%	102.97%

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Payables to the Pension Plan:

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2015 are paid to the Plan in September, October and November 2015 through a state aid intercept. Accrued retirement contributions as of June 30, 2015 represent employee and employer contributions for the fiscal year ended based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the Plan. Accrued retirement contributions as of June 30, 2015 amounted to \$977,720.

For NYSERS, employer contributions are paid annually based on the Plan's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2015 amounted to \$64,822.

Restatement of Net Position

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions-Amendment to GASB Statement No. 27*. The implementation of Statement No. 68 resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the District's participation in the New York State Teachers' and Employees' retirement systems. The District's net position has been restated as follows:

Net Position Beginning of Year, As Previously Stated	\$ 13,935,761
GASB Statement No. 68 Implementation	
Beginning System Asset - NYSTRS	228,815
Beginning System Liability - NYSERS	(244,748)
Beginning Deferred Outflow of Resources for Contributions	
Subsequent to the Measurement Date	
Teachers' Retirement System	787,657
Employees' Retirement System	251,040
Net Position Beginning of Year, As Restated	<u><u>\$ 14,958,525</u></u>

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

O) Vested Employee Benefits:

Compensated absences consist of unpaid accumulated annual vacation time.

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

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

Consistent with GASB Statement 16, "*Accounting for Compensated Absences*," the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

P) Other Benefits:

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q) Short-Term Debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the funds.

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

The District may issue Bond Anticipation Notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

R) Accrued Liabilities and Long-Term Obligations:

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

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

S) Equity Classifications:

i) District-Wide Statements:

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

Investments in capital assets, net of related debt – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

ii) Fund Statements:

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

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$17,089.

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Capital Reserve

Capital Reserve (ED §3651) is used to pay the cost of any object or purpose for which bonds may be issued. Proposition put before voters must specify purpose, ultimate dollar amount to be deposited into reserve, probable term or life, and source of funds. Voter approval is required to spend from this reserve. Expenditures must be specific i.e., to purchase school buses, facility construction, equipment, etc. Annual appropriations to fund reserve further must be authorized by voters. The creation of the reserve requires authorization by a majority of the voters. The forms of the required legal notice for the vote on establishing and funding the reserve and of the proposition to be placed on the ballot are both set forth in Section 3651 of Education Law. Limited to term or life approved by voters; may extend term only before end date. Reserve defunct after term expire, except to spend remaining funds with voter approval. This reserve is accounted for in the General Fund.

Repair Reserve

Repair Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unemployment Insurance Reserve

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

Employee Benefit Accrued Liability

According to General Municipal Law GML§6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Liability Claims and Property Loss

According to Education Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000.

Tax Certiorari Reserve

Tax Certiorari Reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Generally, any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General Fund.

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school district's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balance as of June 30, 2015.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned - Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. In funds other than the general fund, assigned fund balance represents the residual amount of fund balance. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$194,005 at June 30, 2015.

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 be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Order of Use of Fund Balance:

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

Refer to Note 15 for a detail of the fund balance classifications used by the District.

T) **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2015, the District implemented the following new standards issued by GASB:

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

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

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

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

U) Future changes in Accounting Standards

GASB has issued Statement 72, Fair Value Measurement and Application, effective for the year ending June 30, 2016.

GASB has issued Statement 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendment to Certain Provisions of GASB Statements 67 and 68, effective for the year ending June 30, 2016.

GASB has issued Statement 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for the year ending June 30, 2017.

GASB has issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for the year ending June 30, 2018.

GASB has issued Statement 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the year ending June 30, 2016.

GASB has issued Statement 77, Tax Abatement Disclosures, effective for the year ending June 30, 2017.

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

V) Events Occurring After Reporting Date:

The District has evaluated events and transactions that occurred between July 1, 2015 and October 13, 2015, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

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

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

A) Total Fund Balances of Governmental Funds versus Net Position of Governmental Activities:

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (Continued)

B) Statement of Revenues, Expenditures and Changes in Fund Balance versus Statement of Activities:

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

i) Long-Term Revenue and Expense Differences:

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

ii) Capital Related Differences:

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

iii) Long-Term Debt Transaction Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position. Also included in this category is the expenditure and liability for other post-employment benefits other than pensions (OPEB). The expenditure is included in the Statement of Activities and the liability is included in the Statement of Net Position. However, these are not included in the governmental fund statements.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions made subsequent to the measurement date. The implementation of the Statements requires the District to report as an asset and/or liability its portion of the collective net pensions asset and liability in the New York State Teachers' and Employees' Retirement Systems. The implementation of the Statements also requires the District to report a deferred outflow and or inflow for the effect of the net change in the District's proportion of the collective net pension asset and or liability and difference during the measurement period between the District's contributions and its proportion share of the total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the District contributions to the pension systems subsequent to the measurement date. See Note 1 for the financial statement impact of implementation of the Statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund, for which legal (appropriated) budgets are adopted - General Fund.

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal 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 appropriation occurred during the year:

Encumbrances	\$ <u>194,005</u>
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Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

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

Encumbrances

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

The Capital Projects had a deficit fund balance of \$526,594. This will be funded when the District obtains permanent financing.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - CASH (AND CASH EQUIVALENTS) - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISK

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

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ <u> -</u>
Collateralized With Securities Held by the Pledging Financial Institution, or its Trust Department or Agent, But Not in the District's Name	\$ <u>5,315,465</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$2,933,004 within the governmental funds and \$292,449 in the fiduciary funds.

NOTE 6 - INVESTMENTS

The District's investment policy for investments is also governed by New York State statutes. As of June 30, 2015, there were no investments.

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

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not Depreciated:				
Land	\$ 91,577	\$ -	\$ -	\$ 91,577
Total Nondepreciable Historical Costs	<u>91,577</u>	<u>-</u>	<u>-</u>	<u>91,577</u>
Capital Assets that are Depreciated:				
Buildings	36,267,428	-	-	36,267,428
Furniture and Equipment	<u>5,882,313</u>	<u>414,937</u>	<u>(185,764)</u>	<u>6,111,486</u>
Total Depreciable Historical Costs, Net	<u>42,149,741</u>	<u>414,937</u>	<u>(185,764)</u>	<u>42,378,914</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	19,512,158	1,217,161	-	20,729,319
Furniture and Equipment	<u>4,958,750</u>	<u>224,782</u>	<u>(185,764)</u>	<u>4,997,768</u>
Total Accumulated Depreciation	<u>24,470,908</u>	<u>1,441,943</u>	<u>(185,764)</u>	<u>25,727,087</u>
Total Depreciable Historical Costs, Net	<u>\$ 17,770,410</u>	<u>\$ (1,027,006)</u>	<u>\$ -</u>	<u>\$ 16,743,404</u>
Depreciation Expense was Charged to:				
General Support		\$ 1,030,701		
Instruction/Salaries		230,711		
Pupil Transportation		179,736		
Cost of Sales - School Lunch		<u>795</u>		
Total Current Year Depreciation		<u>\$ 1,441,943</u>		

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 - SHORT-TERM DEBT

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>
BAN Maturing 09/26/14 at 1.50%	\$ 378,290	\$ -	\$ (378,290)	\$ -
BAN Maturing 09/25/15 at .85%	\$ -	\$ 526,594	\$ -	\$ 526,594

Interest of \$5,674 was paid on short-term debt for the year.

NOTE 9 - LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed/ Retired</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government Activities:					
Bonds and Notes Payable:					
General Obligation Debt:					
Serial Bonds 2012 Series B	\$ 2,090,000	\$ -	\$ (685,000)	\$ 1,405,000	\$ 695,000
Serial Bonds 2012 Series A	395,000	-	(195,000)	200,000	200,000
Serial Bonds 2012	3,110,000	-	(230,000)	2,880,000	240,000
Total Bonds and Notes Payable	5,595,000	-	(1,110,000)	4,485,000	1,135,000
Other Liabilities:					
Due to Retirement Systems	889,885	152,657	-	1,042,542	1,042,542
Compensated Absences	1,759,941	-	(181,836)	1,578,105	-
Other Post Employment Benefits	552,942	101,772	-	654,714	-
Total Other Liabilities	3,202,768	254,429	(181,836)	3,275,361	1,042,542
Total Long-Term Liabilities	\$ 8,797,768	\$ 254,429	\$ (1,291,836)	\$ 7,760,361	\$ 2,177,542

Additions and deletions to retirement systems and compensated absences are shown net since it is impractical to determine these amounts separately. The General Fund has typically been used to liquidate long-term liabilities such as compensated absences and retirement liabilities.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - LONG-TERM DEBT OBLIGATIONS (Continued)

The district borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provision to be made in the General Fund's future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Existing serial bond obligations:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2015</u>
Serial Bond	05/14/12	2/1/2016	2.000%	\$ 200,000
Serial Bond	06/16/12	6/15/2017	2.000%	695,000
Serial Bond	06/16/12	6/15/2017	2.000%	710,000
Serial Bond	06/15/12	6/15/2026	2.250%	240,000
Serial Bond	06/15/12	6/15/2026	2.250%	245,000
Serial Bond	06/15/12	6/15/2026	2.250%	255,000
Serial Bond	06/15/12	6/15/2026	2.250%	260,000
Serial Bond	06/15/12	6/15/2026	2.250%	265,000
Serial Bond	06/15/12	6/15/2026	2.250%	275,000
Serial Bond	06/15/12	6/15/2026	2.375%	285,000
Serial Bond	06/15/12	6/15/2026	2.500%	290,000
Serial Bond	06/15/12	6/15/2026	3.000%	295,000
Serial Bond	06/15/12	6/15/2026	3.000%	305,000
Serial Bond	06/15/12	6/15/2026	3.000%	165,000
				<u>\$ 4,485,000</u>

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - LONG-TERM DEBT OBLIGATIONS (Continued)

The following is a summary of debt service requirements:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ended June 30, 2016	\$ 1,135,000	\$ 103,719	\$ 1,238,719
2017	955,000	80,419	1,035,419
2018	255,000	60,706	315,706
2019	260,000	54,969	314,969
2020	265,000	49,119	314,119
2021-2025	1,450,000	147,375	1,597,375
2026	<u>165,000</u>	<u>4,950</u>	<u>169,950</u>
	<u>\$ 4,485,000</u>	<u>\$ 501,257</u>	<u>\$ 4,986,257</u>

Interest on long-term debt for the year was composed of:

Interest Paid	\$ 126,494
Less: Interest Accrued in the Prior Year	(8,233)
Plus: Interest Accrued in the Current Year	<u>5,822</u>
Total Interest on Long-Term Debt	<u>\$ 124,083</u>

Bond issuance costs represent the net amount of additional borrowing the District incurred to advance refund the 2000, 2001, 2002 and 2003 series bonds in prior fiscal years. The components of these costs are as follows:

Fees Paid to fiscal Agents	\$ 244,782
Additional Premium to Cover Bond	248,870
Premium Received on New Bonds Issued	<u>(143,652)</u>
Net Cost of Refunding	<u>\$ 350,000</u>

The additional costs of advance refunding the bonds are capitalized on the government-wide financial statements and are amortized over the remaining time to maturity of the refunded bonds using the straight-line method. The current year amortization is \$17,167 and is included in interest expense on the government-wide financial statements. Net capitalized bond issuance costs at June 30, 2015, are as follows:

Amortized bond Issuance Costs	\$ 350,000
Less: Accumulated Amortization	<u>(318,667)</u>
Net Capitalized Bond Issuance Costs	<u>\$ 31,333</u>

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 10 - INTERFUND BALANCES AND ACTIVITY

	<u>Interfund</u>			
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 269,564	\$ 457	\$ -	\$ -
Special Aid Fund	457	269,564	-	-
Totals	\$ 270,021	\$ 270,021	\$ -	\$ -

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

All interfund payables are expected to be repaid within one year.

NOTE 11 - POST-EMPLOYMENT BENEFITS

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

The District implemented GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*," in the school year ended June 30, 2009. This required the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2015, the District recognized \$109,000 for its share of insurance for approximately 21 currently enrolled retirees.

This District has obtained an actuarial valuation report as of June 30, 2015 which indicates that the total liability for other post-employment benefits is \$654,714, which is reflected in the Statement of Net Position.

Plan Description: The Bainbridge-Guilford Central School District ("the District") administers the Bainbridge-Guilford Central School District Retiree Medical and Life Insurance Benefits Plan ("the Plan") as a single-employer defined benefit Other Post-employment Benefit plan. The Plan provides for continuation of medical, dental and life insurance benefits for certain retirees and their spouses and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy: The obligations of the plan members, employers and other entities are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the District. Currently under New York State Law, there is no authority to fund the obligation.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 11 - POST-EMPLOYMENT BENEFITS (Continued)

Accounting Policy: The accrual basis of accounting is used. The fair market value of assets is determined by the market value of assets paid by a willing buyer to a willing seller.

Other Disclosure Information: The schedule of funding progress presents multi-year trend information that is useful in determining whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability. The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitation on the pattern of cost-sharing between the employer and plan members in the future. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Annual OPEB Cost and Net OPEB Obligations: The District's annual other post-employment 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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the HP:

Normal Cost	\$	99,212
Amortization Payment		115,887
Interest to the End of the Year		4,302
Annual Required Contribution ("ARC")		219,401
Interest on Net OPEB Obligation		22,118
Adjustment to Annual Required Contribution		(30,747)
Annual OPEB Cost (Expense)		210,772
Contributions Made		(109,000)
Increase In Net OPEB Obligation		101,772
Net OPEB Obligation - Beginning of Year		552,942
Net OPEB Obligation - End of Year	\$	654,714

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014 and 2013 were as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation</u>
06/30/15	\$ 210,772	51.7%	\$ 654,714
06/30/14	145,585	51.2%	552,942
06/30/13	143,273	53.1%	481,921

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - POST-EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress: As of July 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$2,084,084, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,084,084. The covered payroll (annual payroll of active employees covered by the plan) was \$5,699,757, and the ratio of the UAAL to the covered payroll was 37%. The recent valuation is a full valuation and is based on data submitted as of July 1, 2014. 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 the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits in the current year.

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, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after 5 years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015 was 23 years.

NOTE 12 - RISK MANAGEMENT

General

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

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 - RISK MANAGEMENT (Continued)

Self-Insured Plans

The District participates in a risk-sharing pool which includes seven districts, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. During the year ended June 30, 2015, the District incurred premiums or contribution expenditure of \$77,975. 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 uninsured 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.

NOTE 13 - DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purpose of scholarships.

Donor-restricted endowments are reported at fair value, which equals cost since all funds are invested in cash and cash equivalents. The amount of interest earned on investments of donor-restricted endowments that is available for authorization for expenditure by the District is \$62.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 14 - CONTINGENCIES AND COMMITMENTS

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 15 - FUND BALANCE REPORTING

The following is a detail of fund balance classifications used for each fund at June 30, 2015:

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Inventory	\$ -	\$ -	\$ 17,089	\$ -	\$ -	\$ 17,089
Restricted for:						
Unemployment Insurance Reserve	338,833	-	-	-	-	338,833
Reserve for Insurance	303,050	-	-	-	-	303,050
Reserve for Retirement Contributions	689,766	-	-	-	-	689,766
Reserve for Tax Certiorari	5,567	-	-	-	-	5,567
Capital Reserve	580,434	-	-	-	-	580,434
Repair Reserve	106,962	-	-	-	-	106,962
Debt Service	-	-	-	732,576	-	732,576
Capital Projects	-	-	-	-	175,816	175,816
Assigned:						
General Support	93,281	-	-	-	-	93,281
Instructional	89,837	-	-	-	-	89,837
Pupil Transportation	5,453	-	-	-	-	5,453
Contractual Expense	-	-	-	-	-	-
Employee Benefits	5,434	-	-	-	-	5,434
Materials and Supplies	-	-	-	-	-	-
School Lunch	-	-	200,172	-	-	200,172
Designated for the Levy of Taxes	745,000	-	-	-	-	745,000
Unassigned:	<u>718,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(526,594)</u>	<u>191,747</u>
Total Fund Balances	<u>\$ 3,681,958</u>	<u>\$ -</u>	<u>\$ 217,261</u>	<u>\$ 732,576</u>	<u>\$ (350,778)</u>	<u>\$ 4,281,017</u>

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Revised Budget	Actual	Over (Under) Revised Budget
REVENUES				
Local Sources				
Real Property Taxes	\$ 4,864,161	\$ 4,864,161	\$ 4,863,421	\$ (740)
Other Tax Items	1,136,739	1,136,739	1,144,023	7,284
Charges for Services	22,500	22,500	74,143	51,643
Use of Money and Property	34,500	34,500	33,442	(1,058)
Sale of Property and Compensation for Loss	-	-	15,876	15,876
Miscellaneous	76,500	107,430	354,871	247,441
Total Local Sources	6,134,400	6,165,330	6,485,776	320,446
Federal Sources	30,000	30,000	23,271	(6,729)
State Sources	10,696,535	10,696,535	10,550,104	(146,431)
Total Revenues	16,860,935	16,891,865	17,059,151	167,286
OTHER FINANCING SOURCES				
Operating Transfers	140,000	140,000	-	(140,000)
Appropriated Fund Balance	500,000	500,000	-	(500,000)
Appropriated Reserves	-	624,873	-	(624,873)
Total Other Financing Sources	640,000	1,264,873	-	(1,264,873)
Total Revenues and Other Financing Sources	\$ 17,500,935	\$ 18,156,738	\$ 17,059,151	\$ (1,097,587)

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Unencumbered Balance</u>
EXPENDITURES					
General Support					
Board of Education	\$ 13,424	\$ 17,260	\$ 16,262	\$ 18	\$ 980
Central Administration	181,888	188,709	179,041	9,253	415
Finance	290,993	439,385	424,454	100	14,831
Staff	100,260	87,437	63,403	-	24,034
Central Services	1,739,318	1,918,734	1,785,108	83,910	49,716
Special Items	484,000	490,691	486,508	-	4,183
Total General Support	<u>2,809,883</u>	<u>3,142,216</u>	<u>2,954,776</u>	<u>93,281</u>	<u>94,159</u>
Instruction					
Instruction, Administration and Improvement	518,654	521,116	477,297	7,340	36,479
Teaching, Regular School	4,264,341	4,309,561	4,080,524	62,256	166,781
Programs for Children with Special Needs	2,585,683	2,611,098	2,060,476	9,021	541,601
Occupational Education	450,000	449,592	447,295	-	2,297
Teaching, Special School	8,000	8,408	8,408	-	-
Instructional Media	390,508	415,208	382,122	2,066	31,020
Pupil Services	708,153	810,344	760,047	9,154	41,143
Total Instruction	<u>8,925,339</u>	<u>9,125,327</u>	<u>8,216,169</u>	<u>89,837</u>	<u>819,321</u>
Pupil Transportation	800,286	883,440	652,140	5,453	225,847
Employee Benefits	3,639,907	3,680,235	3,488,830	5,434	185,971
Debt Service					
Debt Service Principal	1,193,351	1,193,351	1,193,351	-	-
Debt Service Interest	132,169	132,169	132,168	-	1
Total Expenditures	<u>17,500,935</u>	<u>18,156,738</u>	<u>16,637,434</u>	<u>\$ 194,005</u>	<u>\$ 1,325,299</u>
Excess Revenues and Other Sources Over					
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,717</u>		

See the accompanying notes to financial statements.

SUPPLEMENTAL SCHEDULE #2

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS - OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of Percentage of Covered Payroll (b-a/c)
7/1/2011	\$ -	\$ 1,407,063	\$ 1,407,063	0%	\$ 6,568,577	21%
7/1/2012	-	1,484,690	1,484,690	0%	4,976,422	30%
7/1/2013	-	1,484,690	1,484,690	0%	4,976,422	30%
7/1/2014	-	2,084,084	2,084,084	0%	5,699,757	37%

See the accompanying notes to financial statements.

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 17,500,935
Add: Prior Year's Encumbrances	<u>384,063</u>
Original Budget	17,884,998
Budget Revisions	<u>271,740</u>
 Final Budget	 <u><u>\$ 18,156,738</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2015 - 2016 Voter-Approved Expenditure Budget Maximum Allowed (4% of 2015 - 2016 Budget)	<u><u>\$ 17,984,456</u></u>
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General Fund Fund Balance Subject to Section 1318 of Real Property Law:

Unrestricted Fund Balance:

Committed Fund Balance	\$ -	
Assigned Fund Balance	939,005	
Unrestricted Fund Balance	<u>718,341</u>	
Total Unrestricted Fund Balance	<u><u>1,657,346</u></u>	

Less:

Appropriated Fund Balance	(745,000)	
Insurance Recovery Reserve	-	
Tax Reduction Reserve	-	
Encumbrances Included in Committed and Assigned Fund Balance	<u>(194,005)</u>	
Total Adjustments	<u><u>\$ (939,005)</u></u>	

General Fund Fund Balance Subject to Section 1318 of Real Property Law:	<u><u>\$ 718,341</u></u>
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Actual Percentage	3.99%
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See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
 SCHEDULE OF PROJECT EXPENDITURES
 CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2015	
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
Major Projects											
Excel 1017	\$ 1,486,122	\$ 1,486,122	\$ 1,418,405	\$ -	\$ 1,418,405	\$ 67,717	\$ 1,660,582	\$ 110,000	\$ 18,335	\$ 1,788,917	\$ 370,512
Excel 2012	1,253,742	1,253,742	1,196,416	-	1,196,416	57,326	1,030,192	80,000	1,169	1,111,361	(85,055)
Excel 3010	1,538,999	1,538,999	1,468,602	-	1,468,602	70,397	1,273,710	110,591	5,357	1,389,658	(78,944)
Non - Major Projects											
Other Projects	-	-	-	-	-	-	-	-	682	682	682
Buses - 2013	679,919	679,919	404,235	275,684	679,919	-	121,796	-	1,657	123,453	(556,466)
Excel 4003	20,873	20,873	19,927	-	19,927	946	18,401	-	19	18,420	(1,507)
Totals	\$ 4,979,655	\$ 4,979,655	\$ 4,507,585	\$275,684	\$ 4,783,269	\$ 196,386	\$ 4,104,681	\$ 300,591	\$ 27,219	\$ 4,432,491	\$ (350,778)

See the accompanying notes to financial statements.

SUPPLEMENTAL SCHEDULE #5

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
 SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES COMPARED TO ST-3 DATA
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Account Code</u>	<u>ST-3 Amount</u>	<u>Audited Amount</u>
Revenues			
Property Taxes	A-1001	\$ 4,863,421	\$ 4,863,421
State Aid	AT-3999	10,550,104	10,550,104
Federal Aid	AT-4999	23,271	23,271
Total Revenues	AT-5999	17,059,151	17,059,151
Expenditures			
General Support	AT-1999	2,954,776	2,954,776
Pupil Transportation	AT-5599	652,140	652,140
Debt Service - Principal	AT-9798.6	1,193,351	1,193,351
Debt Service - Interest	AT-9798.7	132,168	132,168
Total Expenditures	AT-9999	16,637,434	16,637,434

See the accompanying notes to financial statements.

SUPPLEMENTAL SCHEDULE #6

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2015**

Capital Assets, Net	\$ 16,743,404
Deduct:	
Short-Term Portion of Bonds Payable	(1,135,000)
Long-Term Portion of Bonds Payable	(3,350,000)
Add:	
Unamortized Bond Issuance Costs, Net	<u>31,333</u>
 Investment in Capital Assets, Net of Related Debt	 <u>\$ 12,289,737</u>

See the accompanying notes to financial statements.

Officers:
James J. Lewis, CPA*, ABV/CVA
Alan D. Piaker, CPA
Roy E. Fuller, CPA
John R. May, CPA*
Angelo J. Gallo, CPA
Richard A. Lynch, CPA
Amy E. Brown, CPA*
Janeen F. Sutryk, CPA*



Philip M. Piaker, CPA
(1921-2009)

Abraham L. Piaker, CPA
(1925-2005)

Retired:
Allan R. Lyons, CPA
Kenneth L. Coleman, CPA

Principals:
Darcy A. Aldous, CPA**
Kyle J. Miesfeldt, CPA
Thomas F. Shanaban, CPA*

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+Also Licensed in Maryland
**Also Licensed in Ohio

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

To the President and Members
of the Board of Education of the
Bainbridge-Guilford Central School District
Bainbridge, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 13, 2015.

Internal Control Over Financial Reporting

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

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

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

Piaker & Lyons

Bainbridge-Guilford Central School District

Compliance and Other Matters

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

Purpose of this Report

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


PIAKER & LYONS, P.C.

Binghamton, New York
October 13, 2015

Officers:
James J. Lewis, CPA*, ABV/CVA
Alan D. Piaker, CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the President and Members
of the Board of Education of the
Bainbridge-Guilford Central School District
Bainbridge, New York

Report on Compliance for Each Major Program

We have audited BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT'S (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Bainbridge-Guilford Central School District

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

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

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

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

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


PIAKER & LYONS, P. C.

Binghamton, New York
October 13, 2015

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION:		
Passed Through NYS Education Department:		
Title I, Part A	84.010	\$ 179,584
Title II, Part A	84.367	56,917
Special Education Cluster:		
IDEA, Part B, Section 611	84.027	191,564
IDEA, Part B, Section 619	84.173	<u>2,047</u>
Total Department of Education		<u>430,112</u>
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through NYS Education Department:		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution)		
National School Lunch Program	10.555	15,561
Cash Assistance		
School Breakfast Program	10.553	66,464
National School Lunch Program	10.555	183,077
Summer Food Service for Children	10.559	<u>11,024</u>
Total Department of Agriculture		<u>276,126</u>
Total Federal Awards Expenditures		<u>\$ 706,238</u>

See the accompanying notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES
YEAR ENDED JUNE 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with requirements of OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations.*" Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports of the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting systems.

NOTE 2 - SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 3 - OTHER DISCLOSURES

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

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
NOTES
YEAR ENDED JUNE 30, 2015**

NOTE 4 - CLUSTER OF PROGRAMS

The following programs are identified by OMB Circular A-133 to be part of a cluster of programs:

Nutrition Cluster

U.S. Department of Agriculture

- CFDA #10.553 School Breakfast Program
- CFDA #10.555 National School Lunch Program
- CFDA #10.559 Summer Food Service for Children

Special Education Cluster

U.S. Department of Education

- CFDA #84.027 IDEA, Part B, Section 611
- CFDA #84.173 IDEA, Part B, Section 619

NOTE 5 - CFDA NUMBERS

<u>Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
Passed Through NYS Education Department		
National School Lunch Program (Non - Cash)	10.555	\$ 15,561
National School Lunch Program	10.555	<u>183,077</u>
Total U.S. Department of Agriculture Funds For CFDA #10.555		<u>\$ 198,638</u>

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified? _____yes X no

Significant Deficiency(ies) identified
not considered to be material weakness? _____yes X none reported

Noncompliance material to financial statements
noted? _____yes X no

Federal Awards

Internal Control over major programs:

Material weakness (es) identified? _____yes X no

Significant Deficiency(ies) identified
not considered to be material weaknesses? _____yes X none reported

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

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)? _____yes X no

Identification of major programs:

CFDA Number(s)

U.S. Department of Education

#84.027
#84.173

Name of Federal Program/Cluster

Special Education Cluster

IDEA, Part B, Section 611
IDEA, Part B, Section 619

Dollar threshold used to distinguish
Between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? _____X_____yes _____no

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Section II - Financial Statement Findings

Prior Year

No matters were reported.

Current Year

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

Prior Year

No matters were reported.

Current Year

No matters were reported.