

BAINBRIDGE-GUILFORD  
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2017

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Bainbridge-Guilford Central School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Bainbridge-Guilford Central School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Bainbridge-Guilford Central School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund information of the Bainbridge-Guilford Central School District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedules of funding progress of other postemployment benefits, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M10 and 46-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bainbridge-Guilford Central School District's basic financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2017 on our consideration of the Bainbridge-Guilford Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bainbridge-Guilford Central School District's internal control over financial reporting and compliance.

Handwritten signature of Raymond B. Heussen CPA R.

Claverack, New York  
October 10, 2017

**BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2017**

**INTRODUCTION**

The Bainbridge-Guilford Central School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

- Net position increased from \$18,653,891 (restated) to \$19,528,695, an increase of \$874,804 or 4.7%.
- As of the close of this fiscal year, the District's governmental funds reported combined fund balances of \$6,097,745, an increase of \$594,634 in comparison with the prior year.
- The District appropriated \$400,000 of the fund balance to offset 2017-2018 taxes. Additionally the District ended the year with the statutory maximum 4% level of unassigned of \$704,447 and \$2,671,092 in reserve funds. Our planning includes understanding and balancing taxpayer burden and the responsible use of our Reserve Funds. This ensures the District's long term financial viability and ability to respond to emergencies.
- Expenditures and year-end encumbrances in the General Fund totaled \$19,598,584, or 93% of budgeted items. Revenues, excluding appropriated fund balance and reserve transfers, totaled \$18,460,231, 104% of estimates.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1. District-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

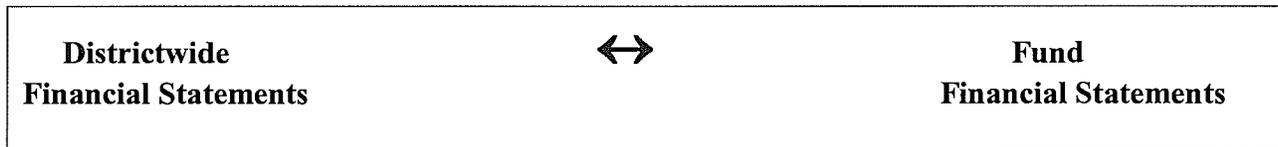
In addition to these statements, this report also includes required supplemental information and other supplemental information.

Our auditor has provided assurance in the independent auditor's report that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified below. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part in the financial statements.

**Financial Statements**

**Required Supplemental Information (Part A)**  
**Management's Discussion & Analysis (MD&A)**

**Basic Financial Statements**



**Notes to the Basic Financial Statements**

**Required Supplemental Information (Part B)**

**General Fund Budget to Actual Schedule**

**Funding Progress of OPEB**

**District's Proportionate Share of Pension Asset/Liability**

**District Contributions**

**Other Supplemental Information**

**General Fund Budget & Fund Balance Information**

**Capital Project Funds Schedule of Project Expenditures**

**Schedule of Net Investment in Capital Assets**

### Major Features of the District-Wide and Fund Financial Statements

	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

#### **DISTRICTWIDE FINANCIAL STATEMENTS**

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

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

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the districtwide financial statements as *governmental activities*, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

### DISTRICTWIDE FINANCIAL ANALYSIS

#### **Bainbridge-Guilford Central School District's Net Position June 30, 2017 and 2016**

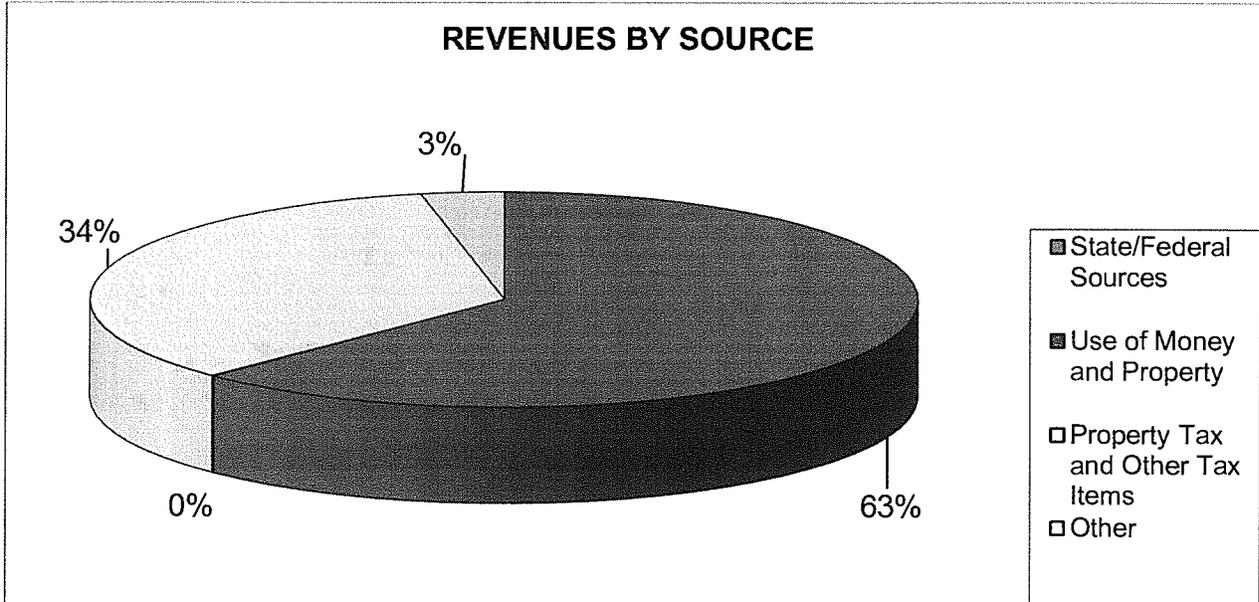
	Governmental Activities		Variance Increase (Decrease)
	2017	Restated 2016	
Current Assets	\$7,538,805	\$6,913,660	\$ 625,145
Capital Assets	15,036,042	15,679,981	(643,939)
Net Pension Asset	-	3,719,030	(3,719,030)
Total Assets	<u>22,574,847</u>	<u>26,312,671</u>	<u>(3,737,824)</u>
Deferred Outflows of Resources	<u>4,192,034</u>	<u>1,603,215</u>	<u>2,588,819</u>
Total Assets and Outflows of Resources	<u>26,766,881</u>	<u>27,915,886</u>	<u>(1,149,005)</u>
Current Liabilities	1,703,215	2,353,506	(650,291)
Long-Term Obligations	4,282,473	4,532,424	(249,951)
Net Pension Liability	935,074	888,973	46,101
Total Liabilities	<u>6,920,762</u>	<u>7,774,903</u>	<u>(854,141)</u>
Deferred Inflows of Resources	<u>317,424</u>	<u>1,487,092</u>	<u>(1,169,668)</u>
Total Liabilities and Inflows of Resources	<u>7,238,186</u>	<u>9,261,995</u>	<u>(2,023,809)</u>
Net Position:			
Investment in capital assets, net of related debt	12,459,942	12,344,148	115,794
Restricted	2,671,092	4,219,491	(1,548,399)
Unrestricted (deficit)	4,397,661	2,090,252	2,307,409
Total Net Position	<u>\$ 19,528,695</u>	<u>\$ 18,653,891</u>	<u>\$ 874,804</u>

**Bainbridge-Guilford Central School District's  
Changes in Net Position  
For the Years Ended June 30, 2017 and 2016**

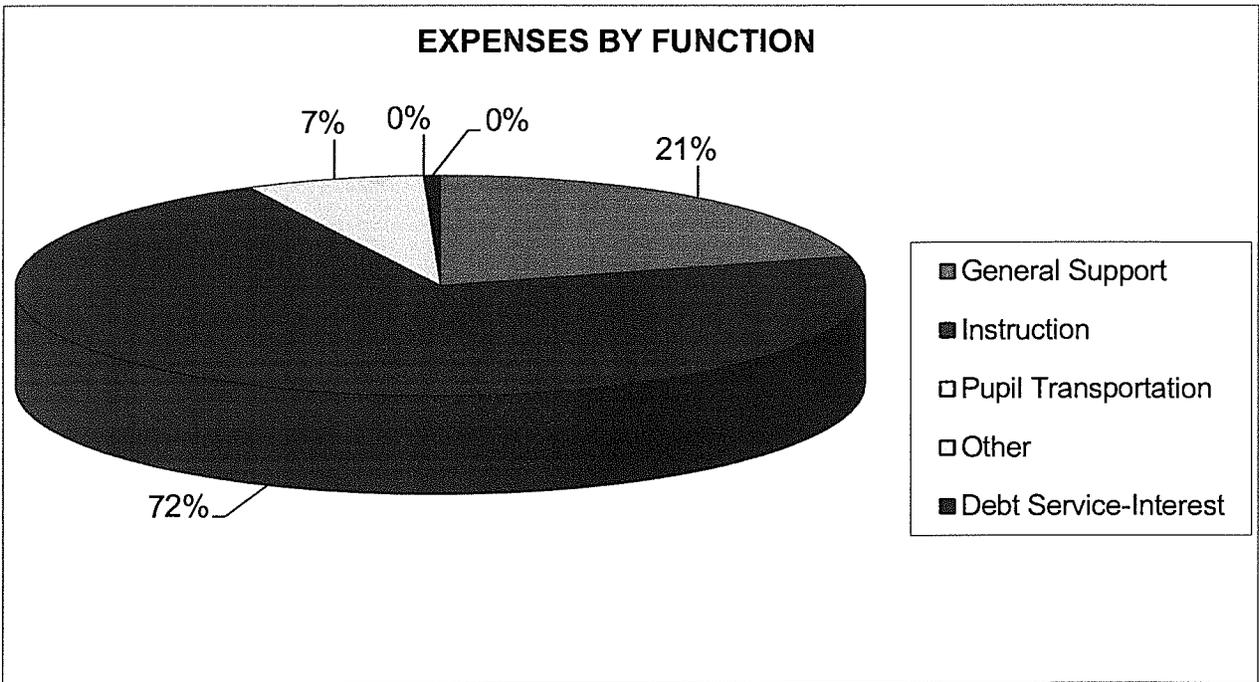
	Governmental Activities		Variance Increase (Decrease)
	2017	2016	
<b><u>Revenues:</u></b>			
Program Revenues:			
Charges for Services	\$ 201,011	\$ 263,024	\$ (62,013)
Operating Grants and Contributions	987,582	972,762	14,820
Total Program Revenues	<u>\$ 1,188,593</u>	<u>\$ 1,235,786</u>	<u>\$ (47,193)</u>
General Revenues:			
Real Property Taxes	\$4,984,287	\$ 4,928,409	\$ 55,878
Other Tax Items	1,126,033	1,151,157	(25,124)
Use of Money and Property	22,490	21,498	992
Sale of Property and Compensation for Loss	7,728	32,834	(25,106)
Miscellaneous	575,151	1,296,089	(720,938)
State Sources	11,074,560	10,994,041	80,519
Federal Sources	41,256	35,495	5,761
Total General Revenues	<u>17,831,505</u>	<u>18,459,523</u>	<u>(628,018)</u>
<b><u>Expenses:</u></b>			
Instruction	12,174,167	11,529,694	644,473
Support Services:			
General Support	3,520,310	4,208,077	(687,767)
Pupil Transportation	1,153,815	1,076,032	77,783
Debt Service-Interest	103,201	122,878	(19,677)
School Lunch	5,208	8,339	(3,131)
Total Expenses	<u>16,956,701</u>	<u>16,945,020</u>	<u>11,681</u>
Change in Net Position	<u>\$ 874,804</u>	<u>\$ 1,514,503</u>	<u>\$ (639,699)</u>

The following charts provide the percentage breakdowns of all revenues by source and all expenses by function for the entire District.

**District-wide Revenues by Source**  
For the Year Ended June 30, 2017



**District-wide Expenses by Function**  
For the Year Ended June 30, 2017



## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds.

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the District can be divided into two categories; governmental funds, and fiduciary funds.

- **Governmental funds:** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the districtwide financial statements because it cannot use these assets to finance its operations.

## FUND FINANCIAL ANALYSIS (DISTRICT'S FUNDS)

The District's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of \$6.1 million, which is above last year's total of \$5.5 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2017 and 2016.

	<u>Fund Balance 2017</u>	<u>Fund Balance 2016</u>	<u>Variance Increase (Decrease)</u>
General	\$ 3,787,420	\$ 4,913,892	\$ (1,126,472)
School Lunch	180,241	185,211	(4,970)
Special Aid	1	1	-
Capital	2,130,083	(146,717)	2,276,800
Debt Service	-	550,724	(550,724)
Totals	<u>\$ 6,097,745</u>	<u>\$ 5,503,111</u>	<u>\$ 594,634</u>

**General Fund**

The tables that follow assist in illustrating the financial activities and balance of the general fund.

<b><u>Revenues:</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>Variance Increase (Decrease)</u></b>
Taxes and Other Tax Items	\$ 6,110,320	\$ 6,079,566	\$ 30,754
Use of Money and Property	21,865	21,245	620
State/Federal Sources	11,115,816	11,029,536	86,280
Other	661,408	1,412,942	(751,534)
Transfers In	550,822	182,055	368,767
Totals	<u>\$ 18,460,231</u>	<u>\$ 18,725,344</u>	<u>\$ (265,113)</u>

<b><u>Expenses:</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>Variance Increase (Decrease)</u></b>
General Support	\$ 2,854,564	\$ 2,800,443	\$ 54,121
Instruction	8,486,413	8,791,998	(305,585)
Pupil Transportation	678,085	664,240	13,845
Employee Benefits	3,844,805	3,521,547	323,258
Debt Service	1,107,280	1,715,182	(607,902)
Transfers Out	2,615,556	-	2,615,556
Totals	<u>\$ 19,586,703</u>	<u>\$ 17,493,410</u>	<u>\$ 2,093,293</u>

**GENERAL FUND BUDGET INFORMATION**

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The difference between the general fund's original budget and the final amended budget was \$2,699,187. This amount represents the carryover encumbrances from 2015/16 of \$188,817, appropriated fund balance of \$10,370 and use of reserves for \$2,500,000.

**CAPITAL ASSETS**

The District's capital assets (net of accumulated depreciation) as of June 30, 2017 are as follows:

<u>Asset Description</u>	<u>Amount</u>
Land	\$ 91,577
Construction in Progress	105,529
Buildings and Improvements	13,452,216
Machinery and Equipment	<u>1,386,720</u>
Total	<u>\$15,036,042</u>

The total decrease in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$643,939. The most significant decreases to capital assets were attributable to the purchase of equipment plus capital project costs less the depreciation expense.

**DEBT**

The District had total debt including a bond anticipation note payable, compensated absences, OPEB obligations, net pension liability-proportionate share and serial bonds outstanding in the amount of \$6,024,159 as of June 30, 2017 an increase over the previous year of \$215,140. The debt outstanding for the year ended June 30, 2017 is summarized as follows:

<u>Debt Description</u>	<u>Outstanding Balance</u>
Bond Anticipation Note Payable	\$ 551,612
Compensated Absences	1,283,524
OPEB Obligations	858,949
Net Pension Liability-Proportionate Share	935,074
Bonds	<u>2,395,000</u>
Total	<u>\$ 6,024,159</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2017 the District's general obligation debt was significantly lower than its total debt limit. The District has a bond rating of A+.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

District voters authorized a \$16.5M Capital Project in March 2017 for renovations to all district buildings. It is anticipated that construction will begin in the Spring of 2018 and conclude by December 2020. The district will be issuing Bond Anticipation Notes during the construction phase of the project. The issuance of Serial Bonds for the final construction cost less funds authorized from the Capital Reserve and funds remaining from previous capital projects will be coordinated with incoming state aid payments to smooth the tax impact to district taxpayers.

The future cost of employee benefits continues to be a major budgetary factor for all school districts. The continued rapid growth in the cost of health insurance combined with the costs of funding the Teachers' Retirement System and Employees' Retirement System are projected to have a significant budgetary impact in the future. Although current forecasts expect a leveling of the rates, the market's volatility is a major factor of concern.

The District ended the year with an Unassigned Fund Balance of \$704,447, as well as an Assigned Fund Balance of \$411,881 and Restricted Reserves of \$2,671,092. 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 financial condition, well prepared to meet the challenges and welcome the opportunities that lie ahead.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

Bainbridge-Guilford Central School District  
Attn: Janice Rideout, Business Manager  
18 Juliand Street  
Bainbridge, New York 13733

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2017  
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**ASSETS**

Unrestricted cash	\$ 4,035,553	
Restricted cash	2,671,092	
Other receivables, net	37,619	
State and federal aid receivable	236,429	
Due from other governments	539,249	
Due from fiduciary funds	-	
Inventories	18,863	
Capital assets, net	<u>15,036,042</u>	
Total Assets		<u>\$ 22,574,847</u>

**DEFERRED OUTFLOW OF RESOURCES**

Pensions	\$ 4,192,034	
Total Deferred Outflows of Resources		<u>\$ 4,192,034</u>

**LIABILITIES**

**Current Liabilities:**

Accounts payable	\$ 45,034	
Accrued liabilities	54,128	
Due to other governments	814	
Due to teachers' retirement system	711,585	
Due to employees' retirement system	85,042	
Bond anticipation notes payable	<u>551,612</u>	

**Long-Term Liabilities:**

**Due and payable within one year**

Bonds payable	<u>255,000</u>	
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**Due and payable after one year**

Bonds payable	2,140,000	
Compensated absences payable	1,283,524	
Other postemployment benefits payable	858,949	
Net pension liability - proportionate share	<u>935,074</u>	

Total Liabilities		<u>\$ 6,920,762</u>
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**DEFERRED INFLOWS OF RESOURCES**

Pensions	<u>317,424</u>	
Total Deferred Inflows of Resources		<u>\$ 317,424</u>

**NET POSITION**

Net Investment in Capital Assets	12,459,942	
Restricted	2,671,092	
Unrestricted (deficit)	<u>4,397,661</u>	
Total Net Position		<u>\$ 19,528,695</u>

See auditor's report. See notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For Year Ended June 30, 2017

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	Expenses	Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 2,776,702	\$ 743,608	\$ -	\$ -	\$ (3,520,310)
Instruction	8,994,518	3,840,383	56,741	603,993	(12,174,167)
Pupil transportation	705,608	475,730	-	27,523	(1,153,815)
Employee benefits	4,056,057	(4,056,057)	-	-	-
Debt service-interest	103,201	-	-	-	(103,201)
Depreciation	1,093,348	(1,093,348)	-	-	-
School lunch program	415,860	89,684	144,270	356,066	(5,208)
<b>Total Functions and Programs</b>	<b>\$ 18,145,294</b>	<b>\$ -</b>	<b>\$ 201,011</b>	<b>\$ 987,582</b>	<b>(16,956,701)</b>
<b>GENERAL REVENUES</b>					
Real property taxes					4,984,287
Other tax items					1,126,033
Use of money and property					22,490
Sale of property and compensation for loss					7,728
Miscellaneous					575,151
State sources					11,074,560
Federal sources					41,256
<b>Total General Revenues</b>					<b>17,831,505</b>
<b>Change in Net Position</b>					<b>874,804</b>
<b>Total Net Position - Beginning of year, restated (See Note XII.)</b>					<b>18,653,891</b>
<b>Total Net Position - End of year</b>					<b>\$ 19,528,695</b>

See auditor's report. See notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
POSITION  
June 30, 2017  
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	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Unrestricted cash	\$ 4,035,553	\$ -	\$ -	\$ 4,035,553
Restricted cash	2,671,092	-	-	2,671,092
Other receivables, net	37,619	-	-	37,619
State and federal aid receivable	236,429	-	-	236,429
Due from other governments	539,249	-	-	539,249
Due from other funds	85,334	-	(85,334)	-
Inventories	18,863	-	-	18,863
Capital assets (net)	-	15,036,042	-	15,036,042
	<u>\$ 7,624,139</u>	<u>\$ 15,036,042</u>	<u>\$ (85,334)</u>	<u>\$ 22,574,847</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pensions	\$ -	\$ 4,192,034	\$ -	\$ 4,192,034
	<u>\$ -</u>	<u>\$ 4,192,034</u>	<u>\$ -</u>	<u>\$ 4,192,034</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 45,034	\$ -	\$ -	\$ 45,034
Accrued liabilities	46,973	7,155	-	54,128
Bonds payable	-	2,395,000	-	2,395,000
Bond anticipation notes payable	551,612	-	-	551,612
Other postemployment benefits payable	-	858,949	-	858,949
Compensated absences	-	1,283,524	-	1,283,524
Due to other funds	85,334	-	(85,334)	-
Due to other governments	814	-	-	814
Due to teachers' retirement system	711,585	-	-	711,585
Due to employees' retirement system	85,042	-	-	85,042
Net pension liability- proportionate share	-	935,074	-	935,074
	<u>\$ 1,526,394</u>	<u>\$ 5,479,702</u>	<u>\$ (85,334)</u>	<u>\$ 6,920,762</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	\$ -	\$ 317,424	\$ -	\$ 317,424
	<u>\$ -</u>	<u>\$ 317,424</u>	<u>\$ -</u>	<u>\$ 317,424</u>
<b>FUND BALANCE\NET POSITION</b>				
<b>Total Fund Balance\Net Position</b>	<u>\$ 6,097,745</u>	<u>\$ 13,430,950</u>	<u>\$ -</u>	<u>\$ 19,528,695</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance\Net Position</b>	<u>\$ 7,624,139</u>	<u>\$ 19,228,076</u>	<u>\$ (85,334)</u>	<u>\$ 26,766,881</u>

See auditor's report. See notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
For Year Ended June 30, 2017

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
<b>REVENUES</b>					
Real property taxes	\$ 4,984,287	\$ -	\$ -	\$ -	\$ 4,984,287
Other tax items	1,126,033	-	-	-	1,126,033
Charges for services	56,741	-	-	-	56,741
Use of money and property	22,490	-	-	-	22,490
Sale of property and compensation for loss	29,516	-	-	(21,788)	7,728
Miscellaneous	575,151	-	-	-	575,151
State sources	11,305,779	-	-	-	11,305,779
Federal sources	797,619	-	-	-	797,619
Sales - school lunch	144,270	-	-	-	144,270
<b>Total Revenues</b>	<b>19,041,886</b>	<b>-</b>	<b>-</b>	<b>(21,788)</b>	<b>19,020,098</b>
<b>EXPENDITURES\EXPENSES</b>					
General support	2,854,564	-	(77,862)	-	2,776,702
Instruction	9,106,143	(108,886)	(2,739)	-	8,994,518
Pupil transportation	705,608	-	-	-	705,608
Employee benefits	3,934,251	121,806	-	-	4,056,057
Debt service-principal	1,022,050	-	-	(1,022,050)	-
-interest	85,230	17,971	-	-	103,201
Cost of sales	415,860	-	-	-	415,860
Depreciation	-	-	1,093,348	-	1,093,348
Capital outlay	390,596	-	(390,596)	-	-
<b>Total Expenditures</b>	<b>18,514,302</b>	<b>30,891</b>	<b>622,151</b>	<b>(1,022,050)</b>	<b>18,145,294</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>527,584</b>	<b>(30,891)</b>	<b>(622,151)</b>	<b>1,000,262</b>	<b>874,804</b>
<b>OTHER SOURCES AND USES</b>					
Bond anticipation notes redeemed	67,050	-	-	(67,050)	-
Premium on obligations	-	-	-	-	-
Proceeds from debt	-	-	-	-	-
Operating transfers in	3,166,378	(3,166,378)	-	-	-
Operating transfers (out)	(3,166,378)	3,166,378	-	-	-
<b>Total Other Sources (Uses)</b>	<b>67,050</b>	<b>-</b>	<b>-</b>	<b>(67,050)</b>	<b>-</b>
<b>Net Change for the Year</b>	<b>\$ 594,634</b>	<b>\$ (30,891)</b>	<b>\$ (622,151)</b>	<b>\$ 933,212</b>	<b>\$ 874,804</b>

See auditor's report. See notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
BALANCE SHEET- GOVERNMENTAL FUNDS

June 30, 2017  
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	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Unrestricted cash	\$ 1,196,388	\$ 9,166	\$ 146,255	\$ -	\$ 2,683,744	\$ 4,035,553
Restricted cash	2,671,092	-	-	-	-	2,671,092
Other receivables, net	36,246	-	1,373	-	-	37,619
State and federal aid receivable	160,594	75,835	-	-	-	236,429
Due from other funds	85,181	-	153	-	-	85,334
Due from other governments	524,818	-	14,431	-	-	539,249
Inventories	-	-	18,863	-	-	18,863
<b>Total Assets</b>	<b>\$ 4,674,319</b>	<b>\$ 85,001</b>	<b>\$ 181,075</b>	<b>\$ -</b>	<b>\$ 2,683,744</b>	<b>\$ 7,624,139</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 43,139	\$ -	\$ 27	\$ -	\$ 1,868	\$ 45,034
Accrued liabilities	46,973	-	-	-	-	46,973
Bond anticipation notes payable	-	-	-	-	551,612	551,612
Due to other funds	153	85,000	-	-	181	85,334
Due to other governments	7	-	807	-	-	814
Due to teachers' retirement system	711,585	-	-	-	-	711,585
Due to employees' retirement system	85,042	-	-	-	-	85,042
<b>Total Liabilities</b>	<b>886,899</b>	<b>85,000</b>	<b>834</b>	<b>-</b>	<b>553,661</b>	<b>1,526,394</b>
<b>FUND BALANCES</b>						
Non-spendable	-	-	18,863	-	-	18,863
Restricted	2,671,092	-	-	-	-	2,671,092
Assigned	411,881	1	161,378	-	2,130,083	2,703,343
Unassigned	704,447	-	-	-	-	704,447
<b>Total Fund Balances</b>	<b>3,787,420</b>	<b>1</b>	<b>180,241</b>	<b>-</b>	<b>2,130,083</b>	<b>6,097,745</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,674,319</b>	<b>\$ 85,001</b>	<b>\$ 181,075</b>	<b>\$ -</b>	<b>\$ 2,683,744</b>	<b>\$ 7,624,139</b>

See auditor's report. See notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- GOVERNMENTAL  
FUNDS

For Year Ended June 30, 2017

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 4,984,287	\$ -	\$ -	\$ -	\$ -	\$ 4,984,287
Other tax items	1,126,033	-	-	-	-	1,126,033
Charges for services	56,741	-	-	-	-	56,741
Use of money and property	21,865	-	-	98	527	22,490
Sale of property and compensation for loss	29,516	-	-	-	-	29,516
Miscellaneous	575,151	-	-	-	-	575,151
State sources	11,074,560	188,770	42,449	-	-	11,305,779
Federal sources	41,256	442,746	313,617	-	-	797,619
Sales	-	-	144,270	-	-	144,270
<b>Total Revenues</b>	<b>17,909,409</b>	<b>631,516</b>	<b>500,336</b>	<b>98</b>	<b>527</b>	<b>19,041,886</b>
<b>EXPENDITURES</b>						
General support	2,854,564	-	-	-	-	2,854,564
Instruction	8,486,413	619,730	-	-	-	9,106,143
Pupil transportation	678,085	27,523	-	-	-	705,608
Employee benefits	3,844,805	-	89,446	-	-	3,934,251
Debt service						
Principal	1,022,050	-	-	-	-	1,022,050
Interest	85,230	-	-	-	-	85,230
Cost of sales	-	-	415,860	-	-	415,860
Capital outlay	-	-	-	-	390,596	390,596
<b>Total Expenditures</b>	<b>16,971,147</b>	<b>647,253</b>	<b>505,306</b>	<b>-</b>	<b>390,596</b>	<b>18,514,302</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>938,262</b>	<b>(15,737)</b>	<b>(4,970)</b>	<b>98</b>	<b>(390,069)</b>	<b>527,584</b>
<b>OTHER SOURCES AND USES</b>						
Bond anticipation notes redeemed	-	-	-	-	67,050	67,050
Operating transfers in	550,822	15,737	-	-	2,599,819	3,166,378
Operating transfers (out)	(2,615,556)	-	-	(550,822)	-	(3,166,378)
<b>Total Other Sources (Uses)</b>	<b>(2,064,734)</b>	<b>15,737</b>	<b>-</b>	<b>(550,822)</b>	<b>2,666,869</b>	<b>67,050</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(1,126,472)</b>	<b>-</b>	<b>(4,970)</b>	<b>(550,724)</b>	<b>2,276,800</b>	<b>594,634</b>
<b>Fund Balance (Deficit) - Beginning of year</b>	<b>4,913,892</b>	<b>1</b>	<b>185,211</b>	<b>550,724</b>	<b>(146,717)</b>	<b>5,503,111</b>
<b>Fund Balance - End of year</b>	<b>\$ 3,787,420</b>	<b>\$ 1</b>	<b>\$ 180,241</b>	<b>\$ -</b>	<b>\$ 2,130,083</b>	<b>\$ 6,097,745</b>

See auditor's report. See notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION

June 30, 2017

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	Private Purpose Trusts	Agency
<b>ASSETS</b>		
Cash	\$ 220,721	\$ 95,431
Total Assets	\$ 220,721	\$ 95,431
 <b>LIABILITIES</b>		
Extraclassroom activity balances	\$ -	\$ 43,565
Other liabilities	-	51,866
Total Liabilities	-	\$ 95,431
 <b>NET POSITION</b>		
Reserved for scholarships	\$ 220,721	

See auditor's report. See notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 For Year Ended June 30, 2017

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	Private Purpose Trusts
<b>ADDITIONS</b>	
Interest	\$ 114
Contributions	14,858
	14,972
Total Additions	14,972
 <b>DEDUCTIONS</b>	
Scholarships and awards	12,001
Change in Net Position	2,971
Net Position - Beginning of Year	217,750
Net Position - End of Year	\$ 220,721

See auditor's report. See notes to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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**I. Summary of Significant Accounting Policies**

The financial statements of the Bainbridge-Guilford Central School District have been prepared in conformity with generally accepted accounting principles (GAAP). Those principles are as 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 Bainbridge-Guilford Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 7 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. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Bainbridge-Guilford Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds are included in these financial statements. 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 (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**B. Joint Venture**

The Bainbridge-Guilford Central School District is a component school districts 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 share planning, services, and programs which provide educational and support activities.

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

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

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

During the year ended June 30, 2017, the Bainbridge-Guilford Central School District was billed \$3,116,110 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,166,339. Financial statements for the BOCES Aid are available from the BOCES administrative office.

In addition, the District leases building space to BOCES on an annual basis with rental income of \$12,000 for the year ended June 30, 2017.

**C. Basis of Presentation**

**1. Districtwide Statements**

The Districtwide Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes,

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**1. Districtwide Statements (Continued)**

State Aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year end. 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. 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

**2. Fund Financial Statements**

The fund financial 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 funds:

**a. Major Governmental Funds**

- (1) 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.
- (2) Special Aid Fund** - 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 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.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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I. **Summary of Significant Accounting Policies (Continued)**

C. **Basis of Presentation (Continued)**

2. **Fund Financial Statements (Continued)**

a. **Major Governmental Funds (Continued)**

- (3) **School Lunch Fund** – Used to account for transactions of the District’s lunch and breakfast programs.
- (4) **Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.
- (5) **Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

b. **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 districtwide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

- (1) **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.
- (2) **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.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Measurement Focus and Basis of Accounting**

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The districtwide 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. Revenues from grants and donations are 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 60 days after the end of the fiscal year.

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

**E. Cash and Investments**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the 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. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**F. Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 24. Taxes are collected during the period September 1 to November 1.

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

**G. Restricted Resources**

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

**H. 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 expenditures and revenues to provide financing or other services.

In the districtwide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between 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 IV for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**I. Estimates**

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

**J. Receivables**

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

**K. 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 that 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 districtwide and fund financial statements. These items are reported as assets on the Statement of Net Position or balance sheet using the consumption method. Under 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 portion of fund balance has been classified as nonspendable to indicate that inventory and prepaids do not constitute available spendable resources.

**L. Other Assets/Restricted Assets**

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 districtwide financial statements and their use is limited by applicable bond covenants.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**L. Other Assets/Restricted Assets (Continued)**

In the districtwide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

**M. Capital Assets**

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 1,000	15-40
Furniture and Equipment	\$ 1,000	5-20
Vehicles	\$ 1,000	5-20

**N. Compensated Absences**

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

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

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**N. Compensated Absences (Continued)**

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vested method and an accrual for that liability is included in the Districtwide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available resources. These amounts are expensed on a pay-as-you-go basis.

**O. Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities and long-term obligations are reported in the districtwide 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.

**P. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category, both of which relate to pensions. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**Q. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) 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. The item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of 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 proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments.

**R. Unearned Revenue**

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

**S. Other Benefits**

Eligible District employees participate in the New York State Teachers' Retirement System or the New York State and Local Employees' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b).

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to 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 certain retired employees. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**T. Short-Term Debt**

The School District may issue Revenue and Tax Anticipation Notes in anticipation of 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 revenue anticipation and tax anticipation notes represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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 there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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

**U. Equity Classifications**

**1. Districtwide Statements**

In the districtwide statements there are three classes of net position:

**Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

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

**Unrestricted net position** – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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I. **Summary of Significant Accounting Policies (Continued)**

U. **Equity Classifications (Continued)**

2. **Fund Statements**

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

**Non-spendable** – 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 \$18,863.

**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. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

1. **Encumbrances**

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

2. **Unemployment Insurance**

This reserve is 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. This reserve is accounted for in the General Fund.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**U. Equity Classifications (Continued)**

2. Fund Statements (Continued)

3. Employee Benefit Accrued Liability

This reserve is used to set aside funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

4. Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

5. Liability Claims and Property Loss

According to Education Law §1709(8), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss 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 with a population under 125,000.

6. Capital

This reserve is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in 3651 of the Education Law. This reserve is accounted for in the General Fund.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**U. Equity Classifications (Continued)**

2. Fund Statements (Continued)

7. Employee Retirement Contributions

This reserve is used for future employee's retirement obligations. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

8. Workers' Compensation

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

Restricted fund balance includes the following:

General Fund:

Employee Benefit Accrued Liability	\$ 456,087
Workers' Compensation	153,000
Unemployment Insurance	39,076
Employee Retirement Contributions	750,017
Tax Certiorari	90,044
Liability and Property Loss	303,283
Capital	879,585
Total restricted funds	<u>\$ 2,671,092</u>

**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, the Board of Education. The School District has no committed fund balances as of June 30, 2017.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**U. Equity Classifications (Continued)**

**2. Fund Statements (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. All encumbrances of the General Fund are classified as **Assigned Fund Balance** in the General Fund. Encumbrances reported in the General Fund amounted to \$11,881 and the assigned fund balance amounted to \$400,000.

**Unassigned** – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from over spending for specific purposes for which amounts had been restricted 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, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, 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.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**V. New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2017, the District implemented the following new standard issued by GASB:

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

GASB has issued Statement 82, *Pension Issues*, effective for June 30, 2017.

**W. Future Changes in Accounting Standards**

GASB has issued Statement 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. For Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, established new accounting and financial reporting requirements for OPEB plans.

GASB Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2019.

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

**II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements**

Due to differences in the measurement focus and basis of accounting used in the governmental fund statements and the districtwide 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.

**1. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:**

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)**

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

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

- a. Long-term revenue differences:  
Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
- b. Capital related differences:  
Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- c. Long-term debt transaction differences:  
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.
- d. Pension differences:  
Pension differences occur as a result of changes in the District’s proportion of the collective net pension asset/liability and differences between the District’s contributions and its proportionate share of the total contributions to the pension systems.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)**

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually of their useful lives.

Original cost of capital assets	\$42,721,173
Accumulated depreciation	<u>27,685,131</u>
Capital assets, net	<u>\$15,036,042</u>

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds payable	<u>\$2,395,000</u>
OPEB obligations	<u>\$ 858,949</u>
Compensated Absences	<u>\$1,283,524</u>
Net Pension Liability-Proportionate Share	<u>\$ 935,074</u>

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$1,093,348 was more than capital expenditures of \$471,197 in the current year.

Repayment of bond principal of \$955,000 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities increased by \$17,971.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**III. Cash and Investments**

**A. Deposits**

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

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are: obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Custodial credit risk is the risk that in an event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District's custodial bank in the School District's name.

The District did not have any investments at year end or during the year.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. Interfund Transaction**

Interfund balances at June 30, 2017 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 85,181	\$ 153	\$ 550,822	\$ 2,615,556
Special Aid Fund	-	85,000	15,737	-
School Lunch Fund	153	-	-	-
Capital Fund	-	181	2,599,819	-
Debt Service Fund	-	-	-	550,822
Total governmental activities	<u>\$ 85,334</u>	<u>\$ 85,334</u>	<u>\$ 3,166,378</u>	<u>\$ 3,166,378</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**V. Capital Assets**

A summary of changes in general fixed assets follows:

	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
<u>Capital assets-not depreciated:</u>				
Land	\$ 91,577	\$ -	\$ -	\$ 91,577
Construction in progress	-	105,529	-	105,529
Total capital assets-not depreciated:	<u>91,577</u>	<u>105,529</u>	<u>-</u>	<u>197,106</u>
<u>Other capital assets:</u>				
Buildings and improvements	36,267,428	-	-	36,267,428
Machinery and equipment	6,198,108	365,668	307,137	6,256,639
Total other capital assets:	<u>42,465,536</u>	<u>365,668</u>	<u>307,137</u>	<u>42,524,067</u>
<u>Less accumulated depreciation:</u>				
Buildings and improvements	21,952,194	863,018	-	22,815,212
Machinery and equipment	4,924,938	230,330	285,349	4,869,919
Total accumulated depreciation	<u>26,877,132</u>	<u>1,093,348</u>	<u>285,349</u>	<u>27,685,131</u>
Other capital assets, net	<u>15,588,404</u>	<u>(727,680)</u>	<u>21,788</u>	<u>14,838,936</u>
Total	<u>\$ 15,679,981</u>	<u>\$ (622,151)</u>	<u>\$ 21,788</u>	<u>\$ 15,036,042</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 230,604
Instruction	691,813
Pupil Transportation	170,693
School Lunch	238
	<u>\$ 1,093,348</u>

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans**

1. General Information

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

2. Plan Descriptions and Benefits Provided

**Teachers' Retirement System (TRS)**

The District participates in the New York State Teachers' Retirement System (TRS). 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 TRS. 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](http://www.nystrs.org).

**Employees' Retirement System (ERS)**

The District participates in the New York State and Local Employees' Retirement System (ERS). 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](http://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.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**VI. Pension Plans (Continued)**

Funding Policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For ERS, 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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Contributions

	<u>ERS</u>	<u>TRS</u>
2016-2017	\$237,557	\$663,165
2015-2016	\$270,501	\$739,283
2014-2015	\$251,039	\$942,841

3. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2017 for ERS and June 30, 2016 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	31-Mar-17	30-Jun-16
Net pension liability	\$547,837	\$387,237
District's portion of the Plan's total net pension liability	.0058304%	.036155%
Change in proportion since the prior measurement date	.0002917%	.00035%

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

For the year ended June 30, 2017, the District's recognized pension expense of \$321,740 for ERS and \$627,411 for TRS. At June 30, 2017 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resource</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$13,728	\$0	\$83,192	\$125,797
Changes of assumptions	187,161	2,205,950	0	0
Net difference between projected and actual earnings on pension plan investments	109,425	870,713	0	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	36,647	8,813	5,586	102,849
District's contributions subsequent to the measurement date	85,042	674,555	0	0
<b>Total</b>	<b>\$432,003</b>	<b>\$3,760,031</b>	<b>\$88,778</b>	<b>\$228,645</b>

District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2017	\$ -	\$ 256,215
2018	\$111,621	256,215
2019	\$111,621	932,435
2020	\$104,286	722,043
2021	(\$69,345)	324,049
Thereafter	\$0	365,872

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

4. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Actuarial valuation date	April 1, 2016	June 30, 2015
Interest rate	7.0%	7.5%
Salary scale	3.80%	1.90-4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2005 - June 30, 2010 System's Experience
Inflation rate	2.5%	2.5%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2014.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
<u>Asset Type</u>	<u>%</u>	<u>%</u>
Domestic Equity	36%	37%
International Equity	14%	18%
Private Equity	10%	7%
Real Estate	10%	10%
Domestic fixed income securities	0%	17%
Global fixed income securities	0%	2%
Bonds and Mortgages	17%	8%
Short-term	0%	1%
Absolute return strategies	2%	0%
Opportunistic portfolio	3%	0%
Real Assets	3%	0%
Cash Equivalents	1%	0%
Inflation-Indexed bonds	4%	0%

5. Discount Rate

The discount rate used to calculate the total pension liability was 7 % for ERS and 7.5 % for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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 liability.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

6. Sensitivity of the Proportionate Share of Net Pension Asset/Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, 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 (6.0% for ERS and 6.5% for TRS ) or 1-percentage point higher (8.0% for ERS and 8.5% for TRS) than the current rate :

ERS	1% Decrease <u>(6%)</u>	Current Assumption <u>(7%)</u>	1% Increase <u>(8%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$1,749,682	\$547,837	(\$468,321)
TRS	1% Decrease <u>(6.5%)</u>	Current Assumption <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$5,052,390	\$387,237	(\$3,525,649)

7. 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>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Employers' total pension liability	\$ 177,400,586	\$ 108,577,184
Plan Fiduciary Net Position	(168,004,363)	107,506,142
Employers' net pension liability	9,396,223	1,071,041,940
Ration of plan fiduciary net position to the Employers' total pension liability	94.7000%	99.0100%

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$85,042.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$711,585.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**VII. Short-Term Debt Obligations**

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2016</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance 6/30/17</u>
BAN	2016	1.50%	\$321,595	\$ -	\$321,595	\$ -
BAN	2017	1.09%	-	551,612	-	551,612
			<u>\$321,595</u>	<u>\$ 551,612</u>	<u>\$321,595</u>	<u>\$ 551,612</u>

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

Interest paid	\$4,811
Less interest accrued in the prior year	-
Plus interest accrued in the current year	<u>4,626</u>
Total expense	<u>\$9,437</u>

**VIII. Long-Term Debt Obligations**

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

1. **Long-Term Debt Interest**

Interest paid	\$80,419
Less interest accrued in the prior year	(3,351)
Plus interest accrued in the current year	2,529
Amortization of bond issuance costs	<u>14,167</u>
Total expense	<u>\$93,764</u>

2. **Changes**

	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2017</u>	<u>Due Within One Year</u>
Serial Bonds	\$ 3,350,000	\$ -	\$ 955,000	\$ 2,395,000	<u>\$ 255,000</u>
Compensated Absences	1,392,410	-	108,886	1,283,524	
OPEB Obligations	745,014	113,935	-	858,949	
Net Pension Liability- Proportionate Share	-	935,074		935,074	
Totals	<u>\$ 5,487,424</u>	<u>\$ 1,049,009</u>	<u>\$ 1,063,886</u>	<u>\$ 5,472,547</u>	

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VIII. Long-Term Debt Obligations (Continued)**

**3. Maturity**

a. The following is a summary of the debt issued:

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding 6/30/2017</u>
Serial Bonds:	2012	2018	2.25%	\$ 255,000
	2012	2019	2.25%	260,000
	2012	2020	2.25%	265,000
	2012	2021	2.25%	275,000
	2012	2022	2.25%	285,000
	2012	2023	2.38%	290,000
	2012	2024	3.00%	295,000
	2012	2025	3.00%	305,000
	2012	2026	3.00%	165,000
Total				<u>\$ 2,395,000</u>

b. The following is a summary of maturing principal debt service requirements:

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Serial Bonds:	2018	\$ 255,000	\$ 60,706	\$ 315,706
	2019	260,000	54,969	314,969
	2020	265,000	49,119	314,119
	2021	275,000	43,156	318,156
	2022	285,000	36,969	321,969
	2023 and thereafter	1,055,000	72,200	1,127,200
	Total	<u>\$ 2,395,000</u>	<u>\$ 317,119</u>	<u>\$ 2,712,119</u>

**Prior Years Defeasance of Debt**

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IX. Postemployment (Health Insurance) Benefits**

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

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

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2017, the District recognized \$159,889 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of July 1, 2016 which indicates that the total liability for other postemployment benefits is \$858,949, which is reflected in the Statement of Net Position.

The District currently pays for postemployment health care benefits on a pay-as-you-go basis. Once New York State Law allows for the establishment of a trust to fund and invest assets necessary to pay for the accumulated liability, the District will study the establishment of such a trust. These financial statements assume that pay-as-you-go funding will continue.

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**IX. Postemployment (Health Insurance) Benefits (Continued)**

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 HP:

Annual required contribution	\$ 273,174
Interest on net OPEB obligation	29,801
Adjustment to annual required contribution	(41,436)
Annual OPEB cost (expense)	<u>261,539</u>
Contributions made	<u>147,604</u>
Increase in net OPEB obligation	113,935
Net OPEB obligation-beginning of year	745,014
Net OPEB obligation-end of year	<u><u>\$ 858,949</u></u>

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

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2015	\$210,772	51.7%	\$654,714
6/30/2016	\$213,224	57.7%	\$745,014
6/30/2017	\$261,539	61.0%	\$858,949

**Funded Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$2,749,868, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,749,868. The covered payroll (annual payroll of active employees covered by the plan) was \$5,624,607 and the ratio of the UAAL to the covered payroll was 49%. 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 in the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IX. Postemployment (Health Insurance) Benefits (Continued)**

**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, 2016 actuarial valuation, the Projected Unit Credit Cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns 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 8% initially, decreased by increments to an ultimate rate of 5% in the final year. 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, 2017, was 21 years.

**X. Commitments and Contingencies**

**A. Risk Financing and Related Insurance**

1. General Information

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

2. Other Items

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

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**X. Commitments and Contingencies (Continued)**

**A. Risk Financing and Related Insurance (Continued)**

3. Workers' Compensation Insurance

The School 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, Workers' Compensation Law, to finance liability and risk related to workers' compensation claims. The District's share of the liability for unbilled and open claims is \$123,124.

**XI. Tax Abatements**

The Counties of Broome, Chenango, Delaware, and Otsego enter into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$9,718. The District received payments in Lieu of Tax (PILOT) payment totaling \$9,718.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**XII. Other Disclosures**

**A. Prior Period Adjustment**

The reconciliation of restated amounts to the June 30, 2016 year end balance is:

	<u>Beginning Net Position</u>
Beginning Net Position	\$17,856,155

The following adjustment is necessary to determine the revised beginning Net Position for the Statement of Activities:

Deferred outflows of resources-pensions	<u>797,736</u>
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Beginning net position reported on Statement of Activities, for governmental activities, July 1, 2016.	<u>\$18,653,891</u>
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**B. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**

Total governmental fund balance	\$ 6,097,745
Capital assets (net)	15,036,042
Deferred outflows of resources	4,192,034
Bonds payable	(2,395,000)
Accrued interest payable	(7,155)
Net pension liability- proportionate share	(935,074)
Deferred inflows of resources	(317,424)
Compensated absences	(1,283,524)
OPEB obligations	(858,949)
Total net position	<u>\$ 19,528,695</u>

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**XII. Other Disclosures (Continued)**

**C. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities**

Net changes in fund balance – total governmental funds	\$594,634
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	471,197
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(1,093,348)
Repayments of Long-term Debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position	1,022,050
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The increase in accrued interest during 2016/17 results in more expense.	(3,804)
Amortization of bond issuance costs.	(14,167)
Proceeds from debt are recognized as revenue in the Governmental Funds, but not in the Statement of Activities	(67,050)
Loss on disposal of vehicles.	(21,788)
(Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers' Retirement System	47,293
Employee's Retirement System	(55,164)
Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
OPEB obligations	(113,935)
Compensated absences	<u>108,886</u>
Change in Net Position – Governmental Activities	<u>\$ 874,804</u>

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**XIII. Stewardship, Compliance and Accountability**

**A. Budgetary Procedures and Budgetary Accounting**

1. Budget Policies

The budget policies are as follows:

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

2. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

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. No supplemental appropriations occurred during the year.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**XIII. Stewardship, Compliance and Accountability (Continued)**

**A. Budgetary Procedures and Budgetary Accounting (Continued)**

2. Budgets (Continued)

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.

Special Aid Fund and School Lunch Fund have not been included in the comparison because they do not have legally authorized budgets.

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. The budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

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

**XIII. Subsequent Events**

There were no significant subsequent events to report from the period July 1, 2017 to October 10, 2017.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND  
For Year Ended June 30, 2017

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	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 4,984,287	\$ 4,984,287	\$ 4,984,287	\$ -
Other tax items	1,114,484	1,114,484	1,126,033	11,549
Charges for services	22,500	22,500	56,741	34,241
Use of money and property	22,500	22,500	21,865	(635)
Sale of property and compensation for loss	-	-	29,516	29,516
Miscellaneous	76,500	86,870	575,151	488,281
<b>Total Local Sources</b>	<u>6,220,271</u>	<u>6,230,641</u>	<u>6,793,593</u>	<u>562,952</u>
State sources	11,347,339	11,347,339	11,074,560	(272,779)
Federal sources	6,500	6,500	41,256	34,756
<b>Total Revenues</b>	<u>17,574,110</u>	<u>17,584,480</u>	<u>17,909,409</u>	<u>324,929</u>
<b>Other Financing Sources</b>				
Operating transfers in	152,130	152,130	550,822	398,692
<b>Total Revenues and Other Financing Sources</b>	<u>17,726,240</u>	<u>17,736,610</u>	<u>18,460,231</u>	<u>\$ 723,621</u>
<b>Appropriated Fund Balance</b>	500,000	500,000		
<b>Appropriated Reserves</b>	<u>31,213</u>	<u>2,720,030</u>		
<b>Total Revenues, Appropriated Fund Balance and Reserves</b>	<u>\$ 18,257,453</u>	<u>\$ 20,956,640</u>		

See paragraph on required supplementary information included in auditor's report.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-  
GENERAL FUND  
For Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 16,700	\$ 16,700	\$ 14,987	\$ -	\$ 1,713
Central administration	224,980	224,980	221,514	-	3,466
Finance	286,673	294,124	289,387	-	4,737
Staff	91,610	117,025	107,871	-	9,154
Central services	1,993,174	1,956,108	1,698,667	7,240	250,201
Special items	523,325	523,325	522,138	-	1,187
<b>Total General Support</b>	<b>3,136,462</b>	<b>3,132,262</b>	<b>2,854,564</b>	<b>7,240</b>	<b>270,458</b>
Instruction					
Instruction, administration and improvement	511,612	517,833	462,144	3,940	51,749
Teaching - regular school	4,226,716	4,377,875	4,225,134	392	152,349
Programs for children with handicapping conditions	2,211,736	2,135,307	1,953,109	309	181,889
Occupational education	624,830	624,830	624,830	-	-
Special schools	15,100	15,100	7,966	-	7,134
Instructional media	389,714	395,867	367,069	-	28,798
Pupil services	905,804	909,158	846,161	-	62,997
<b>Total Instructional</b>	<b>8,885,512</b>	<b>8,975,970</b>	<b>8,486,413</b>	<b>4,641</b>	<b>484,916</b>
Pupil Transportation	787,955	784,403	678,085	-	106,318
Employee Benefits	4,019,376	4,020,120	3,844,805	-	175,315
Debt Service					
Principal	1,318,081	1,318,081	1,022,050	-	296,031
Interest	110,067	110,067	85,230	-	24,837
<b>Total Expenditures</b>	<b>18,257,453</b>	<b>18,340,903</b>	<b>16,971,147</b>	<b>11,881</b>	<b>1,357,875</b>
<b>OTHER FINANCING USES</b>					
Operating transfers out	-	2,615,737	2,615,556	-	181
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 18,257,453</b>	<b>\$ 20,956,640</b>	<b>19,586,703</b>	<b>\$ 11,881</b>	<b>\$ 1,358,056</b>
<b>Net change in fund balances</b>			<b>(1,126,472)</b>		
<b>Fund balance- Beginning</b>			<b>4,913,892</b>		
<b>Fund balance- Ending</b>			<b>\$ 3,787,420</b>		

See paragraph on required supplementary information included in auditor's report.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF FUNDING OF OTHER POSTEMPLOYMENT BENEFITS  
 For Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	\$ -	\$ 1,484,690	\$ 1,484,690	0%	\$ 4,976,422	30.00%
July 1, 2014	\$ -	\$ 2,084,084	\$ 2,084,084	0%	\$ 5,699,757	37.00%
July 1, 2015	\$ -	\$ 2,749,868	\$ 2,749,868	0%	\$ 5,624,607	49.00%

See paragraph on required supplementary information included in auditor's report

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY  
June 30, 2017  
-----

	<u>Teachers' Retirement System</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
District 's proportion of the net pension asset/liability	.036155%	.035805%	.032814%
District's proportionate share of the net pension (asset)/liability	\$ 387,237	\$ (3,719,030)	\$ (3,655,243)
District's covered-employee payroll	\$ 5,755,592	\$ 5,630,648	\$ 5,379,318
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	6.73%	66.05%	67.95%
Plan fiduciary net position as a percentage of the total pension liability	99.01%	110.46%	111.50%
	<u>Employees' Retirement System</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
District 's proportion of the net pension liability	.0058304%	.0055387%	.0054162%
District's proportionate share of the net pension liability	\$ 547,837	\$ 888,973	\$ 182,971
District's covered-employee payroll	\$ 1,752,195	\$ 1,473,603	\$ 1,425,626
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	31.27%	60.33%	12.83%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%

See paragraph on required supplementary information included in auditor's report.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
June 30, 2017

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	<u>Teachers' Retirement System</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 711,585	\$ 772,307	\$ 977,568
Contributions in relation to the contractually required contribution	<u>711,585</u>	<u>772,307</u>	<u>977,568</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 5,755,592</u>	<u>\$ 5,630,648</u>	<u>\$ 5,379,318</u>
Contributions as a percentage of covered employee payroll	12.37%	13.72%	18.17%

	<u>Employees' Retirement System</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 237,557	\$ 270,501	\$ 251,040
Contributions in relation to the contractually required contribution	<u>237,557</u>	<u>270,501</u>	<u>251,040</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 1,752,195</u>	<u>\$ 1,473,603</u>	<u>\$ 1,425,626</u>
Contributions as a percentage of covered employee payroll	13.56%	18.36%	17.61%

See paragraph on required supplementary information included in auditor's report.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND  
 THE REAL PROPERTY TAX LIMIT  
 For Year Ended June 30, 2017

-----  
**CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET**

<b>Original Budget</b>		\$ 18,257,453
<b>Additions:</b>		
Prior year's encumbrances	\$ 188,817	
Appropriated fund balance	10,370	
Reserves	<u>2,500,000</u>	<u>2,699,187</u>
<b>Revised Budget</b>		<u><u>\$ 20,956,640</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2017-18 Voter-approved Expenditure Budget	\$ 17,618,035
Maximum allowed (4% of 2017-2018 Budget)	<u>\$ 704,721</u>

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

Unrestricted fund balance:		
Committed fund balance	-	
Assigned fund balance	411,881	
Unassigned fund balance	<u>704,447</u>	
Total unrestricted fund balance	<u>\$ 1,116,328</u>	

Less:		
Appropriated fund balance	400,000	
Encumbrances included in committed and assigned fund balance	<u>11,881</u>	
Total adjustments	<u>\$ 411,881</u>	

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 704,447</u></u>
--	--------------------------

Actual percentage	4.00%
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\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (originally Issued November 2010), the portion of General Fund Fund Balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND  
For Year Ended June 30, 2017

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Methods of Financing				Fund Balance June 30, 2017	
			Prior Years	Current Year	Total	Unexpended Balance	NYS Sources	Proceeds of Obligations	Local Sources		Total
Buses-2012	192,208	192,208	179,708	-	179,708	12,500	-	-	192,208	192,208	12,500
Buses-2013	224,527	224,527	224,526	-	224,526	1	-	-	224,528	224,528	2
Buses-2014	231,655	231,655	275,685	-	275,685	(44,030)	-	-	190,710	190,710	(84,975)
Buses-2015	267,000	267,000	265,448	-	265,448	1,552	-	-	53,400	53,400	(212,048)
Other Projects	3,230	3,230	3,230	-	3,230	-	-	-	-	-	(3,230)
Buses-2016	297,067	297,067	-	285,067	285,067	12,000	-	-	-	-	(285,067)
Capital Outlay (16-17)	100,000	100,000	-	99,819	99,819	181	-	-	99,819	99,819	-
Capital Project-2017	16,500,000	16,500,000	-	5,710	5,710	16,494,290	-	205,006	2,500,000	2,705,006	2,699,296
	<u>\$ 17,815,687</u>	<u>\$ 17,815,687</u>	<u>\$ 948,597</u>	<u>\$ 390,596</u>	<u>\$ 1,339,193</u>	<u>\$ 16,476,494</u>	<u>\$ -</u>	<u>\$ 205,006</u>	<u>\$ 3,260,665</u>	<u>\$ 3,465,671</u>	<u>\$ 2,126,478</u>

See paragraph on required supplementary information included in auditor's report.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT  
FOR THE YEAR ENDED JUNE 30, 2017

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Capital assets, net			\$ 15,036,042
Deduct:			
Bond anticipation notes payable	\$	551,612	
Short-term portion of bonds payable		255,000	
Long-term portion of bonds payable		2,140,000	
less: unspent bond proceeds		<u>(370,512)</u>	<u>2,576,100</u>
Net investment in capital assets			<u><u>\$ 12,459,942</u></u>

See paragraph on required supplementary information included in auditor's report.

# RAYMOND G. PREUSSER, CPA, P.C.

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

To the Board of Education of the  
Bainbridge-Guilford Central School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Bainbridge-Guilford Central School District as of and for the year ended June 30, 2017, 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 10, 2017.

### **Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## 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.



Claverack, New York  
October 10, 2017

**RAYMOND G. PREUSSER, CPA, P.C.**

Certified Public Accountants

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To the Board of Education of the  
Bainbridge-Guilford Central School District:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Bainbridge-Guilford Central School District as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Bainbridge-Guilford Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bainbridge-Guilford Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bainbridge-Guilford Central School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 10, 2017 on the financial statements of the Bainbridge-Guilford Central School District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Other Matters:

Reserves

During our audit, we reviewed the District's seven reserves for compliance. We noted that the District has a Liability and Property Loss Reserves totalling \$303,283 without a purpose why they were established. The unfunding of these reserves need voter approval.

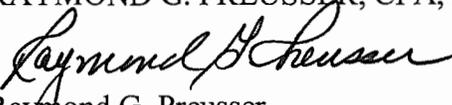
We also noted that the District does not have a written plan for the reserves. The Board is responsible for developing a written plan for use of its reserves. This plan should include when formed, Section of Law, purpose, guidelines on funding levels and how and when disbursements should be made.

We noted that the District has commenced writing their plan to be in compliance with the new law that became effective July 1, 2017.

This communication is intended solely for the information and use of the Board of Education, management, the audit committee, the New York State Education Department and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the Business Office personnel for their courtesies received during the course of our audit.

Very truly yours,  
RAYMOND G. PREUSSER, CPA, P.C.

  
Raymond G. Preusser

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND-CASH BASIS

Year Ended June 30, 2017

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
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Year ended June 30, 2017  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Bainbridge-Guilford Central School District:

We have audited the accompanying financial statements of the Extraclassroom Activity Funds of the Bainbridge-Guilford Central School District as of June 30, 2017, which comprise the Statement of Assets and Fund Balance-Cash Basis and the related Statement of Cash Receipts and Disbursements-Cash Basis for the year then ended, and the related note to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and fund balance of the Extraclassroom Activity Funds of the Bainbridge-Guilford Central School District as of June 30, 2017, and its receipts and disbursements for the year then ended, in accordance with the basis of accounting as described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

A handwritten signature in black ink that reads "Raymond S. Leusser CPA PE". The signature is written in a cursive style.

Claverack, New York  
October 10, 2017

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
STATEMENT OF ASSETS AND FUND BALANCE-CASH BASIS  
June 30, 2017  
-----

ASSETS

Cash	<u>\$ 43,564.95</u>
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FUND BALANCE

Fund Balance	<u>\$ 43,564.95</u>
--------------	---------------------

See auditor's report. See note to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-CASH BASIS  
 Year ended June 30, 2017  
 -----

Activities Per General Ledger	Balances 7/1/2016	Receipts	Disburse- ments	Balances 6/30/2017
Class of 2016	\$ 260.36	\$ -	\$ 260.36	\$ -
Class of 2017	7,499.91	22,579.03	30,070.50	8.44
Class of 2018	4,461.39	10,520.69	10,340.35	4,641.73
Class of 2019	3,433.38	7,205.21	5,418.90	5,219.69
Class of 2020	2,419.22	2,494.45	1,934.53	2,979.14
Class of 2021	2,908.55	5,461.85	5,854.00	2,516.40
Class of 2022	-	4,091.62	2,466.78	1,624.84
ADSIP/Yes!Leads	572.68	600.00	588.56	584.12
BMT Club	756.64	1,112.50	1,359.51	509.63
Drama Club	6,527.16	1,322.00	925.48	6,923.68
Girls Soccer	171.73	3,997.50	3,925.98	243.25
Girls Varsity Softball	522.05	932.52	1,454.57	-
Jr. Honor Society	1,086.58	3,957.23	3,750.53	1,293.28
Sales Tax Fund	229.11	2,778.37	2,583.68	423.80
Sr. Honor Society	1,606.03	1,497.50	1,776.00	1,327.53
Spanish Club	2,335.90	-	113.14	2,222.76
Student Council-Senior	3,586.87	8,306.27	8,029.60	3,863.54
Student Council-Angel	5,892.93	4,023.15	4,902.77	5,013.31
Student Council- Store	194.22	-	194.22	-
Student Council- LBHS	140.83	-	140.83	-
Student Council- Junior	1,413.55	1,432.26	595.92	2,249.89
Track Club	2,166.00	-	666.04	1,499.96
Yearbook	534.95	13,612.01	13,727.00	419.96
Totals	<u>\$ 48,720.04</u>	<u>\$ 95,924.16</u>	<u>\$ 101,079.25</u>	<u>\$ 43,564.95</u>

See auditor's report. See note to financial statements.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
NOTE TO FINANCIAL STATEMENTS

-----

1. Summary of Significant Accounting Policies:

The Extraclassroom Activity Fund of the District represents funds of the students of the district. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Fund is independent of the district with respect to its financial transactions, and the designation of student management. Separate financial statements are issued for the fund. The District also reports the fund in its financial statements, within the Fiduciary Fund.

The books and records of the Bainbridge-Guilford Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets are increased when cash is received and decreased when cash is disbursed.

See auditor's report.

BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT  
AUDITOR'S FINDINGS AND EVALUATION

-----

Cash Receipts:

We found that generally, the internal accounting controls with regards to cash receipts were adequate to maintain proper accountability beyond the point of initial recording of the cash receipts.

During our audit, we noted seven instances where funds were held longer than the recommended 72 hour period.

We recommend that all cash receipts be properly completed and funds be deposited within the three-day period.

Cash Disbursements:

During our audit, we noted one instance of where a payment order lacked supporting documentation.

We recommend that all payment orders be accompanied by all required documentation prior to disbursing funds.

Fundraising Activities:

All fundraising activities must have the written approval of the Building Principal before they can be undertaken. When any such activity is completed, be it a dance involving admissions or an actual fundraiser, the organization must submit a Profit and Loss Statement to the Central Treasurer showing the complete results of the event.

Currently we noted that Profit and Loss Statements were not being prepared for fundraisers and related activities. We recommend that this process be instituted as required by all clubs.

See auditor's report.



# BAINBRIDGE-GUILFORD CENTRAL SCHOOL DISTRICT

18 JULIAND STREET — BAINBRIDGE, NEW YORK 13733-1097

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Business Offices  
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Greenlawn Elementary School  
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Raymond G. Preusser, CPA, P.C.  
Certified Public Accountants  
P O Box 538  
Claverack, NY 12513

## RE: Corrective Action Plan (CAP) for Independent Auditor's Report for Extraclassroom Activity Funds

For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed.

### 1. Audit Recommendation:

*Recommend that all cash receipts be properly completed and funds be deposited within the recommended three-day period.*

#### o Implementation Plan of Action(s):

*The Central Treasurer will take extra care to ensure that funds are deposited within the three-day recommendation by making deposits on a daily basis if needed. We would like to note that in the case of vacation and unforeseen absences, the adherence to the three-day recommendation may not be possible. Funds, in this case, will be kept in a secure safe in the Business Office until a deposit can be made upon return of the Central Treasurer.*

#### o Implementation Date:

*This plan was implemented at the beginning of the 2017-18 Student Activity Fund season.*

#### o Person Responsible for Implementation:

*Jodie Ives, Central Treasurer*

### 2. Audit Recommendation:

*Recommend that all payment orders be accompanied by all required documentation prior to disbursing funds.*

#### o Implementation Plan of Action(s):

*The Central Treasurer will take extra care to ensure all disbursing orders include proper documentation prior to disbursing funds. However, certain payment orders would not have documentation. For example, a payment order to disburse funds to the Class Advisor for petty cash use for a dance would not have any documentation. The Central Treasurer will have the Class Advisor complete a Payment Authorization Voucher that will describe what the funds are being disbursed for to be used as backup information for*

*the disbursing order. This form will be signed by the Central Treasurer and authorized by the School Business Manager.*

○ **Implementation Date:**

*This plan was implemented at the beginning of the 2017-18 Student Activity Fund season.*

○ **Person Responsible for Implementation:**

*Jodie Ives, Central Treasurer in coordination with group advisors.*

**3. Audit Recommendation:**

*Profit and Loss Statements were not being prepared for fundraisers and related activities. Recommendation is that this process be instituted by all clubs as required.*

○ **Implementation Plan of Action(s):**

*Profit & Loss Statements are and have been provided to each group in their respective folders at the beginning of each school year. The Central Treasurer has met with each Advisor and Treasurer to reiterate the importance of completing the Profit & Loss Statement at the end of each fundraising activity. Fundraising activities will be monitored by the Central Treasurer to ensure that the required Profit & Loss Statements are submitted upon completion of the activity.*

○ **Implementation Date:**

*This plan was implemented at the beginning of the 2017-18 Student Activity Fund season.*

○ **Person Responsible for Implementation:**

*Jodie Ives, Central Treasurer in coordination with group advisors and treasurers.*

Signed:



Janice Rideout  
School Business Manager

11/1/2017

Date