

*Cherry Valley - Springfield  
Central School District*

*June 30, 2015*

# CHERRY VALLEY - SPRINGFIELD CENTRAL SCHOOL DISTRICT

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Cherry Valley-Springfield Central School District  
Cherry Valley, New York 13320

Independent Auditors' Report

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major and non-major fund of Cherry Valley-Springfield Central School District, as of and for the year ended June 30, 2015, which collectively comprise the school'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 an opinion on these financial statements based on our audits. We conducted our audits 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 of material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major and non-major fund of Cherry Valley-Springfield Central School District, as of June 30, 2015, and the respective changes in

financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2015, on our consideration of the Cherry Valley-Springfield 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cherry Valley-Springfield Central School District's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Moore & Hart*

MOORE & HART  
Utica, New York  
October 1, 2015

CHERRY VALLEY - SPRINGFIELD CENTRAL SCHOOL DISTRICT

# **Management's Discussion and Analysis**

July 01, 2014 - June 30, 2015

## **INTRODUCTION**

This discussion and analysis of Cherry Valley - Springfield Central School District's financial performance provides an overview of the District's financial activities for the fiscal year July 01, 2014 - June 30, 2015. It should be read in conjunction with the basic financial statements immediately following this section.

## **FINANCIAL HIGHLIGHTS**

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$922,584. This amount is over the statutory limit.
- On the government-wide financial statements, the assets of the School District exceeded liabilities by \$5,422,574. Of this amount, the unrestricted portion is a deficit of \$7,434,838. The School District's total net assets increased by \$222,199 for the year ending June 30, 2015.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts, the *management's [district's] discussion and analysis* (this section), the *basic financial statements* and required *supplementary information*.

### **MANAGEMENT'S [DISTRICT'S] DISCUSSION AND ANALYSIS (MD&A)**

The MD&A contains required supplementary information to the annual financial statements. It is designed to introduce the financial statements, put the statements in perspective and clarify the financial position of the District. The MD&A is an element of the new reporting model adopted by the Government's Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments.

### **BASIC FINANCIAL STATEMENTS**

The District's *basic financial statements* are comprised of three components: (1) **district-wide financial statements**, (2) **fund financial statements** and (3) **notes to the financial statements**. Descriptions of the required basic financial statements are provided below.

#### **District-wide Financial Statements**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. This is called the *full accrual* basis of accounting. District-wide financial statements provide both short-term and long-term information about the District's overall financial status. The two district-wide statements report the District's *net assets*, (Figure A-3), and how they have changed, or the *statements of activities*, (Figure A-4). Sources of revenue and expenses for the fiscal year are reported *governmental activities*, (Figure A-5).

- The statement of *net assets* includes all of the District's assets and liabilities. Net assets, the difference between the District's assets and liabilities, may be one way to measure the District's financial position. To assess the District's overall position, you

need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

- The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.
- The *governmental activities* of the District include instructional program expenses, capital expenses and administrative expenses, as well as, the sources of revenue.

### **Fund Financial Statements**

The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories: *governmental funds* and *fiduciary funds*.

- The *governmental funds statements* tell how basic services such as regular education and special education were financed in the short term, as well as, what remains for future spending.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others (such as scholarship funds and student activity funds).

### **Notes**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

### **REQUIRED SUPPLEMENTARY INFORMATION**

The auditor, in the body of the auditor's report provides required supplementary information.



**Figure A - 1**

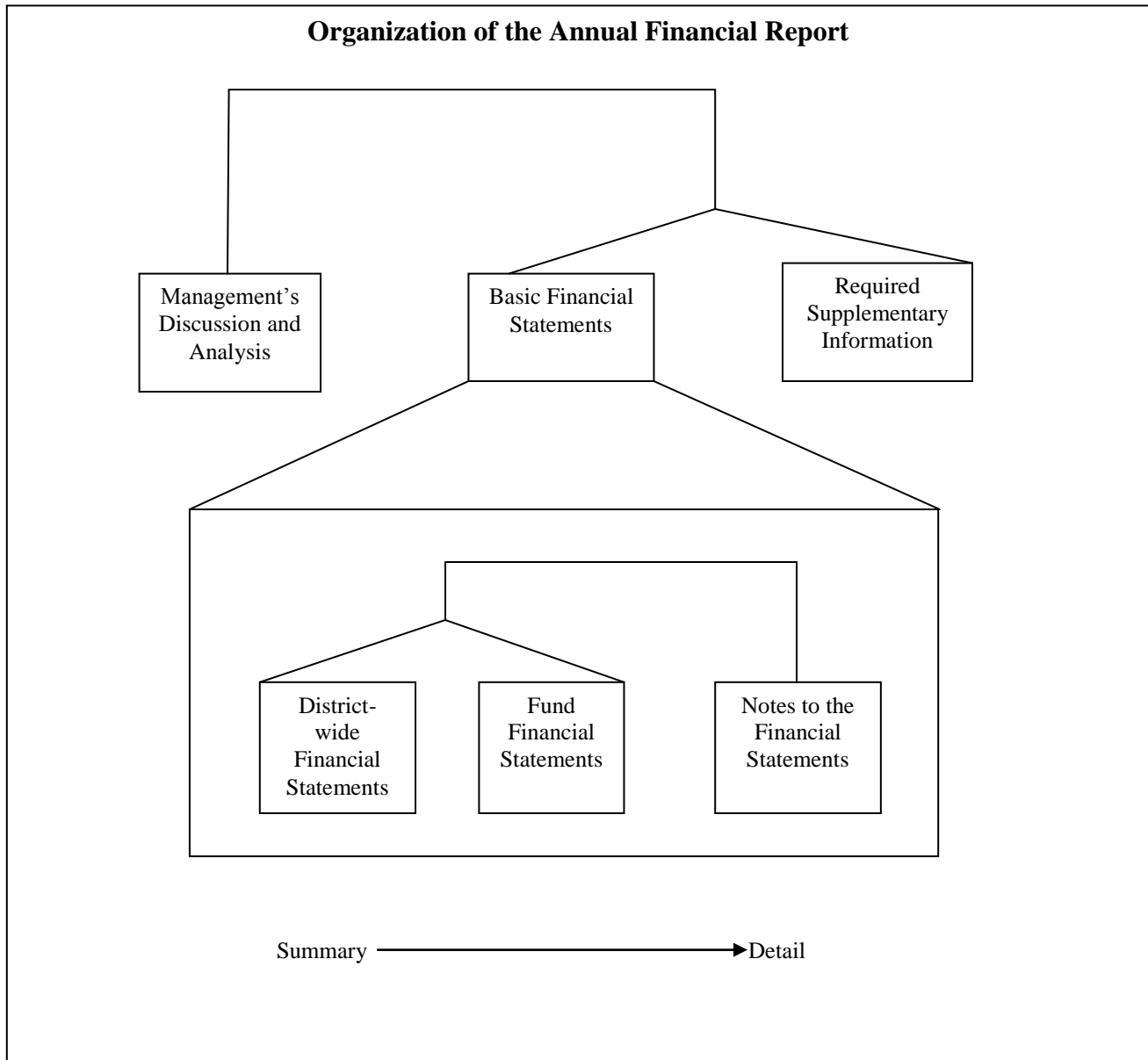


Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-2**

**Major Features of the District-wide and Fund Financial Statements**

	<b>District-wide Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>SCOPE</b>	Entire District except fiduciary funds	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
<b>REQUIRED FINANCIAL STATEMENTS</b>	Statement of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures, and changes in fund balances	Statement of fiduciary net position  Statement of changes in fiduciary net assets
<b>ACCOUNTING BASIS &amp; MEASUREMENT FOCUS</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
<b>TYPE OF ASSET/LIABILITY INFORMATION</b>	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; 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
<b>TYPE OF INFLOW/OUTFLOW INFORMATION</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All addition and deductions during the year, regardless of when cash is received or paid

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

**Figure A-3**

<b>Net Position</b>				
<b>Governmental and Total School District</b>				
	<b>2015</b>	<b>2014</b>	<b>Difference</b>	<b>% Chg</b>
<b>Assets:</b>				
Current and Other Assets	\$ 6,577,524	\$ 3,542,460	\$ 3,035,064	85.7%
Capital Assets	<u>21,097,152</u>	<u>20,381,425</u>	<u>715,727</u>	3.5%
<b>Total Assets</b>	<u><u>27,674,676</u></u>	<u><u>23,923,885</u></u>	<u><u>3,750,791</u></u>	15.7%
<b>Liabilities:</b>				
Long-Term				
Debt Outstanding	17,956,869	17,441,182	515,687	3.0%
Other Liabilities	<u>4,295,233</u>	<u>1,282,328</u>	<u>3,012,905</u>	235.0%
<b>Total Liabilities</b>	<u><u>22,252,102</u></u>	<u><u>18,723,510</u></u>	<u><u>3,528,592</u></u>	18.8%
<b>Net Position:</b>				
Invested in Capital Assets,				
Net of Related Debt	11,251,605	10,840,148	411,457	3.8%
Restricted	1,605,807	1,439,195	166,612	11.6%
Unrestricted	<u>(7,434,838)</u>	<u>(7,078,968)</u>	<u>(355,870)</u>	5.0%
<b>Total Net Position</b>	<u><u>\$ 5,422,574</u></u>	<u><u>\$ 5,200,375</u></u>	<u><u>\$ 222,199</u></u>	4.3%

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

Those assets subject to external restrictions are a surplus of \$1,605,807. The remaining of unrestricted net position is a deficit of \$7,434,838.

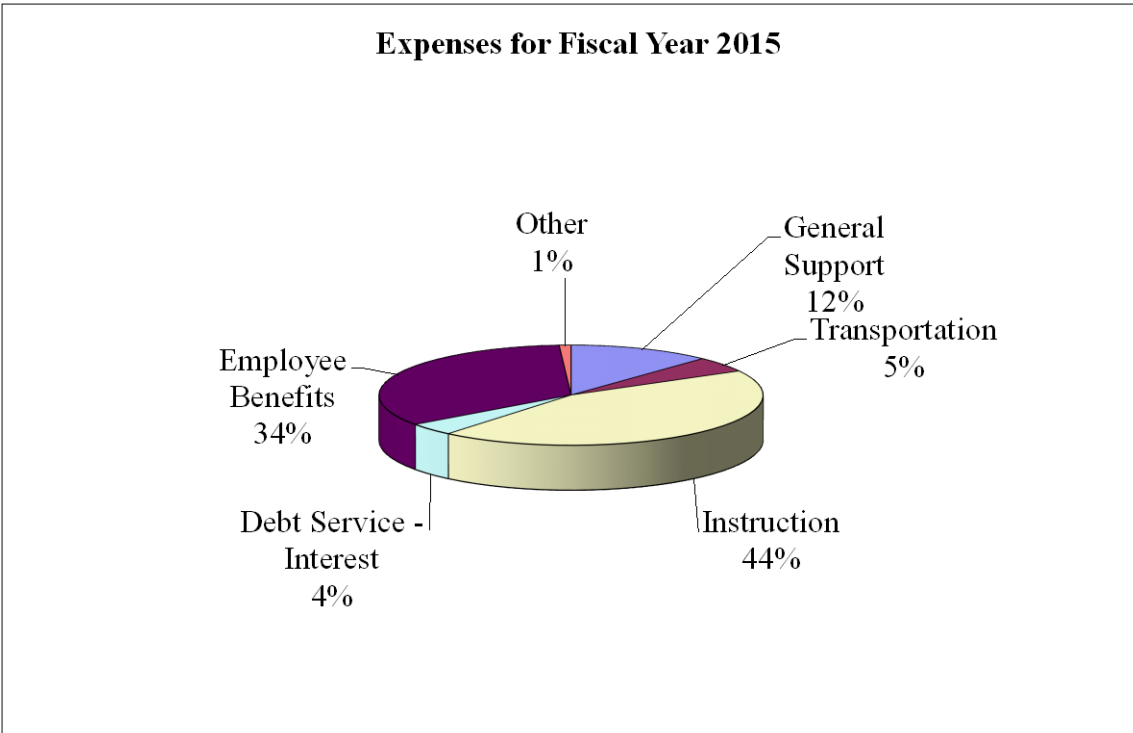
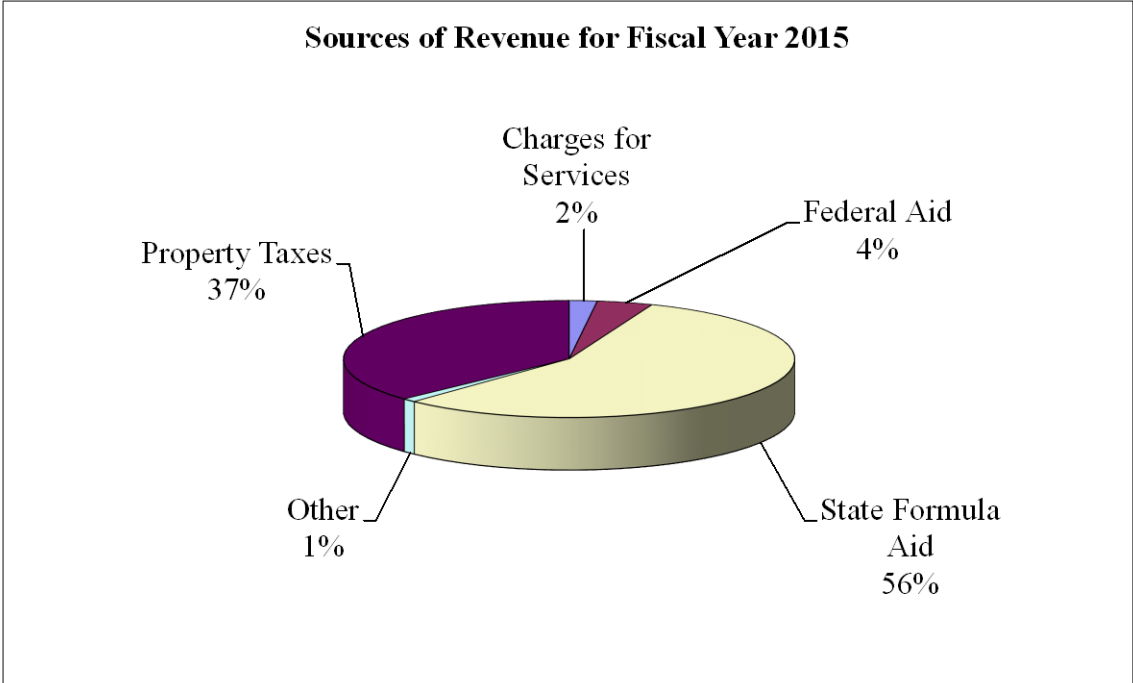
**Figure A-4****Changes in Net Position****Governmental &  
Total School District**

	<b>2015</b>	<b>2014</b>	<b>Difference</b>	<b>% Chg</b>
<b>Revenues:</b>				
<b>Program Revenues</b>				
Charges for Services	\$ 76,708	\$ 240,261	\$ (163,553)	-68.1%
Operating Grants/ Contributions	100,159	14,045	86,114	613.1%
<b>General Revenues</b>				
Property & Other Taxes	4,948,480	4,767,059	181,421	3.8%
State aid	7,335,947	7,257,187	78,760	1.1%
Federal Aid	472,839	486,497	(13,658)	-2.8%
Interest Earnings	1,696	1,447	249	17.2%
Miscellaneous	133,103	165,769	(32,666)	-19.7%
<b>Total Revenues</b>	<u>13,068,932</u>	<u>12,932,265</u>	<u>136,667</u>	1.1%
<b>Expenses:</b>				
General Support	1,627,138	1,965,169	(338,031)	-17.2%
Instruction	6,039,167	5,731,231	307,936	5.4%
Transportation	691,937	749,951	(58,014)	-7.7%
Community Service	-	1,500	(1,500)	
Employee Benefits	4,566,639	5,222,766	(656,127)	-12.6%
Debt Service - Interest	501,983	537,319	(35,336)	-6.6%
Cost of Sales - Food	91,433	114,952	(23,519)	100.0%
<b>Total Expenses</b>	<u>13,518,297</u>	<u>14,322,888</u>	<u>(804,591)</u>	-5.6%
<b>Change In Net Position</b>	<u>\$ (449,365)</u>	<u>\$ (1,390,623)</u>	<u>\$ 941,258</u>	-67.7%

Governmental activities decreased the School District's net position by \$449,365. As indicated on the following pie charts, the School District relies upon New York State formula aid as its primary revenue source, followed by property tax revenue. The School District's program costs account for 61% of its expenses.

**Figure A-5**

**Governmental Activities**



## **Financial Analysis of the School District's Funds**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

### **Governmental Funds**

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the School District's governmental funds reported combined balances of \$873,928. (The governmental funds include the general funds and the reserve funds of the District.) This amount represents a decrease of \$1,235,513 from the prior year.

Of the total combined fund balances, \$(743,060) constitutes unrestricted fund balance, or monies that are available for spending at the District's discretion. This total consists of the net of surpluses in the general fund of \$1,084,331, school lunch fund deficit of \$1,568 and a deficit in Capital Funds of \$(1,825,823). Of these monies \$161,747 has been assigned for subsequent year's expenditures and represents the amount estimated for use in the 2015-2016 budget. The balance of \$922,584 is the total surplus in the General Fund.

The remainder of the fund balance is restricted and non-spendable to indicate that it is *not* available for new spending as it has already been committed. The restricted funds include a reserve for repairs in the amount \$188,298, a reserve for employee benefits and accrued liabilities of \$39,335, a reserve for Retirement Contributions of \$572,600, an Unemployment Insurance Reserve of \$230,255, Debt Service Funds of \$520,283 and Capital Funds of \$55,035. Non-spendable funds include the School Lunch Fund inventory of \$11,181.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, the unrestricted fund balance was \$1,084,331 of which \$922,584 was unassigned. The difference or \$161,747 includes \$150,000 assigned for the subsequent year's budget and \$11,747 in encumbrances. As noted earlier, the unreserved, undesignated fund balance of \$922,584 falls above the statutory limit of 4% of the ensuing year's budget that can be retained by a school district.

### **General Fund Budgetary Highlights**

The budget was increased by \$239 for encumbrances carried over from the 2013-2014 fiscal year and board approved increases of \$10,000.

## **Capital Asset and Debt Administration**

### **Capital Assets**

On June 30, 2015 the School District has \$21,097,152, net of accumulated depreciation invested in a broad range of capital assets, including land, improvements other than buildings, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below.

### **Capital Assets (Net of Depreciation)**

	<b>Governmental Activities &amp; Total School District</b>			
	<b>2015</b>	<b>2014</b>	<b>Difference</b>	<b>% Chg</b>
Land	\$ 150,000	\$ 150,000	\$ -	0.0%
Construction in Progress	10,100,718	8,640,161	1,460,557	16.9%
Buildings and Improvements	10,267,381	10,772,330	(504,949)	-4.7%
Equipment and Furniture	579,053	818,934	(239,881)	-29.3%
<b>Total</b>	<u>\$21,097,152</u>	<u>\$20,381,425</u>	<u>\$ 715,727</u>	3.5%

More detailed information about the School District's capital assets is presented in the notes to the financial statements.

## Long Term Debt

On June 30, 2015, the School District had \$15,815,009 in general obligation and other long term debt outstanding as follows:

### Outstanding Long-Term Debt

	Governmental Activities & Total School District			%
	2015	2014	Difference	Chg
General Obligation Bonds	\$ 7,910,309	\$ 8,912,963	\$(1,002,654)	-11.2%
Post Employment Benefits	<u>\$ 7,904,700</u>	<u>\$ 6,700,896</u>	<u>\$ 1,203,804</u>	18.0%
	<u><u>\$ 15,815,009</u></u>	<u><u>\$ 15,613,859</u></u>	<u><u>\$ 201,150</u></u>	

More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

### Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was not aware of any extraordinary circumstances or factors that would significantly impact the District's financial position in the future.

### Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Administrative Center of the Cherry Valley - Springfield Central School District.



**Cherry Valley - Springfield Central School District**  
**Statement of Net Position**  
**Governmental Activities**  
**June 30, 2015**

**ASSETS**

Cash	
Unrestricted	\$ 1,745,698
Restricted	1,031,435
Receivables	
State and Federal aid	251,009
Due from other governments	179,845
Due from fiduciary funds	62,772
Other	12,510
Inventories	11,181
Capital assets, net	21,097,152
Net pension asset-proportionate share	2,337,104
Total Assets	<u>26,728,706</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Defeasance Loss	326,218
Pensions	619,752
Total Deferred Outflows of Resources	<u>945,970</u>

**LIABILITIES**

Payables	
Accounts payable	70,190
Accrued liabilities	38,419
Due to other governments	407
Due to teachers' retirement system	614,319
Due to employees' retirement system	30,318
Overpayments	1,600
Premium on bonds	232,497
Notes payable	
Bond anticipation	1,703,688
Long-term liabilities	
Due and payable within one year	
Bonds payable	1,047,654
Due and payable after one year	
Bonds payable	6,862,655
Compensated absences payable	2,007,516
Other postemployment benefits payable	7,904,700
Net pension liability - proportionate share	134,344
Total Liabilities	<u>20,648,307</u>

**DEFERRED INFLOWS OF RESOURCES**

Pensions	<u>\$ 1,603,795</u>
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**NET POSITION**

Investment in capital assets, net of related debt	11,251,605
Restricted for:	
General	1,030,488
Debt Service	520,283
Capital	55,036
Unrestricted (deficit)	<u>(7,434,838)</u>
Total Net Position	<u><u>\$ 5,422,574</u></u>

**Cherry Valley - Springfield Central School District**  
**Statement of Activities and Changes in Net Position**  
**For the Year Ended June 30, 2015**

	Expenses	Indirect Expenses Allocation	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ (1,627,138)	\$ (552,172)	\$ -	\$ -	\$ (2,179,310)
Instruction	(6,039,167)	(3,603,103)	76,708	-	(9,565,562)
Pupil transportation	(691,937)	(411,364)	-	-	(1,103,301)
Employee benefits	(4,566,639)	4,566,639	-	-	-
Debt service - interest	(501,983)	-	-	-	(501,983)
School lunch program	(91,433)	-	-	100,159	8,726
	<b>Total Functions and Programs</b>	<b>\$ -</b>	<b>\$ 76,708</b>	<b>\$ 100,159</b>	<b>(13,341,430)</b>
<b>GENERAL REVENUES</b>					
Real property taxes					4,405,824
Other tax items					542,656
Use of money and property					1,696
Sale of property and compensation for loss					946
State sources					7,335,947
Federal sources					472,839
Miscellaneous					132,157
					<b>Total General Revenues</b>
					<b>12,892,065</b>
					<b>Change in Net Position</b>
					<b>(449,365)</b>
Adjustments:					
Rounding					6
Prior Year Pension Liability					670,260
Prior Year					1,298
					<b>671,564</b>
Total Net Position - Beginning of year					<b>5,200,375</b>
Total Net Position - End of year					<b>\$ 5,422,574</b>

**Cherry Valley - Springfield Central School District**  
**Balance Sheet - Governmental Funds**  
**June 30, 2015**

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>
<b>ASSETS</b>			
Cash			
Unrestricted	\$ 1,176,611	\$ 53,889	\$ 79,554
Restricted	1,030,488	-	-
Receivables			
Due from other funds	232,438	-	-
Due from fiduciary funds	62,772	-	-
State and Federal aid	136,613	101,564	12,832
Due from other governemnts	179,845	-	-
Other	12,510	-	-
Inventories	-	-	11,181
Total Assets	<u>\$ 2,831,277</u>	<u>\$ 155,453</u>	<u>\$103,567</u>
<b>LIABILITIES</b>			
Payables			
Accounts payable	\$ 70,190	\$ -	\$ -
Due to other funds	31	155,453	93,547
Due to other governments	-	-	407
Due to Teachers' Retirement System	614,319	-	-
Due to Employees' Retirement System	30,318	-	-
Overpayments	1,600	-	-
Notes payable			
Bond anticipation	-	-	-
Total Liabilities	<u>716,458</u>	<u>155,453</u>	<u>93,954</u>
<b>FUND BALANCES</b>			
Non-spendable	-	-	11,181
Restricted	1,030,488	-	-
Assigned	161,747	-	-
Unassigned	922,584	-	(1,568)
Total Fund Balances	<u>2,114,819</u>	<u>-</u>	<u>9,613</u>
Total Liabilities and Fund Balances	<u>\$ 2,831,277</u>	<u>\$ 155,453</u>	<u>\$103,567</u>

**Cherry Valley - Springfield Central School District  
Balance Sheet - Governmental Funds  
June 30, 2015**

<u>Debt Service</u>	<u>Capital Project #1</u>	<u>Capital Project #2</u>	<u>Capital Projects Non-Major</u>	<u>Total Governmental Funds</u>
\$ 435,644	\$ -	\$ -	\$ -	\$ 1,745,698
-	947	-	-	1,031,435
84,639	180,661	150,289	32,261	680,288
-	-	-	-	62,772
-	-	-	-	251,009
-	-	-	-	179,845
-	-	-	-	12,510
-	-	-	-	11,181
<u>\$ 520,283</u>	<u>\$ 181,608</u>	<u>\$ 150,289</u>	<u>\$ 32,261</u>	<u>\$ 3,974,738</u>
\$ -	\$ -	\$ -	\$ -	\$ 70,190
-	154,836	80,753	195,668	680,288
-	-	-	-	407
-	-	-	-	614,319
-	-	-	-	30,318
-	-	-	-	1,600
-	-	1,199,000	504,688	1,703,688
-	154,836	1,279,753	700,356	3,100,810
-	-	-	-	11,181
520,283	26,772	-	28,264	1,605,807
-	-	-	-	161,747
-	-	(1,129,464)	(696,359)	(904,807)
<u>520,283</u>	<u>26,772</u>	<u>(1,129,464)</u>	<u>(668,095)</u>	<u>873,928</u>
<u>\$ 520,283</u>	<u>\$ 181,608</u>	<u>\$ 150,289</u>	<u>\$ 32,261</u>	<u>\$ 3,974,738</u>

**Cherry Valley - Springfield Central School District**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2015**

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Cash				
Unrestricted	\$ 1,745,698	\$ -	\$ -	\$ 1,745,698
Restricted	1,031,435	-	-	1,031,435
Receivables				
Due from other funds	680,288	-	(680,288)	-
Due from fiduciary funds	62,772	-	-	62,772
State & federal aid	251,009	-	-	251,009
Due from other governments	179,845	-	-	179,845
Other	12,510	-	-	12,510
Inventories	11,181	-	-	11,181
Land, buildings and equipment (net)	-	21,097,152	-	21,097,152
Net pension asset - proportionate share	-	2,337,104	-	2,337,104
Total Assets	<u>3,974,738</u>	<u>23,434,256</u>	<u>(680,288)</u>	<u>26,728,706</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Defeasance Loss	-	326,218	-	326,218
Pensions	-	619,752	-	619,752
Total Deferred Outflows of Resources	<u>-</u>	<u>945,970</u>	<u>-</u>	<u>945,970</u>
<b>LIABILITIES</b>				
Payables				
Accounts payable	70,190	-	-	70,190
Accrued liabilities	-	38,419	-	38,419
Due to other funds	680,288	-	(680,288)	-
Due to other governments	407	-	-	407
Due to NYSTRS	614,319	-	-	614,319
Due to NYSERS	30,318	-	-	30,318
Overpayments	1,600	-	-	1,600
Premium on Bonds	-	232,497	-	232,497
Notes payable				
Bond anticipation	1,703,688	-	-	1,703,688
Bonds payable	-	7,910,309	-	7,910,309
Compensated absences	-	2,007,516	-	2,007,516
Post employment benefits payable	-	7,904,700	-	7,904,700
Net pension liability - proportionate share	-	134,344	-	134,344
Total Liabilities	<u>3,100,810</u>	<u>18,227,785</u>	<u>(680,288)</u>	<u>20,648,307</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	-	1,603,795	-	1,603,795
<b>FUND BALANCE/NET POSITION</b>				
Total Fund Balance/Net Position	<u>873,928</u>	<u>4,548,646</u>	<u>-</u>	<u>5,422,574</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	<u>\$ 3,974,738</u>	<u>\$24,380,226</u>	<u>\$ (680,288)</u>	<u>\$27,674,676</u>

**Cherry Valley - Springfield Central School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds**  
**For the Year Ended June 30, 2015**

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>
<b>REVENUES</b>			
Real property taxes	\$ 4,405,824	\$ -	\$ -
Other tax items	542,656	-	-
Charges for services	76,708	-	-
Use of money and property	1,527	-	36
Sale of property and compensation for loss	946	-	-
State sources	7,067,985	100,761	6,197
Federal sources	-	328,708	144,131
Surplus food	-	-	8,879
Sales - School Lunch	-	-	91,280
Miscellaneous	132,157	-	-
Total Revenues	<u>12,227,803</u>	<u>429,469</u>	<u>250,523</u>
<b>EXPENDITURES</b>			
General support	1,390,764	-	96,409
Instruction	4,903,584	425,200	-
Pupil transportation	612,993	4,269	-
Employee benefits	3,831,851	-	79,441
Debt service			
Principal	-	-	-
Interest	-	-	-
Cost of sales	-	-	91,433
Capital outlay	-	-	-
Total Expenditures	<u>10,739,192</u>	<u>429,469</u>	<u>267,283</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,488,611</u>	<u>-</u>	<u>(16,760)</u>
<b>OTHER FINANCING SOURCES AND USES</b>			
Proceeds from debt	-	-	-
Operating transfers in (out)	(1,516,518)	-	5,000
Total Other Sources (Uses)	<u>(1,516,518)</u>	<u>-</u>	<u>5,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	(27,907)	-	(11,760)
Fund Balances - Beginning of year	2,141,324	-	21,470
Adjustments			
Prior Year	1,398	-	(100)
Rounding	4	-	3
Fund Balances - End of year	<u>\$ 2,114,819</u>	<u>\$ -</u>	<u>\$ 9,613</u>

**Cherry Valley - Springfield Central School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds**  
**For the Year Ended June 30, 2015**

<u>Debt Service</u>	<u>Capital Project #1</u>	<u>Capital Project #2</u>	<u>Capital Projects Non-Major</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,405,824
-	-	-	-	542,656
-	-	-	-	76,708
4,880	-	-	-	6,443
-	-	-	-	946
-	161,004	-	-	7,335,947
-	-	-	-	472,839
-	-	-	-	8,879
-	-	-	-	91,280
-	-	-	-	132,157
<u>4,880</u>	<u>161,004</u>	<u>-</u>	<u>-</u>	<u>13,073,679</u>
-	-	-	-	1,487,173
-	-	-	-	5,328,784
-	-	-	-	617,262
-	-	-	-	3,911,292
1,099,566	-	-	-	1,099,566
411,341	-	-	-	411,341
-	-	-	-	91,433
-	-	1,051,949	408,608	1,460,557
<u>1,510,907</u>	<u>-</u>	<u>1,051,949</u>	<u>408,608</u>	<u>14,407,408</u>
<u>(1,506,027)</u>	<u>161,004</u>	<u>(1,051,949)</u>	<u>(408,608)</u>	<u>(1,333,729)</u>
-	-	-	96,912	96,912
<u>1,672,522</u>	<u>(161,004)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,672,522</u>	<u>(161,004)</u>	<u>-</u>	<u>96,912</u>	<u>96,912</u>
166,495	-	(1,051,949)	(311,696)	(1,236,817)
353,790	26,772	(77,515)	(356,400)	2,109,441
-	-	-	-	1,298
(2)	-	-	1	6
<u>\$ 520,283</u>	<u>\$ 26,772</u>	<u>\$ (1,129,464)</u>	<u>\$ (668,095)</u>	<u>\$ 873,928</u>

**Cherry Valley - Springfield Central School District**  
**Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in**  
**Fund Balance to the Statement of Activities**  
**For the Year Ended June 30, 2015**

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
<b>REVENUES</b>					
Real property taxes	\$ 4,405,824	\$ -	\$ -	\$ -	\$ 4,405,824
Other tax items	542,656	-	-	-	542,656
Charges for services	76,708	-	-	-	76,708
Use of money and property	6,443	-	-	(4,747)	1,696
Sale of property and compensation for loss	946	-	-	-	946
State sources	7,335,947	-	-	-	7,335,947
Federal sources	472,839	-	-	-	472,839
Surplus food	8,879	-	-	-	8,879
Sales - school lunch	91,280	-	-	-	91,280
Miscellaneous	132,157	-	-	-	132,157
<b>Total Revenues</b>	<b>13,073,679</b>	<b>-</b>	<b>-</b>	<b>(4,747)</b>	<b>13,068,932</b>
<b>EXPENDITURES/EXPENSES</b>					
General support	1,487,173	-	139,965	-	1,627,138
Instruction	5,328,784	-	710,383	-	6,039,167
Pupil transportation	617,262	-	74,675	-	691,937
Employee benefits	3,911,292	(548,457)	-	1,203,804	4,566,639
Debt service					
Principal	1,099,566	-	-	(1,099,566)	-
Interest	411,341	-	-	90,642	501,983
Cost of sales	91,433	-	-	-	91,433
Capital outlay	1,460,557	-	(1,460,557)	-	-
<b>Total Expenditures</b>	<b>14,407,408</b>	<b>(548,457)</b>	<b>(535,534)</b>	<b>194,880</b>	<b>13,518,297</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>(1,333,729)</b>	<b>548,457</b>	<b>535,534</b>	<b>(199,627)</b>	<b>(449,365)</b>
<b>OTHER SOURCES AND USES</b>					
Proceeds from debt	96,912	-	-	(96,912)	-
<b>Total Other Sources (Uses)</b>	<b>96,912</b>	<b>-</b>	<b>-</b>	<b>(96,912)</b>	<b>-</b>
<b>Net Change for the Year</b>	<b>\$ (1,236,817)</b>	<b>\$ 548,457</b>	<b>\$ 535,534</b>	<b>\$ (296,539)</b>	<b>\$ (449,365)</b>



**Cherry Valley - Springfield Central School District  
Statement of Fiduciary Net Position  
June 30, 2015**

	<u>Private Purpose Trusts</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash	\$ 271,170	\$ 142,743
Securities	2,447	-
Total Assets	<u>\$ 273,617</u>	<u>\$ 142,743</u>
<b>LIABILITIES</b>		
Due to governmental funds	\$ -	\$ 62,772
Extraclassroom activity balances	-	70,984
Other liabilities	-	8,987
Total Liabilities	<u>-</u>	<u>\$ 142,743</u>
<b>NET POSITION</b>		
Reserved for scholarships	<u>\$ 273,617</u>	

**Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2015**

	<u>Private Purpose Trusts</u>
<b>ADDITIONS</b>	
Investment earnings	\$ 119
Gifts and Donations	7,750
	<u>7,869</u>
<b>DEDUCTIONS</b>	
Scholarships and awards	<u>7,170</u>
Change in Net Position	699
Net Position - Beginning of year	<u>272,918</u>
Net Position - End of Year	<u>\$ 273,617</u>

**Cherry Valley – Springfield Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 1 - Summary of accounting policies:**

The financial statements of Cherry Valley – Springfield Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A) Reporting entity:

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

i) Extra-classroom Activity Funds

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

B) Joint venture:

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

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

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

During the year, the District was billed \$1,412,147 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$0.

The District's share of BOCES aid amounted to \$212,651.

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

C) Basis of presentation:

i) District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

ii) Funds statements:

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

The District reports the following major governmental funds:

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

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

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

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

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

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

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

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

The 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) Property taxes:

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

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

The City and Counties in which the District is located enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collected within 60 days of year-end, less similar amounts collected during this period in the preceding year are recognized as revenue. Otherwise, a deferred inflow of resources offset real property taxes receivable.

F) Restricted resources:

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

G) Inter-fund transactions:

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

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

The governmental funds report all inter-fund transactions as originally recorded. Inter-fund 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 11 or a detailed disclosure by individual fund for inter-fund receivables, payables, expenditures, and revenues activity.

H) Estimates:

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

I) Cash (and cash equivalents)/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.

Investments are stated at fair value.

J) Receivable (or Accounts receivable):

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 inventorial items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

L) Other assets/restricted assets (if applicable):

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

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

M) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2013. For assets acquired prior to July 1, 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land/site improvements	\$1,000	Straight Line	20 Years
Buildings & improvements	\$1,000	Straight Line	20-50 Years
Furniture & equipment	\$1,000	Straight Line	5-20 Years

N) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

## PENSION OBLIGATIONS

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

## 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.

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 VI 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

	<b>ERS</b>	<b>TRS</b>
2015	\$ 155,146	\$ 580,443
2014	\$ 192,236	\$ 503,613
2013	\$ 166,617	\$ 391,334

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

## PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2015, 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, 2015 for ERS and June 30, 2014 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.

	<b>ERS</b>	<b>TRS</b>
Actuarial valuation date	March 31, 2015	June 30, 2014
Net pension asset/(liability)	\$ (134,344)	\$ 2,337,104
District's portion of the Plan's total net pension asset/(liability)	0.0039767%	0.029810%

For the year ended June 30, 2015, the District's recognized pension expense of \$155,146 for ERS and the actuarial value \$503,613 for TRS. At June 30, 2015 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<b>ERS</b>	<b>TRS</b>	<b>ERS</b>	<b>TRS</b>
Differences between expected and actual experience	\$ 4,300	\$ -	\$ -	\$ 24,176
Changes of assumptions	\$ -	\$ -	\$ -	\$ -
Net difference between projected and and actual earnings on pension plan investments	\$ 23,334	\$ -	\$ -	\$ 1,569,619
Changes in proportion and differences between the District's contributions and proportionate share of contributions	\$ 4,745	\$ 6,930	\$ -	\$ -
District's contributions subsequent to the measurement date	\$ -	\$ 580,443	\$ -	\$ -

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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	<b>ERS</b>	<b>TRS</b>
2016	\$ 8,095	\$(395,573)
2017	\$ 8,095	\$(395,573)
2018	\$ 8,095	\$(395,573)
2019	\$ 8,095	\$(395,573)
2020	\$ -	\$ (3,168)
Thereafter	\$ -	\$ (11,405)

### 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:

	<b>ERS</b>	<b>TRS</b>
Measurement date	March 31, 2015	June 30, 2014
Actuarial valuation date	April 1, 2014	June 30, 2013
Interest rate	7.50%	0.00%
Salary scale	4.90%	4.1% - 10.91%
Decrement tables	April 1, 2005 - March 31, 2010	July 1, 2005 - March 31, 2015
	System's Experience	System's Experience
Inflation rate	2.70%	3.00%

For ERS, annuitant mortality rates are based on April 1, 2005 – March 31, 2011 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, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2013 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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:

	<b>ERS</b>	<b>TRS</b>
Measurement date	March 31, 2015	June 30, 2014
		0.00%
<b>Asset type</b>		
Domestic equity	7.30%	7.30%
International equity	8.55%	8.50%
Private Equity	11.00%	
Real estate	8.25%	5.00%
Absolute return strategies	6.75%	
Opportunistic portfolio	8.60%	
Real Assets	8.65%	
Bonds & Mortgages	4.00%	3.40%
Cash	2.25%	
Inflation-indexed bonds	4.00%	
Alternative Investments		11.00%
Domestic fixed income		1.50%
Global fixed income		1.40%
Short-term		0.80%

#### DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.5% for ERS and 8.0% 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.

#### SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5% for ERS and 8.0% 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-percentagepoint lower (6.5% for ERS and 7.0% for TRS ) or 1-percentagepoint higher (8.5% for ERS and 9.0% for TRS) than the current rate :

<b>ERS</b>	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension asset/(liability)	\$ (895,458)	\$ (134,334)	\$ 508,226
<b>TRS</b>	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
Employer's proportionate share of the net pension asset/(liability)	\$ 50,415	\$ 2,337,104	\$ 4,285,681

## 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:

Valuation date	(Dollars in Thousands)		
	ERS March 31, 2015	TRS June 30, 2014	Total
Employers' total pension asset/(liability)	\$ (6,545)	\$ (20,355)	\$ (26,900)
Plan net position	\$ 6,411	\$ 22,692	\$ 29,103
Employers' net pension asset/(liability)	\$ (134)	\$ 2,337	\$ 2,203
 Ration of plan net position to the employers' total pension asset/(liability)	 97.95%	 111.48%	 108.19%

## 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, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2015 amounted to \$30,318.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2015 are paid to the System in September, October and November 2015 through a state aid intercept. Accrued retirement contributions as of June 30, 2015 represent employee and employer contributions for the fiscal year ended June 30, 2015 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, 2015 amounted to \$614,319.

## RESTATEMENT OF NET POSITION

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

Net position beginning of year, as previously stated	<u>\$5,200,375</u>
 GASB Statement No. 68 implementation	
Beginning system asset - Teachers' Retirement System	\$ 145,841
Beginning system liability - Employees' Retirement System	(179,703)
Beginning deferred outflow of resources for contributions subsequent to the measurement date	<u>704,122</u>
 Net position beginning of year, as restated	<u>\$5,870,635</u>

O) Unearned Revenue

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

P) Vested employee benefits:

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.

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

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

Q) Other benefits:

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

In addition to providing pension benefits, the District provides post-employment health 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. [If applicable "The cost of providing post-retirement benefits is shared between the District and the retired employee."] The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure.

R) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

S) Accrued liabilities and long-term obligations:

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

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

T) Equity classifications

District-wide statements: In the district-wide 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, constructions or improvements of those assets.

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

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

Funds statements:

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

**Nonspendable** - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$11,181

**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:

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. 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 under Restricted Fund Balance.

Debt Service

According to General Municipal Law §6-l , the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement.

Employee Benefit Accrued Liability

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

Repairs

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

Retirement Contributions

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

Unemployment Insurance

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

Encumbrances

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

Restricted fund balance includes the following:

General Fund:	
Employee Benefit Accrued Liability	\$ 39,335
Repairs	188,298
Retirement Contributions	572,600
Unemployment Insurance	230,255
Capital Fund	55,035
Debt Service Fund	<u>520,283</u>
Total Restricted Funds	<u>\$ 1,605,806</u>

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

**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 \$11,747.

**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 School District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the 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 determine next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

U) New Accounting Standards

The District has adopted and implemented the following (all) current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2015:

GASB has issued Statement No. 68, <i>Accounting and Financial Reporting for Pensions - An amendment of GASB Statements No. 27 - and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date</i>	Effective for the year ending June 30, 2015
GASB has issued Statement No. 69, <i>Government Combinations and Disposals of Government Operations</i>	Effective for the year ending June 30, 2015
GASB has issued Statement No. 70, <i>Accounting and Financial Reporting for Nonexchange Financial Guarantees</i>	Effective for the year ending June 30, 2015

V) Future Changes in Accounting Standards

GASB has issued Statement No. 72, Fair Value Measurement and Application, effective for the year ending June 30, 2016.

GASB has issued Statement No. 75, Accounting and Financial Reporting for Postemployment 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. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

GASB has issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the year ending June 30, 2016.

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.

**Note 2 - Explanation of certain differences between fund statements and District-wide statements:**

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

A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental

activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) 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. The amounts shown below represent:

i) 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.

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

iv) 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.

**Note 3 - Changes in accounting principles:**

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

**Note 4 - Stewardship, compliance and accountability:**

Budgets

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

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

Appropriations are adopted at the program line item level.

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

Board Approved James Seward Artist in Residence Project	\$10,000
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Budgets are adopted annually on the modified accrual basis. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

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

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as 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 restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include reducing tax increases in future years

The Capital Projects had a deficit fund balance of \$1,770,787. This will be funded when the District obtains permanent financing for its current construction project.

**Note 5 - Cash (and cash equivalents) - custodial credit, concentration of credit, interest rate, and foreign currency risks:**

## Cash

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

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

Collateralized with securities held by the pledging financial institution,  
or its trust department or agent, but not in the District's name \$3,191,046

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$1,605,807 within the governmental funds and \$273,617 in the fiduciary funds.

## **Note 6 - Investments:**

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

- (A) Insured or registered, or investments held by the District or by the District's agent in the District's name, or
- (B) Uninsured and unregistered, with the investments held by the financial institutes trust department in the District's name, or
- (C) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

Investment Fund	RVS Mutual Fund Private Purpose Trust
Carrying amount (fair value)	\$ 2,447
Unrealized investment gain/loss	\$ 1,076
Type of investment	Mutual Fund
Category	A

## **Note 7 - Receivables:**

Receivables at year-end for individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

Description	Governmental Activities			Total
	General	Special Aid	School Food Service	
Accounts receivable	\$ 12,510	\$ -	\$ -	\$ 12,510
Due from State and Federal	136,613	101,564	12,832	251,009
Due from other governments	<u>179,845</u>	-	-	<u>179,845</u>
Total	<u>\$ 328,968</u>	<u>\$ 101,564</u>	<u>\$ 12,832</u>	<u>\$ 443,364</u>

District management has deemed the amounts to be fully collectible.

**Note 8 - Capital assets:**

Capital asset balances and activity were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifi- cations	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	8,640,161	1,460,557	-	10,100,718
Total nondepreciable	8,790,161	1,460,557	-	10,250,718
Capital assets that are depreciated:				
Buildings	20,691,366	-	-	20,691,366
Furniture and equipment	2,502,770	1,917	-	2,504,687
Total depreciated assets	23,194,136	1,917	-	23,196,053
Less accumulated depreciation:				
Buildings	9,785,200	638,785	-	10,423,985
Furniture and equipment	1,817,672	107,962	-	1,925,634
Total accumulated depreciation	11,602,872	746,747	-	12,349,619
Total depreciated assets, net	\$ 11,591,264	\$ (744,830)	\$ -	\$ 10,846,434

**Note 9 - Long-term debt obligations:**

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

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Government activities:					
Bonds and notes payable:					
General obligation debt:					
Serial bonds	\$ 2,205,000	\$ -	\$ 520,000	\$ 1,685,000	\$ 540,000
Serial bonds	220,000	-	25,000	195,000	30,000
Serial bonds	6,435,000	-	440,000	5,995,000	460,000
Serial bonds	52,963	-	17,654	35,309	17,654
Total bonds & notes payable	8,912,963	-	1,002,654	7,910,309	\$ 1,047,654
Other liabilities:					
Compensated absences	1,827,323	180,193	-	2,007,516	
Other postemployment benefits payable					
Total long-term liabilities	\$ 10,740,286	\$ 180,193	\$ 1,002,654	\$ 9,917,825	

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

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Serial bonds	10/03/02	06/15/18	3.68%	\$ 1,685,000
Serial bonds	03/15/06	03/15/21	4.42%	195,000
Serial bonds	06/08/11	06/15/26	4.22%	5,995,000
Serial bonds	01/31/12	01/31/17	3.25%	<u>35,309</u>
				<u>\$ 7,910,309</u>

**Note 10 - Pension plans:**

General information:

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

Provisions and administration:

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

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

Funding policies:

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

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. (The District chose to prepay the required contributions by December 15, 2012 and received an overall

discount of \$ -). Required contributions for the current and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2014-2015	\$ 580,443	\$ 155,146
2013-2014	\$ 503,613	\$ 192,236
2012-2013	\$ 391,334	\$ 166,617

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District exercised.

**Note 11 - Interfund transactions - governmental funds:**

Fund:	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 295,210	\$ 31	\$ -	\$ 1,516,518
Special Aid	-	155,453	-	-
School Food Service	-	93,547	5,000	-
Debt Service	84,639	-	1,672,522	-
Capital Projects	<u>363,211</u>	<u>431,257</u>	<u>-</u>	<u>161,004</u>
Total government activities	743,060	680,288	1,677,522	1,677,522
Fiduciary	<u>-</u>	<u>62,772</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 743,060</u>	<u>\$ 743,060</u>	<u>\$ 1,677,522</u>	<u>\$ 1,677,522</u>

The District typically transfers from the General Fund to the Debt Service Fund, to pay long term debt.

**Note 12 - Post-employment (health insurance) benefits:**

The District provides post-employment (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 recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2015 the District recognized \$1,191,423 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of June 30, 2015 which indicates that the total liability for other post-employment benefits is \$7,904,700, which is reflected in the Statement of Net Position.

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 (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC

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

Annual required contribution	\$2,728,211
Interest on net OPEB obligation	268,036
Adjustment to annual required contribution	<u>(312,396)</u>
Annual OPEB cost (expense)	2,683,851
Contributions estimated	<u>1,480,047</u>
Increase in net OPEB obligation	1,203,804
Net OPEB obligation - beginning of year	<u>6,700,896</u>
Net OPEB obligation - end of year	<u><u>\$7,904,700</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$2,683,851	55.1%	\$7,904,700
6/30/2014	\$2,656,754	44.8%	\$6,700,896
6/30/2013	\$2,301,671	47.5%	\$5,235,416

**Funded Status and Funding Progress.** As of July 1, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$31,232,269, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$31,232,269. The covered payroll (annual payroll of active employees covered by the plan) was \$3,446,207, and the ratio of the UAAL to the covered payroll was 906%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**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, 2013, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment 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 9.0% initially, reduced by decrements to an ultimate rate of 5.0% after 8 years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30-year period. The UAAL is being amortized as a level percentage of projected payroll(s) on an open basis. The remaining amortization period at June 30, 2015, was 27 years.

**Note 13 - Risk management:**

General

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

**Note 14 - Commitments and contingencies:**

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

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of GASB #16, the value for accumulating, non-vesting sick leave is considered a contingent liability.

**Note 15 - Donor-restricted endowments:**

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

Donor-restricted endowments are reported at fair value.

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

**Note 16 - Overpayments**

The District collected fees for a summer Drivers Education program. This is recorded in the General Fund as a liability.

**Note 17 - Subsequent events:**

The District has evaluated subsequent events through October 1, 2015, which is the date the financial statements were available to be issued.

**Cherry Valley - Springfield Central School District  
Required Supplementary Information  
Schedule of Funding Progress  
Other Post Employment Benefits Plan  
For the Year Ended June 30, 2015**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) (in thousands)</u>	<u>Unfunded AAL (UAAL) (in thousands)</u>	<u>Funded Ratio</u>	<u>Covered Payroll (in thousands)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2009	\$ -	\$ 25,229	\$ 25,229	0.00%	\$ 4,922	512.58%
July 1, 2010	\$ -	\$ 26,551	\$ 26,551	0.00%	\$ 4,737	560.50%
July 1, 2011	\$ -	\$ 27,067	\$ 27,067	0.00%	\$ 3,887	696.35%
July 1, 2012	\$ -	\$ 28,017	\$ 28,017	0.00%	\$ 3,964	706.79%
July 1, 2013	\$ -	\$ 31,232	\$ 31,232	0.00%	\$ 3,446	906.33%

**Cherry Valley - Springfield Central School District**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**For the Year Ended June 30, 2015**

<b>REVENUES</b>	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual	
Local Sources					
Real property taxes	\$ 4,929,248	\$ 4,929,248	\$ 4,405,824	\$ (523,424)	
Other tax items	18,000	18,000	542,656	524,656	
Charges for services	37,000	37,000	76,708	39,708	
Use of money and property	1,000	1,000	1,527	527	
Sale of property & compensation for loss	500	500	946	446	
Miscellaneous	54,000	64,000	132,157	68,157	
Total Local Sources	<u>5,039,748</u>	<u>5,049,748</u>	<u>5,159,818</u>	<u>110,070</u>	
State Sources	7,242,223	7,242,223	7,067,985	(174,238)	
Federal Sources				-	
Total Revenues	<u>12,281,971</u>	<u>12,291,971</u>	<u>12,227,803</u>	<u>(64,168)</u>	
<b>OTHER FINANCING SOURCES</b>					
Appropriated reserves	744,029	744,268	-	(744,268)	
Total Revenues and other financing sources	<u>\$ 13,026,000</u>	<u>\$ 13,036,239</u>	<u>\$ 12,227,803</u>	<u>\$ (808,436)</u>	
	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encum- brances	Final Budget Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 29,500	\$ 26,500	\$ 25,631	\$ -	\$ 869
Central administration	160,140	160,140	159,937	-	203
Finance	165,059	164,559	157,267	-	7,292
Staff	25,560	46,060	41,299	-	4,761
Central services	984,754	987,254	822,518	3,789	160,947
Special items	194,792	194,792	184,112	-	10,680
Total General Support	<u>1,559,805</u>	<u>1,579,305</u>	<u>1,390,764</u>	<u>3,789</u>	<u>184,752</u>
Instruction					
Instruction, administration and improvement	166,800	181,800	178,915	-	2,885
Teaching - regular school Programs for children	2,536,000	2,519,000	2,436,956	1,368	80,676
with handicapping conditions	1,445,815	1,413,315	1,223,752	-	189,563
Occupational education	476,173	476,173	472,962	-	3,211
Teaching - special school	47,000	47,000	40,447	-	6,553
Instructional media	248,494	248,733	214,803	885	33,045
Pupil services	366,866	366,866	335,749	-	31,117
Total Instruction	<u>5,287,148</u>	<u>5,252,887</u>	<u>4,903,584</u>	<u>2,253</u>	<u>347,050</u>

**Cherry Valley - Springfield Central School District**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual - General Fund**  
**For the Year Ended June 30, 2015**

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encum- brances	Final Budget Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES (continued)</b>					
Pupil Transportation	660,811	710,811	612,993	5,705	92,113
Community Services	1,500	1,500	-	-	1,500
Employee Benefits	3,999,218	3,974,218	3,831,851	-	142,367
Debt Service	1,000	1,000	-	-	1,000
Total Expenditures	<u>11,509,482</u>	<u>11,519,721</u>	<u>10,739,192</u>	<u>11,747</u>	<u>768,782</u>
<b>OTHER FINANCING USES</b>					
Transfers (to) other funds	<u>1,516,518</u>	<u>1,516,518</u>	<u>1,516,518</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 13,026,000</u>	<u>\$ 13,036,239</u>	<u>12,255,710</u>	<u>\$ 11,747</u>	<u>\$ 768,782</u>
Net Change in Fund Balances			(27,907)		
Fund Balance - Beginning			2,141,324		
Adjustments					
Rounding			4		
Prior Year			<u>1,398</u>		
Fund Balance - Ending			<u>\$ 2,114,819</u>		

**Cherry Valley - Springfield Central School District  
 Supplementary Information  
 Schedules of Change from Adopted Budget to Final Budget  
 For the Year Ended June 30, 2015**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	<u>\$ 13,026,000</u>
Add: Encumbrances	239
Board Approved James Seward Artist in Residence Project	<u>10,000</u>
	<u>10,239</u>
Final budget	<u><u>\$ 13,036,239</u></u>
Next year's budget is a voter approved budget of	<u><u>\$ 12,928,017</u></u>

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

2015-16 voter-approved expenditure budget	\$ 12,928,017
Maximum allowed (4% of 2015-2016 budget)	\$ 517,121
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	\$ 161,747
Unassigned fund balance	922,584
Total unrestricted fund balance	<u>1,084,331</u>
Less:	
Appropriated fund balance	150,000
Encumbrances included in committed and assigned fund balance	<u>11,747</u>
Total adjustments	<u>161,747</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 922,584</u></u>
Actual percentage	7.14%

**Cherry Valley - Springfield Central School District**  
**Supplementary Information**  
**Schedule of Project Expenditures -**  
**For the Year Ended June 30, 2015**

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures		
			Prior	Current Year	Total
Capital Project #1					
District wide renovations	\$ 8,050,180	\$ 8,050,180	\$ 8,053,410	\$ -	\$ 8,053,410
Capital Project #2					
Roof - Main Building	1,199,000	1,199,000	77,515	1,051,949	1,129,464
Non-major Capital Projects					
Bus garage/tanks	389,000	389,000	394,845	-	394,845
Interior Door Replacement	100,000	100,000	89,505	-	89,505
Buses	572,007	572,007	572,007	-	572,007
Roof - Transportation Building	219,000	219,000	6,060	238,254	244,314
Main Building Septic	100,000	100,000	-	89,647	89,647
Exterior Doors	100,000	100,000	-	80,707	80,707
Totals	<u>\$ 10,729,187</u>	<u>\$ 10,729,187</u>	<u>\$ 9,193,342</u>	<u>\$ 1,460,557</u>	<u>\$ 10,653,899</u>

**Cherry Valley - Springfield Central School District**  
**Supplementary Information**  
**Schedule of Project Expenditures -**  
**For the Year Ended June 30, 2015**

<u>Balance</u>	<u>Methods of Financing</u>			<u>Total</u>	<u>Residual Equity Transfer</u>	<u>Fund Balance June 30, 2015</u>
	<u>Proceeds of Obligations</u>	<u>State Aid</u>	<u>Local Sources</u>			
\$ (3,230)	\$ 7,889,176	\$ 352,010	\$ -	\$ 8,241,186	\$ 161,004	\$ 26,772
69,536	-	-	-	-	-	(1,129,464)
(5,845)	389,000	-	23,614	412,614	-	17,769
10,495	-	-	100,000	100,000	-	10,495
-	259,586	-	30,730	290,316	-	(281,691)
(25,314)	-	-	-	-	-	(244,314)
10,353	-	-	-	-	-	(89,647)
19,293	-	-	-	-	-	(80,707)
<u>\$ 75,288</u>	<u>\$ 8,537,762</u>	<u>\$ 352,010</u>	<u>\$ 154,344</u>	<u>\$ 9,044,116</u>	<u>\$ 161,004</u>	<u>\$ (1,770,787)</u>

**Cherry Valley - Springfield Central School District**  
**Supplementary Information**  
**Combined Balance Sheet - Non-Major Governmental Funds**  
**For the Year Ended June 30, 2015**

	<u>Non-Major Fund #1</u>	<u>Non-Major Fund #2</u>	<u>Non-Major Fund #3</u>	<u>Non-Major Fund #4</u>	<u>Non-Major Fund #5</u>	<u>Non-Major Fund #6</u>	<u>Total Non-Major Funds</u>
<b>ASSETS</b>							
Cash							
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables							
Due from other funds	<u>17,769</u>	<u>10,495</u>	<u>3,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,261</u>
Total Assets	<u>\$ 17,769</u>	<u>\$ 10,495</u>	<u>\$ 3,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,261</u>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ 25,314	\$ 89,647	\$ 80,707	\$ 195,668
Notes payable							
Bond anticipation	<u>-</u>	<u>-</u>	<u>285,688</u>	<u>219,000</u>	<u>-</u>	<u>-</u>	<u>504,688</u>
	<u>-</u>	<u>-</u>	<u>285,688</u>	<u>244,314</u>	<u>89,647</u>	<u>80,707</u>	<u>700,356</u>
<b>FUND BALANCES</b>							
Restricted	17,769	10,495	-	-	-	-	28,264
Unassigned	<u>-</u>	<u>-</u>	<u>(281,691)</u>	<u>(244,314)</u>	<u>(89,647)</u>	<u>(80,707)</u>	<u>(696,359)</u>
Total Liabilities and Fund Balances	<u>\$ 17,769</u>	<u>\$ 10,495</u>	<u>\$ 3,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,261</u>



**Cherry Valley - Springfield Central School District**  
**Supplementary Information**  
**Combined Statement of Revenues, Expenditures & Changes in Fund Balances -**  
**For the Year Ended June 30, 2015**

	<u>Non-Major Fund #1</u>	<u>Non-Major Fund #2</u>	<u>Non-Major Fund #3</u>	<u>Non-Major Fund #4</u>	<u>Non-Major Fund #5</u>	<u>Non-Major Fund #6</u>	<u>Total Non-Major Funds</u>
<b>REVENUES</b>							
Bans redeemed from Appropriations	\$ -	\$ -	\$ 96,913	\$ -	\$ -	\$ -	\$ 96,913
<b>EXPENDITURES</b>							
Capital outlay	-	-	-	238,254	89,647	80,707	408,608
Excess (Deficiency) of Revenues Over Expenditures	-	-	96,913	(238,254)	(89,647)	(80,707)	(311,695)
Fund balances - beginning of year	<u>17,769</u>	<u>10,495</u>	<u>(378,604)</u>	<u>(6,060)</u>	<u>-</u>	<u>-</u>	<u>(356,400)</u>
Fund balances - end of year	<u>\$ 17,769</u>	<u>\$ 10,495</u>	<u>\$ (281,691)</u>	<u>\$ (244,314)</u>	<u>\$ (89,647)</u>	<u>\$ (80,707)</u>	<u>\$ (668,095)</u>

**Cherry Valley - Springfield Central School District  
Supplementary Information  
Investment in Capital Assets, Net of Related Debt  
For the Year Ended June 30, 2015**

Capital assets, net	<u>\$ 21,097,152</u>
Deduct:	
Bond anticipation notes	1,703,688
Premium on bonds	232,497
Short-term portion of bonds payable	1,047,654
Long-term portion of bonds payable	6,862,655
Less: Unspent bond proceeds	<u>(947)</u>
	<u>9,845,547</u>
Investment in capital assets, net of related debt	<u><u>\$ 11,251,605</u></u>

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To the President and Members  
of the Board of Education of the  
Cherry Valley - Springfield Central School District  
Cherry Valley, NY 13320:

Independent Auditor's Report

**Report on the Financial Statements**

We have audited the statement of cash receipts and disbursements of the Extraclassroom Activity Funds and the related supporting schedule of the Cherry Valley-Springfield Central School District for the year ended June 30, 2015.

**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; 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.

The District's policy is to prepare the financial statement of the Extraclassroom Activity Funds on the basis of cash receipts and disbursements, as explained in Note #1 to Financial Statements. Accordingly, the accompanying statement of cash receipts and disbursements is not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of material misstatement.

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

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

**Opinion**

In our opinion, the aforementioned statements present fairly the cash and fund balance of the Extraclassroom Activity Funds of the Cherry Valley-Springfield Central School District as at June 30, 2015 arising from the cash transactions, cash collected and disbursements made and changes in fund balance during the year then ended, on a basis consistent with that of the preceding year.

*Moore & Hart*

MOORE & HART  
Utica, New York  
October 1, 2015

**Cherry Valley - Springfield Central School District**  
**Extracurricular Activity Funds**  
**June 30, 2015**

Name	Beginning Balance	Receipts	Disbursements	Ending Balance
CFES	\$ -	\$ 3,106	\$ 2,348	\$ 758
Class of 2014	364	-	364	-
Class of 2015	4,240	28,931	31,942	1,229
Class of 2016	8,104	17,541	16,919	8,726
Class of 2017	779	7,261	5,289	2,751
Class of 2018	-	3,905	2,556	1,349
Class of 2020	-	634	-	634
Class of 2021	-	1,867	125	1,742
Debit Card	308	-	278	30
Drama Club -				
High School	2,746	1,419	2,567	1,598
Foreign Language Club	1,154	1,234	1,199	1,189
Interest	-	14	-	14
Iridescence	981	-	-	981
Marching Units	2,679	300	643	2,336
Music Club	15,223	14,573	13,533	16,263
National English Honor Society	188	-	65	123
Nature Club	100	-	-	100
SADD	903	260	-	1,163
Safety Patrol	161	-	161	-
Ski Club	2,634	6,548	6,594	2,588
Student Council	4,120	2,438	1,943	4,615
Technology	306	-	250	56
Varsity Club	2,945	13,467	9,135	7,277
Yearbook Club	<u>15,460</u>	<u>15,002</u>	<u>15,000</u>	<u>15,462</u>
<b>Total</b>	<b><u>\$ 63,395</u></b>	<b><u>\$ 118,500</u></b>	<b><u>\$ 110,911</u></b>	<b><u>\$ 70,984</u></b>

**Cherry Valley - Springfield Central School District**  
**Note to Financial Statement**  
**Extraclassroom Activity Funds**  
**June 30, 2015**

**Note 1- Summary of Significant Accounting Policies**

The transactions of the Extraclassroom Activity Funds are not considered part of the reporting entity of the Cherry Valley - Springfield Central School District. Consequently, such transactions are not included in the combined financial statements of the School District.

The books and records of the Cherry Valley - Springfield Central School District Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.