

BALLSTON SPA CENTRAL SCHOOL DISTRICT

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES**

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Ballston Spa Central School District
Ballston Spa, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ballston Spa Central School District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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.

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, funding progress other post-employment benefits plan and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 10 and pages 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 51 through 53, as described in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2017, on our consideration of the 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 this 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
October 4, 2017

BALLSTON SPA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2017

The following is a narrative overview and analysis of the financial activities of the Ballston Spa Central School District (District) for the fiscal year ended June 30, 2017. This discussion is intended to serve as an introduction to the District's basic financial statements, which immediately follow this section. The basic financial statements have the following components: (1) management's discussion and analysis (MD&A), (2) District-wide financial statements, (3) fund financial statements, and (4) notes to the financial statements.

FINANCIAL HIGHLIGHTS

Financial highlights for fiscal year 2017 are as follows:

- Net position of the District decreased \$5,650,483 over the prior year.
- The District is in the midst of a capital improvement project and the Capital Fund shows a fund balance deficit of \$2,658,515 due to short-term debt issuances in advance of permanent financing. The deficit will be eliminated when the BANs are redeemed or converted to permanent financing.
- The School District's bonds payable totaled \$54,825,000 at the end of the fiscal year, a decrease of \$4,075,000.
- New York State Law limits the amount of unreserved and undesignated fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the undesignated fund balance of the General Fund was \$3,122,155. This amount does not exceed the limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the School District's *overall* financial status.

The remaining statements are *fund* financial statements that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the *District-wide* statements. The *governmental funds statements* tell how basic services such as regular 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 School District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Table A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-1 Major Features of the District-wide and Fund Financial Statements

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

District-Wide Statements

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

Net position of the governmental activities differ from the governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position.

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position are those with constraints placed on use by external sources or imposed by law.
 - Unrestricted net position are net position that do not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs.

Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the Ballston Spa Central School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$12,134,928 at the close of the current fiscal year.

Table A-2

Condensed Statement of Net Position

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>% Change (Incr.; - Decr.)</u>
Assets			
Current and other assets	\$ 24,855,960	\$ 45,056,133	-45
Capital assets - net	<u>101,831,671</u>	<u>102,769,755</u>	-1
Total Assets	126,687,631	147,825,888	-14
Deferred Outflows of Resources	24,675,710	9,252,406	167
Liabilities			
Current liabilities	5,095,469	3,535,232	44
Long-term liabilities	<u>153,717,317</u>	<u>147,878,523</u>	4
Total Liabilities	158,812,786	151,413,755	5
Deferred Inflows of Resources	4,685,483	12,148,984	-61
Net Position			
Net investment in capital assets	41,193,592	39,233,307	5
Restricted	13,295,552	14,271,483	-7
Unrestricted	<u>(66,624,072)</u>	<u>(59,989,235)</u>	-11
Total Net Position	<u>\$ (12,134,928)</u>	<u>\$ (6,484,445)</u>	-87

By far, the largest component of the School District's net position reflects its net investment in capital assets. 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 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.

Changes in Net Position

The School District's 2017 revenue was \$95,318,488 (see Table A-3). Property taxes and New York State aid accounted for the majority of revenue by contributing 49.9% and 32.7% respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$100,968,971 for 2017. These expenses (80.9%) are predominantly for the education; supervision and transportation of students (see Table A-5). The School District's administrative, occupancy and business activities accounted for 14.9% of total costs.

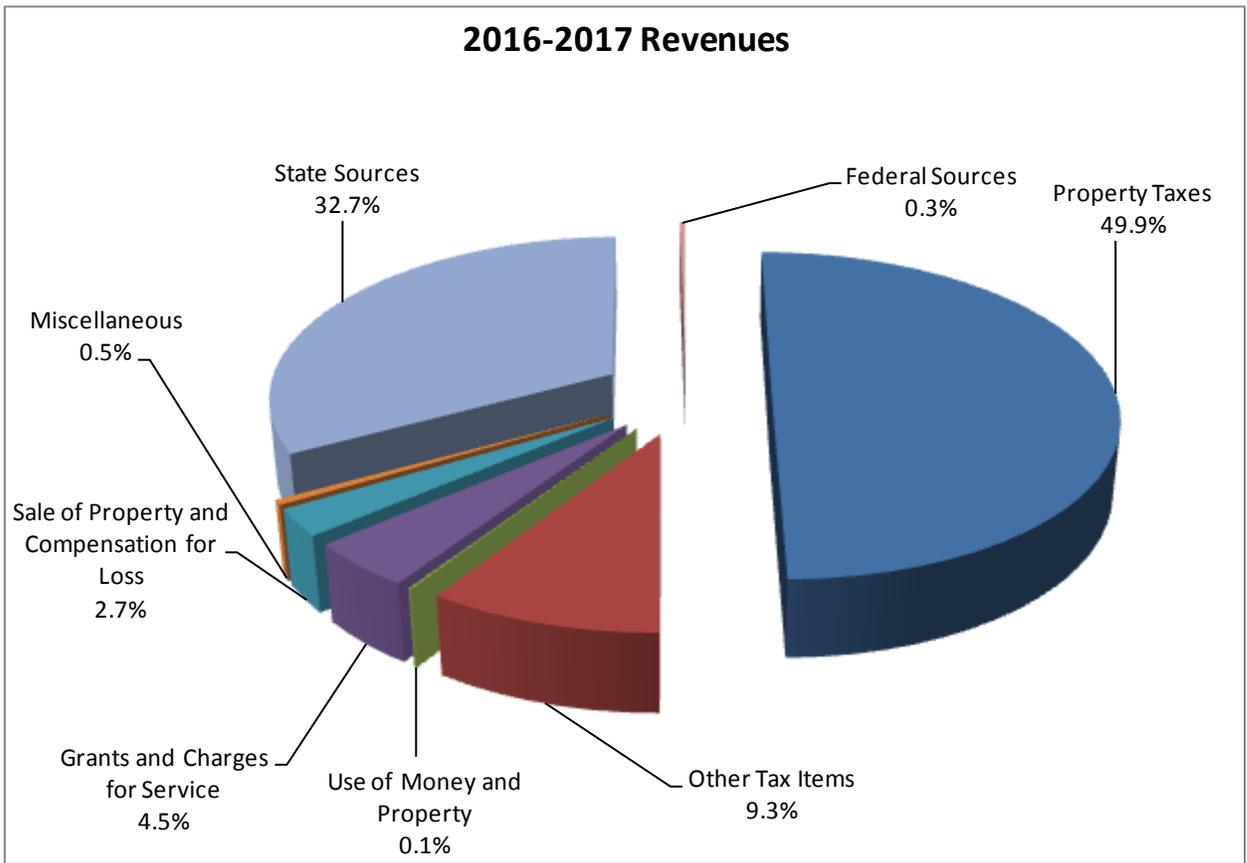
Net position decreased during the year by \$5,650,483.

Table A-3

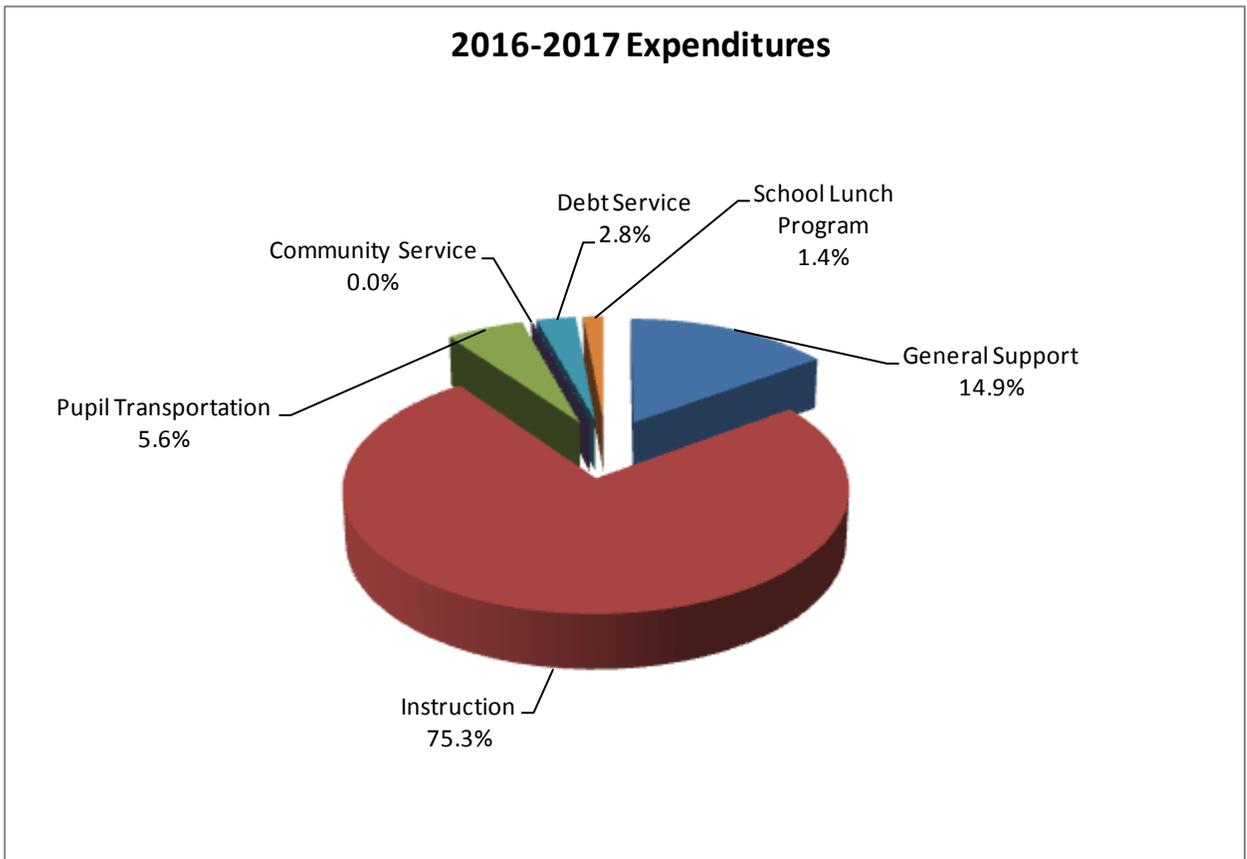
Changes in Net Position from Operating Results

	Fiscal Year 2017	Fiscal Year 2016	% Change Incr.; - Decr.)
Revenues			
Program Revenues			
Charges for services	\$ 1,964,198	\$ 1,870,467	5
Operating grants and contributions	2,307,836	2,271,224	2
General Revenues			
Property taxes	56,463,107	56,056,452	1
State sources	31,188,931	28,693,300	9
Federal sources	254,941	344,702	-26
Use of money and property	114,597	108,572	6
Sale of property and compensation for loss	2,547,692	842	302476
Miscellaneous	477,186	4,287,813	-89
Total Revenues	95,318,488	93,633,372	2
Expenses			
General support	15,080,944	13,435,511	12
Instruction	75,863,296	70,101,447	8
Transportation	5,662,958	5,228,298	8
Community service	27,586	29,725	-7
Debt service	2,871,570	2,714,921	6
Cost of sales – Lunch Program	1,462,617	1,409,122	4
Total Expenses	100,968,971	92,919,024	9
Change in Net Position	(5,650,483)	714,348	-891
Other Change in Net Position	0	(4,398)	100
Total Change in Net Position	\$ (5,650,483)	\$ 709,950	-896

REVENUES – TABLE A-4



EXPENDITURES – TABLE A-5



Governmental Activities

Revenue for the School District's governmental activities totaled \$95,318,488 while total expenses were \$100,968,971. Accordingly, net position decreased by \$5,650,483.

Table A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Table A-6

Net Cost of Governmental Activities

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2017	2016	(Incr.; -Decr.)	2017	2016	(Incr.; -Decr.)
General support	\$ 15,080,944	\$ 13,435,511	12%	\$ 15,080,944	\$ 13,435,511	12%
Instruction	75,863,296	70,101,447	8%	72,796,811	67,178,606	8%
Pupil transportation	5,662,958	5,228,298	8%	5,662,958	5,228,298	8%
Community service	27,586	29,725	-7%	27,586	29,725	-7%
Debt service - interest	2,871,570	2,714,921	6%	2,871,570	2,714,921	6%
Cost of sales - lunch program	1,462,617	1,409,122	4%	257,068	190,272	35%
Totals	\$100,968,971	\$ 92,919,024	9%	\$ 96,696,937	\$ 88,777,333	9%

- The cost of all governmental activities for the year was \$100,968,971.
- The users of the School District's programs financed \$1,964,198 of the costs.
- The federal and state government grants financed \$2,307,836.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

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 financial 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.

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of this fund was \$15,526,180, of which \$3,122,155 (or 3.5% of the ensuing year's budget) was unassigned.

New York State Law limits the amount of unassigned fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. The District was within this limit.

The General Fund is the only fund for which a budget is legally adopted.

General Fund Budgetary Highlights

The change from the original budget to the final budget was an increase of \$379,151. Actual revenues were above budgetary expectations by \$1,197,812.

Actual expenditures and other financing uses were \$2,251,045 less than the final budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2017, the School District had \$101,831,671 (net of depreciation) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

Capital Assets (Net of Depreciation)

	Fiscal Year 2017	Fiscal Year 2016
Land, buildings and improvements	\$ 151,671,723	\$ 148,442,016
Machinery and equipment, vehicles	19,158,425	18,883,486
Accumulated Depreciation	(68,998,477)	(64,555,747)
Totals	\$ 101,831,671	\$ 102,769,755

Long-Term Debt

As of June 30, 2017, the School District had \$147,224,038 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

Outstanding long-term debt

	Fiscal Year 2017	Fiscal Year 2016
General obligation bonds (financed with property taxes)	\$ 58,085,264	\$ 62,157,102
All other debt	89,138,774	78,922,562
Totals	\$ 147,224,038	\$ 141,079,664

During 2017, the School District paid down its debt by retiring \$4,075,000 of outstanding bonds. Other debt is comprised of compensated absences, claims payable and other post-employment benefits.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT TEAM

This financial report is designed to provide the Ballston Spa Central School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the resources at its disposal. If you have questions about this report or need additional financial information, contact:

Ballston Spa Central School District
Attn: Brian Sirianni
Assistant Superintendent for Business and Support Services
70 Malta Avenue
Ballston Spa, NY 12020
(518) 884-7195

BALLSTON SPA CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2017

ASSETS

Cash		
Unrestricted	\$	8,032,391
Restricted		13,279,508
Receivables		
State and Federal aid		1,636,879
Due from fiduciary funds		175,130
Due from other governments		1,701,928
Other receivables		13,552
Inventories		16,572
Capital assets, net of depreciation		101,831,671
Total Assets		<u>126,687,631</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions		24,675,710
Total Deferred Outflows of Resources		<u>24,675,710</u>

LIABILITIES

Payables		
Accounts payable		556,836
Accrued liabilities		230,456
Accrued interest payable		108,706
Due to other governments		724
Unearned grant revenue		15,747
Bond anticipation notes payable		4,183,000
Long-term liabilities		
Due and payable within one year		
Due to Teachers' Retirement System		4,238,343
Due to Employees' Retirement System		341,282
Bonds payable		4,480,000
Due and payable after one year		
Bonds payable		50,345,000
Other post-employment benefits		88,224,378
Workers' compensation payable		258,280
Net pension liability - proportionate share		5,173,918
Compensated absences payable		656,116
Total Liabilities		<u>158,812,786</u>

DEFERRED INFLOWS OF RESOURCES

Pensions		1,425,219
Deferred bond premium		3,260,264
Total Deferred Inflows of Resources		<u>4,685,483</u>

NET POSITION

Net investment in capital assets		41,193,592
Restricted		
Reserve for employee benefit liability		100,000
Reserve for debt service		2,145,552
Unemployment insurance reserve		190,000
Reserve for retirement contribution		2,700,000
Workers compensation reserve		1,350,000
Capital reserve		6,325,000
Tax certiorari reserve		485,000
Unrestricted		(66,624,072)
Total Net Position	\$	<u><u>(12,134,928)</u></u>

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS				
General support	\$ 15,080,944	\$ 0	\$ 0	\$ (15,080,944)
Instruction	75,863,296	(1,459,100)	(1,607,385)	(72,796,811)
Pupil transportation	5,662,958	0	0	(5,662,958)
Debt service	2,871,570	0	0	(2,871,570)
Community service	27,586	0	0	(27,586)
School lunch program	1,462,617	(505,098)	(700,451)	(257,068)
Total Functions and Programs	<u>\$100,968,971</u>	<u>\$ (1,964,198)</u>	<u>\$ (2,307,836)</u>	<u>(96,696,937)</u>
GENERAL REVENUES				
Real property taxes				47,551,922
Other tax items				8,911,185
Use of money and property				114,597
Sale of property and compensation for loss				2,547,692
Miscellaneous				477,186
State sources				31,188,931
Federal sources				254,941
Total General Revenues				<u>91,046,454</u>
CHANGE IN NET POSITION				(5,650,483)
TOTAL NET POSITION - BEGINNING OF YEAR				<u>(6,484,445)</u>
TOTAL NET POSITION - END OF YEAR				<u>\$ (12,134,928)</u>

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash						
Unrestricted	\$ 5,694,714	\$ 368,855	\$ 338,637	\$ 0	\$ 1,630,185	\$ 8,032,391
Restricted	11,150,000	0	0	2,129,508	0	13,279,508
Due from other funds	1,268,630	118,370	18,598	16,044	0	1,421,642
Due from fiduciary funds	175,130	0	0	0	0	175,130
State and Federal aid receivable	846,643	790,236	0	0	0	1,636,879
Due from other governments	1,701,928	0	0	0	0	1,701,928
Other receivables	13,552	0	0	0	0	13,552
Inventories	0	0	16,572	0	0	16,572
TOTAL ASSETS	\$ 20,850,597	\$ 1,277,461	\$ 373,807	\$ 2,145,552	\$ 1,630,185	\$ 26,277,602
LIABILITIES						
Accounts payable	\$ 361,875	\$ 26,967	\$ 77,887	\$ 0	\$ 90,107	\$ 556,836
Accrued liabilities	230,119	51	286	0	0	230,456
Due to other funds	152,798	1,234,696	18,555	0	15,593	1,421,642
Bond anticipation notes payable	0	0	0	0	4,183,000	4,183,000
Due to other governments	0	0	724	0	0	724
Due to Employees' Retirement System	341,282	0	0	0	0	341,282
Due to Teachers' Retirement System	4,238,343	0	0	0	0	4,238,343
Unearned revenues	0	15,747	0	0	0	15,747
Total Liabilities	5,324,417	1,277,461	97,452	0	4,288,700	10,988,030
FUND BALANCE						
Nonspendable						
Reserved for inventory	0	0	16,572	0	0	16,572
Restricted						
Reserve for employee benefit liability	100,000	0	0	0	0	100,000
Reserve for debt service	0	0	0	2,145,552	0	2,145,552
Unemployment insurance reserve	190,000	0	0	0	0	190,000
Reserve for retirement contribution	2,700,000	0	0	0	0	2,700,000
Workers compensation reserve	1,350,000	0	0	0	0	1,350,000
Capital reserve	6,325,000	0	0	0	0	6,325,000
Tax certiorari reserve	485,000	0	0	0	0	485,000
Assigned	1,254,025	0	259,783	0	782,706	2,296,514
Unassigned	3,122,155	0	0	0	(3,441,221)	(319,066)
Total Fund Balance	15,526,180	0	276,355	2,145,552	(2,658,515)	15,289,572
TOTAL LIABILITIES AND FUND BALANCE	\$ 20,850,597	\$ 1,277,461	\$ 373,807	\$ 2,145,552	\$ 1,630,185	\$ 26,277,602

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

Total fund balance - governmental funds balance sheet (page 13)	\$ 15,289,572
Add:	
Pensions	24,675,710
Land, building and equipment, net of accumulated depreciation	101,831,671
Total	126,507,381
Deduct:	
Compensated absences	656,116
Other post-employment benefits	88,224,378
Net pension liability - proportionate share	5,173,918
Pensions	1,425,219
Accrued interest payable	108,706
Workers compensation payable	258,280
Deferred bond premium	3,260,264
Bonds payable	54,825,000
Total	153,931,881
NET POSITION, GOVERNMENTAL ACTIVITIES	\$ (12,134,928)

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital</u>	<u>Total Governmental Funds</u>
REVENUES						
Real property taxes	\$ 47,551,922	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,551,922
Other tax items	8,911,185	0	0	0	0	8,911,185
Charges for services	1,459,100	0	0	0	0	1,459,100
Use of money and property	111,050	0	124	3,423	0	114,597
Sale of property and compensation for loss	14,169	0	0	0	2,533,523	2,547,692
Miscellaneous	473,909	3,277	0	0	0	477,186
State sources	29,920,456	1,268,475	23,907	0	0	31,212,838
Federal sources	254,941	1,607,385	609,097	0	0	2,471,423
Surplus food	0	0	67,447	0	0	67,447
Sales - school lunch	0	0	505,098	0	0	505,098
Total Revenues	<u>88,696,732</u>	<u>2,879,137</u>	<u>1,205,673</u>	<u>3,423</u>	<u>2,533,523</u>	<u>95,318,488</u>
EXPENDITURES						
General support	9,314,647	0	64,574	0	0	9,379,221
Instruction	44,098,996	2,757,478	0	0	0	46,856,474
Pupil transportation	3,497,689	0	0	0	0	3,497,689
Community service	27,586	0	0	0	0	27,586
Employee benefits	21,349,224	234,404	1,643	0	0	21,585,271
Debt service						
Principal	886,000	0	0	4,075,000	0	4,961,000
Interest	15,830	0	0	2,875,137	0	2,890,967
Cost of sales	0	0	1,097,052	0	0	1,097,052
Capital outlay	0	0	0	0	4,110,156	4,110,156
Total Expenditures	<u>79,189,972</u>	<u>2,991,882</u>	<u>1,163,269</u>	<u>6,950,137</u>	<u>4,110,156</u>	<u>94,405,416</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>9,506,760</u>	<u>(112,745)</u>	<u>42,404</u>	<u>(6,946,714)</u>	<u>(1,576,633)</u>	<u>913,072</u>
OTHER FINANCING SOURCES AND USES						
Operating transfers in	0	112,745	18,598	6,912,496	100,000	7,143,839
Operating transfers (out)	(7,143,839)	0	0	0	0	(7,143,839)
BANs redeemed from appropriations	0	0	0	0	886,000	886,000
Total Other Sources (Uses)	<u>(7,143,839)</u>	<u>112,745</u>	<u>18,598</u>	<u>6,912,496</u>	<u>986,000</u>	<u>886,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	2,362,921	0	61,002	(34,218)	(590,633)	1,799,072
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	13,163,259	0	215,353	5,556,483	(5,444,595)	13,490,500
OTHER CHANGE IN FUND BALANCE	0	0	0	(3,376,713)	3,376,713	0
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 15,526,180</u>	<u>\$ 0</u>	<u>\$ 276,355</u>	<u>\$ 2,145,552</u>	<u>\$ (2,658,515)</u>	<u>\$ 15,289,572</u>

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2017

REVENUES		
Governmental funds		\$ 95,318,488
EXPENDITURES	\$ 94,405,416	
Add:		
Depreciation	5,116,069	
Accrued interest	108,706	
Amortization of bond premium and loss on refunding	3,162	
Pensions	389,656	
Increase in other post-employment benefits	10,324,752	
Increase in compensated absences	70,538	
	<u>16,012,883</u>	
Deduct:		
Principal payments of long-term debt	4,075,000	
Prior year accrued interest	131,265	
BANs redeemed from appropriations	886,000	
Decrease in claims payable	179,078	
Change in fixed assets	4,177,985	
	<u>9,449,328</u>	
EXPENDITURES - STATEMENT OF ACTIVITIES		<u>100,968,971</u>
CHANGE IN NET POSITION		<u>\$ (5,650,483)</u>

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	<u>Private Purpose Trust</u>	<u>Agency</u>
ASSETS		
Cash	\$ 41,592	\$ 402,607
Total Assets	<u>\$ 41,592</u>	<u>\$ 402,607</u>
LIABILITIES		
Due to governmental funds	\$ 0	\$ 175,130
Extraclassroom activity balances	0	100,895
Other liabilities	0	126,582
Total Liabilities	<u>0</u>	<u>\$ 402,607</u>
NET POSITION	<u>\$ 41,592</u>	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

ADDITIONS	
Interest	\$ 54
Gifts and contributions	8,122
Total additions	8,176
DEDUCTIONS	
Scholarships and awards	10,380
Change in Net Position	(2,204)
NET POSITION - BEGINNING OF YEAR	<u>43,796</u>
NET POSITION - END OF YEAR	<u>\$ 41,592</u>

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The Ballston Spa 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 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) Extraclassroom Activity Funds

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

B. Joint Venture

The District is one of 31 component districts in the Washington-Saratoga-Warren-Hamilton-Essex Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Joint Venture – (Continued)

BOCES are organized under Section 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 Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the 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, Section 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 \$4,902,136 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued no serial bonds on behalf of BOCES. As of year-end, the District had no outstanding BOCES debt.

The District's share of BOCES aid amounted to \$1,567,469.

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

C. Basis of Presentation

1. District-Wide Statements

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

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

The Statement of Net Position presents the financial position of the District at the fiscal year-end. The Statement of Activities presents a comparison between expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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.

2. Funds Statements

The funds 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.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Presentation – (Continued)

2. Fund Statements – (Continued)

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 Fund – These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

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

The District reports the following fiduciary funds:

Fiduciary Fund – 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:

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

D. Measurement Focus and Basis of Accounting

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. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Measurement Focus and Basis of Accounting – (Continued)

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

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

E. Property Taxes

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

Uncollected real property taxes are subsequently enforced by the County of Saratoga. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

G. Interfund Transactions

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

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

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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. Accounts Receivable

Accounts receivable are shown net of an allowance for doubtful accounts. Allowances are reported when accounts are considered to be uncollectible. The allowance at June 30, 2017 is \$-0-.

K. Inventories and Prepaid Items

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

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

A reserve for these nonliquid assets (inventories) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

L. Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 10,000	Straight-line	20 – 50
Machinery and equipment	10,000	Straight-line	5 – 20

M. 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. The 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. There are 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. There are 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's proportion of the collective net pension liability (ERS System) and net pension asset (TRS 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.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

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

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

	<u>ERS</u>	<u>TRS</u>
	March 31, 2017	June 30, 2016
Measurement date		
District's proportionate share of the net pension asset (liability)	\$ (2,866,051)	\$ (2,307,867)
District's portion of the Plan's total net pension asset (liability)	0.0305022%	0.215479%
District's proportion since the prior measurement date	(0.0004284)%	(0.005621)%

For the year ended June 30, 2017, the District's recognized pension expense of \$1,099,420 for ERS and \$3,980,212 for TRS. At June 30, 2017 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 71,821	\$ 0	\$ 435,226	\$ 749,725
Changes of assumptions	979,148	13,147,078	0	0
Net difference between projected and actual earnings on pension plan investments	572,467	5,189,298	0	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	4,206	389,198	92,084	148,184
District's contributions subsequent to the measurement date	341,282	3,981,212	0	0
Total	<u>\$ 1,968,924</u>	<u>\$ 22,706,786</u>	<u>\$ 527,310</u>	<u>\$ 897,909</u>

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)

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, 2018. 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:	<u>ERS</u>	<u>TRS</u>
2018	\$ 513,080	\$ 1,647,507
2019	513,080	5,677,659
2020	473,855	4,423,762
2021	(399,684)	2,051,784
2022	0	2,379,446
Thereafter	0	0

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Actuarial valuation date	April 1, 2016	June 30, 2015
Interest rate	7.0%	7.5%
Salary scale	3.8%	1.9% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
Inflation rate	System's experience 2.5%	System's experience 2.5%

For ERS, annuitant mortality rates are based on April 1, 2010 through March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 through June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 through March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by each 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:

Measurement date	<u>ERS</u> March 31, 2017	<u>TRS</u> June 30, 2016
<u>Asset type</u>		
Domestic equity	4.55%	6.10%
International equity	6.35	7.30
Real estate	5.80	5.40
Domestic fixed income securities	0	1.00
Global fixed income securities	0	0.80
Mortgages	0	3.10
Short-term	0	0.10
Private equity/alternative investments	7.75	9.20
Absolute return strategies	4.00	0
Opportunistic portfolio	5.89	0
Real assets	5.54	0
Bonds and mortgages	1.31	0
Cash	(0.25)	0
Inflation index bonds	1.50	0

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS and 6.5% for TRS) or 1 percentage point higher (8.0% for ERS and 8.5% for TRS) than the current rate:

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – (Continued)

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
<u>ERS</u>			
District's proportionate share of the net pension asset (liability)	\$ (9,153,600)	\$ (2,866,041)	\$ 2,450,059
	<u>1% Decrease (6.5%)</u>	<u>Current Assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
<u>TRS</u>			
District's proportionate share of the net pension asset (liability)	\$ (30,111,368)	\$ (2,307,867)	\$ 21,012,252

Pension Plan Fiduciary Net Position

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

	(Dollars in thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Measurement date	March 31, 2017	June 30, 2016	
Employers' total pension asset (liability)	\$ (177,400,586)	\$ (108,577,184)	\$ (285,977,770)
Plan fiduciary net position asset (liability)	168,004,363	107,506,142	275,510,505
Employers' net pension asset (liability)	(9,396,223)	(1,071,042)	(10,467,265)
 Ratio of plan fiduciary net position to the employers' total pension asset (liability)	 94.7%	 99.0%	 96.3%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$341,282.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November, 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amount to \$4,238,343.

Additional pension information can be found in Note 9.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. 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.

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

P. Other Benefits

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. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Q. Short-Term Debt

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), 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 (BANs), 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.

R. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment 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.

S. Equity Classifications

District-Wide Statements

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

i) 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.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

District-Wide Statements – (Continued)

ii) 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.

iii) 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 classification of fund balance:

1. Nonspendable Fund Balance

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$16,572.

2. 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:

Currently Utilized by the District:

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. The reserve is accounted for in the General Fund under Restricted Fund Balance.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

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 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. This reserve is accounted for in the General Fund under Restricted Fund Balance.

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. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

Debt Service

According to General Municipal Law §6-1, 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.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

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 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.

Tax Certiorari

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

Encumbrances

Encumbrances 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.

3. Committed

Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e. the Board of Education. The School District has no committed fund balances as of June 30, 2017.

4. Assigned

Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

Funds Statements – (Continued)

5. Unassigned

Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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

Order of Use of Fund Balance

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

T. New Accounting Standards

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

GASB has issued Statement No. 77, *Tax Abatement Disclosures*, effective for the year ending June 30, 2017.

GASB has issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for the year ended June 30, 2017.

U. Future Changes in Accounting Standards

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-employment 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 Post-employment Benefit Plans Other than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

U. Future Changes in Accounting Standards – (Continued)

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 GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

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

Total fund balance of the District’s governmental funds differs 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 Balances vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of four broad categories, described as follows:

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

B. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities – (Continued)

iii) Long-Term Debt Transaction Differences

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

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 – 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.

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the year were \$39,190 in gifts and donations.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

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.

Capital Projects Fund Deficit

The Capital Projects Fund had a deficit fund balance of \$2,658,515. This will be funded when the District obtains permanent financing for its current construction project.

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

Custodial credit risk is the risk that in the event of a bank failure, the 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.

As of June 30, 2017, all District bank balances were collateralized with a third-party bank with the collateral held in the District's name.

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

Uncollateralized	\$ 1,460,431
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	21,178,911

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 \$13,279,508 within the governmental funds and \$444,199 within the fiduciary funds.

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

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 1,541,204	\$ 0	\$ 0	\$ 1,541,204
Total nondepreciable historical cost	<u>1,541,204</u>	<u>0</u>	<u>0</u>	<u>1,541,204</u>
Capital assets that are depreciated:				
Buildings and improvements	146,900,812	3,229,707	0	150,130,519
Machinery and equipment	11,549,709	141,907	50,978	11,640,638
Vehicles	7,333,777	806,371	622,361	7,517,787
Total depreciable historical cost	<u>165,784,298</u>	<u>4,177,985</u>	<u>673,339</u>	<u>169,288,944</u>
Less accumulated depreciation:				
Buildings, machinery and equipment	<u>64,555,747</u>	<u>5,116,069</u>	<u>673,339</u>	<u>68,998,477</u>
Total accumulated depreciation	<u>64,555,747</u>	<u>5,116,069</u>	<u>673,339</u>	<u>68,998,477</u>
Net depreciable historical cost	<u>101,228,551</u>	<u>(938,084)</u>	<u>0</u>	<u>100,290,467</u>
GRAND TOTAL	<u><u>\$102,769,755</u></u>	<u><u>\$ (938,084)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$101,831,671</u></u>

Depreciation was allocated to the following programs as follows:

General support	\$ 783,376
Instruction	3,940,699
Pupil transportation	294,161
School lunch program	<u>97,833</u>
TOTAL	<u><u>\$ 5,116,069</u></u>

BALLSTON SPA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 – SHORT-TERM DEBT

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	9/23/2017	2.00%	\$ 2,681,000	\$ 788,000	\$ 886,000	\$ 2,583,000
BAN	6/14/2018	1.35%	0	1,600,000	0	1,600,000
TOTALS			<u>\$ 2,681,000</u>	<u>\$ 2,388,000</u>	<u>\$ 886,000</u>	<u>\$ 4,183,000</u>

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

Interest paid	\$ 53,471
Less interest accrued in the prior year	(40,839)
Add interest accrued in the current year	<u>28,036</u>
TOTAL	<u>\$ 40,668</u>

NOTE 7 – LONG-TERM DEBT

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

Interest paid	\$ 2,837,496
Less interest accrued in the prior year	(90,426)
Add interest accrued in the current year	<u>80,670</u>
TOTAL EXPENSE	<u>\$ 2,827,740</u>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and notes payables	\$ 58,900,000	\$ 0	\$ 4,075,000	\$ 54,825,000	\$ 4,480,000
Plus - unamortized bond premium	3,411,903	0	151,639	3,260,264	0
Less - unamortized loss on refunding	(154,801)	0	(154,801)	0	0
Other liabilities:					
Other post-employment benefits	77,899,626	10,324,752	0	88,224,378	0
Claims payable	437,358	0	179,078	258,280	0
Compensated absences, net	585,578	70,538	0	656,116	0
TOTAL LONG-TERM LIABILITIES	<u>\$ 141,079,664</u>	<u>\$ 10,395,290</u>	<u>\$ 4,250,916</u>	<u>\$ 147,224,038</u>	<u>\$ 4,480,000</u>

BALLSTON SPA CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 – LONG-TERM DEBT – (CONTINUED)

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

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Serial Bond</u>					
Issue date	2005	2010	2012	2012	2014	2016
Final maturity	2025	2019	2019	2032	2042	2043
Interest rate	3.800%	2-4%	3-4.5%	2-3.25%	3-5%	2-5%
Outstanding at year end	\$ 2,290,000	\$ 370,000	\$ 4,310,000	\$ 2,445,000	\$ 26,210,000	\$ 19,200,000

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2018	\$ 4,480,000	\$ 2,426,445	\$ 6,906,445
2019	4,645,000	2,251,089	6,896,089
2020	2,370,000	2,042,624	4,412,624
2021	2,485,000	1,930,789	4,415,789
2022	2,730,000	1,691,210	4,421,210
Thereafter	38,115,000	15,062,159	53,177,159
TOTALS	\$ 54,825,000	\$ 25,404,316	\$ 80,229,316

Claims Payable

Claims payable reflects self-insured workers' compensation claim liabilities which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled and of claims that have been incurred, but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities is as follows:

	<u>2017</u>	<u>2016</u>
Balance - beginning of year	\$ 437,358	\$ 507,082
Provision for claims and claims adjustment expenses	32,424	126,764
Claims and claims adjustment expenses paid	(211,502)	(196,488)
Balance - end of year	<u>\$ 258,280</u>	<u>\$ 437,358</u>

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,443,760	\$ 152,798	\$ 0	\$ 7,143,839
Special Aid Fund	118,370	1,234,696	112,745	0
School Lunch Fund	18,598	18,555	18,598	0
Debt Service Fund	16,044	0	6,912,496	0
Capital Projects Fund	0	15,593	100,000	0
Total Governmental Activities	1,596,772	1,421,642	7,143,839	7,143,839
Fiduciary Agency Fund	0	175,130	0	0
TOTALS	\$ 1,596,772	\$ 1,596,772	\$ 7,143,839	\$ 7,143,839

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

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

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

NOTE 9 – 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.

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.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 – PENSION PLANS – (CONTINUED)

Plan Descriptions and Benefits Provided: – (Continued)

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 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% of their salary for the first ten years of membership, and employees who joined on or after January 2, 2010 who generally contribute 3.0% to 3.5% 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.

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. Required contributions for the current and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2017	\$ 3,980,212	\$ 1,099,420
2016	4,405,271	1,281,142
2015	5,637,618	1,456,161

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 did not exercise.

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 – OTHER POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

The District provides post-employment health insurance coverage to retired employees in accordance with the provisions of various employment contracts.

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

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2017, the District recognized \$4,451,921 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of July 1, 2016, which indicates that the total liability for other post-employment benefits is \$88,224,378, which is reflected in the Statement of Net Position.

Plan Description

Ballston Spa Central School District provides medical and prescription drug insurance benefits for retirees, spouses and their covered dependents while contributing a portion of the expenses. Such post-employment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during post-employment. Nevertheless, both types of benefits constitute compensation for employee services. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Funding Policy

The contribution requirements of plan members and the District are established by the Board of Education. The required contribution is based on projected pay-as-you-go financing requirements.

For the fiscal year ended June 30, 2017, the District contributed \$12,436,917 to the employee health insurance.

Annual Other Post-employment Benefit (OPEB) Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the District's net OPEB obligation to the healthcare plan:

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Annual Other Post-employment Benefit (OPEB) Cost and Net OPEB Obligation – (Continued)

Annual required contribution	\$ 17,181,115
Interest on net OPEB obligation	2,221,812
Adjustment to annual required contribution	<u>4,626,254</u>
Annual OPEB cost (expense)	14,776,673
Contributions made	<u>4,451,921</u>
Increase in net OPEB obligation	10,324,752
Net OPEB obligation - beginning of year	<u>77,899,626</u>
Net OPEB obligation - end of year	<u>\$ 88,224,378</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/17	\$ 14,776,673	17%	\$ 88,224,378
06/30/16	15,687,187	20%	77,899,626
06/30/15	15,409,245	24%	66,132,320

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial liability for benefits was \$178,171,121 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$178,171,121. The covered payroll (annual payroll of active employees covered by the plan) was \$40,528,832, and the ratio of the UAAL to the covered payroll was 440%. 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.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Actuarial Methods and Assumptions – (Continued)

In the July 1, 2016, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 2.85% investment rate of return (net of administrative expenses), which is based on the expected earnings of the District's General Fund investments at the valuation date and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5% after 30 years. Both rates included a 4% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was 30 years.

NOTE 11 – RISK MANAGEMENT

General Information

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, injuries to employees, errors and omissions and natural disasters, etc. The risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

Health Insurance

The District and neighboring school districts participate in the Washington-Saratoga-Warren-Hamilton-Essex Health Insurance Plan. The purpose of the Plan is to contract for group health insurance benefits in an efficient and economical manner. The Plan currently contracts with Empire Blue Cross and Blue Shield for health insurance coverage for its employees. The governance of the Plan rests in the Board of Trustees. A majority of the total number of trustees is required to take any actions. The District has transferred all related risk to the Plan. In addition, the District offers coverage from CDPHP and MVP through HMOs that are fully insured.

Workers Compensation Plan

Effective July 1, 1992, the District elected self-insure for workers' compensation benefits. The District purchases insurance to pay individual claims which exceed \$450,000 to a maximum of \$10 million. All known claims filed and an estimate of all incurred but unreported claims existing at June 30, 2017 have been recorded as other liabilities, see Note 7.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The District has received grants which are subject to audit by agencies of the federal and state governments. Such audits may result in disallowances and a request for a return of funds. The District's administration believes that disallowances, if any, would be immaterial.

NOTE 13 – OTHER CHANGE IN NET POSITION AND FUND BALANCE

The fund balance in the capital fund increased by \$3,376,713 while the fund balance in the debt service fund decreased by \$3,376,713. This was to correctly record the bond premium in the capital fund.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 14 – TAX ABATEMENTS

The Town of Milton enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$69,453. The District received Payment in Lieu of Tax (PILOT) payment totaling \$47,500.

The Town of Malta enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$3,164,796. The District received Payment in Lieu of Tax (PILOT) payment totaling \$8,735,785.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2017, the date of the issuance of the audit report. There were no issues to report that would have a material effect on the financial statements.

BALLSTON SPA 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, 2017

	Original Budget	Final Budget	Actual Revenues	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:				
Local Sources				
Real property taxes	\$ 47,591,657	\$ 47,591,657	\$ 47,551,922	\$ (39,735)
Real property tax items	9,179,000	9,179,000	8,911,185	(267,815)
Charges for services	662,110	662,110	1,459,100	796,990
Use of money and property	89,500	89,500	111,050	21,550
Sale of property and compensation for loss	0	0	14,169	14,169
Miscellaneous	250,000	289,190	473,909	184,719
Interfund transfers	225,000	225,000	0	(225,000)
Total Local Sources	57,997,267	58,036,457	58,521,335	484,878
State Sources	29,262,463	29,262,463	29,920,456	657,993
Federal Sources	200,000	200,000	254,941	54,941
Total Revenues	87,459,730	87,498,920	88,696,732	\$ 1,197,812

See paragraph on supplementary schedules included in independent auditors' report.

BALLSTON SPA 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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under</u>
EXPENDITURES					
General Support					
Board of Education	14,800	14,800	6,565	\$ 0	\$ 8,235
Central administration	256,126	260,126	258,089	0	2,037
Finance	687,400	717,250	647,272	30,000	39,978
Staff	546,821	547,821	496,586	0	51,235
Central services	6,739,351	7,345,120	6,957,263	134,012	253,845
Special items	907,885	967,885	948,872	0	19,013
Instructional					
Instruction, administration and improvements	3,294,989	3,204,995	3,085,280	24	119,691
Teaching – regular school	26,124,577	26,040,193	25,268,795	34,517	736,881
Programs for children with handicapping conditions	9,058,410	8,548,618	8,495,792	638	52,188
Occupational education	594,000	641,000	639,645	0	1,355
Teaching - special school	152,396	144,896	127,805	0	17,091
Instructional media	2,099,333	3,007,648	2,873,357	9,026	125,265
Pupil services	3,471,988	3,640,615	3,608,322	140	32,153
Pupil Transportation	3,680,846	3,657,726	3,497,689	45,668	114,369
Community Services	30,470	29,470	27,586	0	1,884
Employee Benefits	22,722,960	21,974,340	21,349,224	0	625,116
Debt Service	901,830	901,830	901,830	0	0
Total Expenditures	81,284,182	81,644,333	79,189,972	254,025	2,200,336
Other Financing Uses					
Transfers to other funds	7,175,548	7,194,548	7,143,839	0	50,709
Total Expenditures and Other Uses	88,459,730	88,838,881	86,333,811	\$ 254,025	\$ 2,251,045
NET CHANGE IN FUND BALANCE	(1,000,000)	(1,339,961)	2,362,921		
FUND BALANCE – BEGINNING	13,163,259	13,163,259	13,163,259		
FUND BALANCE – ENDING	\$ 12,163,259	\$ 11,823,298	\$ 15,526,180		

See paragraph on supplementary schedules included in independent auditors' report.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS PLAN

FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/16	\$ 0	\$ 178,171,121	\$ 178,171,121	0%	\$ 40,528,832	440%
07/01/15	0	172,020,563	172,020,563	0%	41,655,548	413%
07/01/14	0	148,365,789	148,365,789	0%	41,711,248	356%

See paragraph on supplementary schedule included in independent auditors' report.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015

NYS Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0305022%	0.0309306%	0.0306694%
District's proportionate share of the net pension liability (asset)	\$ 2,866,051	\$ 4,964,452	\$ 1,036,087
District's covered-employee payroll	7,772,745	7,492,001	7,565,051
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.9%	66.3%	13.7%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%

NYS Teachers' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.215479%	0.221100%	0.217426%
District's proportionate share of the net pension liability (asset)	\$ 2,307,867	\$ (23,070,157)	\$ (24,219,909)
District's covered-employee payroll	34,669,705	33,897,568	33,878,105
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.7%	68.1%	71.5%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.00%	110.50%	111.48%

See paragraph on supplementary schedule included in independent auditors' report.

BALLSTON SPA CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015

NYS Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,155,949	\$ 1,176,178	\$ 1,431,789
Contributions in relation to the contractually required contribution	<u>1,155,949</u>	<u>1,176,178</u>	<u>1,431,789</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 7,772,745	\$ 7,492,001	\$ 7,565,051
Contribution as a percentage of covered-employee payroll	14.87%	15.70%	18.93%

NYS Teachers' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,063,289	\$ 4,494,817	\$ 5,848,720
Contributions in relation to the contractually required contribution	<u>4,063,289</u>	<u>4,494,817</u>	<u>5,848,720</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 34,669,705	\$ 33,897,568	\$ 33,878,105
Contribution as a percentage of covered-employee payroll	11.72%	13.26%	17.26%

See paragraph on supplementary schedule included in independent auditors' report.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET –
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2017

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

ADOPTED BUDGET	\$ 88,459,730
ADDITIONS:	
Prior year's encumbrances	339,961
Donations	39,190
	<hr/>
FINAL BUDGET	\$ 88,838,881

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2017

2017-2018 voter-approved expenditure budget	\$ 90,340,742
Maximum allowed (4% of 2017-2018 budget)	3,613,630
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,254,025
Unassigned fund balance	3,122,155
	<hr/>
Total unrestricted fund balance	4,376,180
Less:	
Appropriated fund balance	1,000,000
Encumbrances included in assigned fund balance	254,025
	<hr/>
Total Adjustments	1,254,025
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ 3,122,155

Actual percentage 3.5%

See paragraph on supplementary schedules included in independent auditors' report.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2017

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>			<u>Fund Balances</u>
			<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>		<u>Local Sources</u>	<u>State Aid</u>	<u>Proceeds of Obligations</u>	
Buses 2009-2010	\$ 721,100	\$ 721,100	\$ 713,785	\$ 0	\$ 713,785	\$ 7,315	\$ 0	\$ 0	\$ 721,000	\$ 7,215
Buses 2010-2011	951,000	951,000	951,217	0	951,217	(217)	0	205,000	746,000	(217)
Buses 2011-2012	928,000	928,000	926,216	0	926,216	1,784	0	190,000	738,000	1,784
Buses 2012-2013	834,000	834,000	827,107	0	827,107	6,893	0	165,000	489,000	(173,107)
Buses 2013-2014	890,000	890,000	883,712	0	883,712	6,288	0	175,000	350,000	(358,712)
Buses 2014-2015	890,000	890,000	867,124	0	867,124	22,876	0	170,000	175,000	(522,124)
Buses 2015-2016	866,000	866,000	818,452	41,450	859,902	6,098	0	0	161,000	(698,902)
Buses 2016-2017	788,000	788,000	0	764,923	764,923	23,077	0	0	0	(764,923)
Cap Improvements 4	568,000	568,000	553,746	0	553,746	14,254	335,041	100,000	0	(118,705)
Cap Improvements 5	503,000	503,000	502,184	0	502,184	816	0	0	0	(502,184)
10/19/10 Projects	49,300,000	49,300,000	54,784,576	620,066	55,404,642	(6,104,642)	230,000	610,000	52,971,111	(1,593,531)
Middle School Fire	2,500,000	2,537,491	0	2,537,491	2,537,491	0	2,533,523	0	0	(3,968)
May 2016 Projects	1,100,000	1,100,000	0	101,821	101,821	998,179	0	0	0	(101,821)
12/4/12 Projects	8,900,000	8,900,000	0	44,405	44,405	8,855,595	1,400,000	815,085	0	2,170,680
TOTALS	\$ 69,739,100	\$ 69,776,591	\$ 61,828,119	\$ 4,110,156	\$ 65,938,275	\$ 3,838,316	\$ 4,498,564	\$ 2,430,085	\$ 56,351,111	\$ (2,658,515)

See paragraph on supplementary schedules included in independent auditors' report.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2017

CAPITAL ASSETS, NET		\$ 101,831,671
ADD:		
Unspent BAN proceeds	\$ 1,630,185	
DEDUCT:		
Bond anticipation note payable	4,183,000	
Unamortized bond premium	3,260,264	
Short-term portion of bonds payable	4,480,000	
Long-term portion of bonds payable	<u>50,345,000</u>	
		<u>62,268,264</u>
NET INVESTMENT IN CAPITAL ASSETS		<u><u>\$ 41,193,592</u></u>

See paragraph on supplementary schedules included in independent auditors' report.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

**FEDERAL AWARD PROGRAM INFORMATION
(SINGLE AUDIT)**

(UNIFORM GUIDANCE)

JUNE 30, 2017



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

To the President and the Other Members
of the Board of Education of the
Ballston Spa Central School District
Ballston Spa, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ballston Spa Central School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

WEST & COMPANY CPA PC

Gloversville, New York
October 4, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the President and the Other Members
of the Board of Education of the
Ballston Spa Central School District
Ballston Spa, New York

Report on Compliance for Each Major Federal Program

We have audited Ballston Spa Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of Ballston Spa Central School District's major federal programs for the year ended June 30, 2017. Ballston Spa Central School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Ballston Spa Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ballston Spa Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Ballston Spa Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

WEST & COMPANY CPAs PC

Gloversville, New York
October 4, 2017

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through NYS Education Department:			
Special Education Cluster:			
Special Education - Grants to States	84.027	0032160816	\$ 834,763
Special Education - Grants to States	84.027	0031170009	93,003
Special Education - Preschool Grants	84.173	0033160816	23,445
Total Special Education Cluster			<u>951,211</u>
Title I - Grants to Local Educational Agencies	84.010	0021172700	486,717
Title I - Grants to Local Educational Agencies	84.010	0021162700	6,995
Improving Teacher Quality State Grants	84.367	0147172700	119,153
Improving Teacher Quality State Grants	84.367	0147162700	1,828
Education for Homeless Children and Youth	84.196	0212173000	22,981
Education for Homeless Children and Youth	84.196	0212173050	18,500
Total U.S. Department of Education			<u>1,607,385</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through NYS Education Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	Not Applicable	67,447
Cash Assistance			
National School Lunch Program	10.555	Not Applicable	498,507
School Breakfast Program	10.553	Not Applicable	110,590
Total Child Nutrition Cluster			<u>676,544</u>
Total U.S. Department of Agriculture			<u>676,544</u>
TOTAL FEDERAL AWARDS EXPENDED			<u><u>\$ 2,283,929</u></u>

See paragraph on supplementary schedules included in independent auditors' report.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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

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

NOTE 2 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2017, the District had food commodities totaling \$16,572 in inventory.

NOTE 3 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 4 – INDIRECT COST RATE

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. There is no other indirect cost allocation plan in effect.

NOTE 5 – CLUSTERS

The Special Education Cluster consists of Special Education – Grants to States and Special Education – Preschool Grants.

The Child Nutrition Cluster consists of Food Distribution, School Breakfast Program and National School Lunch Program.

BALLSTON SPA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

A. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' opinion issued: Unmodified

Internal control over financial reporting:

Material weakness identified? _____ yes X no

Significant deficiency identified that is not considered to be material weakness? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

FEDERAL AWARDS

Internal control over major programs:

Material weaknesses identified? _____ yes X no

Significant deficiency identified that is not considered to be material weakness? _____ yes X none reported

Type of auditors' opinion(s) issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? _____ yes X no

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low risk? _____ X yes _____ no

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2017



INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Ballston Spa Central School District
Ballston Spa, New York

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Ballston Spa Central School District as of June 30, 2017, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the Ballston Spa Central School District as of June 30, 2017, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis of Accounting

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

WEST & COMPANY CPAs PC

Gloversville, New York
October 4, 2017

BALLSTON SPA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2017

ASSETS	
Cash	\$ 100,895
TOTAL ASSETS	<u>\$ 100,895</u>
LIABILITIES AND CLUB BALANCES	
Club balances	\$ 100,895
TOTAL LIABILITIES AND CLUB BALANCES	<u>\$ 100,895</u>

See independent auditors' report.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Senior High School:				
CSL	\$ 20,083	\$ 7,241	\$ 11,386	\$ 15,938
Music	394	91,485	89,758	2,121
Interact	737	965	626	1,076
NHS	1,852	749	667	1,934
Troupe	3,177	28,193	22,442	8,928
NYS sales tax	246	4,371	4,383	234
Book club	0	1,563	1,081	482
NCBI	1,321	559	782	1,098
Yearbook	3,738	21,165	16,967	7,936
Peer mentoring	607	2,755	2,552	810
Swing Dance	0	1,619	478	1,141
Environmental	1,186	0	1,179	7
Communications club	137	0	0	137
HS Ski	942	4,017	3,733	1,226
Biology club	167	0	0	167
Robotics club	9,047	22,807	27,996	3,858
Best Buddies	4	1,837	883	958
Anime/International	27	1,284	1,238	73
Class of 2016	240	0	240	0
Class of 2017	10,956	32,871	43,827	0
Class of 2018	6,504	4,714	2,799	8,419
Class of 2019	2,317	4,489	1,457	5,349
Class of 2020	0	6,802	3,046	3,756
Class of 2021	0	500	0	500
Science	2,266	6,291	6,076	2,481
Art Club	79	0	79	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Senior High School	66,027	246,277	243,675	68,629

See note to financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2017</u>
Middle School:				
Band	511	0	511	0
Drama	8,096	56,427	58,700	5,823
RAD-Respect Admirable Decisions	266	16	0	282
FCCLA	1,053	0	0	1,053
Service	208	1,095	744	559
Ski Club	793	3,025	2,717	1,101
Student Council	9,255	9,941	7,699	11,497
Yearbook	3,316	7,675	6,126	4,865
National JR Honor	1,800	6,150	6,691	1,259
Best Buddies	94	273	356	11
NYS sales tax	52	3,884	3,884	52
8th Grade	0	36,936	36,936	0
Total Middle School	25,444	125,422	124,364	26,502
Elementary School:				
MT Student Council	352	3,498	3,664	186
MA Student Council	1,227	11,065	10,947	1,345
GC Student Council	1,095	11,515	10,350	2,260
WR Student Council	4,308	20,135	22,470	1,973
Elementary Schools	0	487	487	0
Total Elementary School	6,982	46,700	47,918	5,764
Total ECA Clubs	\$ 98,453	\$ 418,399	\$ 415,957	\$ 100,895

See note to financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTE TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds of the Ballston Spa Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. However, since the Board of Education does exercise general oversight, these funds and their corresponding cash accounts are reflected in the Trust and Agency Funds of the basic financial statements of the District.

The books and records of the Ballston Spa Central School District's 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.