

## OFFICIAL STATEMENT

### NEW/RENEWAL ISSUE

### BOND ANTICIPATION NOTES

*In the opinion of Cahill Gambino LLP, Bond Counsel, under existing law and assuming continuing compliance with certain covenants and the accuracy of certain representations, (i) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income, and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Notes may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.*

*The School District will not designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.*

# \$13,445,000

## **BURNT HILLS - BALLSTON LAKE CENTRAL SCHOOL DISTRICT SARATOGA AND SCHENECTADY COUNTIES, NEW YORK**

### **GENERAL OBLIGATIONS**

### **\$13,445,000 Bond Anticipation Notes, 2015**

**Dated: June 25, 2015**

**Due: June 24, 2016**

**(referred to herein as the "Notes")**

The Notes will constitute general obligations of the Burnt Hills - Ballston Lake Central School District, Saratoga and Schenectady Counties, State of New York (the "School District" or "District"), all of the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon without limitation as to rate or amount. See "TAX INFORMATION –Tax Cap Law" herein.

The Notes will be issued in bearer form, in the denominations of \$5,000 each or multiples thereof as determined by the successful bidder(s) or as stated below, without the option of prior redemption. If issued in bearer form, principal and interest will be payable at maturity in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by such successful bidder(s). Paying agent fees, if any, will be paid by the successful bidder(s).

At the option of the purchaser(s), the Notes will be issued as registered notes, and, when issued, will be registered in the name of the purchaser(s) or in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry-Only System" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the unqualified legal opinions as to the validity of the Notes of Cahill Gambino LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery in New York, New York or as may be agreed upon with the purchaser(s) on or about June 25, 2015.

June 2, 2015

**ELECTRONIC BIDS for the Notes may be submitted via iPreo's Parity Electronic Bid Submission System ("Parity") on June 10, 2015 until 11:00 o'clock A.M., Eastern Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by telephone at (315) 752-0051 x 1 or facsimile at (315) 752-0057. Once the bids are communicated electronically via Parity, telephone or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.**

THE SCHOOL DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE SCHOOL DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS FOR THE NOTES AS DEFINED IN THE RULE. SEE "MATERIAL EVENT NOTICES" HEREIN.

# **BURNT HILLS - BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

**SARATOGA AND SCHENECTADY COUNTIES, NEW YORK**

## **2014-2015 BOARD OF EDUCATION**



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\* \* \* \* \*

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PATRICK MCGRATH  
Superintendent of Schools

CHRISTOPHER ABDOO  
Assistant Superintendent for Support Services

BRENDA KANE  
School Business Officer Supervisor

ROBERT E. VAN VRANKEN, ESQ  
School District Attorney

CAHILL GAMBINO LLP  
Bond Counsel



FISCAL ADVISORS & MARKETING, INC.  
School District Municipal Advisor

No person has been authorized by the Burnt Hills – Ballston Lake Central School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Burnt Hills - Ballston Lake Central School District.

## TABLE OF CONTENTS

|   | <u>Page</u> |  | <u>Page</u> |
|---|-------------|--|-------------|
| <b>DESCRIPTION OF THE NOTES.....</b>                    | <b>1</b>    | <b>SPECIAL PROVISIONS AFFECTING REMEDIES UPON</b>  |             |
| Book-Entry-Only System.....                             | 1           | <b>DEFAULT.....</b>                                | <b>21</b>   |
| Certificated Notes.....                                 | 3           | <b>MATERIAL EVENT NOTICES .....</b>                | <b>22</b>   |
| Authorization and Purpose of Issue .....                | 3           | <b>DISCLOSURE COMPLIANCE HISTORY .....</b>         | <b>23</b>   |
| <b>BURNT HILLS – BALLSTON LAKE CSD .....</b>            | <b>3</b>    | <b>TAX MATTERS.....</b>                            | <b>23</b>   |
| General Information .....                               | 3           | <b>DOCUMENTS ACCOMPANYING DELIVERY OF THE</b>      |             |
| Population .....  | 4           | <b>NOTES .....</b>                                 | <b>24</b>   |
| Ten Largest Employers .....                             | 4           | Legal Matters .....                                | 24          |
| Wealth and Income Indicators.....                       | 4           | Closing Certificates .....                         | 24          |
| Unemployment Rate Statistics .....                      | 5           | <b>LITIGATION .....</b>                            | <b>25</b>   |
| Form of School Government.....                          | 5           | <b>RATING.....</b>                                 | <b>25</b>   |
| Budgetary Procedures .....                              | 5           | <b>FINANCIAL ADVISOR.....</b>                      | <b>25</b>   |
| Investment Policy .....                                 | 6           | <b>MISCELLANEOUS.....</b>                          | <b>26</b>   |
| State Aid.....  | 6           | <b>APPENDIX - A</b>                                |             |
| State Aid Revenues .....                                | 8           | <b>GENERAL FUND - Balance Sheets</b>               |             |
| School Facilities .....                                 | 8           | <b>APPENDIX - A1</b>                               |             |
| Enrollment Trends.....                                  | 8           | <b>GENERAL FUND – Revenues, Expenditures and</b>   |             |
| Employees.....  | 8           | <b>Changes in Fund Balance</b>                     |             |
| Status and Financing of Employee Pension Benefits ..... | 9           | <b>APPENDIX - A2</b>                               |             |
| Other Post-Employment Benefits.....                     | 10          | <b>GENERAL FUND – Revenues, Expenditures and</b>   |             |
| Other Information.....                                  | 12          | <b>Changes in Fund Balance - Budget and Actual</b> |             |
| Financial Statements .....                              | 12          | <b>APPENDIX - B</b>                                |             |
| <b>THE STATE COMPTROLLER’S FISCAL STRESS</b>            |             | <b>BONDED DEBT SERVICE</b>                         |             |
| <b>MONITORING SYSTEM.....</b>                           | <b>12</b>   | <b>APPENDIX - C</b>                                |             |
| <b>TAX INFORMATION.....</b>                             | <b>13</b>   | <b>GENERAL PURPOSE FINANCIAL STATEMENTS</b>        |             |
| Valuations .....  | 13          | <b>June 30, 2014</b>                               |             |
| New York State Equalization Rates .....                 | 13          |  |             |
| Tax Rates Per M (Assessed).....                         | 13          |  |             |
| Tax Collection Procedure.....                           | 13          |  |             |
| Tax Levy and Collection Record .....                    | 14          |  |             |
| Real Property Tax Revenues .....                        | 14          |  |             |
| Larger Taxpayers 2014-2015 Tax Roll .....               | 14          |  |             |
| STAR – School Tax Exemption .....                       | 14          |  |             |
| Additional Tax Information.....                         | 15          |  |             |
| Tax Cap Law .....                                       | 15          |  |             |
| Real Property Tax Rebate .....                          | 16          |  |             |
| <b>STATUS OF INDEBTEDNESS .....</b>                     | <b>17</b>   |  |             |
| Constitutional Requirements .....                       | 17          |  |             |
| Statutory Debt Limit and Procedure.....                 | 17          |  |             |
| Debt Outstanding End of Fiscal Year.....                | 18          |  |             |
| Details of Outstanding Indebtedness .....               | 18          |  |             |
| Debt Statement Summary.....                             | 19          |  |             |
| Bonded Debt Service.....                                | 19          |  |             |
| Capital Project Plans and Financing.....                | 19          |  |             |
| Cash Flow Borrowings .....                              | 20          |  |             |
| Estimated Overlapping Indebtedness .....                | 20          |  |             |
| Debt Ratios.....  | 21          |  |             |

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**OFFICIAL STATEMENT**  
**of the**  
**BURNT HILLS - BALLSTON LAKE CENTRAL SCHOOL DISTRICT**  
**SARATOGA AND SCHENECTADY COUNTIES, NEW YORK**

**Relating To**  
**\$13,445,000 Bond Anticipation Notes, 2015**

This Official Statement, which includes the cover page and appendices attached hereto, has been prepared by the Burnt Hills - Ballston Lake Central School District, located in Saratoga and Schenectady Counties, State of New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the School District of its \$13,445,000 principal amount Bond Anticipation Notes, 2015 (the "Notes").

Factors affecting the School District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including those that are economic and demographic, are complex and may influence the School District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from, and summaries and explanations of, provisions of the Constitution and laws of the State and acts and proceedings of the School District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the School District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

**DESCRIPTION OF THE NOTES**

The Notes will be dated June 25, 2015 and will mature, without option of prior redemption, on June 24, 2016. The Notes will be issued in either (i) bearer form, in denominations of \$5,000 each or multiples thereof as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "Book-Entry-Only System" herein.

**Book-Entry-Only System**

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued in the aggregate principal amount of each such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the School District. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but School District takes no responsibility for the accuracy thereof.

THE SCHOOL DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, OR ANY DIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL, PREMIUM, IF ANY, OR INTEREST ON THE NOTES; (3) THE DELIVERY OF ANY NOTICE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO A NOTEHOLDER; OR (4) ANY OTHER ACTION TAKEN BY DTC AS OWNER OF THE NOTES.

THE SCHOOL DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF THE PRINCIPAL, PREMIUM, IF ANY, OR INTEREST ON THE NOTES; (2) THE CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE NOTES; OR (3) OTHER NOTICES SENT BY DTC OR CEDE & CO., AS NOMINEE, AS REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

Source: The Depository Trust Company.

### **Certificated Notes**

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the School District and discharging its responsibilities with respect thereto under applicable law, or the School District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in fully registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank(s) or trust company(ies) located and authorized to do business in the State to be named as fiscal agent by the School District. The Notes will remain not subject to redemption prior to their stated final maturity date.

### **Authorization and Purpose of Issue**

The Notes are being issued pursuant to the Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law and authorized pursuant to a proposition approved by the qualified voters of the School District on October 22, 2013 and a bond resolution adopted by the Board of Education of the School District on April 22, 2014, authorizing \$34,172,000 serial bonds to finance the cost of the construction, reconstruction and equipping of School District facilities.

The proceeds of the Notes will renew \$5,445,000 bond anticipation notes maturing on June 26, 2015 and provide \$8,000,000 new monies for the aforementioned purpose.

## **BURNT HILLS - BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

### **General Information**

The School District lies on the borders of Saratoga and Schenectady Counties just west of the capital region of New York State, approximately five miles north of the City of Schenectady. The School District encompasses approximately 40 square miles and includes portions of the Towns of Ballston, Charlton, Clifton Park and Glenville (the "Towns").

The School District is primarily suburban residential in nature. The majority of homes within the School District are single-family homes and the trend of new residential construction is for upper-middle income homes. Commercial development within the School District is limited, however, the residents are afforded ample retail services located in the Town of Glenville in the southern end of the District at the Mayfair and Willowbrook Shopping Centers. A Target opened in the Town of Glenville in 2012, Panera Bread opened in 2013 and Applebees is scheduled to open in 2015.

Global Foundries constructed Fab 8, a computer chip manufacturing facility in the Luther Forest Technology Park located in the Towns of Malta and Stillwater which currently has 2,176 employees. On January 8, 2013, Global Foundries announced it would begin construction on a new research and development facility at the Fab 8 campus with completion targeted for 2015. It is estimated 800-1,000 employees would be added due to this expansion. The expansion of Global Foundries has started to create a housing demand within the School District as more families move to the area for employment. Additionally, local businesses are also expected to move to the area as a result of the increase in population.

There are a few large single family residential housing developments currently planned in the Towns of Charlton and Ballston. It is anticipated that more than 100 new homes will be built in the School District with an expected completion date in 2015 or 2016.

In nearby Schenectady, a major Casino Resort is scheduled to open within the next three years. It is anticipated that construction and ongoing operations of this new Casino Resort will have a very positive impact on the local economy.

A network of local and state roadways services the District, including New York State Route #50 and Lakehill Road. Albany International Airport, located nearby in the Town of Colonie, provides passenger and freight service to the residents of the School District and accommodates both general aviation and military services.

National Grid (formerly Niagara Mohawk Power Corporation) supplies electricity and natural gas throughout the School District. The Towns maintain their own municipal water supply and distribution systems and are primarily supported from usage charges. There are no sanitary sewage collection and treatment facilities within the District.

The New York State Police, the Saratoga and Schenectady County Sheriffs' Offices and the Police Department of the Town of Glenville provide police protection for the School District. Local volunteer units provide fire and ambulance services.

## Population

The School District has an estimated population of approximately 19,043.

Source: 2013 U.S. Census Bureau.

## Ten Largest Employers

| <u>Name</u>                  | <u>Type</u>                    | <u># of Employees</u> |
|------------------------------|--------------------------------|-----------------------|
| Burnt Hill-Ballston Lake CSD | Public Education               | 596                   |
| Price Chopper                | Supermarket                    | 285                   |
| Hannaford                    | Supermarket                    | 126                   |
| Morris Ford                  | Automobile Dealership          | 64                    |
| Town of Ballston             | Municipality                   | 57                    |
| TCAR                         | Recovery & Collection Services | 53                    |
| Charlton School              | Private Education              | 50                    |
| Scotia Glenville Medicine    | Health Professionals           | 40                    |
| CVS                          | Pharmacy                       | 29                    |
| Burnt Hills Hardware         | Retail                         | 24                    |

Source: School District Officials 2015.

## Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Towns and the Counties. The figures set forth below with respect to such Towns and Counties is included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the Counties are necessarily representative of the District, or vice versa.

|              | <u>Per Capita Income</u> |             |                  | <u>Median Family Income</u> |             |                  |
|--------------|--------------------------|-------------|------------------|-----------------------------|-------------|------------------|
|              | <u>1990</u>              | <u>2000</u> | <u>2009-2013</u> | <u>1990</u>                 | <u>2000</u> | <u>2009-2013</u> |
| Towns of:    |                          |             |                  |                             |             |                  |
| Ballston     | \$ 16,519                | \$ 24,206   | \$ 33,642        | \$ 45,876                   | \$ 61,709   | \$ 90,588        |
| Charlton     | 19,197                   | 27,924      | 39,647           | 51,165                      | 66,250      | 85,227           |
| Clifton Park | 21,389                   | 31,997      | 43,738           | 60,284                      | 81,410      | 112,142          |
| Glenville    | 17,012                   | 24,795      | 31,097           | 45,264                      | 62,599      | 87,051           |
| Counties of: |                          |             |                  |                             |             |                  |
| Saratoga     | 15,644                   | 23,945      | 35,176           | 41,936                      | 58,213      | 87,058           |
| Schenectady  | 15,378                   | 21,992      | 28,319           | 38,793                      | 53,670      | 73,910           |
| State of:    |                          |             |                  |                             |             |                  |
| New York     | 16,501                   | 23,389      | 32,382           | 39,741                      | 51,691      | 70,670           |

Note: 2013 information is not available at this time.

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

## Unemployment Rate Statistics

Unemployment statistics are not available for the School District as such. The smallest areas for which such statistics are available and which includes the School District are the Counties. The information set forth below with respect to the Counties is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the School District is necessarily representative of the Counties, or vice versa.

|                    | <u>Annual Average</u> |             |             |             |             |             |             |
|--------------------|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                    | <u>2008</u>           | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Saratoga County    | 4.6%                  | 6.3%        | 6.9%        | 6.7%        | 6.8%        | 5.8%        | 4.6%        |
| Schenectady County | 5.1%                  | 7.3%        | 7.6%        | 7.5%        | 7.7%        | 6.7%        | 5.4%        |
| New York State     | 5.4%                  | 8.3%        | 8.6%        | 8.3%        | 8.5%        | 7.7%        | 6.3%        |

### 2015 Monthly Figures

|                    | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> |
|--------------------|------------|------------|------------|------------|------------|
| Saratoga County    | 5.0%       | 4.9%       | 4.4%       | 4.1%       | N/A        |
| Schenectady County | 5.6%       | 5.3%       | 4.8%       | 4.6%       | N/A        |
| New York State     | 6.5%       | 6.4%       | 5.8%       | 5.5%       | N/A        |

Note: Unemployment rates for May 2015 have not yet been released as of the date of this Official Statement.

Source: State of New York, Department of Labor. (Note: Figures not seasonally adjusted).

## Form of School Government

The Board of Education (the “Board”), the policy-making body of the School District, consists of seven members each with overlapping three-year terms so that as nearly an equal number as possible is elected to the Board each year. Each Board member must be a qualified voter of the School District and the President (and Chief Fiscal Officer) and the Vice President are selected from among the Board members. The Board also appoints the superintendent, assistant superintendent and school business office supervisor to conduct the day-to-day operations of the School District.

## Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the District for the ensuing fiscal year. This tentative budget must be completed at least fourteen days before the annual District meeting at which it is to be presented and be available upon request to taxpayers within the District. The Board must also give notice that a copy of the tentative budget may be obtained at each schoolhouse within the District.

The Board of Education causes a notice to be published stating the time, date, place and purpose of the annual or special district meeting. At least forty-five days must elapse between the first publication of such notice and the date specified for such meeting. The meeting must be held at the time and place specified but it may be adjourned to permit voting on the following day. If the qualified voters at the annual or special district meeting approve the tentative budget, the Board of Education, by resolution, adopts the tentative budget as the budget of the District for the ensuing fiscal year.

Pursuant to Chapter 97 of the Laws of 2011 (“Chapter 97”), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the “Tax Cap”) plus exclusions, then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the Tax Cap also must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).



If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see “TAX INFORMATION –Tax Cap Law” herein.

The budget for the 2014-15 fiscal year was adopted by the qualified voters on May 20, 2014 with a vote of 1,620 to 587. The budget for the 2015-16 fiscal year was adopted on by the qualified voters on May 19, 2015 with a vote of 1,182 to 456.

The District’s adopted budgets for the 2014-2015 and 2015-2016 fiscal years remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

## **Investment Policy**

Pursuant to the statutes of the State, the School District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposit in a bank or trust company located and authorized to do business in the State; (2) obligations of the United States of America; (3) obligations of agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality, school district or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments for the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits in excess of the amount insured under the Federal Deposit Insurance Act be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the School District's current policy to invest only in: (1) certificates of deposit issued by a bank or trust company located and authorized to do business in the State; (2) time deposit accounts in a bank or trust company located and authorized to do business in the State; (3) obligations of the State; and (4) obligations of the United States of America. Funds may also be invested in: (1) obligations of agencies of the federal government, if payment of principal and interest is guaranteed by the United States of America; and (2) with the approval of the State Comptroller, in revenue anticipation notes or tax anticipation notes of New York municipalities, other than the School District. School District reserve funds may also be invested in obligations of the School District.

## **State Aid**

The School District receives financial assistance from the State. In its adopted budget for the 2014-2015 fiscal year, approximately 34.41% of the revenues of the School District are estimated to be received in the form of State aid. In its adopted budget for the 2015-2016 fiscal year, approximately 33.98% of the revenues of the School District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the School District, may be affected by a delay in the payment of State aid.

### *Building Aid*

A portion of the District’s State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the District. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State wide average. The District may elect to use the highest building aid ratio that has been calculated since the 1981-82 fiscal year.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within its debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2014-2015 building aid ratios, the District expects to receive State Building aid of approximately 74.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

#### *State Aid History*

State aid to school districts in the State has declined in some recent years.

*School district fiscal year (2010-2011):* The total reduction in State aid for school districts' 2010-2011 fiscal year was approximately \$2.1 billion; however, this amount was partially offset by \$726 million in Federal aid for education, including funding from ARRA and other federal initiatives. As a result, the net State aid reduction totaled approximately \$1.4 billion.

*School district fiscal year (2011-2012):* The total reduction in State aid for school districts' 2011-2012 fiscal year was \$1.3 billion or 6.1 percent from the previous year, and all aid was received on time.

*School district fiscal year (2012-2013):* The State Legislature adopted the State budget on March 30, 2012. The budget included an increase of \$751 million in State aid for school districts.

The 2012-13 State Budget linked additional school aid to compliance with a new teacher evaluation process. A school district would not be eligible for an aid increase in 2012-13 unless it had its teacher evaluation process reviewed and approved by the New York State Education Department by January 17, 2013. The New York State Education Department approved the School District's Annual Professional Performance Review Plan (APPR) on January 14, 2013.

*School district fiscal year (2013-2014):* The State Legislature adopted the State budget on March 29, 2013. The budget included an increase of \$1.0 billion in State aid for school districts.

*School district fiscal year (2014-2015):* The 2014-2015 State Budget includes a \$1.1 billion or 5.3% increase in State aid to school districts for the 2014-2015 school year. High-need school districts received 70% of the school aid increase. The 2014-15 State Budget restored \$602 million of Gap Elimination Adjustment ("GEA") reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The 2014-2015 State Budget invested \$1.5 billion over five years to support the phase-in of a statewide universal full-day pre-kindergarten program.

The Smart Schools Bond Act was passed as part of the 2014-2015 Enacted Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The School District's estimated allocation of funds is \$1,900,404.

The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District.

*School district fiscal year (2015-2016):* The 2015-2016 State Budget, as passed by the State legislature, contains a school aid increase of \$1.4 billion that is tied to changes in the teacher evaluation and tenure process school districts must obtain approval of their revised teacher evaluation plans by November 15 to keep their allotted increase in State aid. The budget includes the partial reduction of the Gap Elimination Adjustment and increased funding of Foundation Aid and certain other aid categories, including building aid, transportation aid, BOCES aid, Universal Pre-Kindergarten aid and other types of aid to school districts. Further information may be obtained at the official websites of the New York State Division of Budget and the New York State Education Department.

## State Aid Revenues

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. The table below illustrates the percentage of total revenues of the District comprised of State aid for each of the past five completed fiscal years and the budgeted figures for the 2014-2015 and 2015-2016 fiscal years.

| <u>Fiscal Year</u>   | <u>Total<br/>State Aid</u> <sup>(1)</sup> | <u>Total<br/>Revenues</u> <sup>(1)</sup> | <u>Percentage of Total<br/>Revenues<br/>Consisting of<br/>State Aid</u> <sup>(1)</sup> |
|----------------------|---|--|--|
| 2009-2010            | \$16,888,697                              | \$52,894,626                             | 31.93%   |
| 2010-2011            | 17,219,376                                | 52,184,233                               | 33.00%   |
| 2011-2012            | 16,961,541                                | 52,079,989                               | 32.57%   |
| 2012-2013            | 18,574,761                                | 54,622,061                               | 34.00%   |
| 2013-2014            | 19,889,606                                | 57,044,805                               | 34.81%   |
| 2014-2015 (Budgeted) | 19,825,899                                | 57,623,535                               | 34.41%   |
| 2015-2016 (Budgeted) | 20,524,521                                | 60,395,265                               | 33.98%   |

<sup>(1)</sup> General Fund only.

Source: School District audit and budget reports.

## School Facilities

| <u>Name</u>                                  | <u>Grades</u> | <u>Capacity</u> | <u>Year(s) Built/Renovations</u>                                 |
|--|---------------|-----------------|--|
| Burnt Hills-Ballston Lake Senior High School | 9-12          | 1,596           | 1954, '68, '92, '01, '04, '05, '06, '07, '10, '11, '12, '13, '14 |
| Burnt Hills-Ballston Lake Middle School      | 6-8           | 1,440           | 1960, '65, '01, '05, '06, '07, '10, '12, '13, '14                |
| Charlton Heights School                      | K-5           | 691             | 1957, '62, '01, '04, '05, '07, '10, '11, '12, '13                |
| Pashley School                               | K-5           | 694             | 1951, '58, '67, '01, '06, '07, '10, '12, '13                     |
| Stevens School                               | K-5           | 726             | 1930, '63, '02, '04, '07, '10, '11, '12, '13, '14                |

## Enrollment Trends

| <u>School Year</u> | <u>Actual<br/>Enrollment</u> | <u>School Year</u> | <u>Projected<br/>Enrollment</u> |
|--------------------|------------------------------|--------------------|---------------------------------|
| 2010-11            | 3,399                        | 2015-16            | 3,200                           |
| 2011-12            | 3,251                        | 2016-17            | 3,200                           |
| 2012-13            | 3,204                        | 2017-18            | 3,200                           |
| 2013-14            | 3,184                        | 2018-19            | 3,200                           |
| 2014-15            | 3,111                        | 2019-20            | 3,150                           |

## Employees

The School District employees are represented by the following unions with the dates of expiration of the various union agreements as follows:

| <u>Employees</u> | <u>Union</u>  | <u>Contract<br/>Expiration Date</u> |
|------------------|---|-------------------------------------|
| 261              | Civil Service Employees' Association                  | June 30, 2018                       |
| 299              | New York State United Teachers' Association           | June 30, 2017                       |
| 17               | Burnt Hills-Ballston Lake Administrators' Association | June 30, 2015                       |
| 11               | Non-Contractual Employees'                            | June 30, 2015                       |
| 4                | Operations Managers' Association                      | June 30, 2018                       |
| 4                | Individual Contracts                                  | June 30, 2016                       |

Source: School District officials.

## Status and Financing of Employee Pension Benefits

Substantially all employees of the School District are either members of the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees), or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate). These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement 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 benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members working ten or more years. All members working less than ten years must contribute 3% of gross annual salary toward the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, at the time the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V included:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law a new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

Stable Rate Pension Contribution Option: The 2013-14 State Enacted Budget includes a provision that would provide local governments and school districts, including the School District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 12.5% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years. The School District is not participating in the Stable Rate Pension Contribution Option nor has the intent to do so in the foreseeable future.

The District is required to contribute at an actuarially determined rate. The School District's contributions for fiscal years ending June 30, 2010 through June 30, 2014 and budgeted contributions for fiscal years ending June 30, 2015 and June 30, 2016 are as follows:

|                 | <u>ERS</u> | <u>TRS</u>   |
|-----------------|------------|--------------|
| 2010            | \$ 407,766 | \$ 1,875,746 |
| 2011            | 563,424    | 1,565,283    |
| 2012            | 841,709    | 2,084,561    |
| 2013            | 977,549    | 2,667,028    |
| 2014            | 923,318    | 3,928,465    |
| 2015 (budgeted) | 1,199,341  | 4,355,221    |
| 2016 (budgeted) | 1,205,380  | 3,579,554    |

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The School District has not offered any early retirement incentives in the past three years. The District issued a \$5,000 retirement incentive for employees currently eligible to retire in the CSEA bargaining unit that are scheduled to retire by July 2, 2015. Approximately 9 employees have accepted this incentive for a total cost of \$45,000. The District expects breakage savings in excess of \$100,000 from these retirements.

Historically, there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates (2010 to 2016) is shown below:

| <u>Year</u> | <u>ERS</u> | <u>TRS</u> |
|-------------|------------|------------|
| 2009-10     | 7.4%       | 6.19%      |
| 2010-11     | 11.9       | 8.62       |
| 2011-12     | 16.3       | 11.11      |
| 2012-13     | 18.9       | 11.84      |
| 2013-14     | 20.9       | 16.25      |
| 2014-15     | 20.1       | 17.53      |
| 2015-16     | 18.2       | 13.26      |

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The School District is not amortizing any pension payments nor has the intent to do so in the foreseeable future.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the School District's employees is not subject to the direction of the School District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the School District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

### **Other Post-Employment Benefits**

It should also be noted that the School District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

School Districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently, when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB refers to "other post-employment benefits," meaning other than pension benefits and disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized or that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The School District contracted with Capital Region BOCES to calculate its "other post-employment benefits" ("OPEB") plan (the "Plan") in accordance with GASB 45. Based on the most recent actuarial valuation dated July 1, 2013 and financial data as of June 30, 2014, the following tables show the components of the District's annual OPEB cost, the amount actuarially contributed to the plan, changes in the District's net OPEB obligation and funding status for the fiscal year ending June 30, 2014:

***Annual OPEB Cost and Net OPEB Obligation:***

|  |                      |
|--|----------------------|
| Annual required contribution (ARC)         | \$ 2,853,925         |
| Interest on net OPEB obligation            | 443,350              |
| Adjustment to ARC                          | <u>(332,110)</u>     |
| Annual OPEB cost (expense)                 | 2,965,165            |
| Contributions made                         | <u>(1,529,321)</u>   |
| Increase in net OPEB obligation            | 1,435,844            |
| Net OPEB obligation – beginning of year    | <u>8,867,001</u>     |
| Net OPEB obligation – end of year          | <u>\$ 10,302,845</u> |
| Percentage of annual OPEB cost contributed | 51.6%                |

***Funding Status:***

|  |                      |
|--|----------------------|
| Actuarial Accrued Liability (AAL)            | \$ 44,415,446        |
| Actuarial Value of Assets                    | <u>0</u>             |
| Unfunded Actuarial Accrued Liability (UAAL)  | <u>\$ 44,415,446</u> |
| Funded Ratio (Assets as a Percentage of AAL) | 0.0%                 |

| <u>Fiscal<br/>Year Ended</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|------------------------------|-----------------------------|---|--------------------------------|
| 2014                         | \$ 2,965,165                | 51.6%   | \$ 10,302,845                  |
| 2013                         | 2,803,772                   | 41.7  | 8,867,001                      |
| 2012                         | 2,857,987                   | 52.5  | 7,231,510                      |

Note: The above tables are not audited.

The aforementioned liability and ARC are recognized and will be disclosed in accordance with GASB 45 standards in the District's audited financial statements.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved \$0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

## **Other Information**

The statutory authority for the power to spend money for the objects or purposes, or classes of objects or purposes, or to accomplish the objects or purposes for which the Notes are to be issued is the Education Law and the Local Finance Law.

Except to the extent shown in "Estimated Overlapping Indebtedness," this Official Statement does not include the financial data of any political subdivision having power to levy taxes upon real property within the School District.

No principal of or interest on any obligation of the School District is past due.

The fiscal year of the School District is July 1 to June 30.

## **Financial Statements**

The School District retains Independent Certified Public Accountants. The last audited report covers the period ending June 30, 2014 and is included as an appendix to this Official Statement. Additional copies of the report may be examined at the School District office. In addition, the State Comptroller's office, Department of Audit and Control, periodically performs a compliance review to ascertain whether the School District has complied with the requirements of various State and federal statutes. Certain financial information has been included in the appendices to this Official Statement.

The School District complies with the Uniform System of Accounts as prescribed for school districts in the State by the State Comptroller and generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units," and codified in Government Accounting, Auditing and Financial Reporting, published by the GASB.

Beginning with the fiscal year ending June 30, 2003, the School District has issued its financial statements in accordance with the GASB Statement No. 34 and is in compliance therewith.

## **THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM**

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current report at the website of the Office of the New York State Comptroller designates the School District as “No Designation” with a fiscal score of 6.7%.

Source: Office of the New York State Comptroller.

## TAX INFORMATION

### Valuations

| <u>Years Ending June 30:</u> | <u>2011</u>        | <u>2012</u>        | <u>2013</u>        | <u>2014</u>        | <u>2015</u>        |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Taxable Assessed Valuation   |                    |                    |                    |                    |                    |
| Towns of:                    |                    |                    |                    |                    |                    |
| Ballston                     | \$ 618,962,389     | \$ 622,422,397     | \$ 625,193,251     | \$ 627,878,432     | \$ 634,742,837     |
| Charlton                     | 242,346,895        | 243,721,515        | 246,100,671        | 249,278,710        | 254,495,057        |
| Clifton Park                 | 62,706,798         | 62,642,371         | 62,834,554         | 63,441,730         | 63,206,643         |
| Glenville                    | <u>612,079,803</u> | <u>611,209,839</u> | <u>611,847,892</u> | <u>612,199,086</u> | <u>612,428,929</u> |
| Totals                       | \$ 1,536,095,885   | \$ 1,539,996,122   | \$ 1,545,976,368   | \$ 1,552,797,958   | \$ 1,564,873,466   |

### New York State Equalization Rates

|                        |                  |                  |                  |                  |                  |
|------------------------|------------------|------------------|------------------|------------------|------------------|
| Towns of:              |                  |                  |                  |                  |                  |
| Ballston               | 92.00%           | 96.00%           | 100.00%          | 98.80%           | 95.80%           |
| Charlton               | 70.00%           | 70.00%           | 70.00%           | 70.00%           | 71.00%           |
| Clifton Park           | 58.00%           | 58.00%           | 58.00%           | 58.00%           | 58.00%           |
| Glenville              | 91.00%           | 91.00%           | 92.00%           | 95.00%           | 96.00%           |
| Taxable Full Valuation | \$ 1,799,725,393 | \$ 1,776,193,508 | \$ 1,750,153,133 | \$ 1,745,419,312 | \$ 1,767,938,325 |

### Tax Rates Per M (Assessed)

| <u>Years Ending June 30:</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Towns of:                    |             |             |             |             |             |
| Ballston                     | \$ 20.10    | \$ 20.10    | \$ 20.05    | \$ 20.85    | \$ 21.64    |
| Charlton                     | 26.42       | 27.57       | 28.64       | 29.43       | 29.20       |
| Clifton Park                 | 31.89       | 33.28       | 34.56       | 35.52       | 35.74       |
| Glenville                    | 20.32       | 21.21       | 21.79       | 21.68       | 21.60       |

### Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charged from September 1<sup>st</sup> through September 30<sup>th</sup>, but a 2% penalty is charged from October 1<sup>st</sup> to November 1<sup>st</sup>. By November 15<sup>th</sup> of each year, uncollected school taxes are reported to the respective County Treasurers and, by April 1<sup>st</sup>, the Counties are required to pay the amount of such uncollected taxes to the District. Thus, the District is assured 100% tax collection annually. The Counties have the power to issue and sell tax anticipation notes in order to reimburse any uncollected taxes paid to the District.



## Tax Levy and Collection Record

| <u>Years Ending June 30:</u> | <u>2011</u>   | <u>2012</u>   | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Tax Levy                     | \$ 33,286,135 | \$ 34,281,301 | \$ 35,085,477 | \$ 35,953,659 | \$ 36,652,136 |
| % Uncollected <sup>(1)</sup> | 4.14%         | 4.08%         | 3.58%         | 3.46%         | 3.66%         |

<sup>(1)</sup> School District taxes are made whole by the Counties.

## Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years and budgeted figures for the 2014-2015 and 2015-2016 fiscal years comprised of Real Property Taxes and Other Tax Items.

| <u>Fiscal Year</u> | <u>Total Property Tax &amp;<br/>Other Tax Items</u> | <u>Total<br/>Revenues</u> | <u>Percentage of<br/>Total Revenues<br/>Consisting of<br/>Real Property Tax &amp;<br/>Other Tax Items</u> |
|--------------------|---|---------------------------|---|
| 2009-10            | \$ 32,412,101                                       | \$52,894,626              | 61.28%  |
| 2010-11            | 33,343,567  | 52,184,233                | 63.90   |
| 2011-12            | 34,366,839  | 52,079,989                | 65.99   |
| 2012-13            | 35,186,570  | 54,622,061                | 64.42   |
| 2013-14            | 36,017,956  | 57,044,805                | 63.03   |
| 2014-15 (Budgeted) | 36,652,136  | 57,623,535                | 63.61   |
| 2015-16 (Budgeted) | 37,634,413  | 60,395,265                | 62.31   |

Source: School District audited financial reports and adopted budgets for the 2014-2015 and 2015-2016 fiscal years. This table is not audited.

## Larger Taxpayers 2014-2015 Tax Roll

| <u>Name</u>   | <u>Type</u>       | <u>Estimated<br/>Full Valuation</u> |
|---|-------------------|-------------------------------------|
| National Grid (Formerly Niagara Mohawk Power Corporation) | Utility           | \$ 31,964,537                       |
| MSF Mayfair LLC   | Shopping Center   | 6,224,270                           |
| REESG Properties, LLC                                     | Shopping Center   | 5,617,083                           |
| Fox Properties  | Industrial Park   | 5,110,647                           |
| Indian Brook Apartments                                   | Apartments        | 5,050,312                           |
| Saratoga Schen Real Prop LLC                              | Professional Bldg | 2,559,290                           |
| Verizon New York Inc.                                     | Utility           | 2,433,033                           |
| Cole CVS Glenville Scotia                                 | Pharmacy          | 2,361,979                           |
| 237 Albany Street Investments                             | Commercial        | 2,223,173                           |
| Outlet Enterprises LLC                                    | Industrial        | 1,951,300                           |

The larger taxpayers listed above have an estimated full valuation of \$65,495,624, which represents 3.70% of the total full valuation of the School District.

Source: School District Officials.

## STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

As enacted in 1997, STAR was phased in over four years. Homeowners over 65 years of age with household incomes below the state standard or less are eligible for a “full value” exemption of \$60,100. The 2011 income limit for senior citizens was \$79,050 on a 2009 tax return. Other homeowners with household incomes of less than \$500,000 are eligible for a “full value” exemption of \$30,000 on their primary residence.

Based on the information from the School District, \$4,915,091 of the School District's \$35,953,659 2013-2014 school tax levy was exempted by the STAR Program. The School District received full reimbursement of such exempt taxes from the State in January 2014.

Based on the information from the School District, \$4,991,320 of the School District's \$36,652,136 2014-2015 school tax levy was exempted by the STAR Program. The School District received full reimbursement of such exempt taxes from the State in January 2015.

### **Additional Tax Information**

Real property located in the School District is assessed by the Towns.

Veterans' and Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the School District is estimated to be categorized as follows: Residential-88%; Commercial-5%; Agricultural-1% and Other-6%.

The estimated total annual property tax bill of a \$250,000 average market value residential property located in the School District is approximately \$5,150 which includes the County, Town and School District taxes.

### **Tax Cap Law**

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor ("Chapter 97" or the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers.)

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

Chapter 97 now requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It expires on June 15, 2016 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for “Capital Local Expenditures”, subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. “Capital Local Expenditures” are defined as “the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service, lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law”. The portion of the tax levy necessary to support “Capital Local Expenditures” is defined as the “Capital Tax Levy”, and this is an exclusion from the tax levy limitation.

On February 20, 2013, the New York State United Teachers (“NYSUT”) filed a lawsuit in State Supreme Court in Albany County challenging the Tax Levy Limitation Law. The teacher’s union and several private citizen co-petitioners are seeking a permanent injunction prohibiting the further application of the Tax Levy Limit Law to New York school districts. On September 23, 2014, the court dismissed the complaint but allowed plaintiff to serve a second amended complaint and, on March 16, 2015 the court dismissed such complaint. NYSUT has announced its intentions to appeal such decision. In addition, the Petitioners seek a judgment declaring that the Tax Levy Limit Law is unconstitutional as it applies to public school districts. The School District cannot predict the outcome of such appeal or what impact it may have on school district property taxes, State Aid or the financial condition of the School District.

### **Real Property Tax Rebate**

Chapter 59 of the Laws of 2014 (“Chapter 59”), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved “government efficiency plan” which demonstrates “three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies”.

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the School District are uncertain at this time.

## STATUS OF INDEBTEDNESS

### Constitutional Requirements

The New York State Constitution and Local Finance Law limit the power of the School District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations in summary form, and as generally applicable to the School District and the Notes, include the following:

Purpose and Pledge. The School District shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The School District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the objects or purposes, or class of objects or purposes, to be financed, as determined by statute. The School District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes, including the Notes.

Debt Limit. The School District has the power to contract indebtedness for any School District purpose authorized by the Legislature of the State of New York, provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio being determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such ratio shall be determined.

### Statutory Debt Limit and Procedure

In general, the State Legislature has authorized the power and procedure for the School District to borrow and incur indebtedness by the enactment of the Local Finance Law, subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

A bond resolution adopted by the Board shall not become effective unless a proposition approving such resolution shall have been approved by the qualified voters of the School District at a special or annual school district election held in accordance with the Education Law; provided, however, that the foregoing provision of law does not apply to a bond resolution adopted by the Board of Education of the School District (i) prior to September 1, 1996 authorizing the issuance of bonds with a proposed maturity of not more than ten years after completion of certain other conditions precedent thereto or, if the proposed maturity of the bonds is more than ten years and up to and including fifteen years, and such resolution was subject to permissive referendum on petition, or (ii) for the payment of judgments or compromised or settled claims or certain other mandated awards or sums payable. No down payment is required in connection with the issuance of the School District's obligations.

Each bond resolution usually authorizes the construction, reconstruction, acquisition or installation of the object or purpose, or class of object or purpose, to be financed, sets forth the plan of financing and specifies the maximum maturity of the obligations authorized, subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for an object or purpose for which the School District is not authorized to expend money,  
or
- (2) There has not been substantial compliance with the provisions of law, which should have been complied with in the authorization of such obligations

and an action contesting such validity is commenced within twenty days after the date of such publication, or

(3) Such obligations are authorized in violation of the provisions of the State Constitution.

The estoppel procedure is recommended by Bond Counsel and undertaken by the School District.

The Board, as the finance board of the School District, has the power to adopt bond resolutions as well as authorize the sale and issuance of obligations. However, such the Board may delegate the power to sell such obligations to the President of the Board, the chief fiscal officer of the School District, pursuant to the Local Finance Law.

Statutory law in the State permits bond anticipation notes to be renewed each year, provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the issuance of the first issue of such notes and provided that such renewals do not exceed (with certain exceptions) five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the School District with the power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

#### Debt Outstanding End of Fiscal Year:

| <u>Fiscal Year Ending June 30<sup>th</sup>:</u> | <u>2010</u>      | <u>2011</u>   | <u>2012</u>   | <u>2013</u>   | <u>2014</u>                  |
|---|------------------|---------------|---------------|---------------|------------------------------|
| Bonds   | \$ 25,354,104    | \$ 23,421,000 | \$ 32,589,000 | \$ 37,525,000 | \$ 34,710,000 <sup>(1)</sup> |
| Bond Anticipation Notes                         | 10,284,294       | 9,950,000     | 1,193,444     | 1,043,444     | 5,445,000                    |
| Tax Anticipation Notes                          | <u>3,500,000</u> | <u>0</u>      | <u>0</u>      | <u>0</u>      | <u>0</u>                     |
| Total Debt Outstanding                          | \$ 39,138,398    | \$ 33,371,000 | \$ 33,782,444 | \$ 38,568,444 | \$ 40,155,000                |

<sup>(1)</sup> The bonds listed above include both refunded and refunding serial bonds. The School District issued \$7,800,000 refunding serial bonds on February 27, 2013 to achieve budgetary and present value savings. As of the date of this Official Statement, there are \$7,595,000 refunded bonds outstanding. The bonds refunded will be redeemed on their first available call date, July 1, 2015.

#### Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the School District as of June 2, 2015.

| <u>Type of Indebtedness</u> | <u>Maturity</u> | <u>Amount</u>                   |
|-----------------------------|-----------------|---------------------------------|
| Bonds                       | 2015-2027       | \$ 32,850,000 <sup>(1)</sup>    |
| Bond Anticipation Notes     |                 |                                 |
| Capital Project             | June 26, 2015   | <u>5,445,000</u> <sup>(2)</sup> |
| Total Debt Outstanding      |                 | <u>\$ 38,295,000</u>            |

<sup>(1)</sup> The bonds listed above include both refunded and refunding serial bonds. The School District issued \$7,800,000 refunding serial bonds on February 27, 2013 to achieve budgetary and present value savings. As of the date of this Official Statement, there are \$7,595,000 refunded bonds outstanding. The bonds refunded will be redeemed on their first available call date, July 1, 2015.

<sup>(2)</sup> To be renewed at maturity with proceeds of the Notes.

## Debt Statement Summary

Summary of Bonded Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of June 2, 2015:

|   |                  |
|---|------------------|
| Full Valuation of Taxable Real Property ..... | \$ 1,767,938,325 |
| Debt Limit (10%) thereof.....                 | 176,793,832      |

### Inclusions:

|                              |                   |               |
|------------------------------|-------------------|---------------|
| Bonds <sup>(1)</sup> .....   | \$ 32,850,000     |               |
| Principal of this Issue..... | <u>13,445,000</u> |               |
| Total Inclusions .....       |                   | \$ 46,295,000 |

### Exclusions: <sup>(2)</sup>

|                          |             |             |
|--------------------------|-------------|-------------|
| State Building Aid ..... | \$ <u>0</u> |             |
| Total Exclusions .....   |             | \$ <u>0</u> |

|   |                      |
|---|----------------------|
| Total Net Indebtedness <sup>(3)</sup> ..... | \$ <u>46,295,000</u> |
|---|----------------------|

|                                   |                       |
|-----------------------------------|-----------------------|
| Net Debt-Contracting Margin ..... | \$ <u>130,498,832</u> |
|-----------------------------------|-----------------------|

|  |        |
|--|--------|
| The percent of debt contracting power exhausted is ..... | 26.19% |
|--|--------|

- <sup>(1)</sup> The bonds listed above include both refunded and refunding serial bonds. The School District issued \$7,800,000 refunding serial bonds on February 27, 2013 to achieve budgetary and present value savings. As of the date of this Official Statement, there are \$7,595,000 refunded bonds outstanding. The bonds refunded will be redeemed on their first available call date, July 1, 2015.
- <sup>(2)</sup> Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate. Over the years, the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. The School District anticipates State Building aid of 74% for debt service on State Education Department approved expenditures from July 1, 2004 to the present.
- <sup>(3)</sup> The Local Finance Law does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net debt of the School District.

## Bonded Debt Service

A schedule of bonded debt service may be found in APPENDIX - B to this Official Statement.

## Capital Project Plans and Financing

On April 22, 2014, the School District authorized \$32,172,000 serial bonds to finance the cost of the construction, reconstruction and equipping of School District facilities. The School District issued \$5,445,000 bond anticipation notes on June 26, 2014 as the first borrowing against said authorization. The issuance of the Notes will renew \$5,445,000 bond anticipation notes maturing on June 26, 2015 and provide \$8,000,000 new monies as the second borrowing against said authorization. Subsequent borrowings will be issued upon New York State Education Department approval and as the project's cash flow needs warrant.

The School District currently has no other authorized and unissued indebtedness for capital or other purposes.

## Cash Flow Borrowings

The following is a history of Tax Anticipation Note (TAN) and Revenue Anticipation Note (RAN) borrowings since the 1999-2000 fiscal year. The School District has not issued TANs or RANs in the 2014-2015 fiscal year and has no plans to during the 2015-2016 fiscal year.

| <u>Fiscal Year</u> | <u>Amount</u> | <u>Type</u> | <u>Issue Date</u> | <u>Due Date</u> |
|--------------------|---------------|-------------|-------------------|-----------------|
| 1999-2000          | 3,000,000     | TAN         | 07/01/99          | 06/29/00        |
| 2000-2001          | 3,000,000     | TAN         | 07/12/00          | 06/29/01        |
| 2001-2002          | 3,000,000     | TAN         | 07/12/01          | 06/28/02        |
| 2002-2003          | 4,000,000     | TAN         | 07/11/02          | 06/27/03        |
| 2003-2004          | 2,500,000     | TAN         | 07/14/03          | 07/09/04        |
| 2003-2004          | 5,400,000     | RAN         | 06/25/03          | 10/24/03        |
| 2004-2005          | 2,500,000     | TAN         | 07/08/04          | 07/08/05        |
| 2005-2006          | 2,500,000     | TAN         | 07/13/05          | 07/13/06        |
| 2006-2007          | 2,500,000     | TAN         | 07/06/06          | 07/06/07        |
| 2007-2008          | 2,500,000     | TAN         | 07/05/07          | 07/03/08        |
| 2008-2009          | 3,500,000     | TAN         | 07/02/08          | 07/02/09        |
| 2009-2010          | 3,500,000     | TAN         | 07/02/09          | 07/02/10        |

## Estimated Overlapping Indebtedness

In addition to the School District, the following political subdivisions have the power to contract indebtedness and to levy taxes or cause taxes to be levied on taxable real property in the School District. Estimated bonds and bond anticipation notes are listed as of the close of the 2013 fiscal year of the respective municipalities.

|              | <u>Outstanding<br/>Indebtedness</u> <sup>(1)</sup> | <u>Exclusions</u> <sup>(2)</sup> | <u>Net<br/>Indebtedness</u> | <u>% Within<br/>School<br/>District</u> | <u>Applicable<br/>Net<br/>Indebtedness</u> |
|--------------|--|----------------------------------|-----------------------------|---|--|
| Counties of: |  |                                  |                             |   |  |
| Saratoga     | \$ 78,735,000                                      | \$ 0                             | \$ 78,735,000               | 4.93%                                   | \$ 3,881,636                               |
| Schenectady  | 88,581,278   | 0                                | 88,581,278                  | 6.84%                                   | 6,058,959                                  |
| Towns of:    |  |                                  |                             |   |  |
| Ballston     | 0  | 0                                | 0                           | 69.29%                                  | 0  |
| Charlton     | 1,292,250  | 77,250                           | 1,215,000                   | 79.54%                                  | 966,411                                    |
| Clifton Park | 11,093,633   | 2,065,736                        | 9,027,897                   | 2.69%                                   | 242,850                                    |
| Glenville    | 18,445,918   | 9,972,335                        | 8,473,583                   | 29.82%                                  | <u>2,526,822</u>                           |
|              |  |                                  |                             | Total                                   | \$ 13,676,678                              |

<sup>(1)</sup> Bonds and bond anticipation notes, as of close of the 2013 fiscal year.

<sup>(2)</sup> Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes (i.e. sewer and water indebtedness and budgeted appropriations).

Source: 2013 State Comptroller's Report.

## Debt Ratios

The following table sets forth certain ratios relating to the School District's indebtedness giving effect to this financing as of June 2, 2015.

|   | <u>Amount</u> | <u>Per<br/>Capita</u> <sup>(a)</sup> | <u>Percentage<br/>of<br/>Full Value</u> <sup>(b)</sup> |
|---|---------------|--------------------------------------|--|
| Net Indebtedness (see "Debt Statement Summary") .....                   | \$ 46,295,000 | \$ 2,431.08                          | 2.62%  |
| Net Indebtedness Plus Net Overlapping Indebtedness <sup>(c)</sup> ..... | 59,971,678    | 3,149.28                             | 3.39%  |

<sup>(a)</sup> The current estimated population of the School District is 19,043. See "Population" herein.

<sup>(b)</sup> The School District's full value of taxable real estate for 2014-2015 is \$1,767,938,325.

<sup>(c)</sup> Estimated net overlapping indebtedness is \$13,676,678. See "Estimated Overlapping Indebtedness" herein.

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the School District may not be enforced by levy and execution against property owned by the School District.

The Federal Bankruptcy Code allows public bodies such as the School District recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While the provisions of the Local Finance Law do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the School District.

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."



The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

No principal or interest on District indebtedness is past due. The District has never defaulted in the payment of principal or interest on any indebtedness.

### **MATERIAL EVENT NOTICES**

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the School District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) note calls, if material and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the School District;
- (m) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d) the School District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the School District determines that any such other event is material with respect to the Notes; but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The School District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the School District no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the School District's

obligations under its material event notices undertaking and any failure by the School District to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

The School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the School District; provided that the School District agrees that any such modification will be done in a manner consistent with the Rule.

A "Continuing Disclosure Certificate" to this effect shall be provided to the purchaser(s) at closing.

### **DISCLOSURE COMPLIANCE HISTORY**

The District is compliance, in all material respects, with all prior undertakings pursuant to the Rule for the past five years. On February 27, 2013, the District issued refunding bonds, the proceeds of which were used to advance refund bonds issued in 2006. The refunding escrow agreement was posted on EMMA in a timely manner, but no separate event notice was filed in connection with the refunding.

### **TAX MATTERS**

In the opinion of Cahill Gambino LLP, Bond Counsel, under existing law: (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel expresses no opinion as to any other tax consequences regarding the Notes.

The opinion on tax matters will be based on and will assume (without verifying) the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the School District contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the School District's certifications and representations or the continuing compliance with the School District's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the School District may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The School District has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market prices of the Notes.

A portion of the interest on the Notes earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Notes may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain "S corporations" (as defined in Section 1361 (a)(1) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress, and legislation affecting the exemption of interest thereon for purposes of taxation by the State may be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or the repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes. As an example, recent presidential and legislative proposals, if enacted as proposed, could, among other things, result in additional federal income tax and taxpayers that own tax-exempt obligations, such as the Notes, if they have incomes above certain thresholds. Investors in the Notes should be aware that any such future legislative action (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Notes may be adversely affected and the ability of holders to sell the Notes in the secondary market may be reduced.

Prospective purchasers of the Notes should consult their own tax advisers regarding pending or proposed federal and state tax legislation, or any new case law and prospective purchasers of the Notes at other than their original issuance at the respective prices indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the School District or the beneficial owners regarding the tax status of interest on the Notes in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedure, the IRS will treat the School District as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for the Notes.

## **DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES**

### **Legal Matters**

Legal matters incident to the authorization, issuance, and sale of the Notes will be subject to the final approving opinion of Cahill Gambino LLP, New York, New York, Bond Counsel to the School District. Such opinions will be available at the time of delivery of and payment for the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the School District, for the payment of which the School District has validly pledged its faith and credit, and all the real property within the School District subject to taxation by the School District, is subject to the levy by the School District of ad valorem taxes, without limitation as to rate or amount, for payment of the principal of and interest on the Notes.

Said opinions will also contain further statements to the effect that, assuming continuing compliance with certain covenants and the accuracy of certain representations of the School District contained in the records of proceedings relating to the authorization and issuance of the Notes, (a) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income, (b) interest on the Notes is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers, (c) the interest on the Notes may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest, and (d) the enforceability of the Notes is subject to bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.

## **Closing Certificates**

Upon delivery of and payment for the Notes, the purchaser(s) of the Notes will also receive, without cost, in form satisfactory to Bond Counsel, the following dated as of the date of delivery of and payment for the Notes: (a) a certificate or certificates evidencing execution, delivery and receipt of payment for the Notes, (b) a certificate or certificates executed by the officer of the School District who executed the Notes on behalf of the School District, stating that (1) no litigation is then pending or, to the knowledge of such officer, threatened to restrain or enjoin the issuance or delivery of the Notes, (2) no authority or proceedings for the issuance of the Notes has or have been repealed, revoked or rescinded, and (3) the statements contained in this Official Statement relating to the Notes, on the date thereof and on the date of delivery of and payment for the Notes, were and are true in all material respects and did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (c) a Tax Compliance Certificate executed by the President of the Board of Education, (d) the unqualified legal opinion as to the validity of the Notes of Cahill Gambino LLP, New York, New York, Bond Counsel and (e) a Continuing Disclosure certificate relating to the Notes, respectively, executed by the President of the Board for purposes of the Rule.

## **LITIGATION**

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the School District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the School District, threatened against or affecting the School District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the School District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the School District.

## **RATING**

The Notes are not rated.

Standard & Poor's Credit Market Services has assigned a rating of "AA (stable outlook)" to the School District's outstanding serial bonds. Moody's Investors Services has assigned a rating of "Aa3" to the School District's outstanding serial bonds. The ratings reflects only the view of the rating agencies assigning such ratings and an explanation of the significance of such ratings may be obtained from such rating agencies. Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agencies. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agencies if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings of the serial bonds may have an adverse effect on the market price of the Notes.

## **FINANCIAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Financial Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Financial Advisor serves as independent financial advisor to the School District on matters relating to debt management. The Financial Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Financial Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the School District and other sources of information believed to be reliable. The Financial Advisor has not audited, authenticated, or otherwise verified the information provided by the School District or the information set forth in this Official Statement or any other information available to the School District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Financial Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

## **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Cahill Gambino LLP expresses no opinion as to the accuracy or completeness of any documents prepared by or on behalf of the School District for use in connection with the offer and sale of the Notes, including this Official Statement.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](http://www.fiscaladvisors.com). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the School District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the School District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the School District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

If the purchaser(s) requests the Notes to be issued in registered form, the Burnt Hills - Ballston Lake Central School District will act as Paying Agent for the Notes. If the purchaser(s) requests the Notes to be issued in bearer form, the purchaser will act as Paying Agent for the Notes.

Burnt Hills - Ballston Lake Central School District's contact information is as follows: Mr. Christopher Abdoo, Assistant Superintendent for Support Services, 50 Cypress Drive, Scotia, New York 12302, Phone: (518) 399-9141 x85025, Telefax: (518) 399-2096, Email: [cabdoo@bhbl.org](mailto:cabdoo@bhbl.org).

## **BURNT HILLS - BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

**Dated: June 2, 2015**

**/s/ JAMES MAUGHAN**  
**President of the Board of Education**  
**and Chief Fiscal Officer**

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending June 30:

|   | <u><b>2010</b></u>          | <u><b>2011</b></u>          | <u><b>2012</b></u>          | <u><b>2013</b></u>          | <u><b>2014</b></u>          |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b><u>ASSETS</u></b>                      |                             |                             |                             |                             |                             |
| Unrestricted Cash                         | \$ 688,595                  | \$ 674,699                  | \$ 101,350                  | \$ 1,427,244                | \$ 5,572,217                |
| Restricted Cash                           | 1,091,552                   | 1,098,985                   | 1,106,440                   | 1,120,193                   | 1,098,156                   |
| Investments                               | 14,437,341                  | 13,111,496                  | 14,533,971                  | 13,833,337                  | 9,450,984                   |
| Accounts Receivable                       | 7,607                       | 9,727                       | 172                         | 21,652                      | 143,080                     |
| Due from Other Funds                      | 1,886,425                   | 1,858,853                   | 2,205,519                   | 1,678,631                   | 1,659,662                   |
| State and Federal Aid Receivable          | <u>1,765,346</u>            | <u>1,409,162</u>            | <u>1,127,545</u>            | <u>1,344,060</u>            | <u>2,028,338</u>            |
| <b>TOTAL ASSETS</b>                       | <u><b>\$ 19,876,866</b></u> | <u><b>\$ 18,162,922</b></u> | <u><b>\$ 19,074,997</b></u> | <u><b>\$ 19,425,117</b></u> | <u><b>\$ 19,952,437</b></u> |
| <b><u>LIABILITIES AND FUND EQUITY</u></b> |                             |                             |                             |                             |                             |
| Accrued Liabilities                       | \$ 231,319                  | \$ 317,740                  | \$ 466,557                  | \$ 163,429                  | \$ 157,008                  |
| Due to Other Funds                        | 315,819                     | 705,753                     | 543,241                     | 529,882                     | 522,388                     |
| Due to Teachers' Retirement System        | 1,583,828                   | 2,107,835                   | 2,694,547                   | 2,950,638                   | 4,128,378                   |
| Due to Employees' Retirement System       | 150,000                     | 150,000                     | 150,000                     | 276,588                     | 317,561                     |
| Tax Anticipation Notes Payable            | 3,500,000                   | -                           | -                           | -                           | -                           |
| Deferred Revenue                          | <u>101,989</u>              | <u>63,978</u>               | <u>3,345</u>                | <u>2,473</u>                | <u>2,653</u>                |
| <b>TOTAL LIABILITIES</b>                  | <u><b>\$ 5,882,955</b></u>  | <u><b>\$ 3,345,306</b></u>  | <u><b>\$ 3,857,690</b></u>  | <u><b>\$ 3,923,010</b></u>  | <u><b>\$ 5,127,988</b></u>  |
| <b><u>FUND EQUITY</u></b>                 |                             |                             |                             |                             |                             |
| Nonspendable                              | \$ -                        | \$ -                        | \$ -                        | \$ -                        | \$ -                        |
| Restricted                                | -                           | 10,496,821                  | 10,097,247                  | 10,263,220                  | 9,496,456                   |
| Assigned:                                 |                             |                             |                             |                             |                             |
| Unappropriated                            | -                           | -                           | -                           | 43,247                      | 75,152                      |
| Appropriated                              | -                           | 2,130,000                   | 2,845,109                   | 2,835,000                   | 2,835,000                   |
| Unassigned                                | -                           | 2,190,795                   | 2,274,951                   | 2,360,640                   | 2,418,341                   |
| Reserved                                  | 9,410,787                   | -                           | -                           | -                           | -                           |
| Unreserved:                               |                             |                             |                             |                             |                             |
| Appropriated                              | 1,100,000                   | -                           | -                           | -                           | -                           |
| Unappropriated                            | <u>3,483,124</u>            | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    |
| <b>TOTAL FUND EQUITY</b>                  | <u><b>\$ 13,993,911</b></u> | <u><b>\$ 14,817,616</b></u> | <u><b>\$ 15,217,307</b></u> | <u><b>\$ 15,502,107</b></u> | <u><b>\$ 14,824,949</b></u> |
| <b>TOTAL LIABILITIES and FUND EQUITY</b>  | <u><b>\$ 19,876,866</b></u> | <u><b>\$ 18,162,922</b></u> | <u><b>\$ 19,074,997</b></u> | <u><b>\$ 19,425,117</b></u> | <u><b>\$ 19,952,937</b></u> |

Source: Audited financial reports of the School District. This Appendix is not itself audited.

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

| Fiscal Years Ending June 30:                   | <u>2009</u>          | <u>2010</u>          | <u>2011</u>          | <u>2012</u>          | <u>2013</u>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b><u>REVENUES</u></b>                         |                      |                      |                      |                      |                      |
| Real Property Taxes                            | \$ 26,794,074        | \$ 27,819,625        | \$ 28,702,174        | \$ 29,533,394        | \$ 30,271,353        |
| Other Tax Items                                | 4,817,268            | 4,592,476            | 4,641,393            | 4,833,445            | 4,915,217            |
| Charges for Services                           | 138,275              | 137,885              | 149,502              | 115,227              | 152,184              |
| Use of Money & Property                        | 302,566              | 188,891              | 156,001              | 131,154              | 122,697              |
| Sale of Property and<br>Compensation for Loss  | 1,033,062            | 475,790              | 11,135               | 6,619                | 47,387               |
| Miscellaneous                                  | 331,513              | 362,380              | 484,822              | 387,515              | 430,097              |
| Interfund Revenues                             | -                    | -                    | -                    | -                    | -                    |
| Revenues from State Sources                    | 20,027,377           | 16,888,697           | 17,219,376           | 16,961,541           | 18,574,761           |
| Revenues from Federal Sources                  | 75,151               | 2,428,882            | 819,830              | 111,003              | 108,365              |
| Total Revenues                                 | <u>\$ 53,519,286</u> | <u>\$ 52,894,626</u> | <u>\$ 52,184,233</u> | <u>\$ 52,079,898</u> | <u>\$ 54,622,061</u> |
| Other Sources:                                 |                      |                      |                      |                      |                      |
| Operating Transfers In                         | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             |
| Total Revenues and Other Sources               | <u>\$ 53,519,286</u> | <u>\$ 52,894,626</u> | <u>\$ 52,184,233</u> | <u>\$ 52,079,898</u> | <u>\$ 54,622,061</u> |
| <b><u>EXPENDITURES</u></b>                     |                      |                      |                      |                      |                      |
| General Support                                | \$ 5,121,851         | \$ 4,783,587         | \$ 4,895,957         | \$ 4,672,841         | \$ 4,322,774         |
| Instruction                                    | 27,480,986           | 28,054,471           | 28,330,568           | 28,293,779           | 30,083,030           |
| Pupil Transportation                           | 2,378,096            | 2,463,742            | 2,570,189            | 2,765,112            | 2,593,848            |
| Home and Community Services                    | 12,929               | 9,543                | 9,687                | 7,569                | 9,640                |
| Employee Benefits                              | 9,492,260            | 9,619,860            | 11,105,153           | 11,829,706           | 12,399,965           |
| Debt Service                                   | 3,904,776            | 3,928,533            | 4,193,975            | 3,896,200            | 4,575,606            |
| Total Expenditures                             | <u>\$ 48,390,898</u> | <u>\$ 48,859,736</u> | <u>\$ 51,105,529</u> | <u>\$ 51,465,207</u> | <u>\$ 53,984,863</u> |
| Other Uses:                                    |                      |                      |                      |                      |                      |
| Operating Transfers Out                        | <u>215,000</u>       | <u>215,000</u>       | <u>255,000</u>       | <u>215,000</u>       | <u>352,398</u>       |
| Total Expenditures and Other Uses              | <u>\$ 48,605,898</u> | <u>\$ 49,074,736</u> | <u>\$ 51,360,529</u> | <u>\$ 51,680,207</u> | <u>\$ 54,337,261</u> |
| Excess (Deficit) Revenues Over<br>Expenditures | <u>4,913,388</u>     | <u>3,819,890</u>     | <u>823,704</u>       | <u>399,691</u>       | <u>284,800</u>       |
| <b><u>FUND BALANCE</u></b>                     |                      |                      |                      |                      |                      |
| Fund Balance - Beginning of Year               | 5,289,989            | 10,174,021           | 13,993,912           | 14,817,616           | 15,217,307           |
| Prior Period Adjustments (net)                 | <u>(29,354)</u>      | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             |
| Fund Balance - End of Year                     | <u>\$ 10,174,023</u> | <u>\$ 13,993,911</u> | <u>\$ 14,817,616</u> | <u>\$ 15,217,307</u> | <u>\$ 15,502,107</u> |

Source: Audited financial reports of the School District. This Appendix is not itself audited.

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Fiscal Years Ending June 30:

|  | <b>2014</b>          |                      |                      | <b>2015</b>          | <b>2016</b>          |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | Adopted<br>Budget    | Modified<br>Budget   | Actual               | Adopted<br>Budget    | Adopted<br>Budget    |
| <b><u>REVENUES</u></b>                         |                      |                      |                      |                      |                      |
| Real Property Taxes                            | \$ 31,036,510        | \$ 31,036,510        | \$ 31,042,559        | \$ 36,652,136        | \$ 37,634,413        |
| Other Tax Items                                | 4,917,149            | 4,917,149            | 4,975,397            | -                    | -                    |
| Charges for Services                           | 133,000              | 133,000              | 328,137              | 133,000              | 205,000              |
| Use of Money & Property                        | 167,500              | 167,500              | 74,403               | -                    | -                    |
| Sale of Property and<br>Compensation for Loss  | 188,450              | 188,450              | 6,189                | -                    | -                    |
| Miscellaneous                                  | 175,000              | 175,000              | 650,963              | 912,500              | 1,931,331            |
| Interfund Revenues                             | -                    | -                    | -                    | -                    | -                    |
| Revenues from State Sources                    | 19,318,497           | 19,318,497           | 19,889,606           | 19,825,899           | 20,524,521           |
| Revenues from Federal Sources                  | 145,000              | 145,000              | 77,551               | 100,000              | 100,000              |
| Total Revenues                                 | <u>\$ 56,081,106</u> | <u>\$ 56,081,106</u> | <u>\$ 57,044,805</u> | <u>\$ 57,623,535</u> | <u>\$ 60,395,265</u> |
| Other Sources:                                 |                      |                      |                      |                      |                      |
| Operating Transfers In                         | <u>100,000</u>       | <u>100,000</u>       | <u>100,000</u>       | <u>-</u>             | <u>-</u>             |
| Total Revenues and Other Sources               | <u>\$ 56,181,106</u> | <u>\$ 56,181,106</u> | <u>\$ 57,144,805</u> | <u>\$ 57,623,535</u> | <u>\$ 60,395,265</u> |
| <b><u>EXPENDITURES</u></b>                     |                      |                      |                      |                      |                      |
| General Support                                | \$ 5,596,907         | \$ 4,797,096         | \$ 4,499,055         | \$ 7,811,246         | \$ 8,849,263         |
| Instruction                                    | 30,894,431           | 32,070,280           | 31,457,601           | 31,888,976           | 33,190,699           |
| Pupil Transportation                           | 2,597,644            | 2,701,374            | 2,546,853            | 1,233,985            | 1,233,360            |
| Home and Community Services                    | 31,100               | 30,900               | 8,834                | -                    | -                    |
| Employee Benefits                              | 15,339,637           | 14,232,920           | 14,157,782           | 15,578,333           | 15,287,462           |
| Debt Service                                   | 4,341,387            | 4,914,289            | 4,914,288            | 3,945,995            | 4,169,481            |
| Total Expenditures                             | <u>\$ 58,801,106</u> | <u>\$ 58,746,859</u> | <u>\$ 57,584,413</u> | <u>\$ 60,458,535</u> | <u>\$ 62,730,265</u> |
| Other Uses:                                    |                      |                      |                      |                      |                      |
| Operating Transfers Out                        | <u>215,000</u>       | <u>312,494</u>       | <u>237,550</u>       | <u>-</u>             | <u>-</u>             |
| Total Expenditures and Other Uses              | <u>\$ 59,016,106</u> | <u>\$ 59,059,353</u> | <u>\$ 57,821,963</u> | <u>\$ 60,458,535</u> | <u>\$ 62,730,265</u> |
| Excess (Deficit) Revenues Over<br>Expenditures | <u>(2,835,000)</u>   | <u>(2,878,247)</u>   | <u>(677,158)</u>     | <u>(2,835,000)</u>   | <u>(2,335,000)</u>   |
| <b><u>FUND BALANCE</u></b>                     |                      |                      |                      |                      |                      |
| Fund Balance - Beginning of Year               | 2,835,000            | 2,878,247            | 15,502,107           | 2,835,000            | 2,335,000            |
| Prior Period Adjustments (net)                 | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             |
| Fund Balance - End of Year                     | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 14,824,949</u> | <u>\$ -</u>          | <u>\$ -</u>          |

Source: Audited financial report and budgets of the School District. This Appendix is not itself audited.



**BONDED DEBT SERVICE**

| Fiscal Year<br>Ending<br>June 30th | Principal           | Interest              | Total                  |
|------------------------------------|---------------------|-----------------------|------------------------|
| 2015                               | \$2,765,000         | \$ 990,995.00         | \$ 3,755,995.00        |
| 2016                               | 2,860,000           | 886,532.50            | 3,746,532.50           |
| 2017                               | 4,100,000           | 1,085,863.75          | 5,185,863.75           |
| 2018                               | 4,260,000           | 920,376.25            | 5,180,376.25           |
| 2019                               | 4,425,000           | 745,576.25            | 5,170,576.25           |
| 2020                               | 3,700,000           | 591,053.75            | 4,291,053.75           |
| 2021                               | 3,735,000           | 457,937.50            | 4,192,937.50           |
| 2022                               | 3,855,000           | 326,912.50            | 4,181,912.50           |
| 2023                               | 1,140,000           | 230,100.00            | 1,370,100.00           |
| 2024                               | 1,205,000           | 176,100.00            | 1,381,100.00           |
| 2025                               | 930,000             | 119,000.00            | 1,049,000.00           |
| 2026                               | 975,000             | 72,500.00             | 1,047,500.00           |
| 2027                               | 760,000             | 23,750.00             | 783,750.00             |
| <b>TOTALS</b>                      | <b>\$34,710,000</b> | <b>\$6,626,697.50</b> | <b>\$41,336,697.50</b> |

Note: The bonds listed above include both refunded and refunding serial bonds. The School District issued \$7,800,000 refunding serial bonds on February 27, 2013 to achieve budgetary and present value savings. As of the date of this Official Statement, there are \$7,595,000 refunded bonds outstanding. The bonds refunded will be redeemed on their first available call date, July 1, 2015.

**BURNT HILLS - BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

## CONTENTS

|   | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT .....  | 1-3         |
| MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) .....  | 4-15        |
| FINANCIAL STATEMENTS  |             |
| Statement of net position .....   | 16          |
| Statement of activities .....   | 17          |
| Balance sheets – Governmental funds and reconciliation of total fund balance to<br>government-wide net position .....         | 18          |
| Statements of revenue, expenditures, and changes in fund balances -<br>Governmental funds .....                               | 19          |
| Reconciliation of the statement of revenue, expenditures, and changes in fund balance to<br>the statement of activities ..... | 20          |
| Statement of net position - Fiduciary funds.....  | 21          |
| Statement of changes in net position - Fiduciary funds.....   | 22          |
| Notes to the financial statements.....  | 23-45       |
| REQUIRED SUPPLEMENTARY INFORMATION  |             |
| Schedule of revenue, expenditures, and changes in fund balance –<br>Budget and actual - General fund.....                     | 46-47       |
| Schedule of change from original budget to revised budget – General fund .....  | 48          |
| Schedule of Section 1318 of Real Property Tax Law Limit Calculation – General fund...   | 48          |
| Schedule of project expenditures - Capital projects fund .....  | 49          |
| Schedule of investment in capital assets, net of related debt .....   | 50          |

## CONTENTS (Continued)

|   | <u>Page</u> |
|---|-------------|
| REQUIRED REPORTS UNDER OMB CIRCULAR A-133   |             |
| Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with <i>Government Auditing Standards</i> ..... | 51-52       |
| Independent auditor's report on compliance for each major federal program and report on internal control over compliance required by OMB Circular A -133.....   | 53-54       |
| Schedule of expenditures of federal awards .....  | 55          |
| Notes to schedule of expenditures of federal awards .....   | 56          |
| Schedule of findings and questioned costs .....   | 57-58       |

## **INDEPENDENT AUDITOR'S REPORT**

October 9, 2014

The Board of Education of  
Burnt Hills-Ballston Lake Central School District:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Burnt Hills-Ballston Lake Central School District (the District) as of and for the year ended June 30, 2014, 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.

### **Auditor's Responsibility**

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

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

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

(Continued)

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Burnt Hills-Ballston Lake Central School District as of June 30, 2014, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 15 and 46 through 47 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.

### **Report on Supplementary 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 supplemental information on pages 48 through 50, as required by the New York State Education Department, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The supplemental information included on pages 48 through 50 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

(Continued)

## INDEPENDENT AUDITOR'S REPORT

(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2014, 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

(Continued)

# BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**JUNE 30, 2014**

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*The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2014. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.*

### FINANCIAL HIGHLIGHTS

- The District's 2013-14 actual revenue was greater than budgeted by \$963,699, primarily due to an increase in State Aid attributed to the one time kindergarten conversion aid. Other miscellaneous items include prior year refunds (NYSMEC & State Aid) as well as an increase in non-resident tuition.
- The 2013-14 budget was approved for \$59,016,106 and actual expenditures for the fiscal year were \$57,821,963, equating to a favorable difference of \$1,194,143. Costs associated with special education, employee salaries, employee benefits and utilities came in lower than budgeted. Even though the Teachers Retirement System (TRS) and Employees Retirement System (ERS) employer contribution rates continue to increase significantly, the District has been preparing for this increase through the reserves and as part of the budget process.
- In May of 2014, voters re-elected an incumbent, returned a member that had previously been on the Board of Education and voted in one first time Board of Education member. The Board has established procedures to ensure continuity of school board governance including a mentoring process for its newest members to provide support and training. The District ensures that all Board members complete required fiscal oversight training. In addition, the Board has a history of employing long range planning strategies in their decision making process for financial and instructional matters.
- The enrollment for the District remains stable. An enrollment study commissioned during the 2012-2013 school year projects stable to slightly declining overall enrollment over the next five years. The building of a major microchip manufacturing plant in Saratoga County as well as expanding to a full day kindergarten program in 2013-14 will help mitigate the declining enrollment that is happening across New York State.
- In May 2014, the 2014-15 budget proposal of \$60,458,535 was voter approved by a 73% margin, the land purchase proposition of \$148,000 was approved by a 77% margin, and a school bus proposition of \$450,000 was approved by an 80% margin.
- In 2011, the State Legislature and the Governor enacted legislation applicable to the 2013-14 school year, establishing a cap on the amount that a school district's property tax levy can increase each year. Under this law, the growth in the school tax levy will be capped at 2 percent or the rate of inflation, whichever is less, with some exceptions. A majority of the taxpayers must approve the budget. To raise the levy greater than 2%, with certain exclusions, requires a super majority of 60% of the local voters to approve the increase. The District's ability to raise local revenue is now contingent on successfully informing local tax payers as to its needs for any increase in the tax levy. The 2013-14 budget carried a tax levy increase of 2.47% which did not exceed the tax levy limit.



## **FINANCIAL HIGHLIGHTS (Continued)**

- At the end of 2013-14, actual expenditures exceeded actual revenues by \$677,158. This was in accordance with a planned initiative to remain within the tax cap while preserving programs for our students.
- The contract with the BHBL Teachers Association expired on June 30, 2014. Contract negotiations have begun with the Teachers' Association during the 2013-14 school year. All other collective bargaining units have settled contracts.
- Since 1978 the District has addressed major renovations and capital improvements in five year cycles through voter approved bond referenda. In October 2013, a \$34.2 million proposition to Build our 2<sup>nd</sup> Century was voter approved by a 67.7% margin. The District has maximized state building aid on all projects included in the scope of this bond.
- Upgrades to our existing network were completed in 2011-12 with the purchase of equipment for the wireless infrastructure and fiber connections between buildings to provide increased bandwidth. In 2012-13 and 13-14, the District made significant hardware purchases in order to allow students the ability to acquire 21st learning skills. The District has generated additional BOCES aid from these technology purchases.
- The Board of Education voted to discontinue Burnt Hills-Ballston Lake's participation in the National School Lunch Program effective for September of 2013. The School Lunch Program continues to seek new revenue sources and strives to be self-supporting. Recent changes in the regulations related to the National School Lunch Program have caused the district to explore the possibility of rejoining the program for the Elementary and Middle Schools during the 2015 calendar year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

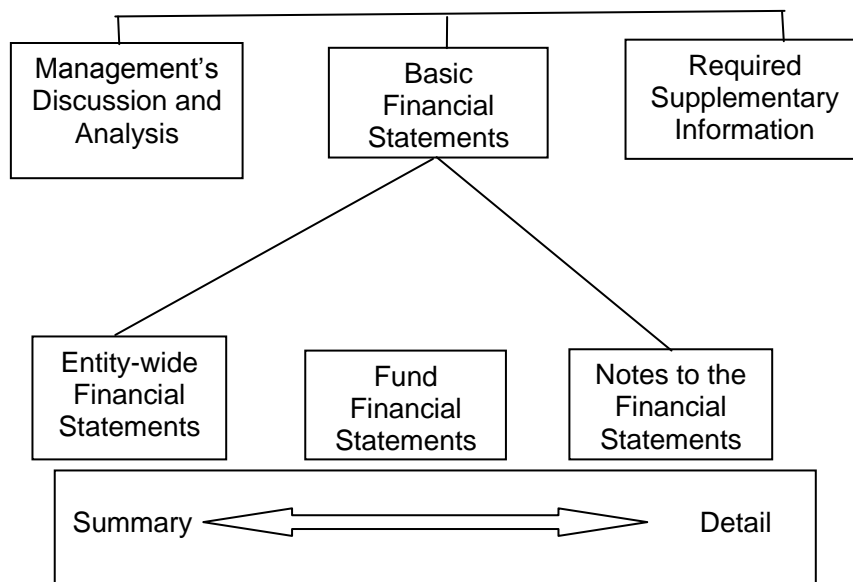
- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the operation in more detail than the entity-wide statements.

The governmental fund statements tell how basic services such as instruction and support functions were financed in the short-term, as well as what remains for future spending.

Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

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

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



## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

|   | District-Wide  | Fund Financial Statements   |   |
|---|--|---|---|
|   |  | Governmental Funds  | Fiduciary Funds   |
| Scope   | Entire District (except fiduciary funds)   | The day-to-day 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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>               | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>                                     | <ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>   |
| Accounting basis and measurement focus                                      | Accrual accounting and economic resources focus.   | Modified accrual accounting and current financial focus.  | Accrual accounting and economic resources focus.  |
| Type of asset/deferred inflows/outflows of resources/ liability information | All assets, deferred inflows/outflows of resources, and liabilities, both financial and capital, short-term and long-term debt | Assets, deferred inflows/outflows of deferred resources, and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included         | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.                        |
| Type of inflow/outflow information  | All revenue and expenses during year, regardless of when cash is received or paid.   | Revenue 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 inflow/outflows of resources, and liabilities. All of the current year's revenue 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 they have changed. Net position – the difference between the School District's assets, deferred inflow/outflows of resources, and liabilities – 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.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### District-Wide Statements (Continued)

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (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 in the governmental fund financial statements. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

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.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position as follows:
  - Net position invested in capital assets, net of debt.
  - Restricted net position are those with constraints placed on use by external sources or imposed by law.
  - Unrestricted net position are net assets 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 readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps 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, debt service fund, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- *Fiduciary Funds:* 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

The District's net position as of June 30, 2014 are detailed in Tables A-3 and A-4.

**Table A-3** Condensed Statements of Net Position – Governmental Activities

|  | Fiscal Year<br><u>2014</u> | Fiscal Year<br><u>2013</u> | Percent<br><u>Change</u> |
|--|----------------------------|----------------------------|--------------------------|
| Current assets                                       | \$ 26,225,080              | \$ 23,072,574              | 13.7%                    |
| Capital assets                                       | <u>45,220,149</u>          | <u>44,034,600</u>          | <u>2.7%</u>              |
| Total assets   | <u>71,445,229</u>          | <u>67,107,174</u>          | <u>6.5%</u>              |
| Current liabilities                                  | 13,719,702                 | 7,338,336                  | 87.0%                    |
| Long-term liabilities                                | <u>39,060,500</u>          | <u>40,631,393</u>          | <u>-3.9%</u>             |
| Total liabilities                                    | <u>52,780,202</u>          | <u>47,969,729</u>          | <u>10.0%</u>             |
| Net position:  |                            |                            |                          |
| Investment in capital assets,<br>net of related debt | 11,699,445                 | 13,061,156                 | -10.4%                   |
| Restricted for debt service                          | 11,300,110                 | 12,120,374                 | -6.8%                    |
| Unrestricted   | <u>(4,334,528)</u>         | <u>(6,044,085)</u>         | <u>-28.3%</u>            |
| Total net position                                   | <u>\$ 18,665,027</u>       | <u>\$ 19,137,445</u>       | <u>-2.5%</u>             |

During 2013-14, the District financed the first portion of the new capital project resulting in the increase in current assets. The increase of capital assets was a result of the completion of old capital improvement projects. The new capital project financing has also contributed to the increase of current liabilities as well the increased amount of employee retirement system obligations.

### Changes in Net Assets

The District's fiscal year 2014 revenue totaled \$59,495,197 (see Table A-4). Property taxes and state aid accounted for most of the District's revenue by contributing 53% and 33%, respectively, of every dollar raised (see Table A-5). The remainder came from fees charged for services and tuition, interest earnings, insurance settlements, rental of two classrooms to BOCES, the BOCES refund, Medicaid reimbursement, and other miscellaneous sources.

The total cost of all programs and services totaled \$59,967,615 in 2014. 86% of this amount is used predominantly to support general instruction, the provision of services to students with disabilities, and student transportation (see Table A-6). The District's Board of Education, administrative, and business activities accounted for 10% of total costs.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

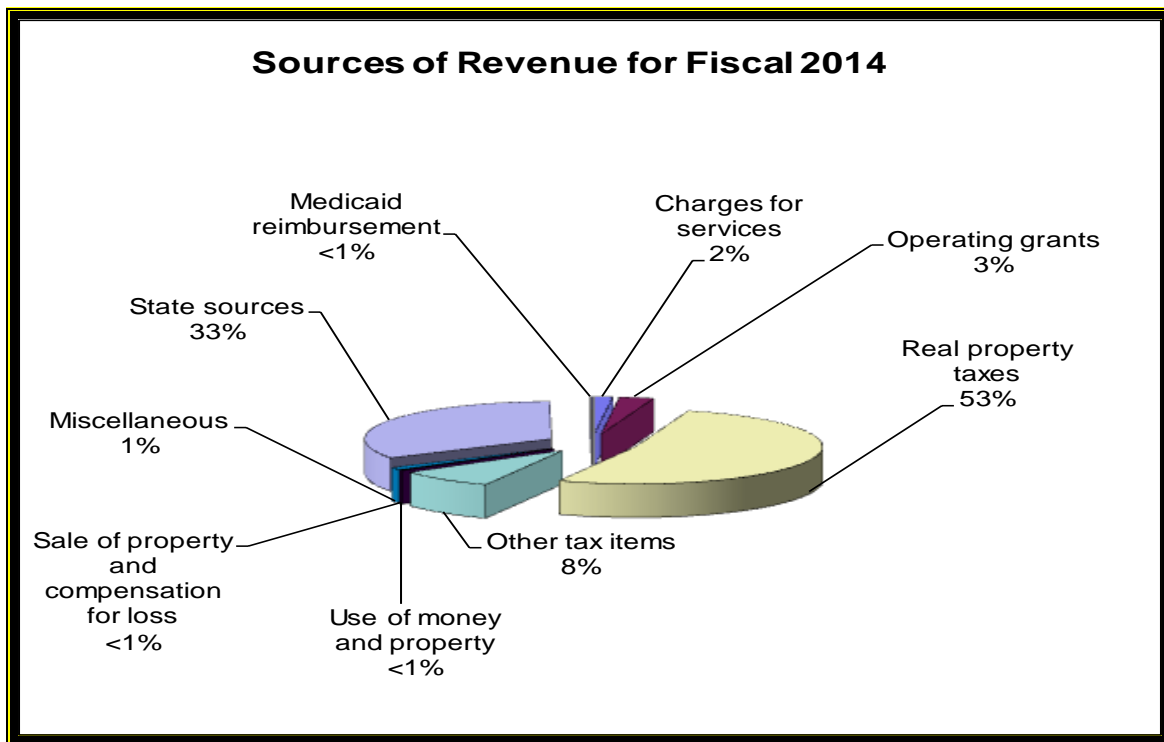
**Table A-4** Changes in Net Position from Operating Results - Governmental Activities Only:

|  | Fiscal Year<br><u>2014</u> | Fiscal Year<br><u>2013</u> | Percent<br><u>Change</u> |
|--|----------------------------|----------------------------|--------------------------|
| <u>Revenue</u>                         |                            |                            |                          |
| Charges for services                   | \$ 942,763                 | \$ 715,690                 | 31.7%                    |
| Operating grants                       | 1,759,901                  | 2,158,863                  | -18.5%                   |
| General revenue:                       |                            |                            |                          |
| Real property taxes                    | 31,042,559                 | 30,271,353                 | 2.5%                     |
| Other tax items                        | 4,975,397                  | 4,915,217                  | 1.2%                     |
| Use of money and property              | 123,729                    | 123,593                    | 0.1%                     |
| State sources                          | 19,889,606                 | 18,574,761                 | 7.1%                     |
| Federal sources                        | 77,551                     | 108,365                    | -28.4%                   |
| Sale of property/compensation for loss | 6,189                      | 47,387                     | -86.9%                   |
| Other                                  | 677,502                    | 454,013                    | 49.2%                    |
| Total revenue                          | <u>59,495,197</u>          | <u>57,369,242</u>          | <u>3.7%</u>              |
| <u>Expenses</u>                        |                            |                            |                          |
| General support                        | 5,992,464                  | 5,706,407                  | 5.0%                     |
| Instruction                            | 48,319,142                 | 44,822,855                 | 7.8%                     |
| Pupil transportation                   | 3,725,352                  | 3,981,409                  | -6.4%                    |
| Community service                      | 8,833                      | 9,641                      | -8.4%                    |
| Debt service                           | 969,682                    | 1,157,124                  | -16.2%                   |
| School lunch program                   | 952,142                    | 992,431                    | -4.1%                    |
| Total expenses                         | <u>59,967,615</u>          | <u>56,669,867</u>          | <u>5.8%</u>              |
| Increase (decrease) in net position    | <u>\$ (472,418)</u>        | <u>\$ 699,375</u>          | <u>-167.5%</u>           |

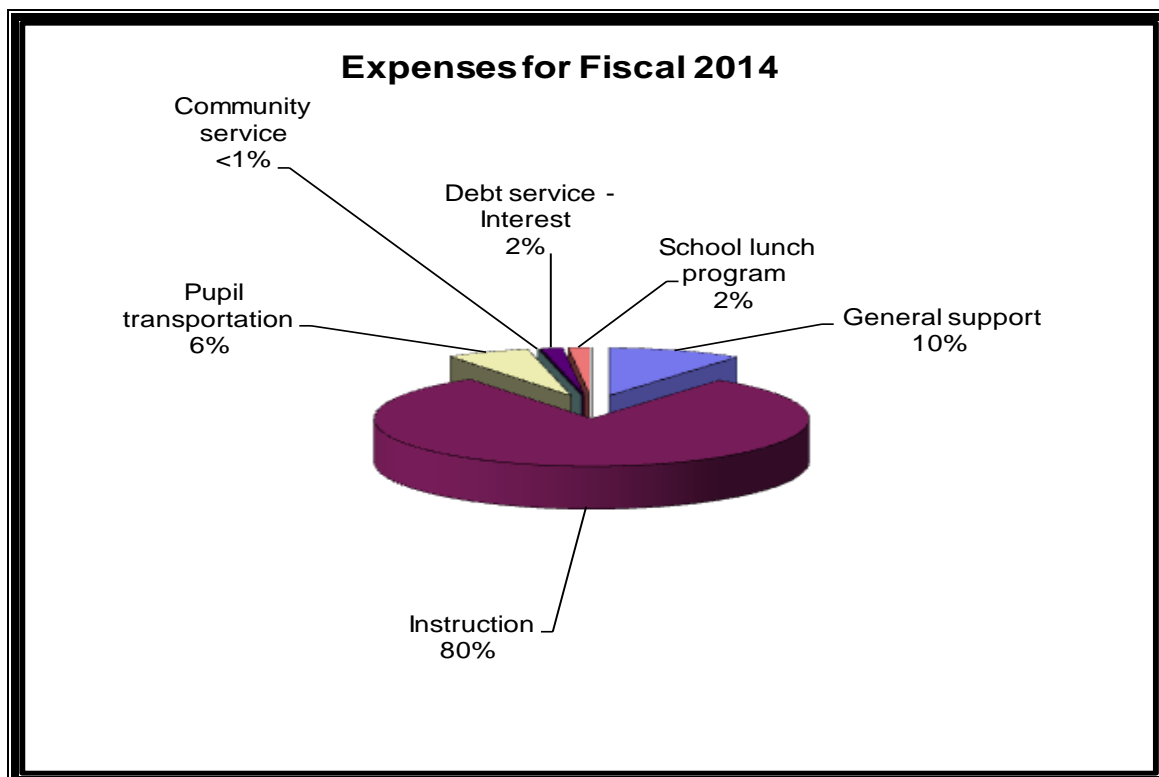
Overall, operating results remain relatively constant with prior year (See Table A-4). The increase in revenue was primarily due to state aid. The increase in expenses is largely attributed to instructional salaries and benefits.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

**Table A-5** Sources of Revenue for Fiscal Year 2014:



**Table A-6** Expenses for Fiscal Year 2014:



## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

### Governmental Activities

Revenue for the District's governmental activities totaled \$59,495,197 a 3.7% increase from the previous fiscal year. Total expenses equaled \$59,967,615, a 5.4% increase from the previous fiscal year. The net result of the change in the District's financial condition can be attributed to increased staffing levels among district instructional staff, additional expenses related to improvements in building safety & security and the decision to reduce the district's debt load by paying off the Bus Bond Anticipation Note

Table A-7 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, capital outlay, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Table A-7** Net Cost of Governmental Activities:

| Category             | <u>2014</u>          |                      | <u>2013</u>          |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
|                      | <u>Total Cost</u>    | <u>Net Cost</u>      | <u>Total Cost</u>    | <u>Net Cost</u>      |
| General support      | \$ 5,992,464         | \$ 5,992,464         | \$ 5,706,407         | \$ 5,706,407         |
| Instruction          | 48,319,142           | 46,270,236           | 44,822,855           | 42,692,681           |
| Pupil transportation | 3,725,352            | 3,725,352            | 3,981,409            | 3,981,409            |
| Community service    | 8,833                | 8,833                | 9,641                | 9,641                |
| Debt service         | 969,682              | 969,682              | 1,157,124            | 1,157,124            |
| School lunch         | <u>952,142</u>       | <u>298,384</u>       | <u>992,431</u>       | <u>248,052</u>       |
| Total                | <u>\$ 59,967,615</u> | <u>\$ 57,264,951</u> | <u>\$ 56,669,867</u> | <u>\$ 53,795,314</u> |

- The total cost of all governmental activities this year was \$59,967,615.
- The users of the District's programs financed \$942,763 of the cost.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$1,759,901.
- Most of the District's net costs, \$57,264,951, were financed by taxpayers and state aid.



## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statement 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.

### Governmental Funds Highlights

General Fund – The District's state aid allocation includes a Gap Elimination Adjustment of approximately \$1,874,675 million, requiring additional contributions through the tax levy. Federal stimulus funding received in prior years has also been eliminated.

Benefits expenditures were under budget by approximately \$1.1 million mainly attributable to changes in healthcare product offerings resulted in significant employee benefit savings during the year.

Special Aid Fund – In addition to Title I, Title IIA, SE611, SE619, Summer Handicap Program Aid, the District received a minimal amount of Race to the Top as well as \$352,688 (year 2 of 3) for a Federal Physical and Health Education Program Grant.

School Lunch Fund – During the fiscal year ended June 30, 2014, the loss of federal subsidy combined with cost increases imposed a challenge to program to be self-sustaining.

Capital Projects Fund – Construction was substantially completed on the final phase of a \$12.5 million energy bond project approved by voters in 2009. In October 2013, a \$34.2 million proposition to Build our 2<sup>nd</sup> Century was voter approved and started. The district paid off a bus BAN which will result in future savings.

### Capital Assets

By the end of 2014, the District had an investment of \$45,220,149 in a broad range of capital assets.

**Table A-8:** Capital Assets (net of accumulated depreciation)

| <u>Category</u>                | <u>Fiscal Year<br/>2014</u> | <u>Fiscal Year<br/>2013</u> | <u>Percent<br/>Change</u> |
|--------------------------------|-----------------------------|-----------------------------|---------------------------|
| Land                           | \$100,000                   | \$100,000                   | -                         |
| Buildings and improvements     | 69,971,361                  | 67,510,396                  | 3.6%                      |
| Equipment, furniture and land  | <u>9,021,879</u>            | <u>8,367,474</u>            | <u>7.8%</u>               |
| Total                          | 79,093,240                  | 75,977,870                  | 4.1%                      |
| Less: Accumulated depreciation | <u>33,873,091</u>           | <u>31,943,270</u>           | <u>6.0%</u>               |
| Total capital assets, net      | <u>\$45,220,149</u>         | <u>\$44,034,600</u>         | <u>2.7%</u>               |

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

### Long-Term Liabilities

At year-end, the District had \$42,199,952 of long-term liabilities outstanding. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

**Table A-9** Outstanding Long-Term Liabilities

| <u>Category</u>             | <u>Fiscal Year<br/>2014</u> | <u>Fiscal Year<br/>2013</u> |
|-----------------------------|-----------------------------|-----------------------------|
| General obligation bonds    | \$ 28,075,704               | \$ 29,930,000               |
| Other long-term liabilities | <u>14,124,248</u>           | <u>13,215,608</u>           |
| Total                       | <u>\$ 42,199,952</u>        | <u>\$ 43,145,608</u>        |

During the year, the District paid down its long-term debt by retiring \$2,815,000 of outstanding bonds.

### FACTORS BEARING ON THE FUTURE OF THE DISTRICT

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

- Legislation applicable to the 2014-15 school year that established a cap on the amount that a school district's property tax levy can increase each year coupled with the continuation of the Gap Elimination Adjustment which is the reduction of State Aid will negatively impact the future. The District will continue efforts to seek additional revenues, find cost effective measures, look for savings, and reduce expenditures wherever possible.
- The District participates in an energy consortium offered through BOCES for heat and power to mitigate fluctuating costs over multiple years. Recent bid prices were the same as the previous year and substantially lower than they have been in the recent past. Fuel for pupil transportation has been purchased at prices at or below NYS contract through a cooperative bid with school districts. These practices will continue to be monitored for results.
- The Board of Education and District Administration engage in frequent discussions surrounding State legislative proposals that impact funding for education such as the tax cap legislation, school aid cut initiatives. Implications to students, staff and the core operations of the District are closely monitored. The District is actively exploring cost effective strategies to address these challenges.
- The Board of Education develops goals that support the District Strategic Objectives to continuously improve student learning and district infrastructure.
- The District continues to monitor enrollment trajectories through census data and town housing permits.
- The Board of Education and District Administration are actively involved in strategic long range planning that focuses on instruction and infrastructure. The Board charged a 21<sup>st</sup> Century Instructional/Infrastructure Committee to develop a process that will guide the direction of instructional planning and budgeting for the next 10 to 15 years. Instructional staff are beginning to use the strategic framework to guide curriculum planning.

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

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact:

Assistant Superintendent for Support Services  
Burnt Hills-Ballston Lake Central School District Office  
50 Cypress Drive  
Glenville, NY 12302

# BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2014

### ASSETS

#### CURRENT ASSETS:

|                                  |               |
|----------------------------------|---------------|
| Cash - Unrestricted              | \$ 8,288,748  |
| Cash - Restricted                | 1,098,156     |
| Investments                      | 13,718,302    |
| State and federal aid receivable | 2,922,734     |
| Accounts receivable              | 143,080       |
| Inventories                      | <u>54,060</u> |

Total current assets 26,225,080

#### NON CURRENT ASSETS:

|                     |                   |
|---------------------|-------------------|
| Capital assets, net | <u>45,220,149</u> |
|---------------------|-------------------|

TOTAL ASSETS 71,445,229

### LIABILITIES

#### CURRENT LIABILITIES:

|  |                  |
|--|------------------|
| Accounts payable and accrued liabilities     | 166,677          |
| Accrued interest                             | 259,928          |
| Due to Teachers' Retirement System           | 4,128,378        |
| Due to Employees' Retirement System          | 317,561          |
| Due to other governments                     | 1,918            |
| Due to other funds                           | 242,728          |
| Unearned revenue                             | 18,060           |
| Bond anticipation notes payable              | 5,445,000        |
| Compensated absences payable within one year | 374,452          |
| Bonds payable due within one year            | <u>2,765,000</u> |

Total current liabilities 13,719,702

#### LONG-TERM LIABILITIES:

|  |                  |
|--|------------------|
| Bonds payable, net of current portion                | 25,310,704       |
| Other postemployment benefits                        | 10,302,845       |
| Compensated absences payable, net of current portion | <u>3,446,951</u> |

Total long-term liabilities 39,060,500

TOTAL LIABILITIES 52,780,202

### NET POSITION

|                              |                    |
|------------------------------|--------------------|
| Investment in capital assets | 11,699,445         |
| Restricted                   | 11,300,110         |
| Unrestricted                 | <u>(4,334,528)</u> |

TOTAL NET POSITION \$ 18,665,027

# BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

|   | <u>Program Revenue</u> |                                       |                                   | <u>Net (Expense)</u><br><u>Revenue and</u><br><u>Changes in</u><br><u>Net Position</u> |
|---|------------------------|---------------------------------------|-----------------------------------|--|
|   | <u>Expenses</u>        | <u>Charges for</u><br><u>Services</u> | <u>Operating</u><br><u>Grants</u> |  |
| <b>FUNCTIONS/PROGRAMS:</b>                    |                        |                                       |                                   |  |
| General support                               | \$ 5,992,464           | \$ -                                  | \$ -                              | \$ (5,992,464)   |
| Instruction                                   | 48,319,142             | 328,137                               | 1,720,769                         | (46,270,236)   |
| Pupil transportation                          | 3,725,352              | -                                     | -                                 | (3,725,352)  |
| Community service                             | 8,833                  | -                                     | -                                 | (8,833)  |
| Debt service - Interest                       | 969,682                | -                                     | -                                 | (969,682)  |
| School lunch program                          | 952,142                | 614,626                               | 39,132                            | (298,384)  |
| <b>TOTAL FUNCTIONS AND PROGRAMS</b>           | <b>\$ 59,967,615</b>   | <b>\$ 942,763</b>                     | <b>\$ 1,759,901</b>               | <b>(57,264,951)</b>  |
| <b>GENERAL REVENUE:</b>                       |                        |                                       |                                   |  |
| Real property taxes                           |                        |                                       |                                   | 31,042,559   |
| Other tax items                               |                        |                                       |                                   | 4,975,397  |
| Use of money and property                     |                        |                                       |                                   | 123,729  |
| Sale of property and compensation for loss    |                        |                                       |                                   | 6,189  |
| Miscellaneous                                 |                        |                                       |                                   | 677,502  |
| State sources                                 |                        |                                       |                                   | 19,889,606   |
| Federal sources                               |                        |                                       |                                   | 77,551   |
| <b>TOTAL GENERAL REVENUE</b>                  |                        |                                       |                                   | <b>56,792,533</b>  |
| <b>CHANGE IN NET POSITION</b>                 |                        |                                       |                                   | <b>(472,418)</b>   |
| <b>TOTAL NET POSITION - beginning of year</b> |                        |                                       |                                   | <b>19,137,445</b>  |
| <b>TOTAL NET POSITION - end of year</b>       |                        |                                       |                                   | <b>\$ 18,665,027</b>   |

The accompanying notes are an integral part of these statements.

**BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

**BALANCE SHEETS - GOVERNMENTAL FUNDS AND RECONCILIATION OF TOTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION  
JUNE 30, 2014**

|   | Governmental Fund Types |                |                 |                     |                 | Total                 |
|---|-------------------------|----------------|-----------------|---------------------|-----------------|-----------------------|
|   | General                 | Special<br>Aid | School<br>Lunch | Capital<br>Projects | Debt<br>Service | Governmental<br>Funds |
| ASSETS  |                         |                |                 |                     |                 |                       |
| Cash - Unrestricted                           | \$ 5,572,717            | \$ 145,829     | \$ 195,316      | \$ 471,232          | \$ 1,903,654    | \$ 8,288,748          |
| Cash - Restricted                             | 1,098,156               | -              | -               | -                   | -               | 1,098,156             |
| Investments                                   | 9,450,984               | -              | -               | 4,267,318           | -               | 13,718,302            |
| Accounts receivable                           | 143,080                 | -              | -               | -                   | -               | 143,080               |
| Due from other funds                          | 1,659,662               | 97,968         | 159,212         | -                   | -               | 1,916,842             |
| State and federal aid receivable              | 2,028,338               | 891,273        | 3,123           | -                   | -               | 2,922,734             |
| Inventory                                     | -                       | -              | 54,060          | -                   | -               | 54,060                |
| TOTAL ASSETS                                  | \$ 19,952,937           | \$ 1,135,070   | \$ 411,711      | \$ 4,738,550        | \$ 1,903,654    | \$ 28,141,922         |
| LIABILITIES                                   |                         |                |                 |                     |                 |                       |
| Accounts payable and accrued liabilities      | \$ 157,008              | \$ 1,041       | \$ -            | \$ 8,628            | \$ -            | \$ 166,677            |
| Due to other funds                            | 522,388                 | 1,134,029      | 394,388         | 8,766               | 100,000         | 2,159,571             |
| Due to other governments                      | -                       | -              | 1,916           | -                   | -               | 1,916                 |
| Due to Teachers' Retirement System            | 4,128,378               | -              | -               | -                   | -               | 4,128,378             |
| Due to Employees' Retirement System           | 317,561                 | -              | -               | -                   | -               | 317,561               |
| Bond anticipation notes                       | -                       | -              | -               | 5,445,000           | -               | 5,445,000             |
| Unearned revenue                              | 2,653                   | -              | 15,407          | -                   | -               | 18,060                |
| TOTAL LIABILITIES                             | 5,127,988               | 1,135,070      | 411,711         | 5,462,394           | 100,000         | 12,237,163            |
| FUND BALANCE                                  |                         |                |                 |                     |                 |                       |
| Nonspendable                                  |                         |                |                 |                     |                 |                       |
| Inventory                                     | -                       | -              | 54,060          | -                   | -               | 54,060                |
| Restricted                                    |                         |                |                 |                     |                 |                       |
| Workers' compensation                         | 1,040,131               | -              | -               | -                   | -               | 1,040,131             |
| Retirement contribution                       | 2,849,193               | -              | -               | -                   | -               | 2,849,193             |
| Unemployment                                  | 300,008                 | -              | -               | -                   | -               | 300,008               |
| Debt service                                  | -                       | -              | -               | -                   | 1,803,654       | 1,803,654             |
| Property loss                                 | 1,637,296               | -              | -               | -                   | -               | 1,637,296             |
| Tax certiorari                                | 421,828                 | -              | -               | -                   | -               | 421,828               |
| Employee benefits                             | 3,248,000               | -              | -               | -                   | -               | 3,248,000             |
| Total restricted fund balance                 | 9,496,456               | -              | -               | -                   | 1,803,654       | 11,300,110            |
| Assigned                                      |                         |                |                 |                     |                 |                       |
| Unappropriated                                | 75,152                  | -              | -               | -                   | -               | 75,152                |
| Appropriated for subsequent year expenditures | 2,835,000               | -              | -               | -                   | -               | 2,835,000             |
| Total assigned fund balance                   | 2,910,152               | -              | -               | -                   | -               | 2,910,152             |
| Unassigned                                    | 2,418,341               | -              | (54,060)        | (723,844)           | -               | 1,640,437             |
| TOTAL FUND BALANCE                            | 14,824,949              | -              | -               | (723,844)           | 1,803,654       | 15,904,759            |
| TOTAL LIABILITIES AND FUND BALANCE            | \$ 19,952,937           | \$ 1,135,070   | \$ 411,711      | \$ 4,738,550        | \$ 1,903,654    | \$ 28,141,922         |

A reconciliation of total governmental fund balance to government-wide net position follows:

|   |                      |
|---|----------------------|
| Total governmental fund balances per above  | \$ 15,904,759        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   | 45,220,149           |
| Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. | (31,897,107)         |
| Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds   | (10,302,845)         |
| Interest payable at year end in the government-wide statements under full accrual accounting.   | (259,929)            |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>  | <b>\$ 18,665,027</b> |

**BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

|  | <b>Governmental Fund Types</b> |                        |                         |                             |                         | <b>Total<br/>Governmental<br/>Funds</b> |
|--|--------------------------------|------------------------|-------------------------|-----------------------------|-------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Aid</u> | <u>School<br/>Lunch</u> | <u>Capital<br/>Projects</u> | <u>Debt<br/>Service</u> |   |
| <b>REVENUE:</b>  |                                |                        |                         |                             |                         |   |
| Real property taxes  | \$ 31,042,559                  | \$ -                   | \$ -                    | \$ -                        | \$ -                    | \$ 31,042,559                           |
| Other tax items  | 4,975,397                      | -                      | -                       | -                           | -                       | 4,975,397                               |
| Charges for services   | 328,137                        | -                      | -                       | -                           | -                       | 328,137                                 |
| Use of money and property  | 74,403                         | -                      | 29                      | 2,797                       | 360                     | 77,589                                  |
| Sale of property and compensation for loss   | 6,189                          | -                      | -                       | -                           | -                       | 6,189                                   |
| Miscellaneous  | 650,963                        | -                      | 26,539                  | -                           | -                       | 677,502                                 |
| State sources  | 19,889,606                     | 313,348                | -                       | -                           | -                       | 20,202,954                              |
| Medicaid reimbursement   | 77,551                         | -                      | 39,132                  | -                           | -                       | 116,683                                 |
| Federal sources  | -                              | 1,407,421              | 614,626                 | -                           | -                       | 2,022,047                               |
| Sales - School lunch   | -                              | -                      | -                       | -                           | -                       | -                                       |
| <b>Total revenue</b>   | <b>57,044,805</b>              | <b>1,720,769</b>       | <b>680,326</b>          | <b>2,797</b>                | <b>360</b>              | <b>59,449,057</b>                       |
| <b>EXPENDITURES:</b>   |                                |                        |                         |                             |                         |   |
| General support  | 4,499,055                      | -                      | -                       | -                           | -                       | 4,499,055                               |
| Instruction  | 31,457,601                     | 1,670,294              | -                       | -                           | -                       | 33,127,895                              |
| Pupil transportation   | 2,546,853                      | 128,812                | -                       | -                           | -                       | 2,675,665                               |
| Community service  | 8,834                          | -                      | -                       | -                           | -                       | 8,834                                   |
| Employee benefits  | 14,157,782                     | -                      | 115,065                 | -                           | -                       | 14,272,847                              |
| Debt service - Principal   | 3,858,444                      | -                      | -                       | -                           | -                       | 3,858,444                               |
| Debt service - Interest  | 1,055,844                      | -                      | -                       | -                           | -                       | 1,055,844                               |
| Cost of sales  | -                              | -                      | 730,954                 | -                           | -                       | 730,954                                 |
| Capital outlay   | -                              | -                      | -                       | 2,910,965                   | -                       | 2,910,965                               |
| <b>Total expenditures</b>  | <b>57,584,413</b>              | <b>1,799,106</b>       | <b>846,019</b>          | <b>2,910,965</b>            | <b>-</b>                | <b>63,140,503</b>                       |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>  | <b>(539,608)</b>               | <b>(78,337)</b>        | <b>(165,693)</b>        | <b>(2,908,168)</b>          | <b>360</b>              | <b>(3,691,446)</b>                      |
| <b>OTHER SOURCES AND (USES):</b>   |                                |                        |                         |                             |                         |   |
| BANs redeemed from appropriations  | -                              | -                      | -                       | 1,043,444                   | -                       | 1,043,444                               |
| Proceeds from premium, net of underwriting costs   | -                              | -                      | -                       | -                           | 46,140                  | 46,140                                  |
| Operating transfers in   | 100,000                        | 78,337                 | 159,213                 | -                           | -                       | 337,550                                 |
| Operating transfers (out)  | (237,550)                      | -                      | -                       | -                           | (100,000)               | (337,550)                               |
| <b>Total other sources (uses)</b>  | <b>(137,550)</b>               | <b>78,337</b>          | <b>159,213</b>          | <b>1,043,444</b>            | <b>(53,860)</b>         | <b>1,089,584</b>                        |
| <b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER<br/>EXPENDITURES AND OTHER (USES)</b> | <b>(677,158)</b>               | <b>-</b>               | <b>(6,480)</b>          | <b>(1,864,724)</b>          | <b>(53,500)</b>         | <b>(2,601,862)</b>                      |
| <b>FUND BALANCE - beginning of year</b>  | <b>15,502,107</b>              | <b>-</b>               | <b>6,480</b>            | <b>1,140,880</b>            | <b>1,857,154</b>        | <b>18,506,621</b>                       |
| <b>FUND BALANCE - end of year</b>  | <b>\$ 14,824,949</b>           | <b>\$ -</b>            | <b>\$ -</b>             | <b>\$ (723,844)</b>         | <b>\$ 1,803,654</b>     | <b>\$ 15,904,759</b>                    |

The accompanying notes are an integral part of these statements.

## BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT

### RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

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|   |                     |
|---|---------------------|
| Net changes in fund balance - Total governmental funds  | \$ (2,601,862)      |
| Capital outlays are expenditures in governmental funds, but are<br>capitalized in the statement of net position.  | 3,115,370           |
| Depreciation is not recorded as an expenditure in the governmental funds,<br>but is recorded in the statement of activities.  | (1,929,821)         |
| Repayments of long-term debt are recorded as expenditures in the governmental funds,<br>but are recorded as payments of liabilities in the statement of net position. | 3,858,444           |
| Bond anticipation notes redeemed from appropriations are not recognized as revenue in<br>the statement of activities.   | (1,043,444)         |
| Accrued interest expense does not require the expenditure of current resources and is,<br>therefore, not reported as expenditures in the governmental funds.          | (1,761)             |
| Accrued post-employment benefits do not require the expenditure of current resources and, therefore,<br>are not reported as expenditures in the governmental funds.   | (1,435,844)         |
| Compensated absences do not require the expenditure of current resources and are, therefore,<br>are not reported as expenditures in the governmental funds.           | (521,423)           |
| Amortization expense is not recorded as an expenditure in the government funds,<br>but is recorded in the statement of activities.                                    | <u>87,923</u>       |
| Change in net position - Governmental activities  | <u>\$ (472,418)</u> |



# BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION - FIDUCIARY FUNDS JUNE 30, 2014

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|                                  | Private<br>Purpose<br><u>Trusts</u> | <u>Agency</u>     |
|----------------------------------|-------------------------------------|-------------------|
| <b>ASSETS:</b>                   |                                     |                   |
| Cash                             | \$ 278,824                          | \$ 609,741        |
| Due from other funds             | <u>175</u>                          | <u>265,033</u>    |
| Total assets                     | <u>\$ 278,999</u>                   | <u>\$ 874,774</u> |
| <b>LIABILITIES:</b>              |                                     |                   |
| Extraclassroom activity balances | \$ -                                | \$ 114,778        |
| Due to other funds               | 9,739                               | 12,740            |
| Other liabilities                | <u>-</u>                            | <u>747,256</u>    |
| Total liabilities                | <u>\$ 9,739</u>                     | <u>\$ 874,774</u> |
| <b>NET POSITION:</b>             |                                     |                   |
| Reserved for private purposes    | <u>\$ 269,260</u>                   |                   |

The accompanying notes are an integral part of these statements.

## BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT

### STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2014

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|   | Private<br>Purpose<br><u>Trusts</u> |
|---|-------------------------------------|
| <b>ADDITIONS:</b>                       |                                     |
| Local sources                           | \$ 226,172                          |
| <b>DEDUCTIONS:</b>                      |                                     |
| Scholarships and other private purposes | <u>231,135</u>                      |
| CHANGE IN NET POSITION                  | (4,963)                             |
| NET POSITION - beginning of year        | <u>274,223</u>                      |
| NET POSITION - end of year              | <u><u>\$ 269,260</u></u>            |

The accompanying notes are an integral part of these statements.

# **BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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### **1. NATURE OF OPERATIONS**

Burnt Hills-Ballston Lake Central School District provides K-12 public education to eligible students living within its geographic borders.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Burnt Hills-Ballston Lake Central School District (School 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 School District are described below:

#### **Reporting Entity**

The Burnt Hills-Ballston Lake Central School District is governed by the Laws of New York State. The School District is an independent entity governed by an elected Board of Education (BOE). The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. The BOE has authority to make decisions, power to appoint management and accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by generally accepted accounting principles. 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 School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of a certain entity included in the School District's reporting entity.

#### **Extraclassroom Activity Funds**

The extraclassroom activity funds of the School District represent funds of the students of the School District. The board of education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in an agency fund.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Joint Venture**

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

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

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

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

### **Basis of Presentation**

The School District's financial statements consist of school district-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund level financial statements which provide more detailed information.

#### School District-Wide Statements

The statement of net position and the statement of activities present financial information about the School 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 revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue includes 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

#### Fund Financial Statements

The School District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The fund statements provide information about the School 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Basis of Presentation (Continued)**

#### Fund Financial Statements (Continued)

The accounts of the School District are organized into funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types and account groups used by the School District are as follows:

#### Governmental Fund Types

Governmental funds are those in which most governmental functions of the School District are reported. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities (except those accounted for in the proprietary and fiduciary funds) are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position rather than upon determination of net income. The following are the School District's governmental fund types:

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

*Special Revenue Funds:* These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, school lunch operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The School District uses two special revenue type funds – special aid and school lunch.

*Capital Projects Fund:* This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

*Debt Service Fund:* This fund is used to account for and report on the accumulation of resources to be used for redemption of general long-term indebtedness.

#### Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District as an agency for individuals, private organizations, other governmental units, and/or other funds.

*Fiduciary Fund:* This fund is used to account for fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent resources that belong to others. These activities are not included in the School District-wide financial statements, because their resources do not belong to the School District and are not available to be used.

There are two classes of fiduciary funds:

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures 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.

### **Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The School District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the School District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

### **Cash and Investments**

The School District's cash consists 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Restricted Cash

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 amounted to \$1,098,156.

### Accounts Receivable

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

### Inventories

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.

### Interfund Transactions

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

In the district-wide statements, the amounts reported on the Statement of Net Assets 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.

### Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2002. For assets acquired prior to July 1, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received.

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

|                            | <u>Capitalization<br/>Threshold</u> | <u>Depreciation<br/>Method</u> | <u>Estimated<br/>Useful Life</u> |
|----------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Land                       | \$ 1,000                            | N/A                            | N/A                              |
| Buildings and improvements | \$20,000                            | SL                             | 30-50                            |
| Furniture and equipment    | \$ 1,000                            | SL                             | 5-8                              |

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **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 Counties of Saratoga and Schenectady, in which the School District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the School District no later than the following April 1.

### **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 receive a payment based on unused accumulated sick leave, based on contractual provisions.

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.

The liability for compensated absences 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.

#### Other Benefits

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

### **Other Postemployment Benefits**

In addition to providing the pension benefits described, the District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance. At the fund level the School District recognizes the cost of providing health care insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the general fund in the year paid. The District recognized the current cost of providing benefits for 2014 by recording approximately \$1,500,000, which is its share of insurance premiums for 411 currently enrolled retirees, as an expenditure in 2014.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Other Postemployment Benefits (Continued)**

In accordance with the provisions of generally accepted accounting principles, the District has recorded in the government-wide statement of net assets the required other postemployment benefits totaling \$10,302,845 as of June 30, 2014. See Note 12 for additional information regarding postemployment benefits.

### **Unearned Revenue**

Unearned revenue is reported when potential revenue does meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year rather than when measurable and available.

Unearned revenue recorded in governmental funds is generally not recorded in the Government-wide statements.

### **Accrued Liabilities and Long-Term Obligations**

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

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund 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 Assets.

### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the School 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.

### **Equity Classifications**

#### District-Wide Statements

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

Invested 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Equity Classifications (Continued)

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

Restricted net assets consist of the following:

|                             |                      |
|-----------------------------|----------------------|
| Workers' compensation       | \$ 1,040,131         |
| Retirement contribution     | 2,849,193            |
| Unemployment                | 300,008              |
| Debt service                | 1,803,654            |
| Property loss               | 1,637,296            |
| Tax certiorari              | 421,828              |
| Employee benefits           | <u>3,248,000</u>     |
| Total restricted net assets | <u>\$ 11,300,110</u> |

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

### Governmental Fund Statements

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

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.

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

#### Capital

Capital reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term, and the source of the funds. Expenditures 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Governmental Fund Statements (Continued)

#### Repair

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

#### Workers' Compensation

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

#### Unemployment Insurance

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

#### Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which 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. The reserve is accounted for in the debt service fund under restricted fund balance.

#### Insurance

Insurance reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund under restricted fund balance.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Governmental Fund Statements (Continued)

#### Liability Claims and Property Loss

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

#### Tax Certiorari

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

#### Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds 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.

#### Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of 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.

#### Encumbrances

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Governmental Fund Statements (Continued)

Committed fund balance – Includes amounts that can 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, 2014.

Assigned fund balance – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$75,152. As of June 30, 2014, the School District's encumbrances were classified as follows:

Assigned fund balance:

|                    |    |                      |
|--------------------|----|----------------------|
| General support    | \$ | 31,801               |
| Instruction        |    | 36,351               |
| Transportation     |    | <u>7,000</u>         |
| Total encumbrances | \$ | <u><u>75,152</u></u> |

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no more than 4% of the School District's budget for the general fund for the ensuing fiscal year. Non-spendable 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 Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable 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, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

### **Newly Adopted Accounting Standards**

During the year ended June 30, 2014, the District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. There was no impact to the District's financial statements at June 30, 2014.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Newly Adopted Accounting Standards (Continued)**

During the year ended June 30, 2014, the District adopted GASB Statement No. 66, *Technical Corrections-2012-an Amendment of GASB Statements No. 10 and 62*. This Statement improves accounting and financial reporting by clarifying guidance regarding risk financing, operating lease payments, and accounting for loans. There was no impact to the District's financial statements at June 30, 2014.

During the year ended June 30, 2014, the District adopted GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement establishes accounting and financial reporting standards for financial guarantees that are nonexchange transactions (nonexchange financial guarantees) extended or received by a state or local government. As issued in this Statement, a nonexchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. There was no impact to the District's financial statements at June 30, 2014.

## 3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND SCHOOL DISTRICT WIDE STATEMENTS

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

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

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

### **Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities**

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

#### **Long-Term Revenue and Expense Differences**

Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities reports revenue 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.

#### **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.

**3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND SCHOOL DISTRICT WIDE STATEMENTS (Continued)**

**Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued)**

**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 assets.

**4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

The District's 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 appropriations budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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.

**Fund Balance**

Portions of fund balances are restricted and not available for current expenses or expenditures, as reported in the governmental funds balance sheet.

**Fund Deficit**

The Capital Projects fund has a fund deficit of \$723,844. The majority of this deficit relates to District-wide renovations, financed by Bond Anticipation Notes (BANs). The intent is to fund the repayment of these BANs and the deficit with appropriations from the General fund.

## 5. CASH AND INVESTMENTS

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

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

|  | <u>Bank<br/>Balance</u> | <u>Carrying<br/>Amount</u> |
|--|-------------------------|----------------------------|
| Cash and investments, including trust funds  | \$ 23,243,296           | \$ 23,993,771              |
| Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name | \$ 22,493,296           |                            |
| Covered by FDIC insurance  | 750,000                 |                            |
| Total  | \$ 23,243,296           |                            |

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. As of June 30, 2014, all restricted cash is limited to use for employee benefits.

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

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

### **Investment pool**

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

## 6. PARTICIPATION IN BOCES

During the year, the School District was billed \$3,836,982 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$1,561,181.

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



## 7. CAPITAL ASSETS

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

|  | July 1, 2013<br><u>Balance</u> | <u>Additions</u>    | <u>Deletions</u> | June 30, 2014<br><u>Balance</u> |
|--|--------------------------------|---------------------|------------------|---------------------------------|
| Governmental activities:                 |                                |                     |                  |                                 |
| Capital assets that are not depreciated: |                                |                     |                  |                                 |
| Land                                     | \$ 100,000                     | \$ -                | \$ -             | \$ 100,000                      |
| Total nondepreciable cost                | <u>100,000</u>                 | <u>-</u>            | <u>-</u>         | <u>100,000</u>                  |
| Capital assets that are depreciated:     |                                |                     |                  |                                 |
| Buildings and improvements               | 67,510,396                     | 2,460,965           | -                | 69,971,361                      |
| Furniture and equipment                  | <u>8,367,474</u>               | <u>654,405</u>      | <u>-</u>         | <u>9,021,879</u>                |
| Total depreciable historical cost        | <u>75,877,870</u>              | <u>3,115,370</u>    | <u>-</u>         | <u>78,993,240</u>               |
| Less accumulated depreciation:           |                                |                     |                  |                                 |
| Buildings                                | 25,531,816                     | 1,366,477           | -                | 26,898,293                      |
| Furniture and equipment                  | <u>6,411,454</u>               | <u>563,344</u>      | <u>-</u>         | <u>6,974,798</u>                |
| Total accumulated depreciation           | <u>31,943,270</u>              | <u>1,929,821</u>    | <u>-</u>         | <u>33,873,091</u>               |
| Total capital assets, net                | <u>\$ 44,034,600</u>           | <u>\$ 1,185,549</u> | <u>\$ -</u>      | <u>\$ 45,220,149</u>            |

Depreciation expense of \$1,929,821 for the year ended June 30, 2014, was allocated to specific functions as follows:

|                    |                     |
|--------------------|---------------------|
| General support    | \$ 163,456          |
| Instruction        | 1,627,418           |
| Transportation     | 114,824             |
| School lunch       | <u>24,123</u>       |
| Total depreciation | <u>\$ 1,929,821</u> |

## 8. SHORT-TERM DEBT

The School District may issue revenue anticipation notes (RAN) or tax anticipation notes (TAN), in anticipation of the receipt of revenue. These notes are recorded as a liability in 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 School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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

## 8. SHORT-TERM DEBT (Continued)

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

|                                | <u>Beginning<br/>Balance</u> | <u>Issued</u>       | <u>Redeemed</u>     | <u>Ending<br/>Balance</u> |
|--------------------------------|------------------------------|---------------------|---------------------|---------------------------|
| BAN maturing 06/27/14 at 0.45% | \$ 1,043,444                 | \$ -                | \$ 1,043,444        | \$ -                      |
| BAN maturing 06/26/15 at 1.00% | <u>-</u>                     | <u>5,445,000</u>    | <u>-</u>            | <u>5,445,000</u>          |
| Total                          | <u>\$ 1,043,444</u>          | <u>\$ 5,445,000</u> | <u>\$ 1,043,444</u> | <u>\$ 5,445,000</u>       |

## 9. LONG-TERM DEBT

Interest on all debt for the year was composed of:

|  |                   |
|--|-------------------|
| Interest paid - bonds                  | \$ 1,051,148      |
| Interest paid - BANs                   | 4,696             |
| Amortization of bond premium           | (87,923)          |
| Less: interest accrued in prior year   | (258,167)         |
| Plus: interest accrued in current year | <u>259,928</u>    |
| Total expense                          | <u>\$ 969,682</u> |

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

|                                   | <u>Beginning<br/>Balance</u> | <u>Issued</u>       | <u>Redeemed</u>     | <u>Ending<br/>Balance</u> | <u>Amounts<br/>Due Within<br/>One Year</u> | <u>Long-term<br/>Portion</u> |
|-----------------------------------|------------------------------|---------------------|---------------------|---------------------------|--|------------------------------|
| Government activities             |                              |                     |                     |                           |  |                              |
| Bonds and notes payable:          |                              |                     |                     |                           |  |                              |
| General obligation debt:          |                              |                     |                     |                           |  |                              |
| 2000 General obligation bond      | \$ 695,000                   | \$ -                | \$ 100,000          | \$ 595,000                | \$ 100,000                                 | \$ 495,000                   |
| 2001 Air quality bond             | 100,000                      | -                   | 100,000             | -                         | -  | -                            |
| 2006A Capital project bond series | 3,130,000                    | -                   | 1,000,000           | 2,130,000                 | 1,040,000                                  | 1,090,000                    |
| 2010 General obligation bond      | 2,905,000                    | -                   | 225,000             | 2,680,000                 | 230,000                                    | 2,450,000                    |
| Capital Project bonds Series 2012 | 10,670,000                   | -                   | 615,000             | 10,055,000                | 635,000                                    | 9,420,000                    |
| Advanced Refunding 2012I bonds    | 4,630,000                    | -                   | 700,000             | 3,930,000                 | 720,000                                    | 3,210,000                    |
| Advanced Refunding 2013 bonds     | 7,800,000                    | -                   | 75,000              | 7,725,000                 | 40,000                                     | 7,685,000                    |
| Unamortized bond premium          | <u>1,048,627</u>             | <u>-</u>            | <u>87,923</u>       | <u>960,704</u>            | <u>-</u>                                   | <u>960,704</u>               |
| Total bonds and notes payable     | <u>30,978,627</u>            | <u>-</u>            | <u>2,902,923</u>    | <u>28,075,704</u>         | <u>2,765,000</u>                           | <u>25,310,704</u>            |
| Other liabilities:                |                              |                     |                     |                           |  |                              |
| Other postemployment benefits*    | 8,867,001                    | 1,435,844           | -                   | 10,302,845                | -  | 10,302,845                   |
| Compensated absences*             | <u>3,299,980</u>             | <u>521,423</u>      | <u>-</u>            | <u>3,821,403</u>          | <u>374,452</u>                             | <u>3,446,951</u>             |
| Total other liabilities           | <u>12,166,981</u>            | <u>1,957,267</u>    | <u>-</u>            | <u>14,124,248</u>         | <u>374,452</u>                             | <u>13,749,796</u>            |
| Total long-term liabilities       | <u>\$ 43,145,608</u>         | <u>\$ 1,957,267</u> | <u>\$ 2,902,923</u> | <u>\$ 42,199,952</u>      | <u>\$ 3,139,452</u>                        | <u>\$ 39,060,500</u>         |

\* Note - this is shown net

In 2014, the District did not issue any general obligation bonds.

## 9. LONG-TERM DEBT (Continued)

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

The 2012 and 2013 serial bonds were issued at a premium, net of underwriting costs, of \$1,136,550. The premium is being amortized over the life of the bonds, which mature in July 2018 through June 2027. At June 30, 2014, the unearned bond premium was \$960,704.

Issue dates, maturities, and interest rates on outstanding debt are as follows:

| <u>Bond Issue</u>                 | <u>Issued</u> | <u>Maturity</u> | <u>Interest Rate</u> | <u>June 30, 2014<br/>Balance</u> |
|-----------------------------------|---------------|-----------------|----------------------|----------------------------------|
| 2000 General obligation bond      | 2000          | 2020            | 5.20-5.60%           | \$ 595,000                       |
| 2006A Capital project bond        | 2006          | 2022            | 4.25%                | 2,130,000                        |
| 2010 General obligation bond      | 2010          | 2024            | 2.00-4.00%           | 2,680,000                        |
| Capital Project Bonds Series 2012 | 2012          | 2027            | 2.00-5.00%           | 10,055,000                       |
| Advanced Refunding 2012I bonds    | 2013          | 2018            | 0.00-5.00%           | 3,930,000                        |
| Advanced Refunding 2013 bonds     | 2013          | 2021            | 2.00-4.00%           | 7,725,000                        |
| Total                             |               |                 |                      | <u>\$ 27,115,000</u>             |

The following is a summary of the maturities of bonds payable:

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|------------------------------------|----------------------|---------------------|----------------------|
| 2015                               | \$ 2,765,000         | \$ 990,996          | \$ 3,755,996         |
| 2016                               | 2,860,000            | 886,534             | 3,746,534            |
| 2017                               | 2,965,000            | 778,708             | 3,743,708            |
| 2018                               | 3,075,000            | 662,520             | 3,737,520            |
| 2019                               | 3,190,000            | 539,145             | 3,729,145            |
| 2020-2024                          | 9,595,000            | 1,505,035           | 11,100,035           |
| 2025-2027                          | 2,665,000            | 215,250             | 2,880,250            |
| Totals                             | 27,115,000           | 5,578,188           | 32,693,188           |
| Bond premium                       | 960,704              | -                   | 960,704              |
| Totals                             | <u>\$ 28,075,704</u> | <u>\$ 5,578,188</u> | <u>\$ 33,653,892</u> |

## 10. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net assets.

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

## 10. INTERFUND BALANCES AND ACTIVITY (Continued)

The following is a summary of interfund activity:

|                               | Interfund           |                     | Interfund         |                   |
|-------------------------------|---------------------|---------------------|-------------------|-------------------|
|                               | Receivable          | Payable             | Revenue           | Expenditure       |
| General fund                  | \$ 1,659,662        | \$ 522,388          | \$ 100,000        | \$ 237,550        |
| Special aid fund              | 97,968              | 1,134,029           | 78,337            | -                 |
| School lunch fund             | 159,212             | 394,388             | 159,213           | -                 |
| Capital fund                  | -                   | 8,766               | -                 | -                 |
| Debt service fund             | -                   | 100,000             | -                 | 100,000           |
| Fiduciary funds               | 265,208             | 22,479              | -                 | -                 |
| Total governmental activities | <u>\$ 2,182,050</u> | <u>\$ 2,182,050</u> | <u>\$ 337,550</u> | <u>\$ 337,550</u> |

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

## 11. PENSION PLANS

The School 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.

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

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

The Systems are noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees in NYSERS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. For employees who joined after April 1, 2012, employees in NYSERS contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership and those in NYSTRS contribute 3.5% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership.

The School District is required to contribute at an actuarially determined rate. The School District contributions made to the systems were equal to 100% of the contributions required for each year.

## 11. PENSION PLANS (Continued)

The required contributions for the current year and two preceding years were:

|      | <u>TRS</u>   | <u>ERS</u>   |
|------|--------------|--------------|
| 2014 | \$ 2,908,399 | \$ 1,290,697 |
| 2013 | \$ 2,666,984 | \$ 977,549   |
| 2012 | \$ 1,939,908 | \$ 841,709   |

## 12. OTHER POSTEMPLOYMENT BENEFITS

### Plan Description

The District provides certain other post-employment benefits (predominately health insurance) for retired employees of the District. The District administers the Other Post-Employment Benefits Plan (the "OPEB Plan") as a single-employer defined benefit Other Post-employment Benefit Plan (OPEB).

In general, the District provides health insurance coverage for retired employees and their survivors. Substantially all the District's employees may become eligible for this benefit if they retire with 8-10 years of service to the District.

The Retirement Plan can be amended by action of the District subject to applicable collective bargaining and employment agreements. The OPEB Plan does not issue a stand-alone financial report because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

### Funding Policy

The obligations of the OPEB Plan are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0% to 20%, depending on when the employee was hired. The District will pay its portion of the premium for the retiree and spouse for the lifetime of the retiree.

The costs of administering the OPEB Plan are paid by the District. The District currently contributes enough money to the OPEB Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums.

## 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

### Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability 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 Retirement Plan, and the changes in the District's net OPEB obligation:

|  |                      |
|--|----------------------|
| Annual required contribution               | \$ 2,853,925         |
| Interest on net OPEB obligation            | 443,350              |
| Adjustment to ARC                          | <u>(332,110)</u>     |
| Annual OPEB cost (expense)                 | 2,965,165            |
| Contributions made                         | <u>1,529,321</u>     |
| Increase in net OPEB obligation            | 1,435,844            |
| Net OPEB obligation - beginning of year    | <u>8,867,001</u>     |
| Net OPEB obligation - end of year          | <u>\$ 10,302,845</u> |
| Percentage of annual OPEB cost contributed | 51.6%                |

*Trend information* – The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

| <u>Year Ended</u> | <u>OPEB Cost</u>    | <u>OPEB Cost Contributed</u> | <u>% of ARC Contributed</u> | <u>OPEB Obligation</u> |
|-------------------|---------------------|------------------------------|-----------------------------|------------------------|
| 6/30/2014         | <u>\$ 2,965,165</u> | <u>\$ 1,529,321</u>          | 51.6%                       | <u>\$ 10,302,845</u>   |
| 6/30/2013         | <u>\$ 2,803,772</u> | <u>\$ 1,168,281</u>          | 41.7%                       | <u>\$ 8,867,001</u>    |
| 6/30/2012         | <u>\$ 2,857,987</u> | <u>\$ 1,499,275</u>          | 52.5%                       | <u>\$ 7,231,510</u>    |

### Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves 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 OPEB 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 OPEB Plan is currently not funded.

## 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

### Schedule of Funding Progress for the District's Plan

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits. In the future, the schedule will provide multi-year trend information about the value of plan assets relative to the AAL.

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability (AAL) -<br>Entry Age | Unfunded<br>AAL (UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL as a<br>Percentage of<br>Covered<br>Payroll |
|--------------------------------|---------------------------------|--|------------------------|-----------------|--------------------|--|
| 7/1/2013                       | \$ -                            | \$ 44,415,446  | \$ 44,415,446          | 0.0%            | \$ 28,078,057      | 158%   |
| 7/1/2012                       | \$ -                            | \$ 42,311,036  | \$ 42,311,036          | 0.0%            | \$ 28,212,997      | 150%   |
| 7/1/2011                       | \$ -                            | \$ 41,341,310  | \$ 41,341,310          | 0.0%            | \$ 27,041,621      | 153%   |
| 7/1/2010                       | \$ -                            | \$ 40,449,252  | \$ 40,449,252          | 0.0%            | \$ 26,783,050      | 151%   |

### Actuarial Methods and Assumptions

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

In the July 1, 2013 actuarial valuation, the following methods and assumptions were used:

|                                       |   |
|---------------------------------------|---|
| Actuarial cost method                 | Projected unit credit   |
| Discount rate*                        | 5.0%  |
| Medical care cost trend rate          | 3.34% initially, based on age of retirees. The rate is increased by increments to an ultimate rate of 4.0%, depending on age of retirees. |
| Unfunded actuarial accrued liability: |   |
| Amortization period                   | 30 years  |
| Amortization method                   | Level dollar  |
| Amortization basis                    | Open  |

\* As the plan is unfunded, the assumed discount rate considers that the District's investment assets are low risk in nature, such as money market funds or certificates of deposit.

## 13. RISK MANAGEMENT

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

The School District does not purchase insurance for the risk of losses for unemployment and workers' compensation claims. Instead, the School District manages its risks for these losses internally and accounts for these in the School District's general fund, including provisions for unexpected and unusual claims.

### 13. RISK MANAGEMENT (Continued)

The activity for the unemployment insurance reserve for the year ended June 30, 2014, is as follows:

|                                | <u>Beginning<br/>Balance</u> | <u>Increase in<br/>Reserve</u> | <u>Payments<br/>Made</u> | <u>Ending<br/>Balance</u> |
|--------------------------------|------------------------------|--------------------------------|--------------------------|---------------------------|
| Unemployment insurance reserve | \$ 300,008                   | \$ 21,547                      | \$ (21,547)              | \$ 300,008                |

Claims are recognized as expenditures when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. At June 30, 2014, management estimates there are no outstanding claims liabilities.

### 14. CONTINGENCIES AND COMMITMENTS

#### **Litigation**

The School District has been named as a defendant in several tax certiorari cases. A review by management and the School District's attorneys indicate these actions are not substantial enough to materially affect the financial position of the School District.

#### **Other Contingencies**

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

#### **Commitments**

The School District has various commitments with contractors for the completion of capital projects.

### 15. ACCOUNTING PRONOUNCEMENT ISSUED NOT YET IMPLEMENTED

In June 2012, the GASB issued Statements No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of Statement No. 67 is to improve financial reporting by state and local governmental pension plans. Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68, as well as for non-employer governments that have a legal obligation to contribute to those plans. The District is required to adopt the provisions of Statement No. 68 for the year ending June 30, 2015, with early adoption encouraged.



## 15. ACCOUNTING PRONOUNCEMENT ISSUED NOT YET IMPLEMENTED (Continued)

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District is required to adopt the provisions of this Statement for the year ending June 30, 2015. A prospective basis should be applied and early adoption is encouraged.

In November 2013, the GASB issued Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Transition Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The District is required to adopt the provisions of this Statement in conjunction with GASB Statement No. 68, for the year ending June 30, 2015, with early adoption encouraged.

The District has not assessed the impact of these statements on its future financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**BURNT HILLS BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

| <b>REVENUE</b>                             | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual<br/>(Budgetary Basis)</u> | <u>Encumbrances</u> | <u>Final Budget<br/>Variance with<br/>Budgetary Actual</u> |
|--|----------------------------|-------------------------|-------------------------------------|---------------------|--|
| <b>LOCAL SOURCES:</b>                      |                            |                         |                                     |                     |  |
| Real property taxes                        | \$ 31,036,510              | \$ 31,036,510           | \$ 31,042,559                       | \$ -                | \$ 6,049   |
| Other tax items                            | 4,917,149                  | 4,917,149               | 4,975,397                           | -                   | 58,248   |
| Charges for services                       | 133,000                    | 133,000                 | 328,137                             | -                   | 195,137  |
| Use of money and property                  | 167,500                    | 167,500                 | 74,403                              | -                   | (93,097)   |
| Sale of property and compensation for loss | 188,450                    | 188,450                 | 6,189                               | -                   | (182,261)  |
| Miscellaneous                              | 175,000                    | 175,000                 | 650,963                             | -                   | 475,963  |
| Total local sources                        | 36,617,609                 | 36,617,609              | 37,077,648                          | -                   | 460,039  |
| State sources                              | 19,318,497                 | 19,318,497              | 19,889,606                          | -                   | 571,109  |
| Medicaid reimbursement                     | 145,000                    | 145,000                 | 77,551                              | -                   | (67,449)   |
| Total revenue                              | 19,463,497                 | 19,463,497              | 19,967,157                          | -                   | 503,660  |
| <b>OTHER FINANCING SOURCES</b>             |                            |                         |                                     |                     |  |
| Transfers from other funds                 | 100,000                    | 100,000                 | 100,000                             | -                   | -  |
| Total revenue and other financing sources  | 56,181,106                 | 56,181,106              | 57,144,805                          | -                   | 963,699  |

(Continued)

**BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual<br/>(Budgetary Basis)</u> | <u>Encumbrances</u> | <u>Final Budget<br/>Variance with<br/>Budgetary Actual</u> |
|--|----------------------------|-------------------------|-------------------------------------|---------------------|--|
| <b>EXPENDITURES</b>                                |                            |                         |                                     |                     |  |
| GENERAL SUPPORT:                                   |                            |                         |                                     |                     |  |
| Board of education                                 | 28,208                     | 38,854                  | 35,958                              | 2,200               | 696  |
| Central administration                             | 233,995                    | 244,538                 | 240,357                             | 440                 | 3,741  |
| Finance  | 569,845                    | 606,972                 | 586,058                             | 14,762              | 6,152  |
| Staff  | 107,900                    | 90,831                  | 87,821                              | -                   | 3,010  |
| Central services                                   | 4,211,148                  | 3,407,160               | 3,175,448                           | 14,399              | 217,313  |
| Special items                                      | <u>445,811</u>             | <u>408,741</u>          | <u>373,413</u>                      | <u>-</u>            | <u>35,328</u>  |
| Total general support                              | 5,596,907                  | 4,797,096               | 4,499,055                           | 31,801              | 266,240  |
| INSTRUCTION:                                       |                            |                         |                                     |                     |  |
| Instruction, administration, and improvement       |                            |                         |                                     |                     |  |
| Teaching - Regular school                          | 2,047,983                  | 2,035,106               | 1,903,753                           | 2,415               | 128,938  |
| Programs for children with handicapping conditions | 18,455,162                 | 19,792,378              | 19,594,329                          | 7,142               | 190,907  |
| Occupational education                             | 6,923,342                  | 6,659,973               | 6,614,564                           | 6,966               | 38,443   |
|  | 591,518                    | 618,445                 | 618,445                             | -                   | -  |
| Teaching - Special school                          | 172,968                    | 173,078                 | 139,979                             | -                   | 33,099   |
| Instructional media                                | 707,224                    | 743,988                 | 615,402                             | 19,720              | 108,866  |
| Pupil services                                     | <u>1,966,234</u>           | <u>2,047,312</u>        | <u>1,971,129</u>                    | <u>108</u>          | <u>76,075</u>  |
| Total instruction                                  | 30,894,431                 | 32,070,280              | 31,457,601                          | 36,351              | 576,328  |
| Pupil transportation                               |                            |                         |                                     |                     |  |
| Community services                                 | 2,597,644                  | 2,701,374               | 2,546,853                           | 7,000               | 147,521  |
| Employee benefits                                  | 31,100                     | 30,900                  | 8,834                               | -                   | 22,066   |
| Debt service - Principal                           | 15,339,637                 | 14,232,920              | 14,157,782                          | -                   | 75,138   |
| Debt service - Interest                            | 3,134,675                  | 3,858,444               | 3,858,444                           | -                   | -  |
|  | <u>1,206,712</u>           | <u>1,055,845</u>        | <u>1,055,844</u>                    | <u>-</u>            | <u>1</u>   |
| Total expenditures                                 | 58,801,106                 | 58,746,859              | 57,584,413                          | 75,152              | 1,087,294  |
| <b>OTHER FINANCING USES</b>                        |                            |                         |                                     |                     |  |
| Transfers to other funds                           | <u>(215,000)</u>           | <u>(312,494)</u>        | <u>(237,550)</u>                    | <u>-</u>            | <u>74,944</u>  |
| Total expenditures and other uses                  | 59,016,106                 | 59,059,353              | 57,821,963                          | 75,152              | 1,162,238  |
| NET CHANGE IN FUND BALANCES                        | (2,835,000)                | (2,878,247)             | (677,158)                           | (75,152)            | 2,125,937  |
| FUND BALANCE - beginning of year                   | <u>15,502,107</u>          | <u>15,502,107</u>       | <u>15,502,107</u>                   | <u>-</u>            | <u>-</u>   |
| FUND BALANCE - end of year                         | <u>\$ 12,667,107</u>       | <u>\$ 12,623,860</u>    | <u>\$ 14,824,949</u>                | <u>\$ (75,152)</u>  | <u>\$ 2,125,937</u>  |

## BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT

### SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET - GENERAL FUND AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2014

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#### CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

|                                |                      |
|--------------------------------|----------------------|
| Adopted budget                 | \$ 59,016,106        |
| Add: Prior year's encumbrances | <u>43,247</u>        |
| Original budget                | 59,059,353           |
| Budget revision                | <u>-</u>             |
| Final budget                   | <u>\$ 59,059,353</u> |

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

|  |                      |
|--|----------------------|
| 2014-15 voter approved expenditure budget                                    | <u>\$ 60,458,535</u> |
| Maximum allowed (4% of 2014-15 budget)                                       | <u>\$ 2,418,341</u>  |
| General Fund fund balance subject to Section 1318 of real Property Tax Law*: |                      |
| Total fund balance   | \$ 14,824,949        |
| Less:  |                      |
| Appropriated fund balance  | 2,835,000            |
| Encumbrances included in assigned fund balance                               | 75,152               |
| Restricted fund balance:   |                      |
| Workers' compensation  | 1,040,131            |
| Retirement contribution  | 2,849,193            |
| Unemployment   | 300,008              |
| Property loss  | 1,637,296            |
| Tax certiorari   | 421,828              |
| Employee benefits  | <u>3,248,000</u>     |
| Total adjustments  | <u>12,406,608</u>    |
| General Fund fund balance subject to Section 1318 of Real Property Tax Law   | <u>\$ 2,418,341</u>  |
| Actual percentage  | 4.00%                |

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

The accompanying notes are an integral part of these schedules.

# BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT

## SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2014

| <u>Project Title</u>                      | <u>Expenditures</u>        |                           |                        |                         |                      | <u>Available<br/>Balance</u> |
|---|----------------------------|---------------------------|------------------------|-------------------------|----------------------|------------------------------|
|   | <u>Original<br/>Budget</u> | <u>Revised<br/>Budget</u> | <u>Prior<br/>Years</u> | <u>Current<br/>Year</u> | <u>Total</u>         |                              |
| District-wide - Transportation            | \$ 450,000                 | \$ 450,000                | \$ -                   | \$ 450,000              | \$ 450,000           | \$ -                         |
| District-wide - Renovations Trans Washbay | -                          | 436,900                   | 434,769                | -                       | 434,769              | 2,131                        |
| District-wide - Renovations Dec 2009      | 12,538,550                 | 13,223,550                | 11,482,914             | 1,619,860               | 13,102,774           | 120,776                      |
| District-wide - Renovations Oct 2013      | 5,494,000                  | 5,494,000                 | -                      | 841,105                 | 841,105              | 4,652,895                    |
|   | <u>\$ 18,482,550</u>       | <u>\$ 19,604,450</u>      | <u>\$ 11,917,683</u>   | <u>\$ 2,910,965</u>     | <u>\$ 14,828,648</u> | <u>\$ 4,775,802</u>          |

The accompanying notes are an integral part of these schedules.

**BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT**  
**JUNE 30, 2014**

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|   |                   |                             |
|---|-------------------|-----------------------------|
| Capital assets, net                               |                   | \$ 45,220,149               |
| Deduct:   |                   |                             |
| Bond anticipation notes                           |                   | 5,445,000                   |
| Short-term portion of bonds payable               | 2,765,000         |                             |
| Long-term portion of bonds payable                | <u>25,310,704</u> |                             |
|   |                   | <u>28,075,704</u>           |
| Investment in capital assets, net of related debt |                   | <u><u>\$ 11,699,445</u></u> |

**REQUIRED REPORTS UNDER OMB CIRCULAR A-133**



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

October 9, 2014

To the Board of Education  
Burnt Hills-Ballston Lake Central School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Burnt Hills Ballston Lake Central School District (the District) as of and for the year ended June 30, 2014, 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 9, 2014.

**Internal Control Over Financial Reporting**

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

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

(Continued)

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

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

October 9, 2014

To the Board of Education  
Burnt Hills-Ballston Lake Central School District:

**Report on Compliance for Each Major Federal Program**

We have audited Burnt Hills Ballston Lake Central School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

(Continued)

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

(Continued)

**Report on Internal Control Over Compliance**

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

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

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

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

# BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2014

| <u>Federal Grantor/Pass-Through<br/>Grantor/Program Title</u>            | <u>Federal<br/>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-through<br/>Number</u> | <u>Expenditures</u> |
|--|------------------------------------|--|---------------------|
| <u>U.S. Department of Agriculture</u>                                    |                                    |  |                     |
| <u>Pass-Through New York State Dept. of Education</u>                    |                                    |  |                     |
| Special Milk Program for Children  | 10.556                             |  | \$ 39,132           |
| <u>U.S. Department of Education</u>                                      |                                    |  |                     |
| Fund for the Improvement of Education                                    | 84.215                             |  | 340,431             |
| <u>Pass-Through New York State Dept. of Education</u>                    |                                    |  |                     |
| ESEA Title I Grant   | 84.010                             | 0021-14-2670                                 | 299,539             |
| IDEA, Part B Section 611   | * 84.027                           | 0032-14-0805                                 | 650,843             |
| IDEA, Part B Section 619   | * 84.173                           | 0033-14-0805                                 | 35,533              |
| ESEA - Title II Part A - Improving Teacher Quality State Grant           | 84.367                             | 0147-14-2670                                 | 76,583              |
| ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grant | 84.395                             | 5500-13-2670                                 | 4,492               |
| Total U.S. Department of Education                                       |                                    |  | 1,407,421           |
| Total Expenditures of Federal Awards                                     |                                    |  | \$ 1,446,553        |

\* Special Education Cluster

# **BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**JUNE 30, 2014**

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### **1. GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the School District, which is described in Note 2 to the basic financial statements, using the modified accrual basis of accounting. Federal awards included in the schedule may be received directly from federal agencies, as well as passed through other government agencies. The information is presented in accordance with OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Accordingly, some amounts in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures to the extent that they are included in the federal financial reports used as the source for the data presented. Matching costs (the School District's share of certain program costs) are not included in the reported expenditures.

### **2. SUBRECIPIENTS**

During the year ended June 30, 2014, the following amounts were provided to a subrecipient:

Subrecipient: Ketchum-Grande Memorial School

CFDA # - 84.010  
ESEA Title I Grant  
Amount - \$56,682

CFDA # - 84.027  
IDEA, Part B Section 611  
Amount - \$9,269

# BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

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### Section I—Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

#### Federal Awards

Internal control over major program compliance:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ none reported

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

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

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.027                | IDEA, Part B Section 611                  |
| 84.173                | IDEA, Part B Section 619                  |

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**BURNT HILLS-BALLSTON LAKE CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**Section II—Financial Statement Findings**

None.

**Section III—Federal Award Findings and Questioned Costs**

None.

**Section IV—Status of Prior Year Findings**

None.