

BALLSTON SPA CENTRAL SCHOOL DISTRICT

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES**

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ballston Spa Central School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress – changes in total other post-employment benefits liability and related ratios, and schedule of local government's proportionate share of the net pension liability and contributions on pages 4 through 12 and 48 through 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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 introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 53 through 55 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 introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

WEST & COMPANY CPA PC

Gloversville, New York
October 4, 2023

BALLSTON SPA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

The following is a narrative overview and analysis of the financial activities of the Ballston Spa Central School District for the fiscal year ended June 30, 2023. This discussion is intended to serve as an introduction to the District's basic financial statements, which immediately follow this section. The basic financial statements have the following components: (1) management's discussion and analysis (MD&A), (2) District-wide financial statements, (3) fund financial statements and (4) notes to the financial statements.

FINANCIAL HIGHLIGHTS

Financial highlights for fiscal year 2023 are as follows:

- Net position of the District decreased \$8,421,519 over the prior year.
- The District is in the midst of a capital improvement project and the Capital Fund shows a fund balance deficit of \$2,056,770 due to short-term debt issuances in advance of permanent financing for buses along with obtaining permanent financing for the capital project of \$14,695,000. The deficit will be eliminated when the BANs are redeemed or converted to permanent financing.
- The School District's bonds payable totaled \$51,017,866 at the end of the fiscal year, an increase of \$11,888,113.
- New York State Law limits the amount of unreserved and undesignated fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the undesignated fund balance of the General Fund was \$3,100,428. This amount does not exceed the limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The remaining statements are *fund financial statements* that focus on individual parts of the School District, reporting the School District's operations in more detail than the District-wide statements.

The *governmental funds statements* tell how basic services such as general and special education were financed in the short-term, as well as what remains for future spending.

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

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

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

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

District-Wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has one kind of fund:

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the Ballston Spa Central School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$135,895,809 at the close of the current fiscal year.

Table A-2

Condensed Statement of Net Position

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>	<u>% Change (Incr.; - Decr.)</u>
Assets			
Current and other assets	\$ 25,866,223	\$ 71,685,796	-64
Capital assets - net	<u>105,783,790</u>	<u>103,633,198</u>	2
Total Assets	131,650,013	175,318,994	-25
Deferred Outflows of Resources	40,108,324	55,123,741	-27
Liabilities			
Current liabilities	13,592,485	22,743,270	-40
Long-term liabilities	<u>270,824,925</u>	<u>282,630,164</u>	-4
Total Liabilities	284,417,410	305,373,434	-7
Deferred Inflows of Resources	23,236,736	52,543,591	-56
Net Position			
Net investment in capital assets	50,410,623	48,790,251	3
Restricted	12,741,001	12,946,509	-2
Unrestricted	<u>(199,047,433)</u>	<u>(189,211,050)</u>	-5
Total Net Position	<u><u>\$ (135,895,809)</u></u>	<u><u>\$ (127,474,290)</u></u>	-7

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

Changes in Net Position

The School District's 2023 revenue was \$106,923,802 (see Table A-3). Real property taxes and New York State aid accounted for the majority of revenue by contributing 52.6% and 33.0%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$115,345,321 for 2023. These expenses (82.0%) are predominantly for the education, supervision and transportation of students (see Table A-5). The School District's administrative, occupancy and business activities accounted for 14.3% of total costs.

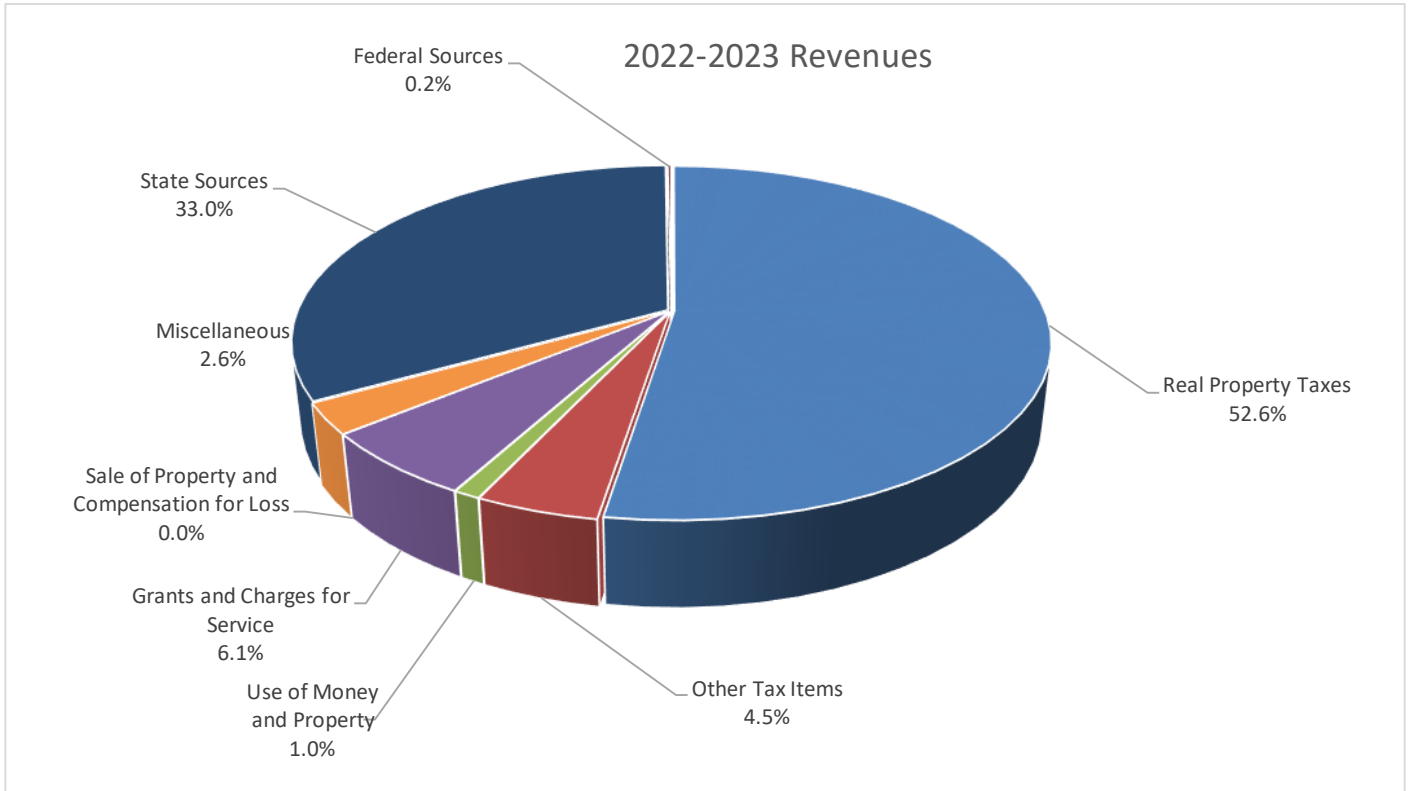
Net position decreased during the year by \$8,421,519.

Table A-3

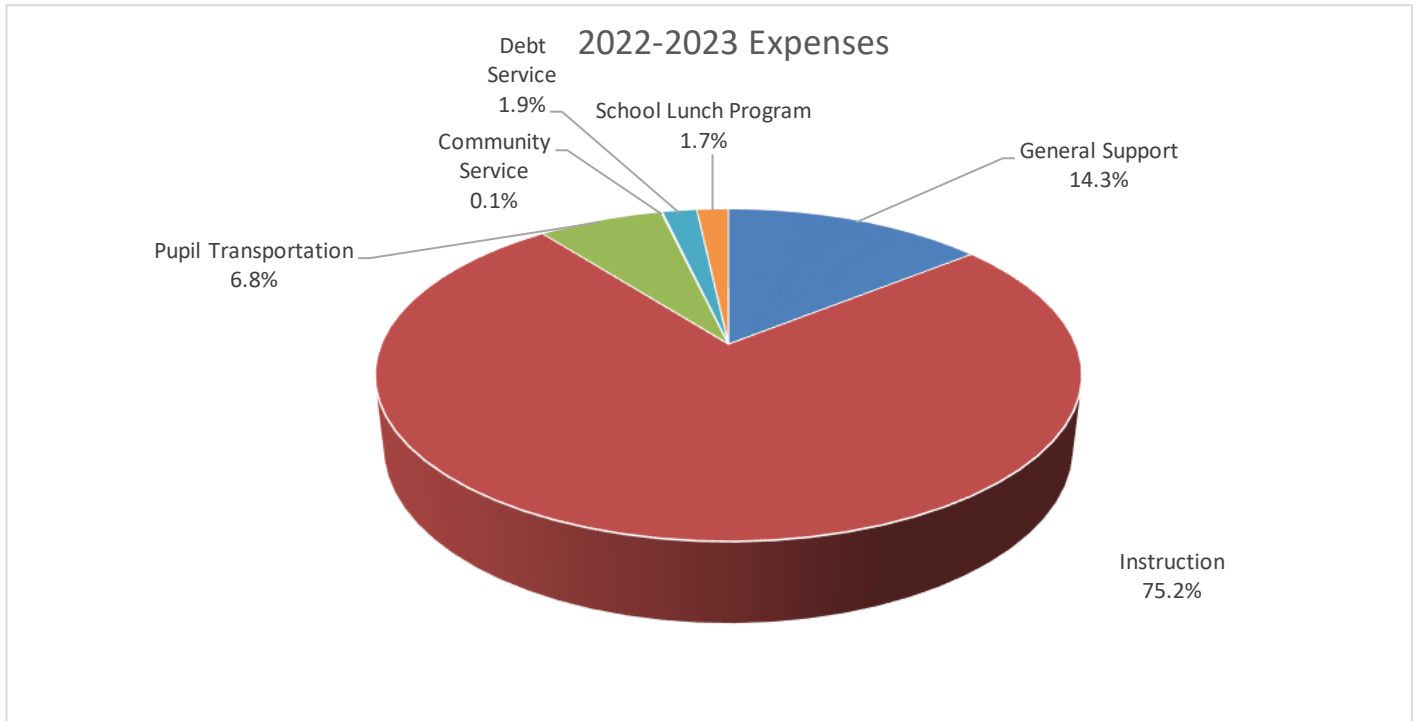
Changes in Net Position from Operating Results

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>	<u>% Change Incr.; - Decr.)</u>
Revenues			
Program Revenues			
Charges for services	\$ 1,422,667	\$ 922,552	54
Operating grants and contributions	5,064,403	6,875,625	-26
General Revenues			
Property taxes	60,992,672	60,552,635	1
State sources	35,249,836	31,959,512	10
Federal sources	162,585	200,531	-19
Use of money and property	1,045,680	67,653	1446
Sale of property and compensation for loss	11,616	139	8257
Miscellaneous	2,974,343	1,513,774	96
Total Revenues	106,923,802	102,092,421	5
Expenses			
General support	16,452,047	6,697,451	146
Instruction	86,751,761	37,489,637	131
Transportation	7,883,559	2,983,069	164
Community service	77,303	79,946	-3
Debt service	2,184,050	1,921,915	14
Cost of sales – Lunch Program	1,996,601	738,154	170
Total Expenses	115,345,321	49,910,172	131
Total Change in Net Position	\$ (8,421,519)	\$ 52,182,249	-116

REVENUES – TABLE A-4



EXPENDITURES – TABLE A-5



Governmental Activities

Revenue for the School District's governmental activities totaled \$106,923,802 while total expenses were \$115,345,321. Accordingly, net position decreased by \$8,421,519.

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

Table A-6

Net Cost of Governmental Activities

	Total Cost of Services		% Change (Incr.; -Decr.)	Net Cost of Services		% Change (Incr.; -Decr.)
	2023	2022		2023	2022	
General support	\$ 16,452,047	\$ 6,697,451	146%	\$ 16,452,047	\$ 6,697,451	146%
Instruction	86,751,761	37,489,637	131%	82,003,515	32,050,632	156%
Pupil transportation	7,883,559	2,983,069	164%	7,883,559	2,983,069	164%
Community service	77,303	79,946	-3%	77,303	79,946	-3%
Debt service - interest	2,184,050	1,921,915	14%	2,184,050	1,921,915	14%
Cost of sales - lunch program	1,996,601	738,154	170%	257,777	(1,621,018)	116%
Totals	\$ 115,345,321	\$ 49,910,172	131%	\$ 108,858,251	\$ 42,111,995	158%

- The cost of all governmental activities for the year was \$115,345,321.
- The users of the School District's programs financed \$1,422,669 of the costs.
- The federal and state government grants financed \$5,064,403.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

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

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of this fund was \$16,553,923 of which \$3,100,428 (or 2.97% of the ensuing year's budget) was unassigned.

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

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

General Fund Budgetary Highlights

	Results vs. Budget			Variance Fav; (Unfav)
	Original Budget	Final Budget	Actual (Budgetary Basis)	
REVENUES				
Local Sources	\$ 63,564,499	\$ 63,589,799	\$ 63,653,512	\$ 63,713
State Sources	33,560,843	33,560,843	33,441,765	(119,078)
Federal Sources	250,000	250,000	162,585	(87,415)
Total Revenues	97,375,342	97,400,642	97,257,862	(142,780)
OTHER FINANCING SOURCES				
Transfers from other funds	0	0	509,984	509,984
Total Revenues and Other Financing Sources	97,375,342	97,400,642	97,767,846	367,204
EXPENDITURES				
General Support	10,460,348	11,036,374	10,636,020	400,354
Instruction	52,172,412	52,419,832	51,776,427	643,405
Pupil Transportation	4,583,905	5,254,725	5,169,346	85,379
Community Services	83,934	80,434	77,303	3,131
Employee Benefits	25,070,830	23,951,930	23,852,292	99,638
Debt Service	960,203	972,793	972,786	7
Total Expenditures	93,331,632	93,716,088	92,484,174	1,231,914
OTHER USES				
Transfers Out	5,243,710	5,255,210	5,226,287	28,923
Total Expenditures and Other Uses	98,575,342	98,971,298	97,710,461	\$ 1,260,837
Revenues Over (Under) Expenditures and Other Uses	(1,200,000)	(1,570,656)	57,385	
Beginning Fund Balance	16,496,538	16,496,538	16,496,538	
Ending Fund Balance	\$ 15,296,538	\$ 14,925,882	\$ 16,553,923	

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2023, the School District had \$105,794,683 (net of depreciation and amortization) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

Capital Assets (Net of Accumulated Depreciation and Amortization)

	Fiscal Year 2023	Fiscal Year 2022
Land, buildings and improvements	\$ 175,893,423	\$ 170,573,504
Machinery and equipment, vehicles	21,685,287	21,868,933
Right to use assets	92,843	92,843
Accumulated amortization	(81,950)	(69,957)
Accumulated depreciation	(91,794,920)	(88,809,239)
Totals	\$ 105,794,683	\$ 103,656,084

Long-Term Debt

As of June 30, 2023, the School District had \$265,602,756 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

Outstanding long-term debt

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
General obligation bonds (financed with property taxes)	\$ 53,368,296	\$ 41,631,822
All other debt	<u>212,234,460</u>	<u>238,985,554</u>
Totals	<u><u>\$ 265,602,756</u></u>	<u><u>\$ 280,617,376</u></u>

During 2023, the School District issued \$14,695,000 and paid down its debt by retiring \$2,806,887 of outstanding bonds. Other debt is comprised of compensated absences, claims payable and other post-employment benefits.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT TEAM

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

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

ASSETS	
Cash	
Unrestricted	\$ 7,405,690
Restricted	13,234,027
Receivables	
State and federal aid	4,878,284
Due from other governments	36,879
Other receivables	284,820
Inventories	15,630
Right to use assets, net of amortization	10,893
Capital assets, net of depreciation	105,783,790
Total Assets	<u>131,650,013</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	27,122,172
Other post-employment benefits	12,986,152
Total Deferred Outflows of Resources	<u>40,108,324</u>
LIABILITIES	
Payables	
Accounts payable	980,426
Accrued liabilities	432,720
Accrued interest payable	205,562
Unearned grant revenue	379,743
Due to other governments	300,146
Bond anticipation notes payable	2,895,000
Long-term liabilities	
Due and payable within one year	
Due to Employees' Retirement System	332,589
Due to Teachers' Retirement System	4,604,184
Bonds payable	3,462,115
Due and payable after one year	
Bonds payable	47,555,751
Other post-employment benefits	211,191,182
Workers' compensation payable	255,190
Net pension liability - proportionate share	11,034,714
Compensated absences payable	788,088
Total Liabilities	<u>284,417,410</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	2,717,126
Other post-employment benefits	18,169,180
Deferred bond premium	2,350,430
Total Deferred Inflows of Resources	<u>23,236,736</u>
NET POSITION	
Net investment in capital assets	50,410,623
Restricted	
Employee benefit accrued liability reserve	102,145
Reserve for debt service	719,939
Unemployment insurance reserve	255,361
Retirement contribution reserve fund - ERS	2,328,307
Retirement contribution reserve fund - TRS	2,017,100
Workers' compensation reserve fund	1,500,000
Capital reserve	5,200,334
Tax certiorari reserve	617,815
Unrestricted	(199,047,433)
Total Net Position	<u>\$ (135,895,809)</u>

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General support	\$ 16,452,047	\$ 0	\$ 0	\$ (16,452,047)
Instruction	86,751,761	(778,873)	(3,969,373)	(82,003,515)
Pupil transportation	7,883,559	0	0	(7,883,559)
Debt service	2,184,050	0	0	(2,184,050)
Community service	77,303	0	0	(77,303)
School lunch program	1,996,601	(643,794)	(1,095,030)	(257,777)
Total Functions and Programs	\$ 115,345,321	\$ (1,422,667)	\$ (5,064,403)	(108,858,251)
GENERAL REVENUES				
Real property taxes				56,190,641
Other tax items				4,802,031
Use of money and property				1,045,680
Sale of property and compensation for loss				11,616
Miscellaneous				2,974,343
State sources				35,249,836
Federal sources				162,585
Total General Revenues				100,436,732
CHANGE IN NET POSITION				(8,421,519)
TOTAL NET POSITION - BEGINNING OF YEAR				(127,474,290)
TOTAL NET POSITION - END OF YEAR				\$ (135,895,809)

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital</u>	<u>CM Misc. Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash							
Unrestricted	\$ 5,472,024	\$ 233,921	\$ 617,049	\$ 0	\$ 879,236	\$ 203,460	\$ 7,405,690
Restricted	12,021,062	0	0	1,212,965	0	0	13,234,027
Due from other funds	3,481,577	469,667	27,263	78,918	60	0	4,057,485
State and federal aid receivable	2,443,061	2,369,293	65,930	0	0	0	4,878,284
Due from other governments	36,879	0	0	0	0	0	36,879
Other receivables	273,517	11,303	0	0	0	0	284,820
Inventories	0	0	15,630	0	0	0	15,630
TOTAL ASSETS	\$ 23,728,120	\$ 3,084,184	\$ 725,872	\$ 1,291,883	\$ 879,296	\$ 203,460	\$ 29,912,815
LIABILITIES							
Accounts payable	\$ 826,964	\$ 31,422	\$ 91,874	\$ 0	\$ 30,166	\$ 0	\$ 980,426
Accrued liabilities	412,825	18,564	1,331	0	0	0	432,720
Unearned revenues	146,233	130,026	103,484	0	0	0	379,743
Due to other funds	575,908	2,880,243	18,490	571,944	10,900	0	4,057,485
Bond anticipation notes payable	0	0	0	0	2,895,000	0	2,895,000
Due to other governments	275,494	23,929	723	0	0	0	300,146
Due to Employees' Retirement System	332,589	0	0	0	0	0	332,589
Due to Teachers' Retirement System	4,604,184	0	0	0	0	0	4,604,184
Total Liabilities	7,174,197	3,084,184	215,902	571,944	2,936,066	0	13,982,293
FUND BALANCE							
Nonspendable							
Inventory	0	0	15,630	0	0	0	15,630
Restricted							
Employee benefit accrued liability reserve	102,145	0	0	0	0	0	102,145
Reserve for debt service	0	0	0	719,939	0	0	719,939
Unemployment insurance reserve	255,361	0	0	0	0	0	255,361
Retirement contribution reserve fund - ERS	2,328,307	0	0	0	0	0	2,328,307
Retirement contribution reserve fund - TRS	2,017,100	0	0	0	0	0	2,017,100
Workers' compensation reserve fund	1,500,000	0	0	0	0	0	1,500,000
Capital reserve	5,200,334	0	0	0	0	0	5,200,334
Tax certiorari reserve	617,815	0	0	0	0	0	617,815
Assigned	1,432,433	638,946	494,340	0	0	203,460	2,769,179
Unassigned	3,100,428	(638,946)	0	0	(2,056,770)	0	404,712
Total Fund Balance	16,553,923	0	509,970	719,939	(2,056,770)	203,460	15,930,522
TOTAL LIABILITIES AND FUND BALANCE	\$ 23,728,120	\$ 3,084,184	\$ 725,872	\$ 1,291,883	\$ 879,296	\$ 203,460	\$ 29,912,815

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Total fund balance - governmental funds balance sheet (page 15)	\$ 15,930,522
Add:	
Pensions	13,370,332
Right to use assets, net of accumulated depreciation	10,893
Land, building and equipment, net of accumulated depreciation	105,783,790
Total	119,165,015
Deduct:	
Compensated absences	788,088
Other post-employment benefits	216,374,210
Accrued interest payable	205,562
Workers' compensation payable	255,190
Deferred bond premium	2,350,430
Bonds payable	51,017,866
Total	270,991,346
NET POSITION, GOVERNMENTAL ACTIVITIES	\$ (135,895,809)

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	General	Special Aid	School Lunch	Debt Service	Capital	CM Misc. Special Revenue	Total Governmental Funds
REVENUES							
Real property taxes	\$ 56,190,641	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,190,641
Other tax items	4,802,031	0	0	0	0	0	4,802,031
Charges for services	778,873	0	0	0	0	0	778,873
Use of money and property	1,012,566	0	126	32,918	0	70	1,045,680
Sale of property and compensation for loss	11,616	0	0	0	0	0	11,616
Miscellaneous	857,785	0	1,187	1,878,589	0	237,969	2,975,530
State sources	33,441,765	1,808,071	24,392	0	0	0	35,274,228
Federal sources	162,585	3,969,373	961,993	0	0	0	5,093,951
Surplus food	0	0	107,458	0	0	0	107,458
Sales - school lunch	0	0	643,794	0	0	0	643,794
Total Revenues	97,257,862	5,777,444	1,738,950	1,911,507	0	238,039	106,923,802
EXPENDITURES							
General support	10,636,020	0	98,120	0	0	231,484	10,965,624
Instruction	51,776,427	5,107,757	0	0	0	0	56,884,184
Pupil transportation	5,169,346	0	0	0	0	0	5,169,346
Community service	77,303	0	0	0	0	0	77,303
Employee benefits	23,852,292	808,083	1,757	0	0	0	24,662,132
Debt service							
Principal	964,887	0	0	2,995,000	0	0	3,959,887
Interest	7,899	0	0	2,267,666	0	0	2,275,565
Cost of sales	0	0	1,583,877	0	0	0	1,583,877
Capital outlay	0	0	0	0	6,123,175	0	6,123,175
Total Expenditures	92,484,174	5,915,840	1,683,754	5,262,666	6,123,175	231,484	111,701,093
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,773,688	(138,396)	55,196	(3,351,159)	(6,123,175)	6,555	(4,777,291)
OTHER FINANCING SOURCES AND USES							
Proceeds from debt	0	0	0	0	14,695,000	0	14,695,000
Operating transfers in	509,984	138,396	27,263	5,060,628	1,836,914	0	7,573,185
Operating transfers (out)	(5,226,287)	0	0	(2,336,914)	(9,984)	0	(7,573,185)
BANs redeemed from appropriations	0	0	0	0	1,153,000	0	1,153,000
Total Other Sources (Uses)	(4,716,303)	138,396	27,263	2,723,714	17,674,930	0	15,848,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	57,385	0	82,459	(627,445)	11,551,755	6,555	11,070,709
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	16,496,538	0	427,511	1,347,384	(13,608,525)	196,905	4,859,813
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 16,553,923	\$ 0	\$ 509,970	\$ 719,939	\$ (2,056,770)	\$ 203,460	\$ 15,930,522

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2023

REVENUES		
Governmental funds		\$ 106,923,802
EXPENDITURES	\$ 111,701,093	
Add:		
Depreciation	4,066,719	
Amortization	11,993	
Accrued interest	205,562	
Increase in claims payable	27,749	
Pensions	2,339,206	
Increase in other post-employment benefits	7,424,776	
Increase in compensated absences	42,498	
	<u>14,118,503</u>	
Deduct:		
Principal payments of long-term debt	2,806,887	
Amortization of bond premium	151,639	
Prior year accrued interest	145,438	
BANs redeemed from appropriations	1,153,000	
Change in fixed assets	6,217,311	
	<u>10,474,275</u>	
EXPENDITURES - STATEMENT OF ACTIVITIES		<u>115,345,321</u>
CHANGE IN NET POSITION		<u>\$ (8,421,519)</u>

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The Ballston Spa Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls, all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

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

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

i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found with these financial statements. The District accounts for these funds in the Miscellaneous Special Revenue Fund.

B. Joint Venture

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

B. Joint Venture – (Continued)

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

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

During the year, the District was billed \$6,040,224 for BOCES administrative and program costs.

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

The District's share of BOCES aid amounted to \$2,145,424.

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

C. Basis of Presentation

1. District-Wide Statements

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

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

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

C. Basis of Presentation – (Continued)

2. Funds Statements

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

The District reports the following major governmental funds:

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

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

Miscellaneous Special Revenue Fund – Miscellaneous Special Revenue Fund is used to account for those revenues that are legally restricted to expenditures for a specific purpose.

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

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

D. Measurement Focus and Basis of Accounting

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

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, state aid, 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 state aid is recognized in the fiscal year it is appropriated by the state. 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, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year as it matches the liquidation of related obligations.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

E. Property Taxes

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

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

F. Restricted Resources

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

G. Interfund Transactions

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

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types. Eliminations have been made for all interfund receivables and payables between the funds.

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

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

H. Estimates

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

I. Cash (and Cash Equivalents)/Investments

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

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

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

Investments are stated at fair value.

J. Accounts Receivable

Accounts receivable are shown net of an allowance for doubtful accounts. Allowances are reported when accounts are considered to be uncollectible. The allowance at June 30, 2023 is \$-0-.

K. Inventories and Prepaid Items

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

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

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

L. Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

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

M) Right to Use Assets

Right to use assets are reported at actual cost or estimated historical cost. Right to use assets are amortized using the straight-line method over the estimated useful life of the asset. All right to use assets are furniture and equipment which are amortized over a 3-5 year period.

N. Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The third item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

At June 30, 2023, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
	March 31, 2023	June 30, 2022
Measurement date		
District's proportionate share of the net pension asset (liability)	\$ (6,743,089)	\$ (4,291,625)
District's portion of the Plan's total net pension asset (liability)	0.0314451%	0.223651%
District's proportion since the prior measurement date	0.0007915%	0.009071%

For the year ended June 30, 2023, the District recognized its proportionate share of pension expense of \$2,357,075 for ERS and \$5,445,077 for TRS. At June 30, 2023 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 718,192	\$ 4,497,080	\$ 189,371	\$ 85,997
Changes of assumptions	3,274,879	8,325,026	36,194	1,728,788
Net difference between projected and actual earnings on pension plan investments	0	5,545,186	39,615	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	79,891	81,172	76,557	560,604
District's contributions subsequent to the measurement date	332,589	4,268,157	0	0
Total	<u>\$ 4,405,551</u>	<u>\$ 22,716,621</u>	<u>\$ 341,737</u>	<u>\$ 2,375,389</u>

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended March 31, 2024 for ERS and June 30, 2024 for TRS. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2024	\$ 876,015	\$ 1,572,595
2025	(354,176)	(777,822)
2026	1,365,845	10,833,278
2027	1,843,541	1,325,033
2028	0	14,422
Thereafter	0	0

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.9%	6.95%
Salary scale	4.4%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's experience	System's experience
Inflation rate	2.9%	2.40%
Projected cost of living adjustments	1.5%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 through March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on July 1, 2015 through June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 through March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

Actuarial Assumptions – (Continued)

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

Measurement date	<u>ERS</u> March 31, 2023	<u>TRS</u> June 30, 2022
<u>Asset type</u>		
Domestic equity	4.30%	6.50%
International equity	6.85	7.20
Global equities	0	6.90
Real estate	4.60	6.20
Domestic fixed income securities	1.50	1.10
Global bonds	0	0.6
High-yield fixed income securities	0	3.30
Real estate debt	0	2.40
Private debt	0	5.30
Credit	5.43	0
Private equity/alternative investments	7.50	9.90
Opportunistic/ARS portfolio	5.38	0
Cash	0	(0.3)
Real assets	5.84	0

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

The following presents the District’s proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District’s proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
<u>ERS</u>			
District’s proportionate share of the net pension asset (liability)	\$ (16,295,154)	\$ (6,743,089)	\$ 1,238,772
	<u>1% Decrease (5.95%)</u>	<u>Current Assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
<u>TRS</u>			
District’s proportionate share of the net pension asset (liability)	\$ (39,570,794)	\$ (4,291,625)	\$ 25,377,925

Pension Plan Fiduciary Net Position

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

	(Dollars in thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Measurement date	March 31, 2023	June 30, 2022	
Employers’ total pension asset (liability)	\$(232,627,259)	\$(133,883,474)	\$(366,510,733)
Plan fiduciary net position asset (liability)	211,183,223	131,964,582	343,147,805
Employers’ net pension asset (liability)	(21,444,036)	(1,918,892)	(23,362,928)
 Ratio of plan fiduciary net position to the employers’ total pension asset (liability)	 90.78%	 98.6%	 93.6%

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$332,589.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amount to \$4,604,184.

Additional pension information can be found in Note 9.

O. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized. The District had unearned revenue in the amount of \$379,743 at June 30, 2023.

P. Vested Employee Benefits

Compensated Absences

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

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

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

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

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

Q. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R. Short-Term Debt

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

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

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

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

S. Accrued Liabilities and Long-Term Obligations

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

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

T. Equity Classifications

District-Wide Statments

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

i) Net Investment in Capital Assets

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

ii) Restricted Net Position

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

iii) Unrestricted Net Position

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

Funds Statements

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

1. Nonspendable Fund Balance

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$15,630.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

T. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

Currently Utilized by the District:

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to 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.

Unemployment Insurance

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

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund under Restricted Fund Balance.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

T. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Workers' Compensation

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

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service, must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund under Restricted Fund Balance.

Capital

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

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. 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. This reserve is accounted for in the General Fund under Restricted Fund Balance.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

T. Equity Classifications – (Continued)

Funds Statements – (Continued)

3. Committed

Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, i.e. the Board of Education. The School District has no committed fund balances as of June 30, 2023.

4. Assigned

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

5. Unassigned

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

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

Order of Use of Fund Balance

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

U. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2023, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023. This statement improves the financial reporting related to Public-Private and Public-Public Partnerships to provide services.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement requires the recognition of a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability for subscription-based information technology arrangements for government end users.

V. Future Changes in Accounting Standards

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, effective for the year ending June 30, 2024. This Statement amends GASB Statement No. 62 in order to enhance accounting and financial reporting requirements for accounting changes and error corrections.

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. This Statement amends the existing requirements related to Compensated Absences by updating the recognition and measurement guidance.

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

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

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

Total fund balance of the District’s governmental funds differs from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

B. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities

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

i) Long-Term Revenue and Expense Differences

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

ii) Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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.

iii) Long-Term Debt Transaction Differences

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

iv) Pension Differences

Pension differences occur as a result of changes in the District’s proportion of the collective net pension asset (liability) and differences between the District’s contributions and its proportionate share of the total contributions to the pension systems.

v) OPEB Differences

OPEB differences occur as a result of changes in the District’s total OPEB liability and differences between the District’s contributions and OPEB expense.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the year were \$25,300 in gifts and donations.

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

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

Encumbrances

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

Capital Projects Fund Deficit

The Capital Projects Fund had a deficit fund balance of \$2,056,770. This will be funded when the District pays down its short-term financing on its bus purchases.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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

As of June 30, 2023, all District bank balances were collateralized with a third-party bank with the collateral held in the District’s name.

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

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District’s name		10,101,376

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$13,234,027 within the governmental funds.

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

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets that are not depreciated:				
Land	\$ 1,541,204	\$ 0	\$ 0	\$ 1,541,204
Total nondepreciable historical cost	<u>1,541,204</u>	<u>0</u>	<u>0</u>	<u>1,541,204</u>
Capital assets that are depreciated:				
Buildings and improvements	169,032,300	5,319,919	0	174,352,219
Machinery and equipment	12,043,142	98,350	66,426	12,075,066
Vehicles	9,825,791	799,042	1,014,612	9,610,221
Total depreciable historical cost	<u>190,901,233</u>	<u>6,217,311</u>	<u>1,081,038</u>	<u>196,037,506</u>
Less accumulated depreciation:				
Buildings, machinery and equipment	<u>88,809,239</u>	<u>4,066,719</u>	<u>1,081,038</u>	<u>91,794,920</u>
Total accumulated depreciation	<u>88,809,239</u>	<u>4,066,719</u>	<u>1,081,038</u>	<u>91,794,920</u>
Net depreciable historical cost	<u>102,091,994</u>	<u>2,150,592</u>	<u>0</u>	<u>104,242,586</u>
Right to use assets that are amortized:				
Machinery and equipment	92,843	0	0	92,843
Less accumulated amortization:				
Machinery and equipment	<u>69,957</u>	<u>11,993</u>	<u>0</u>	<u>81,950</u>
Net amortizable historical cost	<u>22,886</u>	<u>(11,993)</u>	<u>0</u>	<u>10,893</u>
 GRAND TOTAL	 <u><u>\$ 103,656,084</u></u>	 <u><u>\$ 2,138,599</u></u>	 <u><u>\$ 0</u></u>	 <u><u>\$ 105,794,683</u></u>

Depreciation and amortization were allocated to the following programs as follows:

General support	\$ 583,291
Instruction	3,119,590
Pupil transportation	283,492
School lunch program	<u>92,339</u>
 TOTAL	 <u><u>\$ 4,078,712</u></u>

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – SHORT-TERM DEBT

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

Interest paid	\$ 558,159
Less interest accrued in the prior year	(54,538)
Add interest accrued in the current year	<u>91,054</u>
TOTAL	<u><u>\$ 594,675</u></u>

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	6/23/2023	3.75%	\$ 0	\$ 2,955,000	\$ 2,955,000	\$ 0
BAN	9/1/2023	4.00%	0	2,895,000	0	2,895,000
BAN	9/16/2022	1.00%	2,928,000	0	2,928,000	0
BAN	9/16/2022	1.00%	3,000,000	0	3,000,000	0
BAN	6/25/2022	3.00%	13,776,914	0	13,776,914	0
TOTALS			<u><u>\$ 19,704,914</u></u>	<u><u>\$ 5,850,000</u></u>	<u><u>\$ 22,659,914</u></u>	<u><u>\$ 2,895,000</u></u>

NOTE 7 – LONG-TERM DEBT

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

Interest paid	\$ 1,717,406
Less interest accrued in the prior year	(90,900)
Add interest accrued in the current year	<u>114,508</u>
TOTAL EXPENSE	<u><u>\$ 1,741,014</u></u>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and notes payables	\$ 39,129,753	\$ 14,695,000	\$ 2,806,887	\$ 51,017,866	\$ 3,462,115
Plus - unamortized bond premium	2,502,069	0	151,639	2,350,430	0
Other liabilities:					
Other post-employment benefits	238,012,523	0	26,821,341	211,191,182	0
Claims payable	227,441	27,749	0	255,190	0
Compensated absences, net	745,590	42,498	0	788,088	0
TOTAL LONG-TERM LIABILITIES	<u><u>\$ 280,617,376</u></u>	<u><u>\$ 14,765,247</u></u>	<u><u>\$ 29,779,867</u></u>	<u><u>\$ 265,602,756</u></u>	<u><u>\$ 3,462,115</u></u>

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 – LONG-TERM DEBT – (CONTINUED)

The following is a summary of maturity of long-term indebtedness:

<u>Description of Issue</u>	<u>Serial Bond</u>	<u>Serial Bond</u>	<u>Serial Bond</u>	<u>Serial Bond</u>
Issue date	2005	2016	2018	2023
Final maturity	2025	2043	2033	2038
Interest rate	3.800%	2-5%	2.75-3%	5.000%
Outstanding at year end	\$ 640,000	\$ 14,595,000	\$ 783,405	\$ 14,695,000

<u>Description of Issue</u>	<u>Serial Bond</u>	<u>Serial Bond</u>	<u>Installment Purchase Debt</u>
Issue date	2012	2014	2/26/2021
Final maturity	2032	2042	2/26/2025
Interest rate	2-3.25%	3-5%	1.913%
Outstanding at year end	\$ 1,580,000	\$ 18,700,000	\$ 24,461

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30:			
2024	3,462,115	2,537,647	\$ 5,999,762
2025	3,847,346	2,157,599	6,004,945
2026	3,675,000	1,974,934	5,649,934
2027	3,850,000	1,796,431	5,646,431
2028	2,870,000	1,379,791	4,249,791
2029 - 2033	14,243,405	6,038,769	20,282,174
2034 - 2038	12,215,000	3,062,775	15,277,775
2039 - 2043	6,855,000	759,373	7,614,373
TOTALS	\$ 51,017,866	\$ 19,707,319	\$ 70,725,185

Claims Payable

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

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

	<u>2023</u>	<u>2022</u>
Balance - beginning of year	\$ 227,441	\$ 328,734
Provision for claims and claims adjustment expenses	267,098	75,266
Claims and claims adjustment expenses paid	(239,349)	(176,559)
Balance - end of year	<u>\$ 255,190</u>	<u>\$ 227,441</u>

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 3,481,577	\$ 575,908	\$ 509,984	\$ 5,226,287
Special Aid Fund	469,667	2,880,243	138,396	0
School Lunch Fund	27,263	18,490	27,263	0
Debt Service Fund	78,918	571,944	5,060,628	2,336,914
Capital Projects Fund	60	10,900	1,836,914	9,984
TOTALS	\$ 4,057,485	\$ 4,057,485	\$ 7,573,185	\$ 7,573,185

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

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

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

NOTE 9 – PENSION PLANS

General Information

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

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 – PENSION PLANS – (CONTINUED)

Plan Descriptions and Benefits Provided: – (Continued)

Employees’ Retirement System (ERS)

The District participates in the New York State and Local Employees’ Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees’ Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State’s financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees’ Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

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

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2023	\$ 4,268,157	\$ 1,060,513
2022	3,782,015	1,252,323
2021	3,452,209	1,325,274

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

Additional pension information can be found in Note 1 N.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is a single employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes, which grants the authority to establish and amend the benefit terms and financing requirements to the District’s Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collected bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Benefits Provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms

At June 30, 2023 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	600
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>882</u>
Total	<u>1,482</u>

Net OPEB Liability:

The District’s total OPEB liability of \$211,191,182 was measured as of July 1, 2022 and was determined by an actuarial valuation as of July 1, 2022.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.0%, average, including inflation
Discount Rate	3.54%
Healthcare Cost Trend Rates	7.0% for 2023, decreasing 0.4% per year to an ultimate rate of 5.0% for 2029 and later years.

The discount rate was based on the Bond Buyer GO-20 municipal bond index.

Mortality rates were based on the RP-2017 mortality table with mortality projected to the current year to account for mortality improvement.

Changes in the Total OPEB Liability:

Balance at June 30, 2022	\$ 238,012,523
Changes for the year:	
Service cost	7,262,692
Interest	5,169,474
Changes in benefit terms	0
Differences between expected and actual experience	5,699,970
Changes in assumptions or other inputs	(40,320,765)
Benefit payments	<u>(4,632,712)</u>
Net changes	<u>(26,821,341)</u>
Balance at June 30, 2023	<u>\$ 211,191,182</u>

Changes in assumptions and other inputs reflect the following

- Change in the discount rate from 2.16% in 2022 to 3.54% in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 242,524,768	\$ 211,191,182	\$ 182,431,058

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.0% decreasing to 4.0%) or 1 percentage point higher (8.0% decreasing to 6.0%) than the current healthcare cost trend rate:

	1% Decrease (6.0% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.0% Decreasing to 5.0%)	1% Increase (8.0% Decreasing to 6.0%)
Total OPEB Liability	\$ 182,623,465	\$ 211,191,182	\$ 241,724,413

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$7,424,776. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,188,551	\$ 0
Changes of assumptions or other inputs	0	18,169,180
Expected benefit payments subsequent to the measurement date	<u>4,797,600</u>	<u>0</u>
Total	<u>\$ 12,986,152</u>	<u>\$ 18,169,180</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Fiscal Year Ending June 30:

2024	\$ (206,107)
2025	(206,107)
2026	(206,107)
2027	1,665,033
2028	(6,081,513)
Thereafter	<u>(148,227)</u>
Total	<u>\$ (5,183,028)</u>

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 – RISK MANAGEMENT

General Information

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

Health Insurance

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

Workers' Compensation Plan

Effective July 1, 1992, the District elected to self-insure for workers' compensation benefits. The District purchases insurance to pay individual claims which exceed \$450,000 to a maximum of \$10 million. All known claims filed and an estimate of all incurred but unreported claims existing at June 30, 2023 have been recorded as other liabilities, see Note 7.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

NOTE 13 – TAX ABATEMENTS

The Town of Milton enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$36,787. The District received Payment in Lieu of Tax (PILOT) payment totaling \$66,964.

The Town of Malta enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$2,379,310. The District received Payment in Lieu of Tax (PILOT) payment totaling \$4,594,065.

NOTE 14 – SUBSEQUENT EVENTS

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Revenues	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:				
Local Sources				
Real property taxes	\$ 56,248,499	\$ 56,248,499	\$ 56,190,641	\$ (57,858)
Real property tax items	5,237,000	5,237,000	4,802,031	(434,969)
Charges for services	939,000	939,000	778,873	(160,127)
Use of money and property	100,000	100,000	1,012,566	912,566
Sale of property and compensation for loss	0	0	11,616	11,616
Miscellaneous	540,000	565,300	857,785	292,485
Interfund transfers	500,000	500,000	0	(500,000)
Total Local Sources	63,564,499	63,589,799	63,653,512	63,713
State Sources	33,560,843	33,560,843	33,441,765	(119,078)
Federal Sources	250,000	250,000	162,585	(87,415)
Total Revenues	97,375,342	97,400,642	97,257,862	(142,780)
OTHER FINANCING SOURCES				
Transfers from other funds	0	0	509,984	509,984
Total Revenues and Other Financing Sources	97,375,342	97,400,642	97,767,846	\$ 367,204

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under</u>
EXPENDITURES					
General Support					
Board of Education	12,820	12,820	10,090	\$ 0	\$ 2,730
Central administration	267,651	242,201	237,569	0	4,632
Finance	750,235	796,835	762,746	19,750	14,339
Staff	623,910	688,194	657,503	756	29,935
Central services	7,790,058	7,889,275	7,579,978	139,381	169,916
Special items	1,015,674	1,407,049	1,388,134	0	18,915
Instructional					
Instruction, administration and improvements	3,925,778	3,790,421	3,728,590	140	61,691
Teaching – regular school	28,231,877	27,673,659	27,373,388	202	300,069
Programs for children with handicapping conditions	11,847,922	11,844,402	11,752,190	0	92,212
Occupational education	692,010	907,010	905,904	0	1,106
Teaching - special school	387,224	411,490	397,687	0	13,803
Instructional media	2,333,489	2,950,218	2,827,038	64,735	58,445
Pupil services	4,754,112	4,842,632	4,791,630	2,390	48,612
Pupil Transportation	4,583,905	5,254,725	5,169,346	5,079	80,300
Community Services	83,934	80,434	77,303	0	3,131
Employee Benefits	25,070,830	23,951,930	23,852,292	0	99,638
Debt Service	960,203	972,793	972,786	0	7
Total Expenditures	93,331,632	93,716,088	92,484,174	232,433	999,481
Other Financing Uses					
Transfers to other funds	5,243,710	5,255,210	5,226,287	0	28,923
Total Expenditures and Other Uses	98,575,342	98,971,298	97,710,461	\$ 232,433	\$ 1,028,404
NET CHANGE IN FUND BALANCE	(1,200,000)	(1,570,656)	57,385		
FUND BALANCE – BEGINNING	16,496,538	16,496,538	16,496,538		
FUND BALANCE – ENDING	\$ 15,296,538	\$ 14,925,882	\$ 16,553,923		

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS – CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFITS LIABILITY AND RELATED RATIOS**

FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019 AND 2018

Measurement Date	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability						
Service cost	\$ 7,262,692	\$ 6,916,850	\$ 4,655,687	\$ 4,433,987	\$ 6,797,453	\$ 6,797,453
Interest	5,169,474	5,039,046	6,012,681	6,183,546	6,056,280	5,238,209
Change of benefit terms	0	0	0	0	0	0
Differences between expected and actual experience	5,699,970	0	10,788,576	0	(7,632,100)	0
Change of assumptions or other inputs	(40,320,765)	3,751,022	38,549,735	5,585,724	(7,337,028)	(18,386,991)
Benefit payments	(4,632,712)	(4,494,203)	(4,360,969)	(5,227,445)	(5,075,190)	(4,451,921)
Net change in total OPEB liability	(26,821,341)	11,212,715	55,645,710	10,975,812	(7,190,585)	(10,803,250)
Total OPEB Liability - beginning	238,012,523	226,799,808	171,154,098	160,178,286	167,368,871	178,172,121
Total OPEB Liability - ending	\$ 211,191,182	\$ 238,012,523	\$ 226,799,808	\$ 171,154,098	\$ 160,178,286	\$ 167,368,871
Covered-employee payroll	\$ 50,818,312	\$ 49,148,252	\$ 45,532,396	\$ 45,123,343	\$ 43,438,936	\$ 41,967,405
Total OPEB liability as a percentage of covered-employee payroll	415.58%	484.27%	498.11%	379.30%	368.74%	398.81%
Plan's fiduciary net position	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net OPEB Liability	\$ 211,191,182	\$ 238,012,523	\$ 226,799,808	\$ 171,154,098	\$ 160,178,286	\$ 167,368,871

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0314451%	0.0306536%	0.0312714%	0.0304388%	0.0309464%	0.0304748%	0.0305022%	0.0309306%	0.0306694%
District's proportionate share of the net pension liability (asset)	\$ 6,743,089	\$ (2,505,806)	\$ 31,138	\$ 8,060,363	\$ 2,192,649	\$ 983,557	\$ 2,866,051	\$ 4,964,452	\$ 1,036,087
District's covered-employee payroll	10,644,089	9,250,867	9,212,283	9,257,365	8,578,935	8,267,810	7,772,745	7,492,001	7,565,051
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	63.4%	27.1%	0.3%	87.1%	25.6%	11.9%	36.9%	66.3%	13.7%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.78%	103.65%	99.95%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

NYS Teachers' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.223651%	0.214580%	0.217177%	0.216010%	0.215769%	0.215191%	0.215479%	0.221100%	0.217426%
District's proportionate share of the net pension liability (asset)	\$ 4,291,625	\$ (37,184,602)	\$ 6,001,197	\$ (5,611,941)	\$ (3,901,679)	\$ (1,635,668)	\$ 2,307,867	\$ (23,070,157)	\$ (24,219,909)
District's covered-employee payroll	41,833,802	42,290,867	36,707,057	36,861,874	36,675,452	35,778,513	34,669,705	33,897,568	33,878,105
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.3%	87.9%	16.3%	15.2%	10.6%	4.6%	6.7%	68.1%	71.5%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.60%	113.20%	97.80%	102.20%	101.53%	100.70%	99.00%	110.50%	111.48%

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,060,513	\$ 1,252,323	\$ 1,325,274	\$ 1,145,261	\$ 1,172,389	\$ 1,160,100	\$ 1,155,949	\$ 1,176,178	\$ 1,431,789
Contributions in relation to the contractually required contribution	1,060,513	1,252,323	1,325,274	1,145,261	1,172,389	1,160,100	1,155,949	1,176,178	1,431,789
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered-employee payroll	\$ 10,644,089	\$ 9,250,867	\$ 9,212,283	\$ 9,257,365	\$ 8,578,935	\$ 8,267,810	\$ 7,772,745	\$ 7,492,001	\$ 7,565,051
Contribution as a percentage of covered-employee payroll	9.96%	13.54%	14.39%	12.37%	13.67%	14.03%	14.87%	15.70%	18.93%

NYS Teachers' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,304,698	\$ 4,144,505	\$ 3,498,183	\$ 3,265,962	\$ 3,894,933	\$ 3,506,294	\$ 4,063,289	\$ 4,494,817	\$ 5,848,720
Contributions in relation to the contractually required contribution	4,304,698	4,144,505	3,498,183	3,265,962	3,894,933	3,506,294	4,063,289	4,494,817	5,848,720
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered-employee payroll	\$ 41,833,802	\$ 42,290,867	\$ 36,707,057	\$ 36,861,874	\$ 36,675,452	\$ 35,778,513	\$ 34,669,705	\$ 33,897,568	\$ 33,878,105
Contribution as a percentage of covered-employee payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.26%

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED JUNE 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET	
ADOPTED BUDGET	\$ 98,575,342
ADDITIONS:	
Prior year's encumbrances	370,656
Donations	<u>25,300</u>
FINAL BUDGET	<u><u>\$ 98,971,298</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2023

2023-2024 voter-approved expenditure budget	\$ 104,232,811
Maximum allowed (4% of 2023-2024 budget)	4,169,312
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,432,433
Unassigned fund balance	<u>3,100,428</u>
Total unrestricted fund balance	<u>4,532,861</u>
Less:	
Appropriated fund balance	1,200,000
Encumbrances included in assigned fund balance	<u>232,433</u>
Total Adjustments	<u>1,432,433</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,100,428</u></u>
Actual percentage	2.97%

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2023

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing			Fund Balances
			Prior Year	Current Year	Total		Local Sources	State Aid	Proceeds of Obligations	
Buses 2016-2017	\$ 788,000	\$ 788,000	\$ 788,000	\$ 0	\$ 788,000	\$ 0	\$ 788,000	\$ 0	\$ 0	\$ 0
Buses 2017-2018	907,000	907,000	897,016	9,984	907,000	0	907,000	0	0	0
Buses 2018-2019	936,000	936,000	935,750	0	935,750	250	736,000	0	0	(199,750)
Buses 2019-2020	965,000	965,000	959,473	0	959,473	5,527	560,000	0	0	(399,473)
Buses 2020-2021	968,000	968,000	962,009	0	962,009	5,991	368,000	0	0	(594,009)
Buses 2021-2022	948,000	948,000	881,482	40,133	921,615	26,385	178,000	0	0	(743,615)
Buses 2022-2023	920,000	920,000	0	758,910	758,910	161,090	0	0	0	(758,910)
District Wide Capital Project 2018	23,980,000	23,980,000	17,972,237	5,324,132	23,296,369	683,631	9,240,356	0	14,695,000	638,987
TOTALS	\$ 30,412,000	\$ 30,412,000	\$ 23,395,967	\$ 6,133,159	\$ 29,529,126	\$ 882,874	\$ 12,777,356	\$ 0	\$ 14,695,000	\$ (2,056,770)

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

CAPITAL ASSETS, NET		\$ 105,794,683
ADD:		
Unspent BAN proceeds	\$ 879,236	
DEDUCT:		
Bond anticipation note payable	2,895,000	
Unamortized bond premium	2,350,430	
Short-term portion of bonds payable	3,462,115	
Long-term portion of bonds payable	<u>47,555,751</u>	
		<u>56,263,296</u>
NET INVESTMENT IN CAPITAL ASSETS		<u>\$ 50,410,623</u>

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

**BALLSTON SPA CENTRAL SCHOOL DISTRICT
FEDERAL AWARD PROGRAM INFORMATION
(SINGLE AUDIT)**

(UNIFORM GUIDANCE)

JUNE 30, 2023



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ballston Spa Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

WEST & COMPANY CPAs PC

Gloversville, New York
October 4, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ballston Spa Central School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management of the District is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

WEST & COMPANY CPAs PC

Gloversville, New York
October 4, 2023

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing	Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through NYS Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032230816	\$ 963,414
Special Education Preschool Grants	84.173	0033230816	39,748
Covid-19 Special Education Grants to States	84.027X	5532220816	169,125
Covid-19 Special Education Preschool Grants	84.173X	5533220816	15,521
Total Special Education Cluster			<u>1,187,808</u>
Covid-19 Education Stabilization Funds:			
CRRSA, ESSER	84.425D	5891212700	1,033,816
CRRSA, GEER	84.425C	5896212700	122,209
ARP, ESSER	84.425U	5880212700	905,477
ARP, ESSER, Summer Enrichment	84.425U	5882212700	98,159
ARP, ESSER, Homeless Children and Youth	84.425W	5218212700	8,633
ARP, ESSER, Universal Pre-Kindergarten	84.425U	5870239015	12,661
Total Covid-19 Education Stabilization Funds			<u>2,180,955</u>
Title I Grants to Local Educational Agencies	84.010	0021232700	476,112
Title I Grants to Local Educational Agencies	84.010	0021222700	2,480
Total Title I Grants to Local Educational Agencies			<u>478,592</u>
Supporting Effective Instruction State Grants	84.367	0147232700	90,334
Supporting Effective Instruction State Grants	84.367	0147222700	21,322
Total Supporting Effective Instruction State Grants			<u>111,656</u>
Student Support and Academic Enrichment Program	84.424	0204222700	5,270
Education for Homeless Children and Youth	84.196	0212223050	5,092
Total U.S. Department of Education			<u>3,969,373</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through NYS Education Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	Not Applicable	107,458
Cash Assistance			
School Breakfast Program	10.553	Not Applicable	159,668
National School Lunch Program	10.555	Not Applicable	653,463
Covid-19 National School Lunch Program, Supply Chain Assistance	10.555	Not Applicable	145,094
Total Child Nutrition Cluster			<u>1,065,683</u>
Covid-19 Pandemic EBT Administrative Costs	10.649	Not Applicable	3,768
Total U.S. Department of Agriculture			<u>1,069,451</u>
TOTAL FEDERAL AWARDS EXPENDED			<u><u>\$ 5,038,824</u></u>

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

NOTE 2 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had food commodities totaling \$15,630 in inventory.

NOTE 3 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 4 – INDIRECT COST RATE

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a 14.9% indirect cost rate calculated by the New York State Education Department. There is no other indirect cost allocation plan in effect.

NOTE 5 – CLUSTERS

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

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' opinion issued: Unmodified

Internal control over financial reporting:

Material weakness identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

FEDERAL AWARDS

Internal control over major programs:

Material weaknesses identified? _____ yes X no

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

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

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

Identification of major programs:

<u>Name of Federal Program</u>	<u>Assistance Listing</u>
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Covid-19 Education Stabilization Funds	84.425
--	--------

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

Auditee qualified as low risk? X yes _____ no

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

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

None.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2023



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Ballston Spa Central School District (the District) as of June 30, 2023, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the District as of June 30, 2023, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Basis of Accounting

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

WEST & COMPANY CPAs PC

Gloversville, New York
October 4, 2023

BALLSTON SPA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2023

ASSETS

Cash

\$ 148,879

TOTAL ASSETS

\$ 148,879

LIABILITIES AND CLUB BALANCES

Club balances

\$ 148,879

TOTAL LIABILITIES AND CLUB BALANCES

\$ 148,879

See note to financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Balance</u> <u>July 1, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2023</u>
Senior High School:				
SGO	\$ 13,109	\$ 23,925	\$ 31,779	\$ 5,255
Music	8,194	11,828	7,818	12,204
NHS	4,764	1,828	1,183	5,409
Troupe	16,067	18,450	23,809	10,708
NYS sales tax	202	1,580	1,586	196
NCBI	833	0	0	833
Yearbook	9,846	9,659	238	19,267
Peer mentoring	150	475	0	625
Sponsor-a-Scholar	1,577	0	0	1,577
Outdoor club	3	0	0	3
Environmental	310	0	0	310
HS Ski	1,640	3,990	5,053	577
Biology club	167	0	0	167
Robotics club	1,664	10,171	6,566	5,269
Best Buddies	2,145	0	213	1,932
Anime/International	200	1,670	1,201	669
Class of 2023	9,355	23,989	26,956	6,388
Class of 2024	13,121	3,749	797	16,073
Class of 2025	1,523	3,609	26	5,106
Class of 2026	0	3,301	0	3,301
Science	831	5,414	6,245	0
Total Senior High School	<u>85,701</u>	<u>123,638</u>	<u>113,470</u>	<u>95,869</u>

See note to financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Balance</u> <u>July 1, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2023</u>
Middle School:				
Drama	13,983	44,035	38,416	19,602
RAD-Respect Admirable Decisions	706	0	449	257
FCCLA	427	0	153	274
Service	272	0	189	83
Ski club	1,194	4,160	4,510	844
Student council	3,279	3,601	4,952	1,928
Yearbook	7,333	625	1,293	6,665
National JR Honor	11,181	323	8,121	3,383
Best Buddies	11	0	0	11
NYS sales tax	50	0	0	50
8th Grade	601	20,598	17,159	4,040
Total Middle School	<u>39,037</u>	<u>73,342</u>	<u>75,242</u>	<u>37,137</u>
Elementary School:				
MT Student council	0	3,244	200	3,044
MA Student council	791	9,992	10,322	461
GC Student council	6,609	5,579	2,306	9,882
WR Student council	1,107	4,847	3,468	2,486
Total Elementary School	<u>8,507</u>	<u>23,662</u>	<u>16,296</u>	<u>15,873</u>
Total ECA Clubs	<u>\$ 133,245</u>	<u>\$ 220,642</u>	<u>\$ 205,008</u>	<u>\$ 148,879</u>

See note to financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTE TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The books and records of the Ballston Spa Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.