This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 21, 2020

NEW ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the School District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the School District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See "TAX MATTERS" herein.)

The School District will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265 of the Code.

$5,888,000

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SARATOGA COUNTY, NEW YORK

GENERAL OBLIGATIONS

$2,888,000 Bond Anticipation Notes – 2020 Series B

(the "Series B Notes")

And

$3,000,000 Bond Anticipation Notes – 2020 Series C

(the "Series C Notes")
(collectively referred to herein as the "Notes")

Dated: September 17, 2020 **Due: September 17, 2021**

The Notes will be general obligations of the Ballston Spa Central School District, Saratoga County, New York (the "District" or "School District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount.

At the option of the purchaser, the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes $8,000 with respect to the Series B Notes. Purchasers will not receive certificates representing their ownership interest in the Notes.

The Notes will not be subject to redemption prior to maturity.

The Notes are offered subject to the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about September 17, 2020.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on September 3, 2020 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

September ___, 2020

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SARATOGA COUNTY, NEW YORK

2020-2021 BOARD OF EDUCATION

DOTTIE SELLERS
President

JASON FERNAU
Vice President

MATTHEW DREHER
CHRIS FARNAN
MELISSA GLASTETTER
MIKE O'DONNELL
KATIE WHITTEMORE

* * * * * * * * *

KEN SLENTZ
Superintendent

BRIAN SIRIANNI
Assistant Superintendent of Business and Operations

MELISSA LOVELASS
School District Treasurer

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

Hawkins
DELAFIELD & WOOD LLP
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051
http://www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

BALLSTON SPA CENTRAL SCHOOL DISTRICT
SARATOGA COUNTY, NEW YORK

Relating To

$2,888,000 Bond Anticipation Notes – 2020 Series B
And
$3,000,000 Bond Anticipation Notes – 2020 Series C

This Official Statement, which includes the cover page and appendices, has been prepared by the Ballston Spa Central School District, Saratoga County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $2,888,000 principal amount of Bond Anticipation Notes – 2020 Series B (the "Series B Notes") and $3,000,000 principal amount of Bond Anticipation Notes – 2020 Series C (the "Series C Notes") (collectively referred to herein as the "Notes").

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

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify.

THE NOTES

Description of the Notes

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof. The District will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s).

Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Authority for and Purpose of Issue

The Series B Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and various bond resolutions adopted by the Board of Education for the acquisition of buses. The proceeds of the Series B Notes, along with $890,000 available funds of the District will partially redeem and renew $2,810,000 bond anticipation notes maturing September 18, 2020 and provide $968,000 new monies to finance the acquisition of buses.

The Series C Notes are issued pursuant to the Constitution and laws of the State, including the Education Law, constituting Chapter 16, and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York and a bond resolution adopted by the Board of Education of the District on November 7, 2018 authorizing the issuance of $17,655,000 serial bonds and $6,325,000 capital reserve money to finance the construction of improvements, alterations and renovation work at the High School, Middle School, and Malta Avenue Elementary School at a maximum estimated cost of $23,980,000. The District currently has $5,000,000 bond anticipation notes outstanding for this project maturing June 25, 2021.

The proceeds of the Series C Notes will provide $3,000,000 in new money for the aforementioned project.

NATURE OF OBLIGATION

Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. However, the Tax Levy Limit Law imposes a statutory limitation on the District's power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. (See also "TAX LEVY LIMIT LAW" herein).

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the District default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owners of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 41 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

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

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of bondholders and/or noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

SECTION 99-B OF THE STATE FINANCE LAW

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

NO PAST DUE DEBT

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

BANKRUPTCY

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

BOOK-ENTRY-ONLY-SYSTEM

In the event that the Notes are issued in registered book-entry form, the Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

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

THE SCHOOL DISTRICT

General Information

The District is located in the southwest corner of Saratoga County and is approximately 20 miles north of the City of Albany and 5 miles south of the City of Saratoga Springs. The District includes portions of the Towns of Ballston, Charlton, Malta and Milton as well as the entire Village of Ballston Spa. The District encompasses approximately 61 square miles.

The District is served by a network consisting of all major forms of transportation. Several primary highways run through the District including US Interstate 87 (the Adirondack Northway), U.S. Route 9 and New York Routes 50 and 67. Commercial air service is available at the Albany International Airport which is approximately 25 minutes south of the District. Amtrak provides railroad passenger service from a station located in the City of Saratoga Springs and CSX provides freight service. Greyhound and Adirondack Trailways provide long distance bus transportation while Upstate Transit and the Capital District Transportation Authority provide commuter bus services.

Sewer and water services are provided by a combination of municipal systems including a County sewer district and private systems. Fire protection is provided by the Village of Ballston Spa as well as various independent fire districts which tax School District residents for their services.

Source: District officials.

Population

The current estimated population of the District is 29,250. (Source: 2018 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2014-2018	2000	2006-2010	2014-2018
Towns of:						
Ballston	$ 16,519	$ 24,206	$ 42,300	$ 45,876	$ 61,709	$ 99,515
Charlton	19,197	27,924	41,154	51,165	66,250	99,531
Malta	17,409	25,972	45,275	42,998	68,239	102,091
Milton	13,030	20,443	37,217	36,139	51,771	86,429
County of:						
Saratoga	15,644	23,945	41,709	41,936	58,213	97,668
State of:						
New York	16,501	23,389	37,470	39,741	51,691	80,419

Note: 2015-2019 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2014-2018 American Community Survey data.

Larger Employers

The top ten employers in the County and the estimated number of persons employed by each are as follows:

Employer	Location	Approximate # of Employees
GlobalFoundries	Malta	3,200
Saratoga Hospital	Saratoga Springs	1,850
Shenendehowa Central School District	Clifton Park, Malta, Halfmoon	1,800
Navy – Personnel at Fluor Lab	Milton	1,500
Saratoga County	Ballston Spa	1,400
State Farm Insurance	Malta	1,153
Skidmore College	Saratoga Springs	1,120
Saratoga Springs City School District	Saratoga Springs, Greenfield, Wilton	1,010
Momentive Performance Materials	Waterford	1,000
Stewart's Ice Cream Co.	Countywide	990

Source: Saratoga County Economic Development Corporation.

Unemployment Rate Statistics

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

Annual Average

	2013	2014	2015	2016	2017	2018	2019
Saratoga County	5.8%	4.6%	4.1%	3.8%	4.0%	3.5%	3.4%
New York State	7.7%	6.3%	5.3%	4.8%	4.7%	4.1%	4.0%

2020 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Saratoga County	3.8%	3.6%	3.7%	13.2%	9.7%	10.2%	N/A	N/A
New York State	4.1%	3.9%	4.4%	15.1%	14.2%	15.6%	16.0%	N/A

Note: Unemployment rates for August 2020 are unavailable as of the date of this Official Statement.

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

Economic Developments

Saratoga County and the surrounding Tech Valley region of eastern New York State have become the premier location for innovative, high tech companies. With over $27 billion invested and growing, the region has earned the reputation as a global leader in high-technology manufacturing, research and development, a world-class workforce, shovel ready sites and competitive incentives.

GlobalFoundries

Major economic developments nearby the Town of Malta include the completion of the GlobalFoundries Fab 8 manufacturing plant, located within the 1,400-acre Luther Forest Technology Campus in the nearby town of Malta, which currently employs approximately 3,000 people and produces state-of-the-art 300mm semiconductor wafers for leading edge companies like IBM, Rockchip, Broadcom, Qualcomm, STMicroelectronics and others. The GlobalFoundries campus consists of approximately 2 million square feet of building space situated on just over 220 acres including two office buildings over 200,000 square feet each, utility and support buildings and a 390,000 square foot factory including a clean room the size of 6 football fields.

GlobalFoundries completed and then expanded its first Fabrication facility (“Fab”) in 2015; then completed a large administrative building and a new Technology Development Center (TDC) that added more production space in 2016. The expanded facilities are expected to play a key role in the company's strategy to develop innovative semiconductor solutions allowing customers to compete at the leading edge of technology. The TDC features more than a half million square feet of flexible space to support a range of technology development and manufacturing activities, including cleanroom and laboratory space.

GlobalFoundries was also recently granted zoning and planning approval for a new Fab 8.2 manufacturing plant which could produce 450mm wafers. This 575,000-square-feet factory with 475,000 square feet of cleanroom space could add an estimated 3,700 new jobs. The expansion would triple the company's current employment of 2,160 on site jobs to 6,700 jobs. GlobalFoundries has applied for the zoning changes for Fab 8.2 so it could act quickly if there is an increase in demand for chips and a need for more capacity in the semiconductor industry.

Including the construction of the TDC, the total GlobalFoundries capital investment is now approximately $8 billion, of which New York State has invested roughly $1.3 billion. The planned Fab 8.2 plant is expected to cost up to $14.7 billion. New York State has invested over $100 million in the development of the Luther Forest Technology Campus and accompanying infrastructure including roads, power, water, sewer and other systems infrastructure. Saratoga County has also invested over $68 million in a new countywide water system and has invested $54 million to upgrade sewage treatment capacity.

GlobalFoundries is considered among the largest semi-conductor manufacturing facilities, performs the most advance research, development and manufacturing of semi-conductors in the world and is the first major tenant in the Luther Forest Technology Campus. Per a GlobalFoundries "Fab 8 Campus" Fact Sheet, there is approximately 3 million square feet of development with a total capital investment into these facilities of approximately $10 billion dollars creating approximately 3,000 new direct jobs and 15,000 indirect jobs.

The Town of Malta has also had a recent influx of residential apartment units constructed or in the process of being constructed in the downtown area. (Ellsworth Commons - 310 units, Lofts at Saratoga Village Boulevard – 214 units, Park Place – 511 units). Several commercial buildings, restaurants and retail establishments have been recently built in the School District to accommodate the Global Foundries employees. Additionally, Saratoga Hospital has an emergency and emergent care facility has approval to construct 100 independent senior living apartments in their next phase of development. The southern end of the town of Malta has also benefited from the redevelopment of the Malta Mall which is now anchored by a Hannaford grocery store. Another favorable attribute of the District is its close proximity to many tourist attractions including the Saratoga Performing Arts Center, Saratoga Race Track, the National Museum of Dance, the National Museum of Racing, and the Adirondack Park.

Form of School Government

The Board of Education, which is the policy-making body of the School District, consists of seven members who are elected for three-year terms. Each Board member must be a qualified voter of the School District and no Board member may hold certain other district offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members.

The duties of the administrative officers of the School District are to implement the policies of the Board of Education and supervise the operation of the school system.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven days and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budget amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is usually held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

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

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

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

Recent Budget Vote Results

The budget for the 2018-2019 fiscal year was adopted by the qualified voters on May 15, 2018. The budget called for a tax levy increase of 2.7%, which is within the District's tax levy limit.

The budget for the 2019-2020 fiscal year was adopted by the qualified voters on May 21, 2019. The budget called for a tax levy increase of 3.3%, which is within the District's tax levy limit.

The school district budget vote for the 2020-21 fiscal year was originally scheduled to be held on May 19, 2020, however, annual school budget votes across the State were postponed until June 16, 2020 under an Executive Order from Governor Andrew Cuomo that extended and expanded restrictions aimed at limiting the spread of COVID-19. The District's budget for the 2020-21 fiscal year was approved by the voters by a vote of 2,554 to 849. The District's budget for the 2020-21 fiscal year remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

Investment Policy

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

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the School District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

The School District has adopted its own investment policy, which, in addition to incorporating all of the provisions of statute enumerated above, further restricts trading partners to commercial banks or trust companies licensed and doing business in New York State. The policy prohibits investing through any private entity or brokerage firm and provides for written security agreements and/or custodial agreements with each commercial bank or trust company.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2020-2021 fiscal year, approximately 31.60% of the revenues of the District are estimated to be received in the form of State aid If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

COVID-19: The amount of State aid to school districts is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation … and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically. (See *"State Aid History"* herein).

It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020 the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projects a $13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including "aid-to-localities," a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District. (See *"Events Affecting State Aid to New York School Districts"* herein).

The availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their reduction or elimination therefrom.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (See also "*MARKET AND RISK FACTORS*").

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Potential reductions in Federal aid received by the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the current administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules. Any impact of the COVID-19 pandemic on the State budget or finances may impact the financial condition of the District.

The State 2019-2020 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by $850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2020-2021 preliminary building aid ratios, the District expects to receive State building aid of approximately 74.9% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history:

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, as discussed below the COVID-19 outbreak has affected and is expected to continue to affect State aid to school district.

State aid to school districts within the State had declined in some prior years before increasing in more recent years.

School district fiscal year (2015-2016): The 2015-2016 State budget included a partial reduction in the Gap Elimination Adjustment with $603 million in GEA cuts being restored, and provided an additional $428 million in foundation aid and $268 million in expense base aids which reimbursed school districts for prior year expenses in school construction, transportation, BOCES and special education services.

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also includes a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $3,480,073. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

School district fiscal year (2017-2018): The State 2017-18 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-18 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government are less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

School district fiscal year (2018-2019): The State's 2018-2019 Enacted Budget provided for school aid of approximately $26.7 billion, an increase of approximately $1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases have been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018¬2019 Enacted Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2019-2020): The State's 2019-2020 Enacted Budget includes a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6 percent and will provide additional funding for Foundation Aid of $338.0 million and $409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by $49.99 million to a total of $250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-2020 Enacted Budget increases the minimum community schools funding amount from $75,000 to $100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget is 3.7 percent lower than in the State's 2019-2020 Enacted Budget but is offset in part with increased Federal support. This reduction in State Operating Funds support will be offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 is expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continues prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provides over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorizes the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "State Aid" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget and recent releases by the State regarding the projected revenue shortfalls in such budget.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date.

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs' causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

Fiscal Year	Total State Aid	Total Revenues [1]	Percentage of Total Revenues Consisting of State Aid
2014-2015	$ 27,252,906	$ 84,803,885	32.14%
2015-2016	27,074,542	85,638,029	31.62
2016-2017	29,920,456	88,696,732	33.73
2017-2018	30,584,718	90,153,734	33.93
2018-2019	31,137,301	92,175,341	33.78
2019-2020 (Budgeted)	28,691,297	91,030,147	31.52
2019-2020 (Unaudited)	29,253,658	90,765,450	32.23
2020-2021 (Budgeted)	29,031,594	91,883,635	31.60

(1) General fund only, does not include inter-fund transfers or reserve funds.

Source: 2014-2015 through and including the 2018-2019 Audited financial statement of the District and adopted budgets of the District for the 2019-2020 and 2020-2021 fiscal years. The 2019-2020 unaudited figures are preliminary and may be changed herefrom. This table is not audited.

School Facilities

Name	Grades	Capacity	Year(s) Built / Additions
Ballston Spa High School	9-12	1,400-1,800	1998, 2013
Ballston Spa Middle School	6-8	1,490	1955, '62, '68, '93, 2013
Wood Road Elementary School	K-5	1,182	1968, '93, 2013
Malta Avenue Elementary School	K-5	648	1900, '13, '28, '93, 2013
Milton Terrace Elementary School	K-5	748	1970, '93, 2013
Gordon Creek Elementary School	K-5	800	2013

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2015-16	4,127	2020-21	3,987
2016-17	4,135	2021-22	3,962
2017-18	4,085	2022-23	3,943
2018-19	4,088	2023-24	3,935
2019-20	4,029		

Source: District officials.

Employees

The School District employs approximately 855 full-time and part-time persons. The collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreements are as follows:

Employees	Union	Contract Expiration Date
12	Ballston Spa Administrative Council	June 30, 2021
385	Ballston Spa Central Teachers Association	June 30, 2023
240	Ballston Spa Unit CSEA	June 30, 2021
106	Ballston Spa Teachers Association – Per Diem & Subs	June 30, 2021
74	Association of Teaching Assistants	June 30, 2021

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2019-2020 fiscal year are as follows:

Fiscal Year	ERS	TRS
2014-2015	$ 1,456,161	$ 5,637,618
2015-2016	1,248,524	4,290,103
2016-2017	1,063,281	3,869,949
2017-2018	1,121,253	3,324,485
2018-2019	1,138,247	3,689,888
2019-2020(Budgeted)	1,292,000	3,436,844
2019-2020(Unaudited)	1,142,412	3,144,843
2020-2021(Budgeted)	1,327,405	3,570,483

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District currently does not have early retirement incentive programs for its employees.

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

A chart of average ERS and TRS rates as a percent of payroll (2017 to 2021) is shown below:

Year	ERS	TRS
2016-17	15.5%	11.72%
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

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

The District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The District did not participate in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The Board of Education has established a TRS reserve and began funding the reserve in August 2019.

Other Post Employee Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

The District contracted with Green Mountain Benefits, Inc., an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2018 and 2019. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

Balance at:	June 30, 2017	June 30, 2018
	$ 178,172,121	$ 167,368,871
Changes for the year:		
Service cost	6,797,453	6,797,453
Interest	5,238,209	6,056,280
Differences between expected and actual experience	-	(7,632,100)
Changes in assumptions or other inputs	(18,386,991)	(7,337,028)
Benefit payments	(4,451,921)	(5,075,190)
Net Changes	$ (10,803,250)	$ (7,190,585)
Balance at:	June 30, 2018	June 30, 2019
	$ 167,368,871	$ 160,178,286

Note: The above table is not audited. For additional information see "APPENDIX – D" attached hereto.

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

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

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

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in the last two legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

Other Information

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

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

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

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

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2019 and is attached hereto as "APPENDIX – D". The audit for the period ending June 30, 2020 is not available as of the date of this Official Statement. Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

Unaudited Results of Operations for the Fiscal Year Ending June 30, 2020 -

The District expects to conclude the fiscal year ending June 30, 2020 with an unappropriated unreserved fund balance of approximately $3,325,000. Summary unaudited projected information for the General Fund for the period ending June 30, 2020 is as follows:

Projected Revenues:	$90,765,000
Projected Expenditures:	$92,603,000
Projected Excess (Deficit) Revenues Over Expenditures:	$(1,838,000)
Total General Fund Balance at June 30, 2019:	$15,586,402
Total Projected General Fund Balance at June 30, 2020:	$13,745,000

New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released an audit report of the District on September 21, 2018. The purpose of the audit was to Determine whether separation payments were calculated correctly and supported by employee contracts for the period July 1, 2016 through March 31, 2018.

Key Findings:

- District officials correctly calculated and supported payments with an applicable employee contract or collective bargaining agreement (CBA).

Key Recommendations:

- There were no recommendations as a result of this audit.

The District provided a complete response to the State Comptroller's office on September 4, 2018. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other State Comptrollers audits of the District that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the past three fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2019	No Designation	3.3%
2018	No Designation	3.3%
2017	No Designation	3.3%

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

TAX INFORMATION

Valuations

Years Ending June 30:	2017	2018	2019	2020	2021
Assessed Valuation					
Towns of:					
Ballston	$ 286,096,169	$ 290,489,416	$ 303,307,732	$ 315,118,766	$ 326,787,744
Charlton	841,572	842,110	842,049	841,056	841,278
Malta	1,296,128,823	1,423,124,580	1,457,769,470	1,512,754,289	1,556,133,271
Milton	996,537,125	1,010,606,399	1,032,872,891	1,049,703,869	1,067,435,363
Total Assessed Valuation	$ 2,579,603,689	$ 2,725,062,505	$ 2,794,792,142	$ 2,878,417,980	$ 2,951,197,656
Equalization Rates					
Towns of:					
Ballston	96.20%	93.20%	91.50%	86.20%	85.70%
Charlton	72.00%	70.00%	67.00%	66.66%	68.00%
Malta	100.00%	100.00%	100.00%	100.00%	100.00%
Milton	96.00%	92.00%	93.30%	85.00%	85.00%
Taxable Full Valuation	$ 2,632,754,443	$ 2,834,496,733	$ 2,897,555,019	$ 3,114,528,741	$ 3,194,492,675

Tax Rate Per $1,000 (Assessed)

Years Ending June 30:	2017	2018	2019	2020	2021
Towns of:					
Ballston	$ 18.08	$ 18.56	$ 18.99	$ 19.35	$ 19.67
Charlton	25.12	24.71	25.94	25.30	24.79
Malta	18.08	17.29	17.38	16.69	16.85
Milton	18.83	18.79	18.62	19.64	19.82

Tax Collection Procedure

The School District levies its own taxes at the end of August and collects taxes during September and October. Taxes paid by the end of the first 30 days of collection are not subject to a penalty. Taxes collected during the second phase (the end of the first 30-day period until October 31st) are subject to a 2% penalty.

All taxes uncollected after the 2% penalty period are turned over to the County Treasurer and appear on the property owner's January Town and County Tax bill, including additional penalties. The County must remit the full amount of unpaid taxes including the 2% penalty to the School District by April 1st of the succeeding calendar year. Thus, the School District is guaranteed payment of 100% of its taxes in the year of the levy.

Tax Levy and Tax Collection Record

Years Ending June 30:	2017	2018	2019	2020	2021
Total Tax Levy	$ 47,674,267	$ 49,020,896	$ 50,366,500	$ 52,014,850	$ 53,848,641
Amount Uncollected (1)	1,653,584	2,276,884	3,195,262	2,038,049	N/A
% Uncollected	3.47%	4.64%	6.34%	3.91%	N/A

(1) The School District receives 100% of its tax levy each year. See "Tax Collection Procedures".

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted figures comprised of Real Property Taxes.

Fiscal Year	Total Revenues (1)	Total Real Property Taxes (1)	Percentage of Total Revenues Consisting of Real Property Tax
2014-2015	$ 84,803,885	$ 45,309,479	52.36%
2015-2016	86,638,029	46,599,452	53.79
2016-2017	88,696,732	47,551,922	53.61
2017-2018	90,153,734	48,934,802	54.28
2018-2019	92,175,341	50,322,625	54.59
2019-2020 (Budgeted)	91,030,147	52,014,850	57.14
2019-2020 (Unaudited)	90,765,450	52,003,350	57.29
2020-2021 (Budgeted)	91,883,635	53,848,641	58.61

(1) General fund only, does not include inter-fund transfers or reserve funds.

Source: 2014-2015 through and including the 2018-2019 Audited financial statement of the District and adopted budgets of the District for the 2019-2020 and 2020-2021 fiscal years. The 2019-2020 unaudited figures are preliminary and may be changed herefrom. This table is not audited.

Largest Taxpayers 2020 Tax Roll for 2020-2021

Name	Type	Estimated Assessed Valuation
Global Foundries	Industrial	$ 513,343,234
National Grid (formerly Niagara Mohawk)	Utility	73,623,205
Kaydeross Village LLC	Apartments	50,000,000
JDM II SF National LLC (State Farm)	Financial Services	46,425,000
GrandeVille at Park Place LLC	Apartments	37,668,000
Saratoga Blvd Apartments, Inc	Apartments	27,606,000
SL Malta Apartments LLC	Apartments	27,500,000
Ellsworth Partners LLC	Commercial	27,000,000
Lakeview Outlets Inc.	Hotel/Professional Building	25,238,600
Regency Realty Assoc LLC	Commercial	24,392,786

The largest taxpayers listed above have a total estimated assessed valuation of $852,796,825, which represents 28.90% of the tax base of the School District. The largest taxpayers listed above (excluding Global Foundries since they do not pay taxes but make PILOT payments) have a total estimated assessed valuation of $339,453,591, which represents 11.50% of the tax base of the School District.

As of the date of this Official Statement, the District currently does not have any pending or outstanding tax certioraris that are known or believed to have a material impact on the District.

Source: District Tax Rolls.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of $86,300 or less for 2019 benefits and $88,050 or less for 2020 benefits, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross income not in excess of $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A new homeowner may receive a new personal income tax credit in the form of a check. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared with a $500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of $250,000 or less have the option to select the credit or the exemption.

The 2020-21 Executive Budget would withhold STAR benefits to taxpayers who are delinquent in the payment of their school taxes and would lower the income limit for the exemption to $200,000, compared with a $500,000 limit for the credit. The 2020-21 Executive Budget is subject to approval by the New York State Legislature and then signed into law by the Governor. There is no assurance that the 2020-21 Executive Budget will be adopted and no way to predict what changes the Governor and the Legislature may agree to.

The below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

Town of:	Enhanced Exemption	Basic Exemption	Date Certified
Ballston	$ 74,630	$ 32,080	4/10/2020
Charlton	57,140	24,560	4/10/2020
Malta	86,580	37,210	4/10/2020
Milton	73,590	31,630	4/10/2020

$4,420,709 of the District's $52,014,850 school tax levy for the 2019-20 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2020.

Approximately $4,150,000 of the District's $53,848,641 school tax levy for 2020-2021 is expected to be exempt by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State by January, 2021.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 (herein referred to as the "Tax Levy Limit Law" or "Law") was signed by the Governor. The Tax Levy Limit Law modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. The Law is effective for school district's 2012-2013 fiscal year, commencing July 1, 2012. As a result, the Law applies to taxes levied or to be levied to pay debt service on the Notes, which are expected to be paid from taxes levied during the 2013-2014 fiscal year.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI"). Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, such as the Notes, and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution and the Equal Protection and Due Process clauses and the First Amendment of the United States Constitution. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

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

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

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

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

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

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015. The program applies in the years 2016 through 2019 and includes continued tax cap compliance.

See "*THE SCHOOL DISTRICT – Budgetary Procedures and Recent Budget Votes*" herein for additional information regarding the District's Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional and Statutory Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been initially contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in such law. (See "TAX LEVY LIMIT LAW," herein).

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in the anticipation of the bonds. No down payment is required in connection with the issuance of District obligations. With respect to certain school building construction projects, the District is not permitted to spend in excess of $100,000 for construction costs until the plans and specifications for such project have been approved by the commissioner of Education of the State.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, or summary thereof, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. It is a procedure that is generally recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the Notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2016	2017	2018	2019	2020
Bonds	$ 58,900,000	$ 54,825,000	$ 51,445,000	$ 46,740,000	$ 44,310,000
Bond Anticipation Notes	2,681,000	4,183,000	2,637,000	2,721,000	7,810,000
Energy Performance Contract	0	0	0	0	0
Total Debt Outstanding	$ 61,581,000	$ 59,008,000	$ 54,082,000	$ 49,461,000	$ 52,120,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of August 21, 2020.

Type of Indebtedness	Maturity	Amount
Bonds	2020-2043	$ 44,310,000
Bond Anticipation Notes		
Purchase of School Buses	September 18, 2020	2,810,000 [1]
Capital project	June 25, 2021	5,000,000
	Total Indebtedness	$ 52,120,000

[1] To be partially redeemed and renewed at maturity with the proceeds of the Series B Notes and $890,000 available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of August 21, 2020:

Full Valuation of Taxable Real Property			$ 3,194,492,675
Debt Limit 10% thereof			319,449,268
Inclusions:			
Bonds	$ 44,310,000		
Bond Anticipation Notes	5,890,000		
Principal of this Issue	5,888,000		
Total Inclusions		$ 56,088,000	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 56,088,000
Net Debt-Contracting Margin			$ 263,361,268
The percent of debt contracting power exhausted is			17.56%

[1] Based on preliminary 2020-2021 building aid estimates, the District anticipates State Building aid of 74.9% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

Bonded Debt Service

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

Capital Project Plans

On October 16, 2018, the District voters approved a capital project in the amount of $23,980,000. This referendum will include renovation work at the High School, Middle School, and Malta Avenue Elementary School. The District is utilizing $6,325,000 capital reserves and the remaining funding coming from bonds and notes. Construction work began in June of 2020. The District issued $5,000,000 on June 25, 2020 as the first borrowing for the aforementioned purpose. The Series C Notes are being issued to provide new money for this project. Future borrowings will be pursuant to construction cash flow needs.

The District annually issues bond anticipation notes for the purchase of school buses. The Series B Notes are being issued, along with $890,000 available funds of the District to partially redeem and renew the $2,810,000 bond anticipation Notes maturing September 18, 2020 and provide $968,000 new money for the purchase of school buses.

Cash Flow Borrowings

The District, historically, does not issue tax anticipation notes and/or revenue anticipation notes nor does it plan on issuing any in the foreseeable future.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed of the respective municipalities.

Municipality	Status of Debt as of	Gross Indebtedness (1)	Exclusions (2)	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Saratoga	12/31/2018	$ 76,180,000	$ -	$ 76,180,000	10.56%	$ 8,044,608
Town of:						
Ballston	12/31/2018	1,820,120	1,820,120	-	25.35%	-
Charlton	12/31/2018	949,000	-	949,000	0.27%	2,562
Malta	12/31/2018	2,305,000	-	2,305,000	71.75%	1,653,838
Milton	12/31/2018	-	-	-	79.30%	-
Village of:						
Ballston Spa	5/31/2019	1,290,999	690,000	600,999	100.00%	600,999
					Total:	$ 10,302,007

(1) Bonds and bond anticipation notes. Not adjusted to include subsequent bond sales, if any.
(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Note: The 2019 Comptroller's Special Report for the County and Towns above are currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2018 and 2019.

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Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of August 21, 2020:

	Amount	Per Capita [(a)]	Percentage of Full Value [(b)]
Net Indebtedness [(c)]	$ 56,088,000	$ 1,917.54	1.76%
Net Indebtedness Plus Net Overlapping Indebtedness [(d)]	66,390,007	2,269.74	2.08

(a) The current estimated population of the District is 29,250. (See "THE SCHOOL DISTRICT – Population" herein.)
(b) The District's full value of taxable real estate for the 2020-2021 fiscal year is $3,194,492,675. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $10,302,007. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The District's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the District fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the District is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the District will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "THE SCHOOL DISTRICT – State Aid" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "Tax Matters" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See "TAX LEVY LIMIT LAW" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Notes.

COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence later in the year could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

CYBERSECURITY

The School District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a "Discount Note"), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner's adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Note, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LITIGATION

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

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

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the District will enter into an Undertaking to Provide Notice of Material Events Certificate, the form, substantially of which, is attached hereto as "APPENDIX – C – FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS".

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The

Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

If issued as book-entry-only notes, it is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District provided, however; the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATING

The Notes are <u>not</u> rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale with the approval of the School District and at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX – C – UNDERTAKING TO PROVIDE NOTICES OF EVENTS" herein.)

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "AA" with a stable outlook to the District's outstanding bonds. The rating reflects only the view of S&P and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the Notes.

MISCELLANEOUS

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

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

Hawkins, Delafield & Wood, LLP, New York, New York, Bond Counsel to the District, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

The District's contact information is as follows: Mr. Brian Sirianni, Assistant Superintendent of Business and Operations, District Offices, 70 Malta Avenue, Ballston Spa, New York 12020, Phone: (518) 884-7195 and Fax: (518) 884-7126, Email: bsirianni@bscsd.org.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com

BALLSTON SPA CENTRAL SCHOOL DISTRICT

Dated: September ___, 2020

DOTTIE SELLERS
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
ASSETS					
Unrestricted Cash	$ 10,528,006	$ 5,308,825	$ 5,694,714	$ 5,379,450	$ 7,421,321
Restricted Cash	5,410,000	8,715,000	11,150,000	11,585,000	10,715,000
State and Federal Aid Receivable	721,887	719,575	846,643	2,115,354	1,968,617
Due from Other Governments	908,138	1,869,445	1,701,928	32,998	35,394
Due from Other Funds	1,768,982	2,140,818	1,268,630	2,663,311	2,145,043
Other Receivable	26,863	7,208	13,552	300,436	175,309
Investments	-	-	-	-	-
Due From Fiduciary Funds	476,439	204,446	175,130	374,479	153,446
Prepaid Expenditures	-	-	-	-	-
Deferred Expenditures	-	-	-	-	-
TOTAL ASSETS	$ 19,840,315	$ 18,965,317	$ 20,850,597	$ 22,451,028	$ 22,614,130
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 405,606	$ 275,290	$ 361,875	$ 334,338	$ 508,660
Accrued Liabilities	343,758	298,738	230,119	227,770	377,402
Revenue Anticipation Notes	-	-	-	-	-
Due to Other Funds	1,511,588	136,351	152,798	1,433,044	1,670,447
Due to Other Governments	-	-	-	-	-
Due to Employees' Retirement Systems	447,639	392,584	341,282	346,892	371,198
Due to Teacher's Retirement Systems	6,191,055	4,698,925	4,238,343	3,657,828	4,028,930
Due To Fiduciary Funds	-	170	-	9,141	70,831
Bond Anticipation Notes		-	-	-	-
Deferred Revenues	3,140	-	-	4,557	260
TOTAL LIABILITIES	$ 8,902,786	$ 5,802,058	$ 5,324,417	$ 6,013,570	$ 7,027,728
FUND EQUITY					
Restricted	$ 5,410,000	$ 8,715,000	$ 11,150,000	$ 11,585,000	$ 10,715,000
Unreserved:					
Assigned	2,222,232	1,339,961	1,254,025	1,290,113	1,589,262
Unassigned	3,305,297	3,108,298	3,122,155	3,562,345	3,282,140
TOTAL FUND EQUITY	10,937,529	13,163,259	15,526,180	16,437,458	15,586,402
TOTAL LIABILITIES & FUND EQUITY	$ 19,840,315	$ 18,965,317	$ 20,850,597	$ 22,451,028	$ 22,614,130

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
REVENUES					
Real Property Taxes	$ 43,136,646	$ 45,309,479	$ 46,599,452	$ 47,551,922	$ 48,934,802
Other Tax Items	8,879,223	9,243,580	9,457,000	8,911,185	8,079,826
Charges for Services	1,356,747	1,468,286	1,351,264	1,459,100	1,376,992
Use of Money & Property	88,760	98,161	101,288	111,050	229,041
Sale of Property and Compensation for Loss	8,539	26,387	842	14,169	1,088
Miscellaneous	410,349	663,101	708,939	473,909	802,509
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	24,054,322	27,252,906	27,074,542	29,920,456	30,584,718
Revenues from Federal Sources	386,633	224,388	344,702	254,941	144,758
Total Revenues	$ 78,321,219	$ 84,286,288	$ 85,638,029	$ 88,696,732	$ 90,153,734
Other Sources:					
Interfund Transfers	-	517,597	-	-	500,000
Total Revenues and Other Sources	$ 78,321,219	$ 84,803,885	$ 85,638,029	$ 88,696,732	$ 90,653,734
EXPENDITURES					
General Support	$ 8,639,219	$ 8,804,065	$ 8,610,346	$ 9,314,647	$ 9,200,824
Instruction	40,200,906	41,553,525	42,609,529	44,098,996	46,053,233
Pupil Transportation	3,385,686	3,185,290	3,277,200	3,497,689	3,907,819
Community Services	20,026	29,000	29,725	27,586	30,825
Employee Benefits	21,261,177	22,463,334	21,902,722	21,349,224	22,021,733
Debt Service	880,551	871,085	911,338	901,830	875,730
Total Expenditures	$ 74,387,565	$ 76,906,299	$ 77,340,860	$ 79,189,972	$ 82,090,164
Excess of Revenues Over Expenditures	3,933,654	7,897,586	8,297,169	9,506,760	8,563,570
Other Uses:					
Interfund Transfers	4,671,895	6,428,207	6,821,439	7,143,839	7,652,292
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(738,241)	1,469,379	1,475,730	2,362,921	911,278
FUND BALANCE					
Fund Balance - Beginning of Year	10,206,391	9,468,150	10,937,529	13,163,259	15,526,180
Prior Period Adjustments (net)	-	-	750,000	-	-
Fund Balance - End of Year	$ 9,468,150	$ 10,937,529	$ 13,163,259	$ 15,526,180	$ 16,437,458

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2019			2020	2021
	Adopted Budget	Modified Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	$ 50,331,500	$ 50,331,500	$ 50,322,625	$ 52,014,850	$ 53,848,641
Other Tax Items	7,615,000	7,665,000	7,655,880	7,138,000	6,290,000
Charges for Services	-	1,279,160	1,344,959	1,266,000	1,358,400
Use of Money & Property	-	110,000	617,425	-	-
Sale of Property and Compensation for Loss	-	-	5,646	-	-
Miscellaneous	2,204,160	479,037	825,540	1,070,000	1,355,000
Interfund Revenues	-	-	-	600,000	-
Revenues from State Sources	30,488,181	30,488,181	31,137,301	28,691,297	29,031,594
Revenues from Federal Sources	250,000	250,000	265,965	250,000	-
Total Revenues	$ 90,888,841	$ 90,602,878	$ 92,175,341	$ 91,030,147	$ 91,883,635
Other Sources:					
Interfund Transfers	-	300,000	-	-	-
Total Revenues and Other Sources	$ 90,888,841	$ 90,902,878	$ 92,175,341	$ 91,030,147	$ 91,883,635
EXPENDITURES					
General Support	$ 9,669,868	$ 10,815,386	$ 10,243,475	$ 9,938,146	$ 9,996,992
Instruction	47,267,966	48,076,797	47,522,336	49,125,384	49,576,324
Pupil Transportation	3,967,537	4,046,093	3,959,811	4,225,875	4,326,258
Community Services	31,675	27,925	25,753	32,545	-
Employee Benefits	22,850,150	21,739,850	21,712,514	23,030,259	23,487,409
Debt Service	8,001,645	885,306	885,305	5,677,938	5,871,652
Total Expenditures	$ 91,788,841	$ 85,591,357	$ 84,349,194	$ 92,030,147	$ 93,258,635
Other Uses:					
Interfund Transfers	100,000	8,677,594	8,677,203	-	-
Total Expenditures and Other Uses	$ 91,888,841	94,268,951	93,026,397	$ 92,030,147	$ 93,258,635
Excess (Deficit) Revenues Over Expenditures	(1,000,000)	(3,366,073)	(851,056)	(1,000,000)	(1,375,000)
FUND BALANCE					
Fund Balance - Beginning of Year	1,000,000	3,366,073	16,437,458	1,000,000	1,375,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 15,586,402	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2021	$ 2,550,000	$ 1,960,188.76	$ 4,510,188.76
2022	2,665,000	1,840,923.76	4,505,923.76
2023	2,795,000	1,716,710.01	4,511,710.01
2024	2,925,000	1,586,085.64	4,511,085.64
2025	3,065,000	1,448,862.51	4,513,862.51
2026	2,870,000	1,304,934.39	4,174,934.39
2027	3,005,000	1,166,681.26	4,171,681.26
2028	1,980,000	1,021,578.14	3,001,578.14
2029	2,065,000	937,768.76	3,002,768.76
2030	2,150,000	850,125.01	3,000,125.01
2031	2,245,000	757,781.26	3,002,781.26
2032	1,385,000	660,081.25	2,045,081.25
2033	1,240,000	609,012.50	1,849,012.50
2034	1,195,000	558,125.00	1,753,125.00
2035	1,250,000	508,000.00	1,758,000.00
2036	1,300,000	453,500.00	1,753,500.00
2037	1,360,000	396,800.00	1,756,800.00
2038	1,410,000	347,350.00	1,757,350.00
2039	1,470,000	287,050.00	1,757,050.00
2040	1,530,000	224,050.00	1,754,050.00
2041	1,595,000	158,350.00	1,753,350.00
2042	1,670,000	89,700.00	1,759,700.00
2043	590,000	17,700.00	607,700.00
TOTALS	$ 44,310,000	$ 18,901,358.25	$62,603,658.25

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	$4,596,000 2005 Bonds			$2,905,000 2012B Refunding of 2003 Bonds			$10,925,000 2014C - DASNY Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	$ 280,000	$ 57,570.00	$ 337,570.00	$ 145,000	$ 53,731.26	$ 198,731.26	$ 830,000	$ 338,500.00	$ 1,168,500.00
2022	290,000	46,930.00	336,930.00	150,000	50,056.26	200,056.26	875,000	297,000.00	1,172,000.00
2023	305,000	35,910.00	340,910.00	155,000	46,812.51	201,812.51	915,000	253,250.00	1,168,250.00
2024	315,000	24,320.00	339,320.00	155,000	43,228.14	198,228.14	965,000	207,500.00	1,172,500.00
2025	325,000	12,350.00	337,350.00	165,000	39,325.01	204,325.01	1,010,000	159,250.00	1,169,250.00
2026	-	-	-	165,000	35,096.89	200,096.89	1,060,000	108,750.00	1,168,750.00
2027	-	-	-	170,000	30,593.76	200,593.76	1,115,000	55,750.00	1,170,750.00
2028	-	-	-	175,000	25,740.64	200,740.64	-	-	-
2029	-	-	-	180,000	20,525.01	200,525.01	-	-	-
2030	-	-	-	185,000	15,050.01	200,050.01	-	-	-
2031	-	-	-	190,000	9,306.26	199,306.26	-	-	-
2032	-	-	-	195,000	3,168.75	198,168.75	-	-	-
TOTALS	$ 1,515,000	$ 177,080.00	$ 1,692,080.00	$ 2,030,000	$ 372,634.49	$ 2,402,634.49	$ 6,770,000	$ 1,420,000.00	$ 8,190,000.00

Fiscal Year Ending June 30th	$18,020,000 2014C - DASNY Bonds			$19,615,000 2016 DASNY			$1,100,000 2018 Capital Project Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	$ 445,000	$ 703,537.50	$ 1,148,537.50	$ 785,000	$ 777,450.00	$ 1,562,450.00	$ 65,000	$ 29,400.00	$ 94,400.00
2022	465,000	681,287.50	1,146,287.50	820,000	738,200.00	1,558,200.00	65,000	27,450.00	92,450.00
2023	490,000	658,037.50	1,148,037.50	865,000	697,200.00	1,562,200.00	65,000	25,500.00	90,500.00
2024	515,000	633,537.50	1,148,537.50	905,000	653,950.00	1,558,950.00	70,000	23,550.00	93,550.00
2025	540,000	607,787.50	1,147,787.50	955,000	608,700.00	1,563,700.00	70,000	21,450.00	91,450.00
2026	570,000	580,787.50	1,150,787.50	1,000,000	560,950.00	1,560,950.00	75,000	19,350.00	94,350.00
2027	595,000	552,287.50	1,147,287.50	1,050,000	510,950.00	1,560,950.00	75,000	17,100.00	92,100.00
2028	625,000	522,537.50	1,147,537.50	1,105,000	458,450.00	1,563,450.00	75,000	14,850.00	89,850.00
2029	645,000	501,443.75	1,146,443.75	1,160,000	403,200.00	1,563,200.00	80,000	12,600.00	92,600.00
2030	670,000	479,675.00	1,149,675.00	1,215,000	345,200.00	1,560,200.00	80,000	10,200.00	90,200.00
2031	690,000	456,225.00	1,146,225.00	1,280,000	284,450.00	1,564,450.00	85,000	7,800.00	92,800.00
2032	720,000	431,212.50	1,151,212.50	385,000	220,450.00	605,450.00	85,000	5,250.00	90,250.00
2033	745,000	405,112.50	1,150,112.50	405,000	201,200.00	606,200.00	90,000	2,700.00	92,700.00
2034	770,000	377,175.00	1,147,175.00	425,000	180,950.00	605,950.00	-	-	-
2035	800,000	348,300.00	1,148,300.00	450,000	159,700.00	609,700.00	-	-	-
2036	830,000	316,300.00	1,146,300.00	470,000	137,200.00	607,200.00	-	-	-
2037	865,000	283,100.00	1,148,100.00	495,000	113,700.00	608,700.00	-	-	-
2038	900,000	248,500.00	1,148,500.00	510,000	98,850.00	608,850.00	-	-	-
2039	945,000	203,500.00	1,148,500.00	525,000	83,550.00	608,550.00	-	-	-
2040	990,000	156,250.00	1,146,250.00	540,000	67,800.00	607,800.00	-	-	-
2041	1,040,000	106,750.00	1,146,750.00	555,000	51,600.00	606,600.00	-	-	-
2042	1,095,000	54,750.00	1,149,750.00	575,000	34,950.00	609,950.00	-	-	-
2043	-	-	-	590,000	17,700.00	607,700.00	-	-	-
TOTALS	$ 15,950,000	$ 9,308,093.75	$ 25,258,093.75	$ 17,065,000	$ 7,406,350.00	$24,471,350.00	$ 980,000	$ 217,200.00	$ 1,197,200.00

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

"EMMA" shall mean Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" – shall mean "financial obligation" as such term is defined in the Rule.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Holder" shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

"Issuer" shall mean the **Ballston Spa Central School District, Saratoga County, New York.**

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of September 17, 2020.

"Rule 15c2-12" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

"Securities" shall mean the Issuer's $2,888,000 Bond Anticipation Note – 2020 Series B and the $3,000,000 Bond Anticipation Note – 2020 Series C, dated September 17, 2020, maturing on September 17, 2021, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

(7) modifications to rights of Securities holders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Securities, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Note holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

With respect to events (15) and (16), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 17, 2020.**

BALLSTON SPA CENTRAL SCHOOL DISTRICT

By____

President of the Board of Education and Chief Fiscal Officer

BALLSTON SPA CENTRAL SCHOOL DISTRICT
SARATOGA COUNTY, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2019

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

CONTENTS

WEST & COMPANY CPAs PC

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ballston Spa Central School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Ballston Spa Central School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total other post-employment benefits liability and related ratios and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 10 and pages 45 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information on pages 50 through 52, as described in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
September 18, 2019

BALLSTON SPA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2019

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, 2019. 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 2019 are as follows:

- Net position of the District decreased $5,192,869 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 $1,928,287 due to short-term debt issuances in advance of permanent financing. The deficit will be eliminated when the BANs are redeemed or converted to permanent financing.
- The School District's bonds payable totaled $46,738,405 at the end of the fiscal year, a decrease of $4,706,595.
- 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 $3,282,140. This amount does not exceed the limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The remaining statements are *fund* financial statements that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the *District-wide* statements. The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.

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

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

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

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

		Fund Financial Statements	
	District-Wide	**Governmental Funds**	**Fiduciary Funds**
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as instruction and special education	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

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

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

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

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, 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 two kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the Ballston Spa Central School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $109,295,621 at the close of the current fiscal year.

Table A-2

Condensed Statement of Net Position

	Fiscal Year 2019	Fiscal Year 2018	% Change (Incr.; - Decr.)
Assets			
Current and other assets	$ 28,078,094	$ 25,383,232	11
Capital assets - net	94,473,891	98,504,098	-4
Total Assets	122,551,985	123,887,330	-1
Deferred Outflows of Resources	27,268,030	29,627,211	-8
Liabilities			
Current liabilities	4,182,520	3,487,860	20
Long-term liabilities	214,480,575	224,803,753	-5
Total Liabilities	218,663,095	228,291,613	-4
Deferred Inflows of Resources	40,452,541	29,325,680	38
Net Position			
Net investment in capital assets	42,438,937	41,846,945	1
Restricted	12,441,076	13,266,972	-6
Unrestricted	(164,175,634)	(159,216,669)	-3
Total Net Position	$(109,295,621)	$(104,102,752)	-5

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 2019 revenue was $96,894,817 (see Table A-3). Property taxes and New York State aid accounted for the majority of revenue by contributing 51.9% and 33.8% 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 $102,087,686 for 2019. These expenses (81.1%) 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 15.3% of total costs.

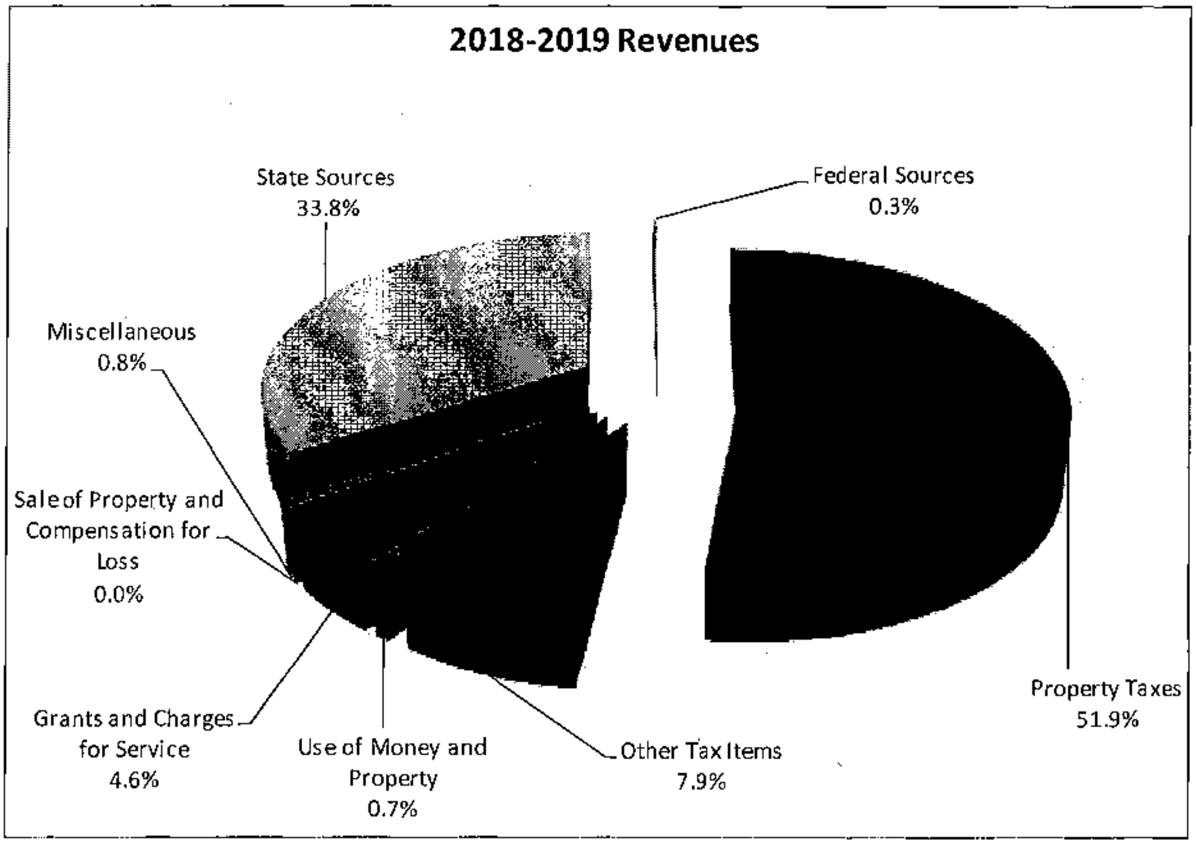
Net position decreased during the year by $5,192,869.

Table A-3

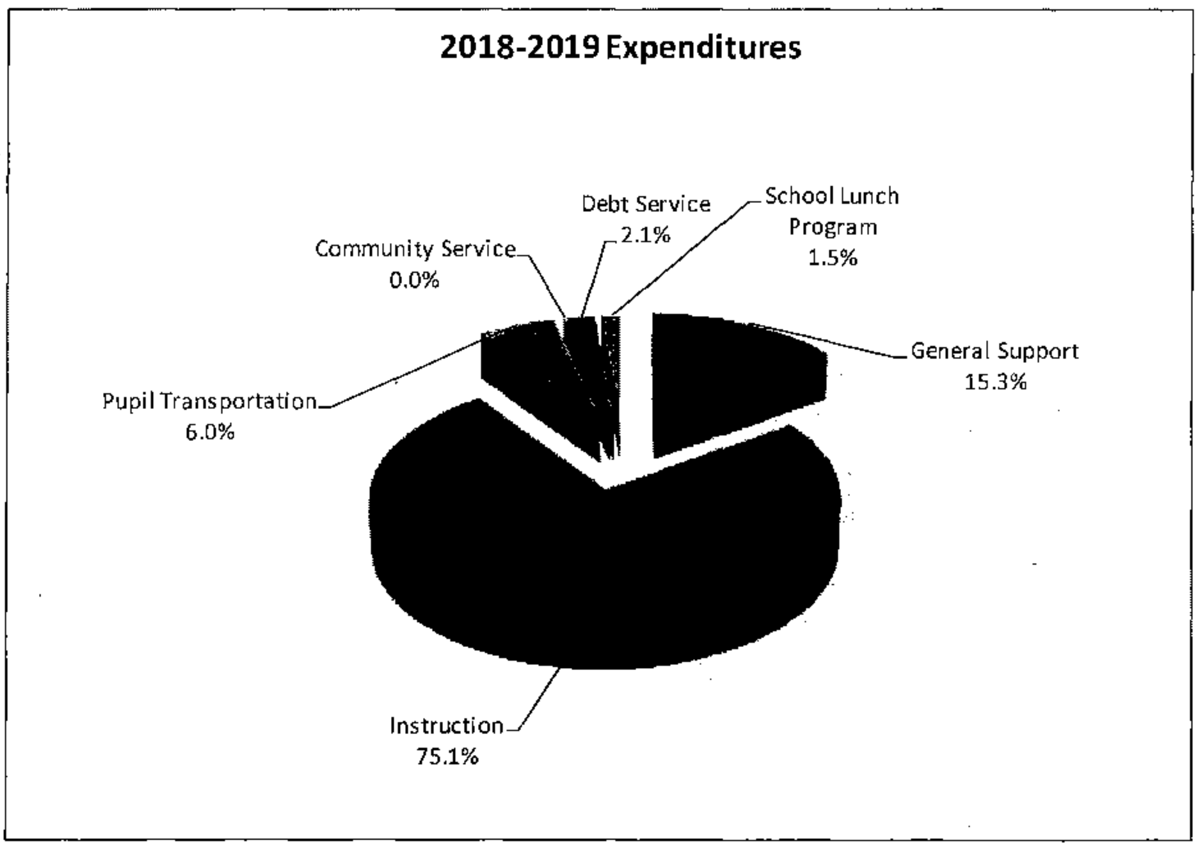
Changes in Net Position from Operating Results

	Fiscal Year 2019	Fiscal Year 2018	% Change Incr.; - Decr.)
Revenues			
Program Revenues			
Charges for services	$ 1,939,461	$ 1,899,830	2
Operating grants and contributions	2,478,877	2,310,365	7
General Revenues			
Property taxes	57,978,505	57,014,628	2
State sources	32,709,079	31,939,106	2
Federal sources	265,965	144,758	84
Use of money and property	663,617	232,990	185
Sale of property and compensation for loss	5,646	25,069	-77
Miscellaneous	853,667	832,207	3
Total Revenues	96,894,817	94,398,953	3
Expenses			
General support	15,581,352	13,770,258	13
Instruction	76,592,545	72,986,769	5
Transportation	6,166,290	5,848,571	5
Community service	25,753	30,825	-16
Debt service	2,194,781	2,353,268	-7
Cost of sales – Lunch Program	1,526,965	1,429,343	7
Total Expenses	102,087,686	96,419,034	6
Total Change in Net Position	$ (5,192,869)	$ (2,020,081)	-157

REVENUES – TABLE A–4



EXPENDITURES – TABLE A–5



Governmental Activities

Revenue for the School District's governmental activities totaled $96,894,817 while total expenses were $102,087,686. Accordingly, net position decreased by $5,192,869.

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 2019	Total Cost of Services 2018	% Change (Incr.; -Decr.)	Net Cost of Services 2019	Net Cost of Services 2018	% Change (Incr.; -Decr.)
General support	$ 15,581,352	$ 13,770,258	13%	$ 15,581,352	$ 13,770,258	13%
Instruction	76,592,545	72,986,769	5%	73,521,879	70,029,391	5%
Pupil transportation	6,166,290	5,848,571	5%	6,166,290	5,848,571	5%
Community service	25,753	30,825	-16%	25,753	30,825	-16%
Debt service - interest	2,194,781	2,353,268	-7%	2,194,781	2,353,268	-7%
Cost of sales - lunch program	1,526,965	1,429,343	7%	179,293	176,526	2%
Totals	$102,087,686	$ 96,419,034	6%	$ 97,669,348	$ 92,208,839	6%

- The cost of all governmental activities for the year was $102,087,686.
- The users of the School District's programs financed $1,939,461 of the costs.
- The federal and state government grants financed $2,478,877.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

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

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of this fund was $15,586,402, of which $3,282,140 (or 3.57% of the ensuing year's budget) was unassigned.

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

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

General Fund Budgetary Highlights

The change from the original budget to the final budget was an increase of $2,380,110. Actual revenues were above budgetary expectations by $1,272,463.

Actual expenditures and other financing uses were $653,292 less than the final budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2019, the School District had $94,473,891 (net of depreciation) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

Capital Assets (Net of Depreciation)

	Fiscal Year 2019	Fiscal Year 2018
Land, buildings and improvements	$ 152,544,678	$ 152,544,678
Machinery and equipment, vehicles	19,428,336	19,234,334
Accumulated depreciation	(77,499,123)	(73,274,914)
Totals	$ 94,473,891	$ 98,504,098

Long-Term Debt

As of June 30, 2019, the School District had $210,844,784 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

	Fiscal Year 2019	Fiscal Year 2018
General obligation bonds (financed with property taxes)	$ 49,695,391	$ 54,553,625
All other debt	161,149,393	168,370,476
Totals	$ 210,844,784	$ 222,924,101

During 2019, the School District paid down its debt by retiring $4,706,595 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, 2019

ASSETS	
Cash	
Unrestricted	$ 8,306,512
Restricted	12,327,103
Receivables	
State and federal aid	3,159,687
Due from fiduciary funds	153,446
Due from other governments	35,394
Other receivables	175,309
Inventories	18,964
Net pension asset - proportionate share	3,901,679
Capital assets, net of depreciation	94,473,891
Total Assets	122,551,985
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	22,040,585
Other post-employment benefits	5,227,445
Total Deferred Outflows of Resources	27,268,030
LIABILITIES	
Payables	
Accounts payable	810,855
Accrued liabilities	378,554
Accrued interest payable	148,977
Unearned grant revenue	51,455
Due to fiduciary funds	70,831
Due to other governments	848
Bond anticipation notes payable	2,721,000
Long-term liabilities	
Due and payable within one year	
Due to Employees' Retirement System	371,198
Due to Teachers' Retirement System	4,028,930
Bonds payable	2,430,000
Due and payable after one year	
Bonds payable	44,308,405
Other post-employment benefits	160,178,286
Workers' compensation payable	336,675
Net pension liability - proportionate share	2,192,649
Compensated absences payable	634,432
Total Liabilities	218,663,095
DEFERRED INFLOWS OF RESOURCES	
Pensions	5,810,980
Other post-employment benefits	31,684,575
Deferred bond premium	2,956,986
Total Deferred Inflows of Resources	40,452,541
NET POSITION	
Net investment in capital assets	42,438,937
Restricted	
Employee benefit accrued liability reserve	100,000
Reserve for debt service	1,726,076
Unemployment insurance reserve	190,000
Retirement contribution reserve fund - ERS	2,700,000
Retirement contribution reserve fund - TRS	550,000
Workers' compensation reserve fund	1,350,000
Capital reserve	5,825,000
Unrestricted	(164,175,634)
Total Net Postion	$ (109,295,621)

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, 2019

	Expenses	Program Revenues Charges for Services	 Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 15,581,352	$ 0	$ 0	$ (15,581,352)
Instruction	76,592,545	(1,344,959)	(1,725,707)	(73,521,879)
Pupil transportation	6,166,290	0	0	(6,166,290)
Debt service	2,194,781	0	0	(2,194,781)
Community service	25,753	0	0	(25,753)
School lunch program	1,526,965	(594,502)	(753,170)	(179,293)
Total Functions and Programs	$102,087,686	$ (1,939,461)	$ (2,478,877)	(97,669,348)
GENERAL REVENUES				
Real property taxes				50,322,625
Other tax items				7,655,880
Use of money and property				663,617
Sale of property and compensation for loss				5,646
Miscellaneous				853,667
State sources				32,709,079
Federal sources				265,965
Total General Revenues				92,476,479
CHANGE IN NET POSITION				(5,192,869)
TOTAL NET POSITION - BEGINNING OF YEAR				(104,102,752)
TOTAL NET POSITION - END OF YEAR				$ (109,295,621)

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	General	Special Aid	School Lunch	Debt Service	Capital	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 7,421,321	$ 107,553	$ 396,201	$ 0	$ 381,437	$ 8,306,512
Restricted	10,715,000	0	0	1,612,103	0	12,327,103
Due from other funds	2,145,043	981,055	24,636	140,000	525,000	3,815,734
Due from fiduciary funds	153,446	0	0	0	0	153,446
State and federal aid receivable	1,968,617	1,134,724	56,346	0	0	3,159,687
Due from other governments	35,394	0	0	0	0	35,394
Other receivables	175,309	0	0	0	0	175,309
Inventories	0	0	18,964	0	0	18,964
TOTAL ASSETS	$ 22,614,130	$ 2,223,332	$ 496,147	$ 1,752,103	$ 906,437	$ 27,992,149
LIABILITIES						
Accounts payable	$ 508,660	$ 96,336	$ 92,135	$ 0	$ 113,724	$ 810,855
Accrued liabilities	377,402	411	741	0	0	378,554
Unearned revenues	260	25,880	25,315	0	0	51,455
Due to other funds	1,670,447	2,100,705	18,555	26,027	0	3,815,734
Due to fiduciary funds	70,831	0	0	0	0	70,831
Bond anticipation notes payable	0	0	0	0	2,721,000	2,721,000
Due to other governments	0	0	848	0	0	848
Due to Employees' Retirement System	371,198	0	0	0	0	371,198
Due to Teachers' Retirement System	4,028,930	0	0	0	0	4,028,930
Total Liabilities	7,027,728	2,223,332	137,594	26,027	2,834,724	12,249,405
FUND BALANCE						
Nonspendable						
Inventory	0	0	18,964	0	0	18,964
Restricted						
Employee benefit accrued liability reserve	100,000	0	0	0	0	100,000
Reserve for debt service	0	0	0	1,726,076	0	1,726,076
Unemployment insurance reserve	190,000	0	0	0	0	190,000
Retirement contribution reserve fund - ERS	2,700,000	0	0	0	0	2,700,000
Retirement contribution reserve fund - TRS	550,000	0	0	0	0	550,000
Workers' compensation reserve fund	1,350,000	0	0	0	0	1,350,000
Capital reserve	5,825,000	0	0	0	0	5,825,000
Assigned	1,589,262	51,321	339,589	0	100,000	2,080,172
Unassigned	3,282,140	(51,321)	0	0	(2,028,287)	1,202,532
Total Fund Balance	15,586,402	0	358,553	1,726,076	(1,928,287)	15,742,744
TOTAL LIABILITIES AND FUND BALANCE	$ 22,614,130	$ 2,223,332	$ 496,147	$ 1,752,103	$ 906,437	$ 27,992,149

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, 2019

Total fund balance - governmental funds balance sheet (page 13)	$ 15,742,744
Add:	
Net pension asset - proportionate share	3,901,679
Pensions	22,040,585
Land, building and equipment, net of accumulated depreciation	94,473,891
Total	120,416,155
Deduct:	
Compensated absences	634,432
Other post-employment benefits	186,635,416
Net pension liability - proportionate share	2,192,649
Pensions	5,810,980
Accrued interest payable	148,977
Workers' compensation payable	336,675
Deferred bond premium	2,956,986
Bonds payable	46,738,405
Total	245,454,520
NET POSITION, GOVERNMENTAL ACTIVITIES	$ (109,295,621)

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	General	Special Aid	School Lunch	Debt Service	Capital	Total Governmental Funds
REVENUES						
Real property taxes	$ 50,322,625	$ 0	$ 0	$ 0	$ 0	$ 50,322,625
Other tax items	7,655,880	0	0	0	0	7,655,880
Charges for services	1,344,959	0	0	0	0	1,344,959
Use of money and property	617,425	0	220	45,615	357	663,617
Sale of property and compensation for loss	5,646	0	0	0	0	5,646
Miscellaneous	825,540	3,611	12,022	24,516	0	865,689
State sources	31,137,301	1,571,778	23,767	0	0	32,732,846
Federal sources	265,965	1,725,707	643,545	0	0	2,635,217
Surplus food	0	0	73,836	0	0	73,836
Sales - school lunch	0	0	594,502	0	0	594,502
Total Revenues	92,175,341	3,301,096	1,347,892	70,131	357	96,894,817
EXPENDITURES						
General support	10,243,475	0	27,441	0	0	10,270,916
Instruction	47,522,336	2,831,050	0	0	0	50,353,386
Pupil transportation	3,959,811	143,021	0	0	0	4,102,832
Community service	25,753	0	0	0	0	25,753
Employee benefits	21,712,514	466,749	2,099	0	0	22,181,362
Debt service						
Principal	852,000	0	0	4,706,595	0	5,558,595
Interest	33,305	0	0	2,307,276	0	2,340,581
Cost of sales	0	0	1,267,204	0	0	1,267,204
Capital outlay	0	0	0	0	2,301,566	2,301,566
Total Expenditures	84,349,194	3,440,820	1,296,744	7,013,871	2,301,566	98,402,195
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,826,147	(139,724)	51,148	(6,943,740)	(2,301,209)	(1,507,378)
OTHER FINANCING SOURCES AND USES						
Operating transfers in	0	139,724	24,635	6,987,844	1,525,000	8,677,203
Operating transfers (out)	(8,677,203)	0	0	0	0	(8,677,203)
BANs redeemed from appropriations	0	0	0	0	852,000	852,000
Total Other Sources (Uses)	(8,677,203)	139,724	24,635	6,987,844	2,377,000	852,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	(851,056)	0	75,783	44,104	75,791	(655,378)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	16,437,458	0	282,770	1,681,972	(2,004,078)	16,398,122
FUND BALANCE (DEFICIT) - END OF YEAR	$ 15,586,402	$ 0	$ 358,553	$ 1,726,076	$ (1,928,287)	$ 15,742,744

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, 2019

REVENUES		
Governmental funds		$ 96,894,817
EXPENDITURES	$ 98,402,195	
Add:		
Depreciation	4,936,223	
Accrued interest	148,977	
Increase in other post-employment benefits	5,954,744	
	11,039,944	
Deduct:		
Principal payments of long-term debt	4,706,595	
Amortization of bond premium	151,639	
Pensions	564,567	
Prior year accrued interest	143,138	
BANs redeemed from appropriations	852,000	
Decrease in claims payable	4,264	
Decrease in compensated absences	26,234	
Change in fixed assets	906,016	
	7,354,453	
EXPENDITURES - STATEMENT OF ACTIVITIES		102,087,686
CHANGE IN NET POSITION		$ (5,192,869)

See notes to basic financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	Private Purpose Trust	Agency
ASSETS		
Cash	$ 46,779	$ 372,591
Due from governmental funds	0	70,831
Total Assets	$ 46,779	$ 443,422
LIABILITIES		
Due to governmental funds	$ 0	$ 153,446
Extraclassroom activity balances	0	119,870
Other liabilities	0	170,106
Total Liabilities	0	$ 443,422
NET POSITION	$ 46,779	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2019

ADDITIONS	
Interest	$ 136
Gifts and contributions	32,547
Total Additions	32,683
DEDUCTIONS	
Scholarships and awards	22,414
Change in Net Position	10,269
NET POSITION - BEGINNING OF YEAR	36,510
NET POSITION - END OF YEAR	$ 46,779

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

i) Extraclassroom Activity Funds

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

B. Joint Venture

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

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

B. Joint Venture – (Continued)

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

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

During the year, the District was billed $5,320,064 for BOCES administrative and program costs.

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

The District's share of BOCES aid amounted to $1,137,349.

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

C. Basis of Presentation

1. District-Wide Statements

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

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

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

2. Funds Statements

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

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

C. Basis of Presentation – (Continued)

2. Fund Statements – (Continued)

The District reports the following major governmental funds:

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

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

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

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

The District reports the following fiduciary funds:

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

There are two classes of fiduciary funds:

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

E. Property Taxes

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

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

F. Restricted Resources

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

G. Interfund Transactions

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

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

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

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

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, 2019 is $-0-.

K. Inventories and Prepaid Items

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

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

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

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:

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

M. Deferred Outflows and Inflows of Resources

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

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

M. 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, 2019, 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, 2019 for ERS and June 30, 2018 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.

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
District's proportionate share of the net pension asset (liability)	$ (2,192,649)	$ 3,901,679
District's portion of the Plan's total net pension asset (liability)	0.0309464%	0.215769%
District's proportion since the prior measurement date	0.0004716%	0.000578%

For the year ended June 30, 2019, the District's recognized pension expense of $1,172,389 for ERS and $3,831,588 for TRS. At June 30, 2019 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 431,779	$ 2,915,693	$ 147,188	$ 528,146
Changes of assumptions	551,142	13,638,927	0	0
Net difference between projected and actual earnings on pension plan investments	0	0	562,755	4,331,161
Changes in proportion and differences between the District's contributions and proportionate share of contributions	21,976	278,282	99,309	142,421
District's contributions subsequent to the measurement date	371,198	3,831,588	0	0
Total	$ 1,376,095	$ 20,664,490	$ 809,252	$ 5,001,728

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

M. 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 June 30, 2020. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended:	ERS	TRS
2020	$ 424,413	$ 2,690,943
2021	(461,854)	315,766
2022	(56,564)	2,681,750
2023	289,649	1,786,919
2024	0	409,265
Thereafter	0	0

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	4.2%	1.9% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's experience	July 1, 2009 - June 30, 2014 System's experience
Inflation rate	2.5%	2.25%
Cost of living adjustments	1.3%	1.5%

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

For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 through March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

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

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

Actuarial Assumptions – (Continued)

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

	ERS	TRS
Measurement date	March 31, 2019	June 30, 2018
Asset type		
Domestic equity	4.55%	5.8%
International equity	6.35	7.3
Global equities	0	6.7
Real estate	5.55	4.9
Domestic fixed income securities	0	1.3
Global fixed income securities	0	0.9
High-yield fixed income securities	0	3.5
Mortgages	0	2.8
Private debt	0	6.8
Short-term	0	0.3
Private equity/alternative investments	7.50	8.9
Absolute return strategies	3.75	0
Opportunistic portfolio	5.68	0
Bonds and mortgages	1.31	0
Cash	(0.25)	0
Inflation index bonds	1.25	0
Real assets	5.29	0

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS and 6.25% for TRS) or 1 percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

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

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

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

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension asset (liability)	$ (9,586,613)	$ (2,192,649)	$ 4,018,805

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension asset (liability)	$ (26,805,170)	$ 3,901,679	$ 29,625,485

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)		
	ERS	**TRS**	**Total**
Measurement date	March 31, 2019	June 30, 2018	
Employers' total pension asset (liability)	$ (189,803,429)	$ (118,107,253)	$ (307,910,682)
Plan fiduciary net position asset (liability)	182,718,124	119,915,518	302,633,642
Employers' net pension asset (liability)	(7,085,305)	1,808,265	(5,277,040)
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	96.27%	101.53%	98,29%

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, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to $371,198.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 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, 2019 amount to $4,028,930.

Additional pension information can be found in Note 9.

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

N. Unearned Revenue

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

O. Vested Employee Benefits

Compensated Absences

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

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

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

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

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

P. Other Benefits

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

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

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

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

Q. Short-Term Debt

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

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

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

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

R. Accrued Liabilities and Long-Term Obligations

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

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

S. Equity Classifications

District-Wide 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, constructions or improvements of those assets.

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

S. Equity Classifications – (Continued)

District-Wide Statements – (Continued)

ii) Restricted Net Position

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

iii) Unrestricted Net Position

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

Funds Statements

In the fund basis statements there are five 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 $18,964.

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.

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

S. **Equity Classifications – (Continued)**

Funds Statements – (Continued)

2. **Restricted – (Continued)**

Currently Utilized by the District: – (Continued)

Unemployment Insurance

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

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Under the new amendments to General Municipal Law§6-r, the Board of Education, by resolution, can establish a sub-fund within its retirement contribution reserve fund to finance retirement contributions to the New York State Teacher Retirement System. In addition, the amount of monies contributed annually to the sub-fund cannot exceed 2%, nor can the balance of the sub-fund exceed 10% of the compensation or salaries of the TRS members during the immediate preceding fiscal year. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Workers' Compensation

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

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

S. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Capital

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

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, 2019.

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, the 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 definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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

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

S. Equity Classifications – (Continued)

Funds Statements – (Continued)

Order of Use of Fund Balance

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

T. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2019, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019. This statement establishes criteria for determining the timing and pattern of recognition of liability and corresponding deferred outflow of resources for asset retirement obligations.

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the year ending June 30, 2019. This statement establishes new disclosure requirements related to debt.

U. Future Changes in Accounting Standards

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2020. This statement establishes criteria for identifying fiduciary activities.

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2021. This statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as appropriate.

GASB has issued Statement No. 89, *Accounting Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2021. This statement requires that interest cost incurred during construction be expensed in that period rather than being included in the cost of the capital asset.

GASB has issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2020. This statement requires the reporting of majority equity interests which meet the definition of an investment at fair value and requires the reporting of majority equity interests which do not meet the definition of an investment as a component unit.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2022. This statement provides a single method of reporting conduit debt obligations by issuers.

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

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

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

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

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

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 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.

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 $14,038 in gifts and donations along with $2,075,959 of appropriated reserves.

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 $1,928,287. This will be funded when the District obtains permanent financing for its current construction project.

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

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

As of June 30, 2019, all District bank balances were collateralized with a third-party bank with the collateral held in the District's name.

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

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	9,806,774

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 $12,327,103 within the governmental funds and $419,370 within the fiduciary funds.

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

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

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 1,541,204	$ 0	$ 0	$ 1,541,204
Total nondepreciable historical cost	1,541,204	0	0	1,541,204
Capital assets that are depreciated:				
Buildings and improvements	151,003,474	0	0	151,003,474
Machinery and equipment	11,575,113	113,022	48,525	11,639,610
Vehicles	7,659,221	935,749	806,244	7,788,726
Total depreciable historical cost	170,237,808	1,048,771	854,769	170,431,810
Less accumulated depreciation:				
Buildings, machinery and equipment	73,274,914	4,936,223	712,014	77,499,123
Total accumulated depreciation	73,274,914	4,936,223	712,014	77,499,123
Net depreciable historical cost	96,962,894	(3,887,452)	142,755	92,932,687
GRAND TOTAL	$ 98,504,098	$ (3,887,452)	$ 142,755	$ 94,473,891

Depreciation was allocated to the following programs as follows:

General support	$ 767,828
Instruction	3,774,376
Pupil transportation	296,818
School lunch program	97,201
TOTAL	$ 4,936,223

NOTE 6 – SHORT-TERM DEBT

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

Interest paid	$ 59,332
Less interest accrued in the prior year	(45,840)
Add interest accrued in the current year	63,515
TOTAL	$ 77,007

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	9/21/2018	2.25%	$ 2,637,000	$ 0	$ 2,637,000	$ 0
BAN	9/20/2019	3.00%	0	2,721,000	0	2,721,000
TOTALS			$ 2,637,000	$ 2,721,000	$ 2,637,000	$ 2,721,000

NOTE 7 – LONG-TERM DEBT

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

Interest paid	$ 2,281,249
Less interest accrued in the prior year	(97,298)
Add interest accrued in the current year	85,462
TOTAL EXPENSE	$ 2,269,413

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds and notes payables	$ 51,445,000	$ 0	$ 4,706,595	$ 46,738,405	$ 2,430,000
Plus - unamortized bond premium	3,108,625	0	151,639	2,956,986	0
Other liabilities:					
Other post-employment benefits	167,368,871	0	7,190,585	160,178,286	0
Claims payable	340,939	0	4,264	336,675	0
Compensated absences, net	660,666	0	26,234	634,432	0
TOTAL LONG-TERM LIABILITIES	$ 222,924,101	$ 0	$ 12,079,317	$ 210,844,784	$ 2,430,000

NOTE 7 – LONG-TERM DEBT – (CONTINUED)

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

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

Description of Issue	Serial Bond	Serial Bond	Serial Bond	Serial Bond	Serial Bond
Issue date	2005	2016	2018	2012	2014
Final maturity	2025	2043	2033	2032	2042
Interest rate	3.800%	2-5%	2.75-3%	2-3.25%	3-5%
Outstanding at year end	$ 1,785,000	$ 17,810,000	$ 1,038,405	$ 2,170,000	$ 23,935,000

	Principal	Interest	Total
Fiscal year ended June 30:			
2020	$ 2,430,000	$ 2,073,824	$ 4,503,824
2020	2,550,000	1,960,189	4,510,189
2021	2,665,000	1,840,924	4,505,924
2022	2,795,000	1,716,710	4,511,710
2023	2,925,000	1,586,086	4,511,086
Thereafter	33,373,405	10,859,681	44,233,086
TOTALS	$ 46,738,405	$ 20,037,414	$ 66,775,819

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:

	2019	2018
Balance - beginning of year	$ 340,939	$ 258,280
Provision for claims and claims adjustment expenses	221,384	328,059
Claims and claims adjustment expenses paid	(225,648)	(245,400)
Balance - end of year	$ 336,675	$ 340,939

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 2,298,489	$ 1,741,278	$ 0	$ 8,677,203
Special Aid Fund	981,055	2,100,705	139,724	0
School Lunch Fund	24,636	18,555	24,635	0
Debt Service Fund	140,000	26,027	6,987,844	0
Capital Projects Fund	525,000	0	1,525,000	0
Total Governmental Activities	3,969,180	3,886,565	8,677,203	8,677,203
Fiduciary Agency Fund	70,831	153,446	0	0
TOTALS	$ 4,040,011	$ 4,040,011	$ 8,677,203	$ 8,677,203

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.

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:

	NYSTRS	NYSERS
2019	$ 3,831,588	$ 1,172,389
2018	3,437,884	1,160,100
2017	3,980,212	1,099,420

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District did not exercise.

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

Additional pension information can be found in Note 1 M.

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	606
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	691
Total	1,297

Total OPEB Liability:

The District's total OPEB liability of $160,178,286 was measured as of July 1, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 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	3.87%
Healthcare Cost Trend Rates	8.0% for 2019, decreasing 0.5% per year to an ultimate rate of 5.0% for 2025 and later years.

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

Actuarial Assumptions and Other Inputs – (Continued)

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 using Scale MP-2017 to account for mortality improvement.

Changes in the Total OPEB Liability:

Balance at June 30, 2018	$ 167,368,871
Changes for the year:	
Service cost	6,797,453
Interest	6,056,280
Changes in benefit terms	0
Differences between expected and actual experience	(7,632,100)
Changes in assumptions or other inputs	(7,337,028)
Benefit payments	(5,075,190)
Net changes	(7,190,585)
Balance at June 30, 2019	$ 160,178,286

Changes in assumptions and other inputs reflect a change in the discount rate from 3.60% in 2018 to 3.87% in 2019.

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 (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 175,694,186	$ 160,178,286	$ 142,665,229

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 (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rate:

	1% Decrease (7.0% Decreasing to 4.0%)	Healthcare Cost Trend Rates (8.0% Decreasing to 5.0%)	1% Increase (9.0% Decreasing to 6.0%)
Total OPEB Liability	$ 142,779,215	$ 160,178,286	$ 175,371,600

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

For the year ended June 30, 2019, the District recognized negative OPEB expense of $5,954,744. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$(7,632,100)
Changes of assumptions or other inputs	0	(24,052,475)
Expected benefit payments subsequent to the measurement date	5,227,445	0
Total	$ 5,227,445	$(31,684,575)

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:	
2020	$ 1,684,760
2021	(3,542,685)
2022	(3,542,685)
2023	(3,542,685)
2024	(3,542,685)
Thereafter	(13,971,150)
Total	$ (26,457,130)

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, 2019 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 $68,371. The District received Payment in Lieu of Tax (PILOT) payment totaling $47,273.

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 $2,681,604. The District received Payment in Lieu of Tax (PILOT) payment totaling $7,458,225.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 18, 2019, the date of the issuance of the audit report. There were no issues to report that would have a material effect on the financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Revenues	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:				
Local Sources				
Real property taxes	$ 50,331,500	$ 50,331,500	$ 50,322,625	$ (8,875)
Real property tax items	7,665,000	7,665,000	7,655,880	(9,120)
Charges for services	1,279,160	1,279,160	1,344,959	65,799
Use of money and property	110,000	110,000	617,425	507,425
Sale of property and compensation for loss	0	0	5,646	5,646
Miscellaneous	465,000	479,037	825,540	346,503
Interfund transfers	300,000	300,000	0	(300,000)
Total Local Sources	60,150,660	60,164,697	60,772,075	607,378
State Sources	30,488,181	30,488,181	31,137,301	649,120
Federal Sources	250,000	250,000	265,965	15,965
Total Revenues and Other Financing Sources	90,888,841	90,902,878	92,175,341	$ 1,272,463

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, 2019

	Original Budget	Final Budget	Actual Expenditures	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under
EXPENDITURES					
General Support					
Board of Education	14,800	16,200	12,513	$ 0	$ 3,687
Central administration	264,862	285,362	283,811	0	1,551
Finance	684,471	702,916	662,961	19,000	20,955
Staff	571,411	530,736	515,977	0	14,759
Central services	7,219,092	7,720,901	7,235,793	395,628	89,480
Special items	915,232	1,559,271	1,532,420	0	26,851
Instructional					
Instruction, administration and improvements	3,455,316	3,251,703	3,203,354	400	47,949
Teaching regular school	26,745,671	27,246,234	26,928,640	146,718	170,876
Programs for children with handicapping conditions	9,933,240	10,337,234	10,279,768	4,025	53,441
Occupational education	719,000	719,000	717,416	0	1,584
Teaching - special school	160,492	141,742	122,621	0	19,121
Instructional media	2,312,300	2,335,306	2,269,354	1,940	64,012
Pupil services	3,941,947	4,045,578	4,001,183	12,140	32,255
Pupil Transportation	3,967,537	4,046,093	3,959,811	9,411	76,871
Community Services	31,675	27,925	25,753	0	2,172
Employee Benefits	22,850,150	21,739,850	21,712,514	0	27,336
Debt Service	885,306	885,306	885,305	0	1
Total Expenditures	84,672,502	85,591,357	84,349,194	589,262	652,901
Other Financing Uses					
Transfers to other funds	7,216,339	8,677,594	8,677,203	0	391
Total Expenditures and Other Uses	91,888,841	94,268,951	93,026,397	$ 589,262	$ 653,292
NET CHANGE IN FUND BALANCE	(1,000,000)	(3,366,073)	(851,056)		
FUND BALANCE – BEGINNING	16,437,458	16,437,458	16,437,458		
FUND BALANCE – ENDING	$ 15,437,458	$ 13,071,385	$ 15,586,402		

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Measurement Date	July 1, 2018	July 1, 2017
Total OPEB Liability		
Service cost	$ 6,797,453	$ 6,797,453
Interest	6,056,280	5,238,209
Change of benefit terms	0	0
Differences between expected and actual experience	(7,632,100)	0
Change of assumptions or other inputs	(7,337,028)	(18,386,991)
Benefit payments	(5,075,190)	(4,451,921)
Net change in total OPEB liability	(7,190,585)	(10,803,250)
Total OPEB Liability - beginning	167,368,871	178,172,121
Total OPEB Liability - ending	$160,178,286	$ 167,368,871
Covered-employee payroll	$ 43,438,936	$ 41,967,405
Total OPEB liability as a percentage of covered-employee payroll	368.74%	398.81%
Plan's fiduciary net position	$ 0	$ 0
Net OPEB Liability	$160,178,286	$ 167,368,871

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, 2019, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0309464%	0.0304748%	0.0305022%	0.0309306%	0.0306694%
District's proportionate share of the net pension liability (asset)	$ 2,192,649	$ 983,557	$ 2,866,051	$ 4,964,452	$ 1,036,087
District's covered-employee payroll	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	25.6%	11.9%	36.9%	66.3%	13.7%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%	97.9%

NYS Teachers' Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.215769%	0.215191%	0.215479%	0.221100%	0.217426%
District's proportionate share of the net pension liability (asset)	$ (3,901,679)	$ (1,635,668)	$ 2,307,867	$ (23,070,157)	$ (24,219,909)
District's covered-employee payroll	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	10.6%	4.6%	6.7%	68.1%	71.5%
Plan fiduciary net position as a percentage of the total pension liability (asset)	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, 2019, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,172,389	$ 1,160,100	$ 1,155,949	$ 1,176,178	$ 1,431,789
Contributions in relation to the contractually required contribution	1,172,389	1,160,100	1,155,949	1,176,178	1,431,789
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 8,578,935	$ 8,267,810	$ 7,772,745	$ 7,492,001	$ 7,565,051
Contribution as a percentage of covered-employee payroll	13.67%	14.03%	14.87%	15.70%	18.93%

NYS Teachers' Retirement System

	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,894,933	$ 3,506,294	$ 4,063,289	$ 4,494,817	$ 5,848,720
Contributions in relation to the contractually required contribution	3,894,933	3,506,294	4,063,289	4,494,817	5,848,720
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 36,675,452	$ 35,778,513	$ 34,669,705	$ 33,897,568	$ 33,878,105
Contribution as a percentage of covered-employee payroll	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, 2019

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

ADOPTED BUDGET	$ 91,888,841
ADDITIONS:	
Prior year's encumbrances	290,113
Appropriated reserves	2,075,959
Donations	14,038
FINAL BUDGET	$ 94,268,951

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2019

2019-2020 voter-approved expenditure budget	$ 92,030,147
Maximum allowed (4% of 2019-2020 budget)	3,681,206
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,589,262
Unassigned fund balance	3,282,140
Total unrestricted fund balance	4,871,402
Less:	
Appropriated fund balance	1,000,000
Encumbrances included in assigned fund balance	589,262
Total Adjustments	1,589,262
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	$ 3,282,140
Actual percentage	3.57%

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, 2019

			Expenditures				Methods of Financing			
Project Title	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	Local Sources	State Aid	Proceeds of Obligations	Fund Balances
Buses 2011-2012	$ 928,000	$ 928,000	$ 926,216	$ 0	$ 926,216	$ 1,784	$ 928,000	$ 0	$ 0	$ 1,784
Buses 2012-2013	834,000	834,000	827,107	0	827,107	6,893	834,000	0	0	6,893
Buses 2013-2014	890,000	890,000	883,712	0	883,712	6,288	890,000	0	0	6,288
Buses 2014-2015	890,000	890,000	867,124	0	867,124	22,876	705,000	0	0	(162,124)
Buses 2015-2016	866,000	866,000	859,902	0	859,902	6,098	496,000	0	0	(363,902)
Buses 2016-2017	788,000	788,000	764,923	0	764,923	23,077	303,000	0	0	(461,923)
Buses 2017-2018	907,000	907,000	897,016	0	897,016	9,984	162,000	0	0	(735,016)
Buses 2018-2019	936,000	936,000	0	935,750	935,750	250	0	0	0	(935,750)
Cap Improvements 4	568,000	568,000	553,746	0	553,746	14,254	435,551	100,000	0	(18,195)
Cap Improvements 5	503,000	503,000	502,184	0	502,184	816	0	0	500,000	(2,184)
Phase 1/2 Projects	58,200,000	58,200,000	55,449,047	0	55,449,047	2,750,953	1,630,000	1,425,085	52,971,011	577,049
District Wide Capital Project 2018	23,980,000	23,980,000	31,750	1,365,816	1,397,566	22,582,434	1,425,357	0	0	27,791
Middle School Fire	2,500,000	2,537,491	2,547,486	0	2,547,486	(9,995)	2,557,504	0	0	10,018
May 2016 Projects	1,100,000	1,100,000	1,079,016	0	1,079,016	20,984	0	0	1,100,000	20,984
Milton Terrace Vestibule	100,000	100,000	0	0	0	100,000	100,000	0	0	100,000
TOTALS	$ 93,990,000	$ 94,027,491	$ 66,189,229	$ 2,301,566	$ 68,490,795	$ 25,536,696	$ 10,466,412	$ 1,525,085	$ 54,571,011	$ (1,928,287)

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, 2019

CAPITAL ASSETS, NET		$ 94,473,891
ADD:		
Unspent BAN proceeds	$ 381,437	
DEDUCT:		
Bond anticipation note payable	2,721,000	
Unamortized bond premium	2,956,986	
Short-term portion of bonds payable	2,430,000	
Long-term portion of bonds payable	44,308,405	
		52,416,391
NET INVESTMENT IN CAPITAL ASSETS		$ 42,438,937

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, 2019

WEST & COMPANY
CPAs PC

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 18, 2019.

Internal Control Over Financial Reporting

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

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

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

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www.westcpapc.com

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
September 18, 2019

WEST COMPANY
CPAs PC

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

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

Report on Compliance for Each Major Federal Program

We have audited Ballston Spa Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of Ballston Spa Central School District's major federal programs for the year ended June 30, 2019. Ballston Spa Central School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Ballston Spa Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

WEST & COMPANY CPAs PC

Gloversville, New York
September 18, 2019

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through NYS Education Department:			
Special Education Cluster:			
Special Education - Grants to States	84.027	0032180816	$ 1,009,386
Special Education - Preschool Grants	84.173	0033190816	48,487
Special Education - Preschool Grants	84.173	0033180816	476
Total Special Education Cluster			1,058,349
Title I - Grants to Local Educational Agencies	84.010	0021182700	22,057
Title I - Grants to Local Educational Agencies	84.010	0021192700	462,547
Title I - Grants to Local Educational Agencies	84.010	0016192700	7,947
Total Title I - Grants to Local Educational Agencies			492,551
Improving Teacher Quality State Grants	84.367	0147182700	2
Improving Teacher Quality State Grants	84.367	0147192700	111,671
Total Improving Teacher Quality State Grants			111,673
Education for Homeless Children and Youth	84.196	0212193000	39,007
Education for Homeless Children and Youth	84.196	0212193050	16,946
Total Education for Homeless Children and Youth			55,953
Student Support and Academic Enrichment Program	84.424	0204192700	7,181
Total U.S. Department of Education			1,725,707
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through NYS Education Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	Not Applicable	73,836
Cash Assistance			
National School Lunch Program	10.555	Not Applicable	509,387
School Breakfast Program	10.553	Not Applicable	134,158
Total Child Nutrition Cluster			717,381
Total U.S. Department of Agriculture			717,381
TOTAL FEDERAL AWARDS EXPENDED			$ 2,443,088

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, 2019

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, 2019, the District had food commodities totaling $18,964 in inventory.

NOTE 3 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 4 – INDIRECT COST RATE

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

NOTE 5 – CLUSTERS

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

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

BALLSTON SPA CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

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:

Name of Federal Program	CFDA Number
National School Lunch Program - Direct	10.555
National School Lunch Program	10.555
School Breakfast Program	10.553

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, 2019

WEST COMPANY
CPAs PC

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Ballston Spa Central School District as of June 30, 2019, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

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

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the Ballston Spa Central School District as of June 30, 2019, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis of Accounting

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

WEST & COMPANY CPAs PC

Gloversville, New York
September 18, 2019

BALLSTON SPA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2019

ASSETS		
Cash	$	119,870
TOTAL ASSETS	$	119,870
LIABILITIES AND CLUB BALANCES		
Club balances	$	119,870
TOTAL LIABILITIES AND CLUB BALANCES	$	119,870

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, 2019

	Balance July 1, 2018	Receipts	Disbursements	Balance June 30, 2019
Senior High School:				
CSL	$ 16,547	$ 5,332	$ 4,963	$ 16,916
Music	2,868	27,406	25,477	4,797
Interact	875	0	875	0
NHS	1,998	1,110	784	2,324
Troupe	7,090	25,739	22,007	10,822
NYS sales tax	235	3,138	3,139	234
Book club	921	2,272	2,508	685
NCBI	935	724	711	948
Yearbook	11,567	15,933	16,278	11,222
Peer mentoring	293	686	603	376
Swing dance	656	3,230	2,067	1,819
Outdoor club	0	2,500	2,487	13
Environmental	594	0	0	594
Communications club	137	0	137	0
HS Ski	1,304	4,024	3,913	1,415
Biology club	167	0	0	167
Robotics club	3,015	14,561	14,690	2,886
Best Buddies	1,150	1,160	684	1,626
Anime/International	494	1,928	2,153	269
Class of 2019	6,513	34,920	41,433	0
Class of 2020	7,557	4,298	1,529	10,326
Class of 2021	3,205	10,211	4,203	9,213
Class of 2022	0	7,160	4,011	3,149
Science	2,507	4,714	6,098	1,123
Total Senior High School	70,628	171,046	160,750	80,924

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, 2019

	Balance July 1, 2018	Receipts	Disbursements	Balance June 30, 2019
Middle School:				
Drama	4,915	36,176	29,389	11,702
Environmental club	0	401	401	0
RAD-Respect Admirable Decisions	531	0	0	531
FCCLA	1,053	0	511	542
Service	269	1,570	1,753	86
Ski club	1,406	3,025	2,761	1,670
Student council	8,602	10,044	14,186	4,460
Yearbook	7,406	9,225	9,819	6,812
National JR Honor	2,378	4,511	3,012	3,877
Best Buddies	11	0	0	11
NYS sales tax	52	2,428	2,428	52
8th Grade	32	28,295	26,161	2,166
Total Middle School	26,655	95,675	90,421	31,909
Elementary School:				
MT Student council	591	10,223	10,661	153
MA Student council	1,065	8,806	8,897	974
GC Student council	9,395	13,013	17,044	5,364
WR Student council	106	26,198	25,758	546
Elementary schools	0	710	710	0
Total Elementary School	11,157	58,950	63,070	7,037
Total ECA Clubs	$ 108,440	$ 325,671	$ 314,241	$ 119,870

See note to financial statements.

BALLSTON SPA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTE TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

FORM OF BOND COUNSEL'S OPINION – SERIES B NOTES

September 17, 2020

The Board of Education of
Ballston Spa Central School District,
in the County of Saratoga, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Ballston Spa Central School District, (the "School District"), in the County of Saratoga, a school district of the State of New York and have examined a record of proceedings relating to the authorization, sale and issuance of the $2,888,000 Bond Anticipation Note – 2020 Series B (the "Note"), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Note for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Contemporaneously with the issuance of the Note, the School District expects to its issue its $2,888,000 Bond Anticipation Note-2020 Series B (the "Series B Note"). The Note is treated, together with the Series B Note, as a single issue for federal tax purposes. We are serving as bond counsel with respect to the issuance of the Series B Note. We expect to render our opinion with respect to the exclusion of interest on the Series B Note from gross income for Federal income tax purposes subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Note and the Series B Note to become subject to Federal income taxation retroactive to the respective dates of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

FORM OF BOND COUNSEL'S OPINION – SERIES C NOTES

September 17, 2020

The Board of Education of
Ballston Spa Central School District,
in the County of Saratoga, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Ballston Spa Central School District, (the "School District"), in the County of Saratoga, a school district of the State of New York and have examined a record of proceedings relating to the authorization, sale and issuance of the $3,000,000 Bond Anticipation Note – 2020 Series C (the "Note"), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Note for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Contemporaneously with the issuance of the Note, the School District expects to its issue its $3,000,000 Bond Anticipation Note-2020 Series C (the "Series C Note"). The Note is treated, together with the Series C Note, as a single issue for federal tax purposes. We are serving as bond counsel with respect to the issuance of the Series C Note. We expect to render our opinion with respect to the exclusion of interest on the Series C Note from gross income for Federal income tax purposes subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Note and the Series C Note to become subject to Federal income taxation retroactive to the respective dates of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,