



Boyertown Area School District, Pennsylvania

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Boyertown Area School District, Pennsylvania
For the Fiscal Year Ended June 30, 2017



Prepared by: Michael Taylor, CPA

BOYERTOWN AREA SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
List of Principal Officials	x
Boyertown Area School District Organizational Chart	xi
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements	
Entity-wide Financial Statements:	
- Statement of Net Position	13
- Statement of Activities	14
Fund Financial Statements:	
- Balance Sheet - Governmental Funds	15
- Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	16
- Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
- Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to Statement of Activities	18
- Budgetary Comparison Statement - General Fund	19
- Statement of Net Position - Proprietary Funds	20
- Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	21

BOYERTOWN AREA SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>PAGE</u>
- Statement of Cash Flows - Proprietary Funds	22
- Statement of Net Position - Fiduciary Funds	23
- Statement of Changes in Net Position - Fiduciary Fund	24
Notes to Financial Statements	25 - 53
Required Supplementary Information	
- Schedule of the District's Proportionate Share of the Net Pension Liability	54
- Schedule of District Contributions	55
- Schedule of Funding Progress for Postemployment Benefits Plan	56
Supplementary Information	
- Combining Balance Sheet – Nonmajor Governmental Funds	57
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	58
STATISTICAL SECTION	
Net Position by Components	60 - 61
Changes in Net Position	62 - 65
Fund Balances, Governmental Funds	66 - 67
Changes in Fund Balances, Governmental Funds	68
Tax Revenues by Source, Governmental Funds	69
Assessed Value and Actual Value of Taxable Property	70
Direct and Overlapping Property Tax Rates	71 - 72
Principal Property Taxpayers	73
Property Tax Levies and Collections	74

BOYERTOWN AREA SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>PAGE</u>
Ratio of Outstanding Debt by Type	75
Ratio of General Bonded Debt by Type	76
Direct and Overlapping Governmental Activities Debt	77
Legal Debt Margin Information	78
Demographic and Economic Statistics	79
Principal Employers	80
School Building Information	81
Operating Statistics	82
School Lunch Program	83
Professional Teaching Staff	84
Miscellaneous Statistics	85 - 86
SINGLE AUDIT SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87 - 88
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	89 - 90
Schedule of Expenditures of Federal Awards	91 - 92
Notes to Schedule of Expenditures of Federal Awards	93
Schedule of Findings and Recommendations	94 - 95

INTRODUCTORY SECTION



BOYERTOWN AREA SCHOOL DISTRICT EDUCATION CENTER

“to enable all students to succeed in a changing world”

January 12, 2018

To the Board of School Directors and the Citizens of Boyertown Area School District:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Boyertown Area School District, Pennsylvania, for the fiscal year ended June 30, 2017. The District's Business Office prepared this CAFR. Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. We believe the data as presented is accurate in all material respects. It is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain a clear understanding of the District's financial affairs have been included.

The organization, form, contents of this CAFR, the accompanying financial statements, and the statistical tables were prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA), the American Institute of Certified Public Accountants (AICPA), the Association of School Business Officials (ASBO), and the Public School Code of 1949, as amended, of the Commonwealth of Pennsylvania.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Boyertown Area School District's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

This CAFR includes all funds of the District, consistent with the guidance contained in GASB 14, *The Financial Reporting Entity*, GASB 39, *Determining Whether Certain Organizations Are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*. The criteria used by the District to evaluate whether additional entities should be included in the District's reporting entity as component units includes whether the District can impose its will on these entities and whether these entities bring the District financial benefit or burden.

A related organization excluded is the Berks Career and Technology Center (Vo-Tech). A joint board consisting of school directors from each member district runs the Vo-Tech. Each member district pays a share of the operating costs, debt, and approves the Vo-Tech's budget. Since the District cannot impose its will or have a voting majority, the Vo-Tech is considered a joint venture.

Local Economy

The Boyertown Area School District is situated on the northwestern edge of the greater Philadelphia suburban sprawl in southeastern Pennsylvania. About 45 miles northwest of Philadelphia, it is just 20 miles south of Allentown and 20 miles east of Reading, straddling the Montgomery-Berks County line. When it was formed as a jointure in 1953, it was one of the largest school districts in the State, covering nearly 100 square miles. It encompasses Colebrookdale, Douglass, Earl, and Washington Townships and the Boroughs of Bally, Bechtelsville, and Boyertown in Berks County plus the Townships of Douglass, New Hanover, and Upper Frederick in Montgomery County. The population in the District is over 40,000. With room for growth in the northern and eastern regions of the District, it is expected the population will increase in the future.

The District has been shifting from a predominance of farming and blue-collar homes to a suburban-type community. The preponderance of "new-comers" finds their employment outside the District boundaries in the King of Prussia, Exton, Allentown, or Reading areas. The fairly recent modernization of U.S. Route 422, a major artery into the Philadelphia area, which just barely brushes the southern edge of the District, has caused more rapid growth on the eastern, or Montgomery County, side. Pennsylvania Routes 100 and 73 provide the other major traffic arteries across the District.

Approximately 6,900 students in the District are educated in 10 modern buildings. Seven K-6 elementary schools funnel students into one of two 7-9 junior high schools. There is one senior high school serving grades 10, 11, and 12. Geographic size makes school bus transportation a fact of life for better than 90 percent of the student body at all levels, as presented by the map on the next page. The shaded area of the map is the area of the Boyertown Area School District. The blue line that circles the District represents the ten-mile radius beyond the District's boundaries. According to policy, the District "will provide transportation for resident students who attend non-public schools not operated for profit located within the District geographic boundaries or outside the boundaries via the nearest paved public highway when the distance does not exceed ten miles from the district boundaries."

Student population has been stable with variations less than 100 students per year. With the possibility of new home construction dependent on the economic climate, the student population is expected to increase.

The District's tax base had leveled due to the recessionary economy, but recent tax collection results reflect signs of recovery in the Boyertown housing market. New home construction on open land has slowed considerably from the growth experienced in the early 2000s, but the Montgomery County portion of the District has added an average of 100 new homes per year. Due to the real estate market decline, the District has experienced a moderate level of assessment appeals. The District has a delinquent tax program which mitigated the decrease in collections. In addition, socioeconomic indices for per capita income and property values are very favorable relative to other areas of the State.

It appears that there may be construction of one or more major retailers within the District's boundaries, although these plans have been slowed by the current economic conditions. There is a Walmart on Route 100 and a Giant grocery store near the intersection of Routes 100 and 73. Big Lots, a major retail operation, has replaced the vacancy left by an Ames department store more than a decade ago. The recent completion of a Wawa convenience store along Route 100 reflects the increased plan to add commercial business along this well-traveled corridor. These facilities have added value to the tax rolls as well as created new jobs for the local economy. The adverse effect of these major retailers would be that they could possibly put the local stores out of business and cause congestion on an already heavily traveled infrastructure. The plans for a shopping center expected to be constructed at Routes 73 and 663, tentatively housing a Home Improvement Warehouse and a major grocery store, are currently on hold. The growth of a local company, Gateway Ticketing, caused the entity to move into a newly completed building which is

the company's headquarters near the boundaries of the Montgomery-Berks County line. This multi-million dollar building has significantly added to the tax base of the District and is a very visible building along route 100.

Although the current economic downturn has affected the local economy, the unemployment rate in the District continues to be below the national average.



Long-term Financial Planning

The District has experienced moderate growth in student population over the last decade. A shift in population now has a majority of students attending from the eastern side of the District (Montgomery County), which is served by three of the District's 10 schools. To address overcrowding and to maintain

balanced classroom population, a redistricting plan has been implemented. Based on two commissioned demographic and facility feasibility studies performed in the 2011-2012 fiscal year, the District has developed a plan to handle projected student growth and mitigating capacity issues at the elementary school level. Several construction projects are either underway or are planned to start over the next two years. The expansion of the Boyertown Area Senior High School to accommodate grades 9 through 12 is the first scheduled project and commenced in February 2015 with a completion date scheduled for August 2017. Renovations to the Junior High West Center are scheduled to begin in May 2017 with the completion estimated for August 2018. Additions to Colebrookdale Elementary and a new elementary school in Montgomery County may be considered for the future. The District completed a guaranteed energy savings (GESA) program under Act 77 in which energy savings initiatives were installed at every building except the Senior High School and Junior High West. The projected utility savings over the next 20 years allowed the District to install complete air conditioning systems at both Gilbertsville and New Hanover-Upper Frederick Elementary, and partial air conditioning at the remainder of the elementary buildings. The complete air conditioning at these remaining buildings has the support of the School Board and is expected to be completed within the next few years.

The Commonwealth of Pennsylvania has addressed real estate tax reform through the passage of 2006 Special Session, Act 1. Each public school in the Commonwealth must abide by Act 1. The District had the opportunity to swap education funding from the current property tax method to an increased income tax through a voter referendum in May 2007, but the measure was soundly rejected. Act 1 also provides a published index that would allow school districts to raise taxes as needed up to the index before voter approval would be sought to approve tax increases above the index. Act 1 also provides for the distribution of gambling revenues to school districts for the purpose of lowering the property tax to qualified homeowners. Again, no additional funds would be received by the District for education. Currently, the State funds approximately 30 percent of the District's programs.

Cash Management Policies and Practices

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, obligations of U.S. instrumentalities, obligations of other governmental units within the Commonwealth of Pennsylvania, and in an investment pool. The maturities of investments range from six months to about five years. Investment income includes appreciation/depreciation in the fair value of investments. Increases in fair value during the year do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments, that the government intends to hold to maturity.

Risk Management

The District purchases commercial insurance for areas of potential losses. Additional information on the District's risk management activities can be found in Note 13 of the notes to the financial statements.

Effective July 1, 2010, the District began to self-insure the medical benefits of the District's employees. The District has stop-loss insurance which covers any single medical claim in excess of \$150,000. June 30, 2017 marked the seventh-year anniversary of the funding change, and the District has built a reserve amount of approximately \$7 million, which increased \$4 million over the last seven years. The composite premium rates have increased by an average of less than five percent over the seven-year period and has allowed the District to effectively manage the budgetary impact of healthcare. With the District assuming the risk of healthcare claims normally incurred by an insurance company, the costs of healthcare have been reasonably contained in comparison to the health industry's cost escalation.

Initiatives

Co-Curricular

The District is committed to a broad range of co-curricular activities for all students in grades kindergarten through twelfth grade. These programs range from athletics to music, theater and arts, service clubs, and various other clubs and programs. Present offerings include:

Music and Theater	Athletics	Service and School Clubs	
Band Front	Baseball	Academic Challenge	Math Club
Chamber Choir	Basketball	Activate Club	National Honor Society
Concert Choir	Cheerleading	All Sports Club	Newspaper
Jazz Ensemble	Cross Country	Arts / Crafts Club	Photography Club
Marching Band	Field Hockey	Builders Club	SADD – Students Against
Productions	Football	Chess Club	Destructive Decisions
Senior Class Play	Golf	Diversity Club	SAVE – Students Against
Orchestra	Lacrosse	FBLA – Future Business	Violation of the Earth
Treble Singers	Soccer	Leaders of America	Science Olympiad
Vocal Ensemble	Softball	FHCC – Future Health	Stage Crew
	Swimming	Career Club	Student Council
	Tennis	Games Club	TSA – Technology Student
	Track	Insight Club	Association
	Wrestling	Interact Club	Virtual Stock Market
		Japanese Garden	Yearbook Clubs
		Key Club	Yoga
		Leo Club	Youth/Model Government
		Library Club	

The District has strived to become a “No Place for Hate” District, being recognized as the first school district in the State to have all of the District’s 10 schools designated. Various diversity activities are held at the building and District levels.

Instructional Services

The District’s Instructional Program is divided into Elementary Education: grades K-6 at seven sites; Junior High School: grades 7-9 at two sites; Senior High School: grades 10-12 at one site. Responsibility for administration and instructional leadership of the individual schools in the District is entrusted to the following building principals for the 2016-2017 school year:

Boyertown Elementary School	Mr. Craig Kehl
Colebrookdale Elementary School	Mr. Michael Stoudt
Earl Elementary School	Dr. Sara Obarow
Gilbertsville Elementary School	Mrs. Stephanie Landis
New Hanover-Upper Frederick Elementary School	Mr. Brian Rohn
Pine Forge Elementary School	Mr. Stephan Pron
Washington Elementary School	Mr. Christopher J. Iacobelli
Junior High East	Mr. Andrew Ruppert
Junior High West	Mr. Gregory S. Galtere
Senior High School	Dr. Brett Cooper

The instructional program includes the following subject areas:

Art
Business Education
NJROTC
Family/Consumer Science
World Language
Reading/Language Arts/English
Library

Mathematics
Music
Science
Social Studies
Technology Education
Telecommunications
Health and Physical Education

All curricula indicate what the District expects students to know and to demonstrate as skills. Curriculums are provided to each teacher with additional copies at each building level. Curricula have been adopted based on Core State Academic Standards and are being implemented in each area. Curriculum information and our graduation requirements are available at individual buildings.

The District is very proud that all curricula have been written by teams of staff members to meet the various needs of today's learners. The District believes that, over the next five to six years, it must continue to focus attention on the evolving State Academic Standards and assure that the District's curriculum and instructional programs meet the needs of all students.

Remediation Program

In conjunction with State regulations, our District provides an intervention/remediation program for students in grades Kindergarten through twelve in all schools. The purpose of this program is to help students achieve State Academic Standards. The intervention/remediation program functions in various ways depending upon the grade level and individual needs of the students.

District Technology Program

The District submitted the State-mandated Technology Plan in September 2012. The three-year plan was a reporting mechanism used by the State to determine the uses of technology within the District, which allows them to track the changing technology trends in education. It is used by the District as a blueprint for future technology implementation. The submission of a technology plan to the State is currently not required. The following District technology initiatives have been completed or are currently being implemented:

- The implementation of 1 to 1 laptop programs in grades 6 - 12
- The implementation of 1 to 1 laptop/iPad program in grades K - 5
- The ongoing support of a Bring Your Own Technology (BYOT) program
- The integration of Single-Sign-On (SSO) across district applications
- The migration of onsite file and email storage to the cloud (Office 365 and G-Suite)
- The implementation of a Business Continuity (BC) and Disaster Recovery (DR) site
- The ongoing enhancement of cyber school curriculum and services for all students
- The purchase of software to support and enhance the curriculum
- The implementation of Virtual Private Network (VPN) access for faculty, staff, and students
- The implementation of family and community communication systems

The District will continue to replace and upgrade computer and tablet technologies in all schools in support of its 1 to 1 programs while ensuring anytime-anywhere access to curriculum, school, and district information. The continued purchase of software and online programs for curriculum areas and for instructional management is essential. Access to computers for teachers and the replacement and upgrade

of all technology will aid in instruction. Currently, the District has more than 8,200 computers and 2,500 iPads in place as well as peripherals, wired and wireless network, distance learning, television studios, and technology curriculums. The District delivers a Digital Citizenship curriculum and participates in the Children's Internet Protection Act established by the Federal Government. The Senior High actively participates in the Cyber Patriot program and competes on a national level.

Special Education Services

The Boyertown Area School District provides special education services and gifted support services to more than 1,719 students, or 25 percent of the total 6,898 student enrollment. Of this, the percentage of disabled students is 20 percent. The District has 310 gifted students – approximately four and a half percent of total enrollment. The number of students in out-of-district placements is approximately 88.

Special Education Programs in Boyertown serve students that are intellectually disabled, hearing impaired, speech/language impaired, visually impaired, learning disabled, emotionally disturbed, physically disabled, other health impaired, traumatic brain injured, autistic, and gifted. Each neighborhood school operates its own program with the exception of District life skills support, autistic support, and emotional support. Life skills support programs are offered at Colebrookdale Elementary School, Junior High East, and the Senior High School. Autistic support programs are offered at Washington Elementary School, Junior High West, and the Senior High School. Emotional support programs are offered at Boyertown Elementary School, Junior High East, and the Senior High School.

BASD Cyber-School

The Boyertown Area School District offers a cyber-school option to our students. This program is available to students in both our traditional schools but is also being utilized by students who had previously attended other cyber-school programs. This instructional opportunity is being offered to students to help meet individual instructional needs.

District Program of Assessment

The District has in place a standardized assessment system with a broad range of assessment instruments – Kindergarten through twelfth grade. This system is meant to be an addition to classroom and building assessments that are in place as part of the District's curriculums. The District uses standardized tests primarily to provide parents, teachers, and administrators with information to help diagnose skill and learning deficiencies for individual students. In addition, information from standardized test results, grouped by school, grade, and subject, are provided to the administration, the School Board, and to the public as a means of accountability and to focus discussion regarding additions and revisions to the instructional program.

Vocational/Technical Support

As part of its educational program, the District provides tenth, eleventh, and twelfth grade students with the opportunity to participate in vocational and technical education at the Berks Career and Technology Center (BCTC). The BCTC offers half-day classes in three-year vocational/technical programs, which prepare students for skilled work experiences after graduation and for future education in college or technical school programs. During the 2016-2017 school year, approximately 260 Boyertown Area School District students, or approximately 16 percent of the high school enrollment, attend BCTC East or West Campus. They participate in one of the following programs:

Auto Collision Repair Technology
Automotive Technology
Building Construction Occupations
Cabinetmaking
CAD
Carpentry
CIS-Applications
CIS-Programming
Commercial Art
Commercial Photography
Computer Information Services
Computerized Machine Technology
Cosmetology
Culinary Arts
Dental Occupations
Diesel Technology
Drafting Design Technology
Electrical Occupations
Electronic Technology

Health Occupations
Health Related Technology
Heavy Equipment Technology
Horticulture
HVAC/R
Machinist/Toolmaker
Masonry
Occupational Child Development
Painting and Decorating
Plumbing and Heating
Pre-Engineering
Pre-Vocational
Printing Technology
Protective Services
Recreational/Power Equipment Technology
Robotics and Automation Technology
Service Occupations
Welding

Comprehensive Plan

The District Comprehensive/Strategic Plan was approved by the Board of School Directors in November 2015. This approval followed a series of task force meetings that included over 80 students, parents, staff, and community members. Task force members collected and organized input from over 3,000 stakeholders. The Plan centers on the following Priorities:

- Positive, Safe, and Healthy Learning Environment
- Effective Communication and Collaboration Among Stakeholders
- Learning, Growth, and Empowerment for Every Student's Success
- Effective and Continuous Learning for All District Personnel
- Responsible and Effective Use of Resources

To implement these Priorities, the District has developed core values, goal areas, and building action plans. The Priorities are used to guide District decisions and key recommendations at all levels of the organization.

Pension

The District participates in the Public School Employees' Retirement System. The District's contribution rate for 2016-2017 was 30.03 percent of payroll costs. The rate rises to 32.57 percent for 2017-2018. Projected rates are 33.43 percent for 2018-2019, 34.79 percent for 2019-2020, 35.26 percent for 2020-2021, 35.68 percent for 2021-2022, and 36.62 percent for 2022-2023. In order to minimize the impact of the significant increase in the retirement rate in future years, the District budgeted retirement contributions at a higher than actual rate through 2012-2013 with the intent of designating fund balance for the purpose of offsetting increased contributions for retirement. As of June 30, 2017, the District had \$5.2 million committed for future pension liabilities. During the 2016-2017 fiscal year, the District was prepared to use \$4,000,000 of these committed funds toward pension costs, but due to favorable variances in other areas, this was not necessary. Additional information on the District's pension can be found in Note 10 of the notes to the financial statements.

Accounting System and Budgetary Control

All governmental and agency funds utilize the modified accrual basis of accounting with revenue being recorded when susceptible to accrual, both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are generally recognized when the related fund liability is incurred except for: (1) disbursements for inventory-type items, which are expenditures at the time of purchase, and (2) principal and interest on general long-term debt which is recognized when due. Financial statements for the Proprietary Fund are maintained on the accrual basis of accounting, with revenue recognized when earned and expenses recorded when incurred.

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements; and (3) maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the District's internal accounting controls: (1) adequately safeguard assets; (2) provide reasonable assurance of proper recording of financial transactions; and (3) maintain accountability for assets.

The District maintains budgetary controls, which ensures compliance with legal provisions embodied in the annual appropriated budget that is adopted by the Board of School Directors by June 30 of each year. The Business Office maintains budgetary control at the major expenditure classification through monitoring and review. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular line of expenditure by legislative action in accordance with the PA School Code. Management may amend the budget at the sub-function/sub-object level without School Board approval.

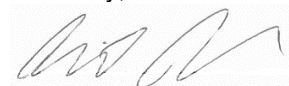
Independent Audit

The District had an independent audit of all its funds performed for the year ended June 30, 2017. The report of our certified public accountants, Barbacane, Thornton & Company LLP, appears in the Financial Section of this CAFR.

Acknowledgements

The completion of this CAFR represents the eleventh time the District has prepared such a report and demonstrates a commitment to continue the excellence in financial reporting. The preparation of the CAFR was made possible by the dedicated service of the Business Office. They have our sincere appreciation for the contributions made in the preparation of this report, as well as all additional individuals who assisted in this effort. Appreciation is also expressed to the Superintendent and the Board of School Directors for their cooperation and outstanding assistance in matters pertaining to the financial affairs of the District.

Sincerely,



Michael Taylor, CPA
Assistant Business Manager



Linda S. Adams, CPA
Acting Chief Financial Officer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

January 12, 2018

Board of School Directors
Boyertown Area School District
Boyertown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boyertown Area School District ("the District"), Boyertown, Pennsylvania, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Board of School Directors
Boyertown Area School District

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Boyertown Area School District, Boyertown, Pennsylvania, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund 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 on pages 4 through 12, schedule of the District's proportionate share of the net pension liability on page 54, schedule of District contributions on page 55, and schedule of funding progress for postemployment benefits on page 56 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 Boyertown Area School District's basic financial statements. The introductory section on pages i through xi, combining nonmajor fund financial statements on pages 57 and 58, and statistical section on pages 59 through 86 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 on pages 91 and 92 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is also not a required part of the basic financial statements.

Board of School Directors
Boyertown Area School District

The combining nonmajor fund financial statements 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 combining nonmajor fund financial statements 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 and statistical sections have 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 January 12, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

**BOYERTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(Unaudited)**

The Boyertown Area School District's ("the District") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Highlights

The District's net position decreased by \$10,290,873 (or 11.33 percent) for the year ended June 30, 2017, as compared to the net position decrease by \$3,902,060 for the year ended June 30, 2016. During the year ended June 30, 2017, the governmental net position decreased by \$10,094,979 (or 11.43 percent), and the business-type net position decreased by \$195,894 (or 7.95 percent). The decrease in net position was due mostly to the recognition of changes in future pension obligations, which were mandated to be reported by the Governmental Accounting Standards Board ("GASB"), plus realized depreciation, and net of the favorable budget results. The favorable budget variances can be attributed to unexpectedly strong increases in local revenue from both the Real Estate Transfer Tax ("RTT") and the Earned Income Tax ("EIT") revenues; conservative budgeting of professional salaries and benefits; positive variances in supplies and equipment purchases; and savings in building operations. Overall, the District projects a stable financial future based on conservative budgeting.

Future increases in the State-mandated retirement contributions for each employee are a major concern for all school districts in Pennsylvania. The contribution rate is an uncontrollable expenditure for public schools. The mandated retirement contribution was 21.40 percent for 2014-2015 and increased to 25.84 percent for 2015-2016 and to 30.03 percent in 2016-2017. Continued significant increases are projected to 32.57 percent in 2017-2018, 33.43 percent in 2018-2019, 34.79 percent in 2019-2020, 35.26 percent in 2020-2021, 35.68 percent in 2021-2022, and 36.32 percent in 2022-2023.

Healthcare continues to be a major expenditure with 2016-2017 costs managed through the implementation of a self-insured funding model established on July 1, 2010, the examination of benefits, and an increased contribution from employees toward their benefits. The District was a member of the Berks County Schools Health Insurance Consortium until June 30, 2010. During the first three years the District implemented the self-insured funding model, the District managed costs to increase the fund reserve by more than \$3 million, totaling approximately \$6 million to provide the means to control future healthcare costs. The healthcare claims experienced during the 2016-2017 fiscal year increased due to higher utilization and several large claims, but the reserve amount remained above the \$6 million balance. The calculated premium increases over the last five years have averaged less than five percent.

Capital projects were a major expenditure during the 2016-2017 fiscal year, with the completion of several capital investments in the District's buildings as well as construction on the Boyertown Area Senior High School additions and renovations and the start of the Middle School West additions and renovations.

**BOYERTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2017
(Unaudited)**

Using this Annual Report

The focus of basic financial statements prior to GASB-34 implementation in the 2001-2002 fiscal year was on summarized fund type information. The current (and clearly preferable) focus is on both the District as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government), and enhance the District's accountability.

Government-wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns, which add to a total for the primary government. The focus of the Statement of Net Position (the "unrestricted net position") is designed to be similar to a bottom line for the District and its governmental and business-type activities. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are provided by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

The governmental activities reflect the District's basic services, including instruction, instructional support, administration, and transportation. Property taxes, earned income tax, and State subsidies finance the majority of these services. The business-type activities reflect private sector-type operations (Food Service), where the fee for service typically covers all or most of the cost of operations including depreciation.

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

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds rather than fund types. The governmental major fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes, and the fund financial statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

The fund financial statements also allow the government to address its fiduciary (or trust) funds summarized by type (pension, investment, and private-purpose trusts). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

BOYERTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2017
(Unaudited)

While the Food Service column on the proprietary fund financial statements is the same as the business-type column at the government-wide financial statements, the governmental major funds total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources), which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the governmental activities column (in the government-wide statements). Adjustment between the business-type presentations (government-wide and major fund totals) will typically only occur if there is a need to redistribute excess income/loss for the Internal Service Funds to the customers (including business-type activities) and adjustments, if necessary, will be reflected on the bottom of the fund financial statements. The District's Internal Service Fund provides services primarily to the General Fund and, therefore, is included in governmental activities on the government-wide financial statements.

Effect of GASB Statements No. 68 and 71

During the 2014-2015 fiscal year, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68." The purpose of these statements was to improve the transparency, consistency, and comparability of the pension information reported by state and local governments (e.g. school districts).

The adoption of GASB Statements No. 68 and No. 71 has had, and will continue to have, a profound effect on the financial statements and net position of school districts and governments not only in Pennsylvania, but across the nation. By recognizing the impact of any unfunded liability faced by defined benefit pension plans, plan administrators (at the direction of elected officials), and participants are required to evaluate the cost of providing these benefits as compared to the benefit to be derived through providing for certain retirement benefits to the work force.

More specifically, the District contributes to the Pennsylvania Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. In cost-sharing multiple-employer plans, the plan assets and liabilities are shared. Plan assets can be used to pay the pensions of the employees of any employer that provides pensions through the plan. The new standards have shifted pension reporting from a funding-based approach, in which the District reported only its contributions to the plan, to an accounting-based approach. Under this new approach, the District reports its proportionate share of the net pension liability on the statement of net position of the government-wide and proprietary fund financial statements. Reporting in the governmental fund statements is not affected by the implementation of these statements.

The net pension liability is the difference between the market value of pension fund assets and the actuarial present value of projected benefit payments at the measurement date. Included in the calculation are projected employer and employee contributions as well as the expectation that the assets will grow at the long-term assumed rate of return on plan investments.

BOYERTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2017
(Unaudited)

While the net pension liability is significant to the District's financial statements, it is a liability the District has limited control over. Over the last seven years, the PSERS employer contribution rate has risen significantly, from 4.0 percent in 2009-2010 to 32.57 percent in 2017-2018. These increases are expected to improve the plan's funding level, which will reduce net position in future years. This rate is anticipated to continue to increase to a level of over 36 percent in future years.

The implementation of GASB Statement No. 68 has had an impact on entity-wide statements. The District is required to report its proportionate share of the net pension liability. This portion of the unfunded pension liability resulted in a total net deficit of (\$101,105,029). The majority of the unrestricted net deficit of (\$136,328,401) is a direct result of GASB Statement No. 68. However, a portion of the District's total net position, \$32,342,086, reflects its investment in capital assets, net of related debt. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A third component of net position, \$2,881,286, is restricted for future capital improvements.

Government-wide Statements

Statement of Net Position

The following table reflects the condensed Statement of Net Position.

Condensed Statement of Net Position
Fiscal Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Current and other assets	\$ 68,297,252	\$ 95,691,190	\$ 409,945	\$ 432,388	\$ 68,707,197	\$ 96,123,578
Capital assets	110,489,408	87,774,323	17,576	26,722	110,506,984	87,801,045
Total Assets	<u>178,786,660</u>	<u>183,465,513</u>	<u>427,521</u>	<u>459,110</u>	<u>179,214,181</u>	<u>183,924,623</u>
Deferred outflows of resources:						
Deferred pension	26,891,270	8,925,960	533,747	177,165	27,425,017	9,103,125
Deferred pension contributions	14,814,425	12,545,120	293,881	249,000	15,108,306	12,794,120
Deferred amounts on bond refunding	804,204	895,047	-	-	804,204	895,047
Total Deferred Outflows of Resources	<u>42,509,899</u>	<u>22,366,127</u>	<u>827,628</u>	<u>426,165</u>	<u>43,337,527</u>	<u>22,792,292</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$221,296,559</u>	<u>\$205,831,640</u>	<u>\$ 1,255,149</u>	<u>\$ 885,275</u>	<u>\$222,551,708</u>	<u>\$206,716,915</u>

BOYERTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2017
(Unaudited)

Condensed Statement of Net Position
Fiscal Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)						
Liabilities:						
Current liabilities	\$ 19,776,011	\$ 19,067,233	\$ 86,450	\$ 76,304	\$ 19,862,461	\$ 19,143,537
Long-term liabilities	298,372,133	274,106,394	3,797,143	3,253,140	302,169,276	277,359,534
Total Liabilities	318,148,144	293,173,627	3,883,593	3,329,444	322,031,737	296,503,071
Deferred inflows of resources:						
Deferred pension	1,593,374	1,007,993	31,626	20,007	1,625,000	1,028,000
Total Deferred Inflows of Resources	1,593,374	1,007,993	31,626	20,007	1,625,000	1,028,000
Net Position (Deficit):						
Net investment in capital assets	32,324,510	23,269,535	17,576	26,722	32,342,086	23,296,257
Restricted	2,881,286	9,074,444	-	-	2,881,286	9,074,444
Unrestricted (deficit)	(133,650,755)	(120,693,959)	(2,677,646)	(2,490,898)	(136,328,401)	(123,184,857)
Total Net Deficit	(98,444,959)	(88,349,980)	(2,660,070)	(2,464,176)	(101,105,029)	(86,912,096)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	\$221,296,559	\$205,831,640	\$ 1,255,149	\$ 885,275	\$222,551,708	\$206,716,915

A significant amount of the District's net position are invested in capital assets (buildings, land, and equipment), but the majority of the capital assets were financed with debt. See the Statement of Net Position for more detailed information.

Statement of Activities

The following table reflects the revenues and expenses for the current and prior years.

Statement of Changes in Net Position
Fiscal Years Ended June 30, 2017 and 2016

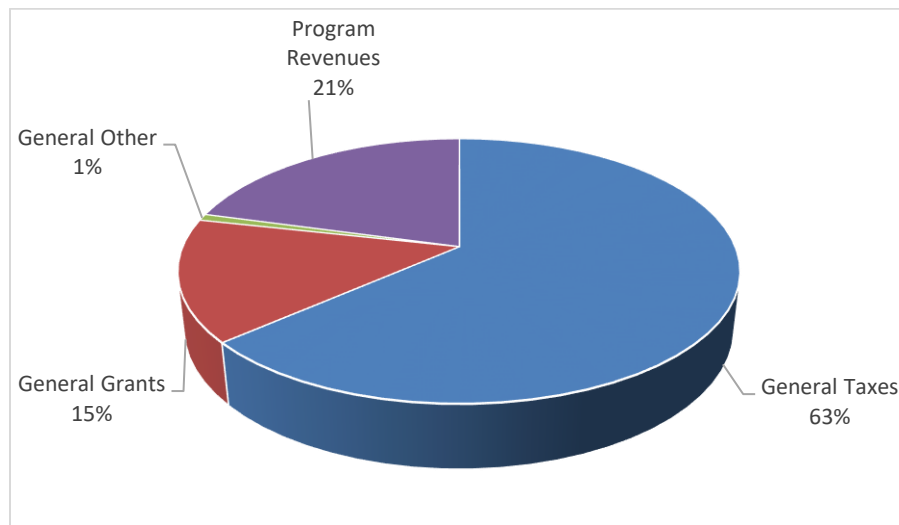
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2015	2017	2016
REVENUES						
Program Revenues:						
Charges for services	\$ 631,263	\$ 410,104	\$ 1,607,677	\$ 1,694,901	\$ 2,238,940	\$ 2,078,742
Operating grants	20,433,048	19,105,098	1,276,541	1,082,330	21,709,589	20,333,419
General Revenues:						
Taxes	70,617,749	68,670,170	-	-	70,617,749	68,670,170
Grants and entitlements	16,514,883	16,125,783	-	-	16,514,883	16,125,783
Investment earnings	450,720	628,880	499	642	451,219	629,447
Miscellaneous	46,455	233,667	-	-	46,455	233,667
TOTAL REVENUES	108,694,118	105,173,702	2,884,717	2,777,873	111,578,835	108,071,228

**BOYERTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2017
(Unaudited)**

**Statement of Changes in Net Position
Fiscal Years Ended June 30, 2017 and 2016**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
EXPENSES						
Program Expenses:						
Instruction	77,451,913	69,906,241	-	-	77,451,913	69,906,241
Support services:						
Instructional staff services	11,292,367	10,276,233	-	-	11,292,367	10,276,233
Administrative services	10,704,403	10,894,699	-	-	10,704,403	10,894,699
Operation of maintenance of plant services	7,730,401	7,516,281	-	-	7,730,401	7,516,281
Pupil transportation	6,242,672	6,178,322	-	-	6,242,672	6,178,322
Non-instructional services:						
Food service	-	-	2,978,017	2,907,193	2,978,017	2,907,193
Student activities	1,623,596	1,564,941	-	-	1,623,596	1,564,941
Community services	24,836	28,466	-	-	24,836	28,466
Interest and fiscal charges	3,796,095	2,700,915	-	-	3,796,095	2,700,915
Loss on disposal of assets	25,408	-	-	-	25,408	-
TOTAL EXPENSES	118,891,693	109,066,095	2,978,017	2,907,193	121,869,708	111,973,288
Decrease in net position before transfers	(10,197,573)	(3,892,393)	(93,300)	(9,667)	(10,290,873)	(3,902,060)
Transfers	102,594	102,594	(102,594)	(102,594)	-	-
Decrease in net deficit	(10,094,979)	(3,789,799)	(195,894)	(112,261)	(10,290,873)	(3,902,060)
Net deficit, beginning of year	(88,349,980)	(84,560,181)	(2,464,176)	(2,351,915)	(90,814,156)	(86,912,096)
Net deficit, end of year	<u>\$(98,444,959)</u>	<u>\$(88,349,980)</u>	<u>\$(2,660,070)</u>	<u>\$(2,464,176)</u>	<u>\$(101,105,029)</u>	<u>\$(90,814,156)</u>

The District's reliance upon tax revenues is demonstrated by the graph below.



**BOYERTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2017
(Unaudited)**

The District Funds

Governmental Funds

As of the year end, the Governmental Funds reported a combined fund balance of \$39,529,203, which is a decrease from the prior year of \$28,513,272 (or 41.90 percent). Of the \$39,529,203, the General Fund balance is \$12,547,477, which is a decrease of \$2,286,352 from the prior year. The Senior High Fund reports a total fund balance of \$10,590,197, a decrease of \$13,603,413 from the prior year. The Junior High West Fund reports total fund balance of \$11,039,121, a decrease of \$5,430,341 from the prior year. The General Fund unassigned balance represents 6.64 percent of the total general fund expenditures.

General Fund Budgetary Highlights

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. A schedule showing the District's original and final budget amounts compared with the amounts actually incurred and recognized is provided on page 19.

The General Fund actual amount of revenue received was more than the final revenue budget by \$500,797 (0.47 percent), predominantly due to higher than expected collections of earned income taxes and real estate transfer taxes in Montgomery County and an increase in state funding.

The General Fund actual amount of expenditures exceeded the final expenditure budget by \$286,277 (0.26 percent). The major contributor was increased tuitions for charter and non-public schools along with slightly higher than budgeted personnel costs. Offsetting these costs, moderate savings were realized in building operations due to energy savings initiatives implemented in previous years along with significantly reduced supplies being purchased. Special Education program expenditures were overspent due to settlements and tuition for outplaced students. As a result of the positive variance in revenues exceeding the negative variance in expenditures compared to the budget, as well as the availability of fund balance, the District was able to make \$1,520,000 in budgeted transfers to other funds.

Capital Assets and Debt Administration

Capital Assets

As of year-end, the District's investment in capital assets for its governmental and business-type activities amounts to \$110,506,984, which represents a net increase (additions less retirements and depreciation) of \$22,705,939, or 25.86 percent, from the end of last year. This is mainly due to the construction of the Boyertown Area Senior High School addition and renovations along with the start of construction on the Middle School West addition and renovations. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 5).

**BOYERTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2017
(Unaudited)**

**Boyertown Area School District's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Land	\$ 609,177	\$ 609,177	\$ -	\$ -
Construction-in-progress	66,587,328	41,166,610	-	-
Site improvements	1,235,011	1,364,836	-	-
Buildings and improvements	40,104,735	42,487,008	-	-
Furniture and equipment	1,953,157	2,146,692	17,576	26,722
Total	<u>\$110,489,408</u>	<u>\$ 87,774,323</u>	<u>\$ 17,576</u>	<u>\$ 26,722</u>

Debt Outstanding

As of year-end, the District had \$92,890,000 in debt (bonds and notes) outstanding compared to \$96,290,000 at the end of the prior year. This represents a decrease of \$3,400,000, or 3.53 percent. Detailed information regarding long-term debt activity is included in the notes to the basic financial statements (Note 7).

Factors Expected to Have an Effect on Future Operations

The moderate growth the District has experienced has stabilized despite the world-wide economic condition. The growth patterns in student population continue to shift toward the Montgomery County portion of the District, causing an overpopulation of students in the buildings that serve the eastern portion of the District. A redistricting plan was implemented for the 2009-2010 school year. Further growth will cause additional student redistricting and transportation adjustments. The District commissioned two studies to determine the need for building additions or renovations to address the projected student population growth. In response to these studies, the District has begun the renovation to the Senior High School, which includes a gymnasium addition to allow for the repurposing of an old gymnasium into a music suite and several art rooms totaling an added 25,000 square feet. The renovation of a 1920s three-story high school building will house all ninth grade students starting in 2017, when the Boyertown Senior High School will service grades nine through twelve.

The renovation and modernization of the Junior High West Center commenced in the spring of 2017. Completion of the renovations is scheduled for August 2018. Starting in the 2017-2018 school year, both junior high schools will be renamed as middle schools servicing grades six through eight. This will help relieve overcrowding at the elementary schools, which will then service grades Kindergarten through five. Two other options are being considered; 1) adding onto Colebrookdale Elementary and/or

**BOYERTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
JUNE 30, 2017
(Unaudited)**

2) building a new elementary school on the Montgomery County side of the District. The economic slowdown continues to impact revenue forecasts, but the stronger than expected results of 2016-2017 are a sign of an improving economy. The current economic conditions also impact interest rates and possible new housing starts. Continued economic decline may cause the District to scale down educational program offerings or seek additional resources.

The Commonwealth of Pennsylvania has addressed real estate tax reform through the passage of 2006 Special Session, Act 1 and as amended in 2011. Each public school in the Commonwealth must abide by the Act 1 provisions. Act 1 limits each school district's tax increase to a State-wide index and will continue to have an impact on the District, as tax increases could be limited without the approval of a voter referendum.

Contacting the District Financial Management

This financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Education Center, Boyertown Area School District, 911 Montgomery Avenue, Boyertown, PA 19512.

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and cash equivalents	\$ 33,918,448	\$ 365,699	\$ 34,284,147
Investments	24,277,635	-	24,277,635
Taxes receivable, net	3,547,863	-	3,547,863
Due from other governments	6,314,305	11,863	6,326,168
Internal balance	17,808	(17,808)	-
Other receivables	146,161	462	146,623
Inventories	21,888	49,729	71,617
Prepaid expenses	53,144	-	53,144
Construction-in-progress	66,587,328	-	66,587,328
Land	609,177	-	609,177
Site improvements	5,127,849	-	5,127,849
Buildings and improvements	98,488,682	-	98,488,682
Furniture and equipment	8,859,834	1,477,821	10,337,655
Accumulated depreciation	(69,183,462)	(1,460,245)	(70,643,707)
TOTAL ASSETS	178,786,660	427,521	179,214,181
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amount on bond refunding	804,204	-	804,204
Deferred pension	26,891,270	533,747	27,425,017
Deferred pension contributions	14,814,425	293,881	15,108,306
TOTAL DEFERRED OUTFLOWS OF RESOURCES	42,509,899	827,628	43,337,527
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 221,296,559</u>	<u>\$ 1,255,149</u>	<u>\$ 222,551,708</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)			
LIABILITIES:			
Accounts payable	\$ 7,788,185	\$ -	\$ 7,788,185
Accrued salaries and benefits	3,772,918	-	3,772,918
Payroll deductions and withholdings	7,193,454	-	7,193,454
Other liabilities	120,343	-	120,343
Accrued interest	878,270	-	878,270
Unearned revenue	22,841	86,450	109,291
Long-term liabilities			
Portion due or payable within one year:			
Bonds and notes payable in future years, net	2,797,829	-	2,797,829
Capital lease payable	206,535	-	206,535
Portion due or payable after one year:			
Bonds and notes payable in future years, net	96,644,227	-	96,644,227
Capital lease payable	209,862	-	209,862
Accumulated compensated absences	229,275	-	229,275
Other post-employment benefits	6,976,548	-	6,976,548
Net pension liability	191,307,857	3,797,143	195,105,000
TOTAL LIABILITIES	318,148,144	3,883,593	322,031,737
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension	1,593,374	31,626	1,625,000
TOTAL DEFERRED INFLOWS OF RESOURCES	1,593,374	31,626	1,625,000
NET POSITION (DEFICIT):			
Net investment in capital assets	32,324,510	17,576	32,342,086
Restricted - capital projects	2,881,286	-	2,881,286
Unrestricted (deficit)	(133,650,755)	(2,677,646)	(136,328,401)
TOTAL NET DEFICIT	(98,444,959)	(2,660,070)	(101,105,029)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	<u>\$ 221,296,559</u>	<u>\$ 1,255,149</u>	<u>\$ 222,551,708</u>

The accompanying notes are an integral part of these financial statements.

**BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

		Program Revenues			Net (Expense) Revenue and Changes in Deficit		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 77,451,913	\$ 17,192	\$ 13,894,574	\$ -	\$ (63,540,147)	\$ -	\$ (63,540,147)
Instructional student support	11,292,367	-	1,127,016	-	(10,165,351)	-	(10,165,351)
Administrative and financial support services	10,704,403	-	943,733	-	(9,760,670)	-	(9,760,670)
Operation and maintenance of plant services	7,730,401	240,256	681,677	-	(6,808,468)	-	(6,808,468)
Pupil transportation	6,242,672	-	2,878,123	-	(3,364,549)	-	(3,364,549)
Student activities	1,623,596	238,032	143,306	-	(1,242,258)	-	(1,242,258)
Community services	24,836	135,783	-	-	110,947	-	110,947
Interest on long-term debt	3,796,095	-	764,619	-	(3,031,476)	-	(3,031,476)
Loss on disposal of fixed asset	25,408	-	-	-	(25,408)	-	(25,408)
TOTAL GOVERNMENTAL ACTIVITIES	<u>118,891,691</u>	<u>631,263</u>	<u>20,433,048</u>	<u>-</u>	<u>(97,827,380)</u>	<u>-</u>	<u>(97,827,380)</u>
BUSINESS-TYPE ACTIVITIES:							
Food service	2,978,017	1,607,677	1,276,541	-	-	(93,799)	(93,799)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>2,978,017</u>	<u>1,607,677</u>	<u>1,276,541</u>	<u>-</u>	<u>-</u>	<u>(93,799)</u>	<u>(93,799)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 121,869,708</u>	<u>\$ 2,238,940</u>	<u>\$ 21,709,589</u>	<u>\$ -</u>	<u>(97,827,380)</u>	<u>(93,799)</u>	<u>(97,921,179)</u>
GENERAL REVENUES							
Property taxes, levied for general purposes					61,917,677	-	61,917,677
Taxes levied for specific purposes					8,700,072	-	8,700,072
Grants and entitlements not restricted to specific programs					16,514,883	-	16,514,883
Investment earnings					450,720	499	451,219
Miscellaneous					46,455	-	46,455
TOTAL GENERAL REVENUES					<u>87,629,807</u>	<u>499</u>	<u>87,630,306</u>
CHANGE IN NET DEFICIT BEFORE TRANSFERS					(10,197,573)	(93,300)	(10,290,873)
Transfers in					102,594	-	102,594
Transfers out					-	(102,594)	(102,594)
CHANGE IN NET DEFICIT AFTER TRANSFERS					<u>(10,094,979)</u>	<u>(195,894)</u>	<u>(10,290,873)</u>
NET DEFICIT, BEGINNING OF YEAR					(88,349,980)	(2,464,176)	(90,814,156)
NET DEFICIT, END OF YEAR					<u>\$ (98,444,959)</u>	<u>\$ (2,660,070)</u>	<u>\$ (101,105,029)</u>

The accompanying notes are an integral part of these financial statements.

**BOYERTOWN AREA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Senior High Fund	Junior High West Fund	Gilbertsville/ Washington Fund	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 10,632,989	\$ 344,057	\$ 13,726,253	\$ 2,478,195	\$ 3,403,378	\$ 30,584,872
Investments	7,775,160	12,826,136	-	538,584	348,000	21,487,880
Taxes receivable, net	3,547,863	-	-	-	-	3,547,863
Due from other funds	17,808	896,370	-	262,609	-	1,176,787
Due from other governments	6,314,305	-	-	-	-	6,314,305
Other receivables	131,684	-	-	-	-	131,684
Inventory	21,888	-	-	-	-	21,888
Prepaid expenditures	32,144	21,000	-	-	-	53,144
TOTAL ASSETS	<u>\$ 28,473,841</u>	<u>\$ 14,087,563</u>	<u>\$ 13,726,253</u>	<u>\$ 3,279,388</u>	<u>\$ 3,751,378</u>	<u>\$ 63,318,423</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 793,110	\$ 3,497,366	\$ 1,790,762	\$ 1,132,320	\$ 23,429	\$ 7,236,987
Due to other funds	1,650,661	-	896,370	-	522,609	3,069,640
Accrued salaries and benefits	3,772,918	-	-	-	-	3,772,918
Payroll and benefit withholdings	7,193,454	-	-	-	-	7,193,454
Unearned revenues	22,841	-	-	-	-	22,841
Other liabilities	120,343	-	-	-	-	120,343
TOTAL LIABILITIES	<u>13,553,327</u>	<u>3,497,366</u>	<u>2,687,132</u>	<u>1,132,320</u>	<u>546,038</u>	<u>21,416,183</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues - delinquent taxes	2,373,037	-	-	-	-	2,373,037
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,373,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,373,037</u>
FUND BALANCES:						
Nonspendable	54,032	21,000	-	-	-	75,032
Restricted	-	10,569,197	11,039,121	-	-	21,608,318
Committed	5,200,000	-	-	-	-	5,200,000
Assigned	-	-	-	2,147,068	3,214,577	5,361,645
Unassigned (deficit)	7,293,445	-	-	-	(9,237)	7,284,208
TOTAL FUND BALANCES	<u>12,547,477</u>	<u>10,590,197</u>	<u>11,039,121</u>	<u>2,147,068</u>	<u>3,205,340</u>	<u>39,529,203</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 28,473,841</u>	<u>\$ 14,087,563</u>	<u>\$ 13,726,253</u>	<u>\$ 3,279,388</u>	<u>\$ 3,751,378</u>	<u>\$ 63,318,423</u>

The accompanying notes are an integral part of these financial statements.

**BOYERTOWN AREA SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2017**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 39,529,203
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Construction-in-progress	\$ 66,587,328	
Land	609,177	
Site improvements	5,127,849	
Buildings and improvements	98,488,682	
Furniture and equipment	8,859,834	
Accumulated depreciation	<u>(69,183,462)</u>	110,489,408

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Bonds payable in future years, net	(99,442,056)	
Capital lease payable	(416,397)	
Accumulated compensated absences	(229,275)	
Accrued interest	(878,270)	
Other post-employment benefits	(6,976,548)	
Net pension liability	<u>(191,307,857)</u>	(299,250,403)

Refunded debt resulted in deferred outflows of resources which will be amortized over the life of new debt but do not represent current rights.	804,204
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An internal service fund is used by the District to charge the cost of health insurance claims to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	7,497,271
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Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.	2,373,037
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Deferred inflows and outflows of resources related to the District's pension plan do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:

Deferred outflows of resources:		
Deferred pension contributions	14,814,425	
Deferred pension	26,891,270	
Deferred inflows of resources:		
Deferred pension	<u>(1,593,374)</u>	<u>40,112,321</u>

NET DEFICIT OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (98,444,959)</u></u>
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The accompanying notes are an integral part of these financial statements.

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

	General Fund	Senior High Fund	Junior High West Fund	Gilbertsville/ Washington Fund	Other Governmental Funds	Total
REVENUES						
Local sources	\$ 71,140,302	\$ 365,732	\$ 7,929	\$ 33,551	\$ 30,922	\$ 71,578,436
State sources	34,400,966	-	-	-	-	34,400,966
Federal sources	2,456,965	-	-	-	-	2,456,965
TOTAL REVENUES	<u>107,998,233</u>	<u>365,732</u>	<u>7,929</u>	<u>33,551</u>	<u>30,922</u>	<u>108,436,367</u>
EXPENDITURES						
Current:						
Instruction	68,616,671	-	-	-	1,147,353	69,764,024
Support services	32,348,661	15,183	338	50	1,847	32,366,079
Operation of noninstructional services	1,504,120	-	-	-	145,089	1,649,209
Capital outlays	-	13,778,962	5,438,042	5,804,479	678,711	25,700,194
Debt service	7,441,630	-	-	-	-	7,441,630
TOTAL EXPENDITURES	<u>109,911,082</u>	<u>13,794,145</u>	<u>5,438,380</u>	<u>5,804,529</u>	<u>1,973,000</u>	<u>136,921,136</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,912,849)</u>	<u>(13,428,413)</u>	<u>(5,430,451)</u>	<u>(5,770,978)</u>	<u>(1,942,078)</u>	<u>(28,484,769)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	18,529	-	-	-	-	18,529
Refund of prior year revenues	(149,626)	-	-	-	-	(149,626)
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Premium on issuance of bond	-	-	-	-	-	-
Transfers in	1,277,594	-	-	2,730,000	1,520,000	5,527,594
Transfers out	(1,520,000)	(175,000)	-	-	(3,730,000)	(5,425,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(373,503)</u>	<u>(175,000)</u>	<u>-</u>	<u>2,730,000</u>	<u>(2,210,000)</u>	<u>(28,503)</u>
NET CHANGE IN FUND BALANCES	<u>(2,286,352)</u>	<u>(13,603,413)</u>	<u>(5,430,451)</u>	<u>(3,040,978)</u>	<u>(4,152,078)</u>	<u>(28,513,272)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>14,833,829</u>	<u>24,193,610</u>	<u>16,469,572</u>	<u>5,188,046</u>	<u>7,357,418</u>	<u>68,042,475</u>
FUND BALANCES, END OF YEAR	<u>\$ 12,547,477</u>	<u>\$ 10,590,197</u>	<u>\$ 11,039,121</u>	<u>\$ 2,147,068</u>	<u>\$ 3,205,340</u>	<u>\$ 39,529,203</u>

The accompanying notes are an integral part of these financial statements.

BOYERTOWN AREA SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$(28,513,272)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense in the statement of activities. This is the effect of these activities:

Capital outlays	\$ 26,007,790	
Depreciation expense	<u>(3,248,768)</u>	22,759,022

Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are recorded as deferred inflows of resources. Unavailable revenues increased by this amount this year. 407,377

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences. 3,327,884

An internal service fund was created at the end of the year to account for future self-insured healthcare costs. The net revenue is reported with governmental activities. 63,262

In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). 53,451

Other post-employment benefits include post-employment healthcare benefits and all post-employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits. The annual cost represents the employer's contribution to the plan which includes the implicit rate subsidy. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid). (635,537)

Governmental funds report bond premiums as other financing sources. However, these amounts are reported netted against the outstanding bond liability on the statement of net position and amortized over the life of the debt. This is the amount by which net amortization exceeded current premiums. 396,460

Governmental funds report deferred bond refunding option proceeds as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the life of the refunding debt. (90,843)

In the statement of activities, pension expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, pension expenditures reflect payments made to fund the pension plan. This is the amount by which the change in net pension liability and related deferrals exceed pension contributions during the year. (7,758,763)

Loss on Disposal (43,937)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (60,083)

CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$(10,094,979)

The accompanying notes are an integral part of these financial statements.

BOYERTOWN AREA SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES				
Local sources:				
Real estate taxes	\$ 61,930,401	\$ 61,930,401	\$ 61,480,305	\$ (450,096)
Other taxes	8,343,600	8,343,600	8,730,067	386,467
Earnings on investments	100,000	100,000	162,212	62,212
Rentals	160,000	160,000	135,783	(24,217)
Tuition	31,000	31,000	17,192	(13,808)
Revenue from student activities	140,000	140,000	238,032	98,032
Other revenues	174,500	174,500	376,711	202,211
State sources	33,967,480	33,967,480	34,400,966	433,486
Federal sources	2,650,455	2,650,455	2,456,965	(193,490)
TOTAL REVENUES	107,497,436	107,497,436	107,998,233	500,797
EXPENDITURES				
Instruction:				
Regular programs	47,208,406	47,083,691	47,497,426	(413,735)
Special programs	18,104,333	18,336,393	18,833,530	(497,137)
Vocational programs	2,034,212	2,034,212	2,028,297	5,915
Other instructional programs	243,684	243,684	256,767	(13,083)
Other adult education programs	-	-	651	(651)
Total Instruction	67,590,635	67,697,980	68,616,671	(918,691)
Support services:				
Pupil services	3,308,144	3,308,041	3,337,343	(29,302)
Instructional support	5,338,638	5,570,258	5,489,514	80,744
Administrative support	5,820,407	5,811,481	5,739,650	71,831
Pupil health	1,173,732	1,173,685	1,078,173	95,512
Business support	1,210,275	1,210,275	1,205,497	4,778
Operation and maintenance of plant services	7,418,942	7,361,441	7,072,172	289,269
Student transportation	5,780,447	5,781,747	5,590,381	191,366
Central support	2,867,062	2,878,060	2,737,348	140,712
Other support services	95,545	95,545	98,583	(3,038)
Total Support Services	33,013,192	33,190,533	32,348,661	841,872
Operation of noninstructional services:				
Student activities	1,394,973	1,393,473	1,479,284	(85,811)
Community services	41,203	41,203	24,836	16,367
Total Operation of Noninstructional Services	1,436,176	1,434,676	1,504,120	(69,444)
Debt service	7,301,616	7,301,616	7,441,630	(140,014)
TOTAL EXPENDITURES	109,341,619	109,624,805	109,911,082	(286,277)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,844,183)	(2,127,369)	(1,912,849)	214,520
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	5,000	-	18,529	18,529
Refund of prior year revenues	-	-	(149,626)	(149,626)
Budgetary reserve	(250,000)	(198,875)	-	198,875
Transfers in	1,102,500	-	1,277,594	1,277,594
Transfers out	(1,520,000)	(1,520,000)	(1,520,000)	-
TOTAL OTHER FINANCING USES	(662,500)	(1,718,875)	(373,503)	1,345,372
NET CHANGE IN FUND BALANCE	(2,506,683)	(3,846,244)	(2,286,352)	1,559,892
FUND BALANCE, BEGINNING OF YEAR	14,833,829	14,833,829	14,833,829	-
FUND BALANCE, END OF YEAR	\$ 12,327,146	\$ 10,987,585	\$ 12,547,477	\$ 1,559,892

The accompanying notes are an integral part of these financial statements.

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

	Food Service Fund	Internal Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 365,699	\$ 3,333,576
Investments	-	2,789,755
Due from other governments	11,863	-
Other receivables	462	14,478
Due from other funds	-	1,910,661
Inventories	49,729	-
Total Current Assets	<u>427,753</u>	<u>8,048,470</u>
FURNITURE AND EQUIPMENT:		
Net furniture and equipment	<u>17,576</u>	<u>-</u>
TOTAL ASSETS	<u>445,329</u>	<u>8,048,470</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred pension	533,747	-
Deferred pension contributions	<u>293,881</u>	<u>-</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>827,628</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,272,957</u>	<u>\$ 8,048,470</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES:		
Claims payable	\$ -	\$ 551,199
Due to other funds	17,808	-
Unearned revenue	<u>86,450</u>	<u>-</u>
Total Current Liabilities	<u>104,258</u>	<u>551,199</u>
NONCURRENT LIABILITIES:		
Net pension liability	<u>3,797,143</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,901,401</u>	<u>551,199</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension	<u>31,626</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>31,626</u>	<u>-</u>
NET POSITION (DEFICIT):		
Net investment in capital assets	17,576	-
Unrestricted (Deficit)	<u>(2,677,646)</u>	<u>7,497,271</u>
Total Net Position (Deficit)	<u>(2,660,070)</u>	<u>7,497,271</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	<u>\$ 1,272,957</u>	<u>\$ 8,048,470</u>

The accompanying notes are an integral part of these financial statements.

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Food Service Fund	Internal Service Fund
OPERATING REVENUES		
Food service revenues	\$ 1,607,677	\$ -
Charges for health insurance	-	10,941,802
TOTAL OPERATING REVENUES	<u>1,607,677</u>	<u>10,941,802</u>
OPERATING EXPENSES		
Salaries	960,498	-
Employee benefits	618,281	-
Other purchased services	11,744	112,429
Self-insurance claims	-	10,838,445
Equipment repairs	18,642	-
Supplies	1,353,100	-
Travel and conferences	6,135	-
Miscellaneous	471	-
Depreciation	9,146	-
TOTAL OPERATING EXPENSES	<u>2,978,017</u>	<u>10,950,874</u>
OPERATING LOSS	<u>(1,370,340)</u>	<u>(9,072)</u>
NONOPERATING REVENUES		
Earnings on investments	499	72,334
State sources	245,391	-
Federal sources	1,031,150	-
TOTAL NONOPERATING REVENUES	<u>1,277,040</u>	<u>72,334</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	(93,300)	63,262
Transfer to other funds	<u>(102,594)</u>	<u>-</u>
CHANGE IN NET POSITION	(195,894)	63,262
NET POSITION (DEFICIT), BEGINNING OF YEAR	<u>(2,464,176)</u>	<u>7,434,009</u>
NET POSITION (DEFICIT), END OF YEAR	<u><u>\$ (2,660,070)</u></u>	<u><u>\$ 7,497,271</u></u>

The accompanying notes are an integral part of these financial statements.

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Food Service Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 1,725,283	\$ 10,941,802
Payments to suppliers	(1,164,256)	(112,429)
Payments to employees	(1,424,620)	-
Cash payments for health insurance costs	-	(11,746,011)
NET CASH USED BY OPERATING ACTIVITIES	<u>(863,593)</u>	<u>(916,638)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	243,653	-
Federal sources	837,875	-
Transfers to other funds	(102,594)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>978,934</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments		(1,125,512)
Proceeds from sales of investments	-	2,081,644
Earnings on investments	499	72,334
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>499</u>	<u>1,028,466</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	115,840	111,828
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>249,859</u>	<u>3,221,748</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 365,699</u></u>	<u><u>\$ 3,333,576</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (1,370,340)	\$ (9,072)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	9,146	-
Donated commodities	198,527	-
(Increase) Decrease in:		
Accounts receivable	(462)	(14,478)
Inventories	10,213	-
Due from other funds	107,922	(1,050,824)
Deferred pension contributions	(44,881)	-
Deferred pension	(356,582)	-
Increase (Decrease) in:		
Accounts payable	-	-
Claims payable	-	157,736
Due to other funds	17,096	-
Unearned revenues	10,146	-
Net pension liability	544,003	-
Deferred pension	11,619	-
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (863,593)</u></u>	<u><u>\$ (916,638)</u></u>
<u>SUPPLEMENTAL DISCLOSURE</u>		
NONCASH NONCAPITAL FINANCING ACTIVITY:		
USDA donated commodities	<u><u>\$ 198,527</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	Private- Purpose Trust	Agency Fund
ASSETS		
Cash	\$ 77,674	\$ 808,038
Investments	<u>24,340</u>	<u>1,000</u>
TOTAL ASSETS	<u><u>\$ 102,014</u></u>	<u><u>\$ 809,038</u></u>
LIABILITIES AND NET POSITION		
LIABILITIES:		
Due to other funds	\$ -	\$ -
Other current liabilities	<u>-</u>	<u>809,038</u>
TOTAL LIABILITIES	<u>-</u>	<u>809,038</u>
NET POSITION:		
Reserved for trust	<u>102,014</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 102,014</u></u>	<u><u>\$ 809,038</u></u>

The accompanying notes are an integral part of these financial statements.

**BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Private- Purpose Trust
ADDITIONS	
Local contributions	\$ 23,836
Gain on investments	<u>10,590</u>
TOTAL ADDITIONS	<u>34,426</u>
DEDUCTIONS	
Fees paid and scholarships awarded	<u>19,043</u>
TOTAL DEDUCTIONS	<u>19,043</u>
CHANGE IN NET POSITION	15,383
NET POSITION, BEGINNING OF YEAR	<u>86,631</u>
NET POSITION, END OF YEAR	<u><u>\$ 102,014</u></u>

The accompanying notes are an integral part of these financial statements.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Boyertown Area School District ("the District") is located in Boyertown, Pennsylvania. The District's tax base includes portions of Berks and Montgomery Counties and consists of the following Townships and Boroughs: Bally, Bechtelsville, Boyertown, Colebrookdale, Washington, Upper Frederick, Douglass-Berks, Douglass-Montgomery, Earl, and New Hanover.

The District is a unit established, organized, and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation of public education, as established by the constitution of the Commonwealth and by the school law code of the same (Article II; Act 150, July 8, 1968).

A board of nine school directors who are residents of the District and who are elected every two years, on a staggered basis, for a four-year term, governs the District.

The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate eligible students between the ages of five and 21 years residing in such district who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any schools, or to pay any school indebtedness which the District is required to pay, the Board of School Directors is vested with all necessary authority and power to annually levy and collect the taxes required and granted by the legislature, in addition to the annual state appropriation, and is vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949, as amended.

The most significant of the District's accounting policies are described below:

Reporting Entity

GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39 and GASB Statement No. 61, established the criteria for determining the activities, organization, and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

Basis of Presentation

Entity-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

are considered business-type. These statements include the financial activities of the primary government, except for fiduciary funds.

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

The entity-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental function. Expenses are those that are specifically associated with a service or program and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the District.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

The entity-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing, or improving those assets. Net position is reported as restricted when constraints placed on net position use 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. Those restrictions affect net position arising from special revenue and capital projects funds. Unrestricted net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Senior High Fund** was established to provide funds for certain capital projects, which consist of the acquisition, improvements, additions, extraordinary maintenance and repair of public school buildings and facilities of the District, and paying bond issue and financial costs, specifically for renovations and additions to the Senior High.

The **Junior High West Fund** was established to provide funds for certain capital projects, which consist of the acquisition, improvements, additions, extraordinary maintenance and repair of public school buildings and facilities of the District, and paying bond issue and financial costs, specifically for renovations and additions to the Junior High West School.

The **Gilbertsville and Washington Fund** was established to provide funds for certain capital projects, which consist of the acquisition, improvements, additions, extraordinary maintenance and repair of public school buildings and facilities of the District, and paying bond issue and financial costs, specifically for renovations and additions to the Gilbertsville and Washington Elementary Schools.

Additionally, the District reports the following nonmajor governmental funds:

The **Capital Projects Fund** is used to account for the acquisition, construction, and renovation of major capital facilities and their related capital assets.

The **Debt Service Fund** is used to account for funds segregated to pay for future debt service payments.

The **Technology Reserve Fund** was established to provide funds for acquiring computer equipment and network infrastructure to keep the District up to date with technology.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue and similar revenue streams to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Liabilities for compensated absences and special termination benefits are recognized as fund liabilities to the extent they mature each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

The proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The District reports the following major proprietary funds:

The **Enterprise Fund** is used to account for operations where the intent of the governmental entity is to recover the costs of providing goods and services to the District's student population and staff primarily through user charges. The **Food Service Fund** is the only enterprise fund operated by the District. This fund is used to account for the District's food service operations that are financed and operated in a manner similar to private business enterprises. The fund accounts for all revenues, food purchases, and costs and expenses for the Food Service Program.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The **Internal Service Fund** accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund is used to account for the operation of the District's self-insurance program for employee medical, prescription drug, and dental claims on a cost reimbursement basis. (Since this fund supports largely governmental activities, its activity is included in governmental activities in the government-wide statements.)

Fiduciary Funds

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in a private-purpose trust and agency fund. The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. The agency fund accounts for funds held on behalf of students of the District, and escheat funds. The measurement focus and basis of accounting for the private-purpose trust is the same as for proprietary funds, while the agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Cash and Cash Equivalents

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

Investments

Investments are recorded at fair value.

In establishing the fair value of investments, the District uses the following hierarchy. The lowest level of valuation available is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as "internal balances."

Property Taxes

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable in the following periods:

July 1 - August 31	- Discount period, 2% of gross levy
September 1 - October 31	- Face Period
November 1 to collection	- Penalty Period, 10% of gross levy
January 1	- Lien Date

As of January 1, 2004, any unpaid real estate taxes are collected by the District for approximately 60 days. After 60 days, delinquent real estate taxes are sent to an attorney for collection. Any outstanding taxes before January 1, 2004 are collected through each county's tax claim bureau.

Real estate taxes for the District are collected from the townships and boroughs which comprise the District. The tax on real estate in those municipalities for public school purposes for fiscal 2016-2017 was 24.27 mills (\$24.27 per \$1,000 of assessed valuation) for Berks County and 24.27 (\$24.27 per \$1,000 of assessed valuation) for Montgomery County, as levied by the Board of School Directors. Assessed valuations of property are determined by the Berks County Board of Assessment and Montgomery County Board of Assessment.

Allowance for Doubtful Accounts

The District has estimated the allowance for doubtful accounts for delinquent real estate taxes to be \$67,572 as of June 30, 2017.

The allowance for uncollectible accounts is based upon historical data established according to experience and other factors which, in the judgment of District management, deserve recognition in estimating possible losses. Management believes that they have adequately provided for future probable losses.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both entity-wide and fund financial statements.

All inventories are valued at the lower of cost (first-in, first-out method) or market.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 or purchased with debt proceeds and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Site improvements	15 - 30 years
Buildings and building improvements	20 - 40 years
Furniture and equipment	5 - 20 years

Inventories

Inventory of food and milk in the Food Service Fund consists of supplies purchased and donated commodities received from the federal government. The donated commodities are valued at the USDA's approximate cost. Food and supplies are carried at cost using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. At June 30, 2017, the general fund had inventory consisting of technology equipment of \$21,888.

The inventories on hand in the Food Service Fund at June 30, 2017, consist of the following:

Supplies	\$ 21,375
Purchased food	<u>28,354</u>
	<u>\$ 49,729</u>

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal, and sick days as stipulated in each bargaining unit's contract. The liability for these compensated absences is recorded as long-term debt in the entity-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Long-term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

Bond premiums and bond discounts are reported as netting items against the outstanding bond liability and amortized over the term of the related debt. All amounts are amortized using the straight-line method. Bond issuance costs are expensed at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures, except for refundings paid from proceeds which are reported as other financing uses.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the financial statements will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. The District currently has four types of items that qualify for reporting in this category. Deferred amounts on the refunding of bonds are reflected as deferred outflows of resources on the entity-wide statement of net position. Delinquent taxes not collected within 60 days of year end and, therefore, not available under modified accrual reporting, are reflected as deferred inflows of resources on the general fund balance sheet. Pension contributions made subsequent to the measurement date and, therefore, not reflected in the net pension liability under full accrual basis reporting, are reported as a deferred outflow of resources on the entity-wide and proprietary fund statements of net position. Certain changes to the net pension liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The proprietary funds report the same three components of net position as do the entity-wide financial statements. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Board, Finance Committee, or Chief Financial Officer has provided otherwise in its commitment or assignment actions.

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Finance Committee or Chief Financial Officer may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

In the general fund, the District strives to maintain an unassigned fund balance of not less than two percent and not more than eight percent of budgeted expenditures.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the general fund on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for all capital projects funds.

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within 10 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to the date final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2017, the carrying amount of the District's deposits was \$35,169,859, and the bank balance was \$36,896,306. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and \$20,947,697 was covered through collateral held by financial institutions in accordance with Act 72. The District's remaining cash deposits of \$14,698,609 are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF") and Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, they are rated by a nationally recognized statistical rating organization (AAAM as of June 30, 2017), and they are subject to an independent annual audit.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

Investments

Statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation, or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, State Treasurer's investment pools, or mutual funds. During the year ended June 30, 2017, permitted investments were expanded to include highly-rated commercial paper, bankers' acceptances, and negotiable certificates of deposit.

As of June 30, 2017, the District had the following investments:

Certificates of deposit due within one year - collateral held by pledging bank's agent in the District's name	\$ 9,861,758
Certificates of deposit due in one to five years - collateral held by pledging bank's agent in the District's name	1,615,081
U.S. Treasury bonds due within one year	<u>12,826,136</u>
Total Investments	<u>\$ 24,302,975</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements as of June 30, 2017:

<u>Investment Type</u>	<u>Fair Value</u>
External Investment Pool - PLGIT TERM	\$ 12,826,136

The District invests in the "PLGIT TERM" external investment pool. This external investment pool is considered a 2a7-like pool and is recorded at fair market value. The fair market value is determined by the pool's Net Asset Value ("NAV") share price. The investments held in the "PLGIT TERM" account consist of short-term U.S. Treasury Bonds. As of June 30, 2017, PLGIT was rated as AAAm by a nationally recognized statistical rating organization.

In addition, the District measures investments in non-negotiable CDs on the amortized cost basis, consistent with generally accepted accounting principles. The District has the following amortized cost measurements as of June 30, 2017:

<u>Investment Type</u>	<u>Amortized Cost</u>
Non-negotiable CDs	\$ 11,476,839

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

Interest Rate Risk

The District's investment policy follows the Pennsylvania School Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investment policy follows the Pennsylvania School Code in limiting its investment choices to those with certain credit ratings.

Concentration Risk

The District places no limit on the amount it may invest in any one issuer.

NOTE 4 UNEARNED REVENUES

The District records unearned revenue for resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue reported in the governmental funds resulted from federal grants received that have not satisfied eligibility requirements and revenue received but not yet earned. Unearned revenue in the proprietary funds and the entity-wide financial statements represents resources that have been received but not yet earned.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 609,177	\$ -	\$ -	\$ 609,177
Construction-in-progress	41,166,610	25,540,718	120,000	66,587,328
Total Capital Assets Not Being Depreciated	41,775,787	25,540,718	120,000	67,196,505
Capital assets being depreciated:				
Site improvements	5,127,849	-	-	5,127,849
Buildings and improvements	98,488,682	-	-	98,488,682
Furniture and equipment	10,081,042	587,072	1,808,280	8,859,834
Total Capital Assets Being Depreciated	113,697,573	587,072	1,808,280	112,476,365

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Site improvements	3,763,013	129,825	-	3,892,838
Buildings and improvements	56,001,674	2,382,273	-	58,383,947
Furniture and equipment	7,934,350	736,670	1,764,343	6,906,677
Total accumulated depreciation	67,699,037	3,248,768	1,764,343	69,183,462
Total Capital Assets Being Depreciated, Net	45,998,536	(2,661,696)	43,937	43,292,903
GOVERNMENTAL ACTIVITIES ASSETS, NET	<u>\$ 87,774,323</u>	<u>\$22,879,022</u>	<u>\$ 163,937</u>	<u>\$110,489,408</u>
BUSINESS-TYPE ACTIVITIES:				
Capital assets being depreciated:				
Machinery and equipment	\$ 1,528,682	\$ -	\$ (50,861)	\$ 1,477,821
Less accumulated depreciation	(1,501,960)	9,146	50,861	(1,460,245)
BUSINESS-TYPE ACTIVITIES, NET	<u>\$ 26,722</u>	<u>\$ 9,146</u>	<u>\$ -</u>	<u>\$ 17,576</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
Instruction	\$ 2,185,776
Instructional student support	384,081
Administrative and financial support services	311,575
Operation and maintenance of plant services	184,500
Pupil transportation	182,836
Total Governmental Activities	<u>\$ 3,248,768</u>
Business-type Activities	
Food service	<u>\$ 9,146</u>

NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2017 is as follows:

Due To	Amount	Due From	Amount
Washington and Gilbertsville		Technology Reserve	
Renovation Fund	\$ 262,609	Fund (nonmajor fund)	\$ 522,609
Senior High Fund	896,370	Food Service Fund	17,808
Internal Service Fund	1,910,661	General Fund	1,650,661
General Fund	17,808	Junior High West Fund	896,370
TOTALS	<u>\$ 3,087,448</u>	TOTALS	<u>\$ 3,087,448</u>

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS (cont'd)

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end.

Interfund Transfers:

<u>Transfer Out:</u>		<u>Transfers In:</u>	
Senior High Fund	\$ 175,000	Technology Reserve	
General Fund	1,520,000	Fund (nonmajor fund)	\$ 1,270,000
Capital Projects Fund		Washington and Gilbertsville	
(nonmajor fund)	2,730,000	Renovation Fund	2,730,000
Debt Service Fund		General Fund	1,277,594
(nonmajor fund)	1,000,000	Capital Projects Fund	
Food Service Fund	<u>102,594</u>	(nonmajor fund)	<u>250,000</u>
TOTALS	<u>\$ 5,527,594</u>	TOTALS	<u>\$ 5,527,594</u>

Transfers represent funds set aside for the anticipation of future capital and funding needs, to reimburse debt payments made by other funds, and to reimburse shared administrative costs.

NOTE 7 GENERAL LONG-TERM DEBT

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2017:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Due Within</u>
					<u>One Year</u>
Bonds and notes payable, net	\$ 103,238,516	\$ -	\$ (3,796,460)	\$ 99,442,056	\$ 2,797,829
Capital lease payable	344,281	269,067	(196,951)	416,397	206,535
Accumulated compensated absences	282,726	-	(53,451)	229,275	-
Other post-employment benefits	<u>6,341,011</u>	<u>635,537</u>	<u>-</u>	<u>6,976,548</u>	<u>-</u>
TOTALS	<u>\$ 110,206,534</u>	<u>\$ 904,604</u>	<u>\$ (4,046,862)</u>	<u>\$ 107,064,276</u>	<u>\$ 3,004,364</u>

Bonds and notes payable, net consists of the following:

Bonds and notes payable, at face	\$ 92,890,000
Bond premiums	<u>6,552,056</u>
Bonds and notes payable, net	<u>\$ 99,442,056</u>

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

Payments of long-term debt are expected to be funded by the general fund.

Bonds and notes payable at June 30, 2017 consisted of:

General Obligation Note Series of 2005, maturing through February 2026, bearing interest at a variable rate (1.2% at June 30, 2017), payable monthly.	\$ 5,530,000
General Obligation Bond Series of 2012, maturing through October 2025, bearing interest ranging from 0.5% to 2.625%, payable semi-annually on April 1 and October 1.	7,640,000
General Obligation Bond Series of 2013, maturing through October 2025, bearing interest ranging from 2.0% to 3.0%, payable semi-annually on April 1 and October 1.	4,745,000
General Obligation Bond Series of 2014, maturing through October 2043, bearing interest ranging from 0.25% to 5.0%, payable semi-annually on April 1 and October 1.	29,990,000
General Obligation Note Series of 2014, maturing through December 2028, bearing interest at a variable rate (1.2% at June 30, 2017), payable monthly.	14,990,000
General Obligation Bond Series of 2015, maturing through October 2038, bearing interest from 0.5% to 5.0%, payable monthly.	<u>29,995,000</u>
TOTAL	<u>\$ 92,890,000</u>

Presented below is a summary of debt service to maturity by years:

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2018	\$ 2,520,000	\$ 3,875,382	\$ 6,395,382
2019	2,610,000	3,787,832	6,397,832
2020	2,690,000	3,705,133	6,395,133
2021	2,765,000	3,628,792	6,393,792
2022	2,845,000	3,549,351	6,394,351
2023 - 2027	15,645,000	16,321,031	31,966,031
2028 - 2032	18,195,000	13,295,912	31,490,912

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2033 - 2037	22,420,000	8,714,250	31,134,250
2038 - 2042	17,805,000	3,150,625	20,955,625
2043 - 2044	<u>5,395,000</u>	<u>273,125</u>	<u>5,668,125</u>
	<u>\$ 92,890,000</u>	<u>\$ 60,301,433</u>	<u>\$153,191,433</u>

NOTE 8 CAPITAL LEASES - LESSEE

The District has entered into lease agreements as a lessee for financing the acquisition of equipment used throughout the District. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follows:

ASSET	
Equipment	\$ 982,533
Less: Accumulated depreciation	<u>(563,724)</u>
Total	<u>\$ 418,809</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Year Ending June 30,</u>	
2018	\$ 212,154
2019	53,813
2020	53,813
2021	53,813
2022	53,813
Amount representing interest	<u>(11,009)</u>
Total	<u>\$ 416,397</u>

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 OPERATING LEASES

The District currently is obligated under operating lease agreements for various office equipment. The following is a summary of the minimum rental costs for the remaining terms:

<u>Year Ending June 30,</u>	
2019	\$ 75,091
2020	74,200
2021	<u>72,512</u>
Total	<u>\$ 221,803</u>

Rental expense for the year ended June 30, 2017 was \$75,091.

NOTE 10 PENSION PLAN

Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduces benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination of age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to two percent or two and one-half percent, depending upon the membership class, of the

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PENSION PLAN (cont'd)

member's final average salary as defined in the Code, multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested, and early retirement may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to two percent or two and one-half percent, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members, or who has at least five years of credited service for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Member Contributions

Active members who joined the system prior to July 22, 1983 contributed at 5.25 percent (Membership Class T-C), or at 6.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C), or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system after June 30, 2001 and before July 1, 2011 contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the system after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30 percent (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50 percent and 9.50 percent, and Membership Class T-F contribution rate to fluctuate between 10.30 percent and 12.30 percent.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PENSION PLAN (cont'd)

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2017, the rate of the employer contribution was 25.84 percent of covered payroll, which was comprised of 29.20 percent for pension contributions and 0.83 percent for healthcare contributions. The District's contribution to PSERS for the year ended June 30, 2017 was \$15,537,753, of which \$15,108,306 was pension contributions and \$429,447 was healthcare contributions.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2017, the District reported a liability of \$195,105,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2015 to June 30, 2016. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2016, the District's proportion was 0.3937 percent, which was an increase of 0.0078 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$23,021,227. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$10,874,000	\$ -
Changes in proportions	9,014,000	-
Changes in assumptions	7,043,000	-
Difference between employer contributions and proportionate share of total contributions	494,017	-
Difference between expected and actual experience	-	1,625,000
Contributions subsequent to the date of measurement	15,108,306	-
	<u>\$42,533,323</u>	<u>\$ 1,625,000</u>

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PENSION PLAN (cont'd)

Deferred outflows of resources were reported as \$15,108,306 resulting from the District's contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

Year Ending June 30,

2018	\$ 6,400,228
2019	6,400,228
2020	8,170,736
2021	<u>4,828,825</u>
	<u>\$25,800,017</u>

Actuarial Assumptions

The total pension liability as of June 30, 2017 was determined by rolling forward the system's total pension liability as of the June 30, 2015 actuarial valuation to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry age normal, level percentage of pay.
- Investment return – 7.25 percent, including inflation of 2.75 percent.
- Salary increases – Effective average of 5.00 percent, which reflects an allowance for inflation of 2.75 percent, and real wage growth and merit or seniority increases of 2.50 percent.
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the experience study that was performed for the five-year period ended June 30, 2015. The recommended assumption changes based on this experience study were adopted by the PSERS Board of Directors at its June 10, 2016 Board meeting and were effective beginning with the June 30, 2016 actuarial valuation.

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

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PENSION PLAN (cont'd)

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board of Directors. Plan assets are managed with a long-term objective of achieving and maintaining a fully-funded status for the benefits provided through the pension.

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public equity	22.5%	5.3%
Fixed income	28.5%	2.1%
Commodities	8.0%	2.5%
Absolute return	10.0%	3.3%
Risk parity	10.0%	3.9%
Infrastructure/MLP's	5.0%	4.8%
Real estate	12.0%	4.0%
Alternative investments	15.0%	6.6%
Cash	3.0%	0.2%
Financing (LIBOR)	(14.0%)	0.5%
	<u>100.0%</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2016.

Discount Rate

The discount used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates which are actuarially determined. Based on those assumptions, the pension plan's 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.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 PENSION PLAN (cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease 6.25%	Current Rate Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 238,666,000	\$ 195,105,000	\$ 158,501,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report, which can be found on the system's website at www.psers.state.pa.us.

NOTE 11 JOINT VENTURES

The District is a participating member of the Berks Career and Technology Center ("the Center"). A joint board consisting of school directors from each member district runs the Center. The board of directors of each member district must approve the Center's annual operating budget. Each member pays a private share of the operating costs of the Center based on the number of students from each district. For the fiscal year ended June 30, 2017, the District's share was \$2,028,297. The Center prepares financial statements, which are available to the public, and may be obtained at the Center's administrative office.

In 1998, the Berks County Vocational Technical School Authority ("the Authority") issued its Lease Revenue Bonds (Berks Career and Technology Center Project) Series of 1998. The proceeds were to be used to finance renovations and improvements to the Vo-Tech School's East and West Campuses, the acquisition of certain machinery and equipment for educational instruction, funding of a Debt Service Reserve Fund, funding of capitalized interest, and payment of the costs of issuing the bonds.

To secure payment of principal and interest on the bonds, the Authority entered into a lease and sublease with the Vo-Tech School. Bond counsel to the Vo-Tech School has determined the obligation does not constitute "debt" or "lease rental debt" of the District as defined in the Local Governmental Unit Debt Act of the Commonwealth of Pennsylvania. However, each participating member is obligated to pay its proportionate share of the rental payments of the Vo-Tech School

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 JOINT VENTURES (cont'd)

to the Authority under the sublease. The District's proportionate share for the year ended June 30, 2017 was \$382,752. Future rentals payable under the sublease shall be allocated among the participating members based on the proportion, which the market valuation of each participating member bears to the total market valuation of all participating members. The Authority prepares financial statements, which are available to the public, and may be obtained at the Center's administrative office.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Government Grants and Awards

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

Certain litigation claims are pending against the District. In the opinion of District management and legal counsel, the potential losses, if any, on such claims are not yet determinable.

Capital Improvement Commitments

As of June 30, 2017, the District was in the process of several capital projects. Construction commitments completed to date are as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed 6/30/2017</u>	<u>Commitment</u>
Boyertown Area Senior High School			
General Contractor	\$25,712,541	\$24,257,752	\$ 1,454,789
Plumbing Contractor	3,803,759	3,580,756	223,003
Mechanical Contractor	9,772,709	9,547,210	225,499
Electrical Contractor	7,353,907	6,994,880	359,027
Architect	2,293,157	2,240,430	52,727
Engineer	1,194,558	1,088,643	105,915
HVAC Contractor	170,500	68,000	102,500
Demolition Contractor	140,625	126,563	14,062

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 COMMITMENTS AND CONTINGENCIES (cont'd)

Project	Contract Amount	Completed 6/30/2017	Commitment
Junior High West			
General Contractor	296,000	98,000	198,000
General Contractor	8,566,085	1,760,980	6,805,105
Electrical Contractor	2,723,135	504,285	2,218,850
Plumbing Contractor	967,562	284,257	683,305
Mechanical Contractor	5,188,057	1,912,239	3,275,818
Architect	1,033,371	833,194	200,177
Washington/Gilbertsville Elementary School			
General Contractor	85,600	42,480	43,120
General Contractor	5,727,363	5,668,560	58,803
Engineer	15,700	14,915	785
Mechanical Contractor	1,907,382	757,650	1,149,732
Total Commitments Related to Construction-in-progress	<u>\$76,952,011</u>	<u>\$59,780,794</u>	<u>\$17,171,217</u>

In addition, the District has incurred costs in the amount of \$6,806,534 for other projects that were not under a formal construction commitment as of June 30, 2017.

NOTE 13 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage, to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2016-2017 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Medical and prescription coverage and dental coverage are provided on a self-insured basis. The District contracted with insurance administrators to administer these self-insurance programs, including the processing, investigating, and payment of claims. The District entered into a stop-loss agreement with an insurance company to provide excess coverage of claim amounts for individual members exceeding \$150,000, up to a lifetime maximum of \$1,000,000. The District reports its self-insurance for dental in the general fund, and medical and prescription in the Internal Service Fund. Amounts are transferred from the general fund to the Internal Service Fund to provide sufficient resources to cover claims incurred, to pay for the purchase of excess insurance, and to pay the insurance service agent's administrative fee.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 RISK MANAGEMENT

A liability in the amount of \$551,199 was recorded to cover outstanding claims and estimated incurred but not reported claims payable for medical, prescription, and dental. No other costs associated with the District's insurance program have been considered in determining the insurance claims payable. The District estimated the liability based on historical experience.

The following schedule represents the changes in claims liability for the last fiscal year for the District's Self-Insurance Programs:

<u>Self-Insurance</u>	<u>Liability 07/01/2016</u>	<u>Current Year Claims and Charges</u>	<u>Claims Payments</u>	<u>Liability 6/30/2017</u>
Health and Prescription	\$ 393,463	\$10,026,180	\$ 9,868,444	\$ 551,199
Dental	\$ -	\$ 970,001	\$ 970,001	\$ -

NOTE 14 POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description

The District adheres to Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions," for certain post-employment healthcare benefits and life insurance benefits provided by the District. This statement generally provides for prospective implementation - i.e., that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. Accordingly, for financial reporting purposes, no liability is reported for the post-employment benefits liability at the date of transition.

The District makes available certain healthcare benefits for retired public employees. The District pays one full year of medical insurance for each ten years of service to the District for central administrators. The District will pay 25 percent of medical premiums for three years for directors and principals with five to nine consecutive years of service to the District. The District will pay 40 percent of medical premiums for three years for directors and principals with ten or more years of service to the District. All other retired employees pay the entire cost of the benefits. The District also pays certain life insurance premiums for retired directors and principals. The District pays one full year of life insurance premiums for principals with five to nine consecutive years of service to the District, and three years for directors and principals with ten or more years of service. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. In addition to providing the healthcare benefit, employees of the District, who

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POST-EMPLOYMENT HEALTHCARE PLAN (cont'd)

are eligible to retire as defined by PSERS, will be entitled to remuneration for each year of service to the District upon 60 days' notice of retiring. This benefit is provided by the compensation policies for each class of employees which is adopted by the Board of School Directors. Classified employees receive \$200 per year up to 30 years of service. Directors, principals, central office administration staff, professional staff, and supportive supervisory employees receive \$275 per year up to 30 years. The plan is a single-employer defined benefit plan. Separate financial statements are not issued for the plan.

Funding Policy

The District has not advance-funded or established a funding methodology for the annual Other Post-employment Benefit ("OPEB") costs or the net OPEB obligation. For the 2016-2017 fiscal year, there were 46 retired participants. Retiree contributions are based on weighted averages for the medical premiums, increasing at the same rate as the healthcare cost trend rate. The District's pay-as-you-go cost, including implicit rate subsidy of \$987,305, has been applied toward the annual OPEB cost.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan.

Annual required contribution	\$ 2,120,925
Interest on net OPEB obligation	253,640
Adjustment to annual required contribution	<u>(751,723)</u>
Annual OPEB cost (expense)	1,622,842
Contributions made	<u>(987,305)</u>
Increase in net OPEB obligation	635,537
Net OPEB obligation - beginning of year	<u>6,341,011</u>
Net OPEB obligation - end of year	<u>\$ 6,976,548</u>

This amount represents the cost of medical expenses for retirees.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POST-EMPLOYMENT HEALTHCARE PLAN (cont'd)

Funded Status and Funding Progress

The schedule of funding progress of OPEB is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2016	\$ -	\$12,138,969	\$12,138,969	0.00%	\$48,916,913	24.82%
7/1/2014	\$ -	\$13,846,199	\$13,846,199	0.00%	\$45,977,909	30.11%
7/1/2012	\$ -	\$11,925,602	\$11,925,602	0.00%	\$42,301,324	28.19%
7/1/2010	\$ -	\$10,712,449	\$10,712,449	0.00%	\$43,644,123	24.54%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

In the July 1, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a four percent investment rate of return and an annual healthcare cost trend rate of eight percent in 2017, reduced by decrements to an ultimate rate of five percent in 2019 or later. The UAAL is being amortized based on the level dollar, 30-year open period. The remaining amortization period at June 30, 2017 was 20 years.

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 15 FUND BALANCES

As of June 30, 2017, fund balances are composed of the following:

	General Fund	Senior High Fund	Junior High West Fund	Gilbertsville/ Washington Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ 21,888	\$ -	\$ -	\$ -	\$ -	\$ 21,888
Prepaid expenditures	32,144	21,000	-	-	-	53,144
Restricted:						
Capital projects	-	10,569,197	11,039,121	-	-	21,608,318
Committed:						
PSERS rate increase	5,200,000	-	-	-	-	5,200,000
Assigned:						
Capital projects	-	-	-	2,147,068	734,158	2,881,226
Debt service	-	-	-	-	2,480,419	2,480,419
Unassigned (deficit)	7,293,445	-	-	-	(9,237)	7,284,208
Total Fund Balances	<u>\$12,547,477</u>	<u>\$10,590,197</u>	<u>\$11,039,121</u>	<u>\$2,147,068</u>	<u>\$3,205,340</u>	<u>\$ 39,529,203</u>

NOTE 16 DEFICIT NET POSITION/FUND BALANCE

For governmental activities, business-type activities, and the food service fund, the unrestricted net deficit amounts of \$133,650,755, \$2,677,646, and \$2,677,646, respectively, includes the effect of the deferring the recognition of pension contributions made subsequent to the measurement date of the net pension liability, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension plan, differences between projected and actual experience, and the deferred outflows resulting from the change in the District's share of the net pension liability. This is offset by the District's actuarially determined pension liability and the deferred inflows resulting from the difference between expected and actual experience. The \$9,237 unassigned deficit fund balance in the technology reserve fund represents purchases made during the current year which will be funded through future transfers to the fund.

NOTE 17 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following general fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2017:

Instruction – regular programs	\$ 413,735
Instruction – special programs	\$ 497,137
Instruction – other instructional programs	\$ 13,083
Instruction – other adult education programs	\$ 651

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 17 EXCESS OF EXPENDITURES OVER APPROPRIATIONS (cont'd)

Support services – pupil services	\$	29,302
Support services – other support services	\$	3,038
Student activities	\$	85,811
Debt service	\$	140,014

The excess of expenditures over appropriations was financed with positive budget variances in other functions and revenues in excess of budgeted amounts.

NOTE 18 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through January 12, 2018, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BOYERTOWN AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)

	Measurement Date	
	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.3937%	0.3859%
District's proportion of the net pension liability - dollar value	\$ 195,105,000	\$ 167,153,000
District's covered employee payroll	\$ 51,176,476	\$ 50,175,078
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	381.24%	333.14%
Plan fiduciary net position as a percentage of the total pension liability	50.14%	54.36%
		57.24%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**BOYERTOWN AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 15,108,305	\$ 12,794,119	\$ 10,285,891
Contributions in relation to the contractually required contribution	<u>15,108,305</u>	<u>12,794,119</u>	<u>10,285,891</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 51,740,771	\$ 51,176,476	\$ 50,175,078
Contributions as a percentage of covered-employee payroll	29.20%	25.00%	20.50%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**BOYERTOWN AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2016	\$ -	\$ 12,138,969	\$ 12,138,969	0.00%	\$ 48,916,913	24.82%
7/1/2014	\$ -	\$ 13,846,199	\$ 13,846,199	0.00%	\$ 45,977,909	30.11%
7/1/2012	\$ -	\$ 11,925,602	\$ 11,925,602	0.00%	\$ 42,301,324	28.19%

SUPPLEMENTARY INFORMATION

BOYERTOWN AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Capital Projects Fund	Technology Reserve Fund	Debt Service Fund	Total
ASSETS				
Cash and cash equivalents	\$ 757,587	\$ 513,372	\$ 2,132,419	\$ 3,403,378
Investments	-	-	348,000	348,000
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 757,587</u>	<u>\$ 513,372</u>	<u>\$ 2,480,419</u>	<u>\$ 3,751,378</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 23,429	\$ -	\$ -	\$ 23,429
Due to other funds	-	522,609	-	522,609
TOTAL LIABILITIES	<u>23,429</u>	<u>522,609</u>	<u>-</u>	<u>546,038</u>
FUND BALANCES:				
Assigned	734,158	-	2,480,419	3,214,577
Unassigned (deficit)	-	(9,237)	-	(9,237)
TOTAL FUND BALANCES (DEFICIT)	<u>734,158</u>	<u>(9,237)</u>	<u>2,480,419</u>	<u>3,205,340</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 757,587</u>	<u>\$ 513,372</u>	<u>\$ 2,480,419</u>	<u>\$ 3,751,378</u>

BOYERTOWN AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Capital Projects Fund	Technology Reserve Fund	Debt Service Fund	Total
REVENUES				
Local sources	\$ 3,363	\$ 635	\$ 26,924	\$ 30,922
TOTAL REVENUES	<u>3,363</u>	<u>635</u>	<u>26,924</u>	<u>30,922</u>
EXPENDITURES				
Current:				
Instruction	-	1,147,353	-	1,147,353
Support services	1,751	36	60	1,847
Operation of noninstructional services	-	145,089	-	145,089
Capital outlays	678,711	-	-	678,711
TOTAL EXPENDITURES	<u>680,462</u>	<u>1,292,478</u>	<u>60</u>	<u>1,973,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(677,099)</u>	<u>(1,291,843)</u>	<u>26,864</u>	<u>(1,942,078)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	1,270,000	-	1,520,000
Transfers out	(2,730,000)	-	(1,000,000)	(3,730,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,480,000)</u>	<u>1,270,000</u>	<u>(1,000,000)</u>	<u>(2,210,000)</u>
NET CHANGE IN FUND BALANCES	<u>(3,157,099)</u>	<u>(21,843)</u>	<u>(973,136)</u>	<u>(4,152,078)</u>
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>3,891,257</u>	<u>12,606</u>	<u>3,453,555</u>	<u>7,357,418</u>
FUND BALANCES, END OF YEAR	<u>\$ 734,158</u>	<u>\$ (9,237)</u>	<u>\$ 2,480,419</u>	<u>\$ 3,205,340</u>

STATISTICAL SECTION

This part of the Boyertown Area School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and miscellaneous data to help the reader understand how the information in the District's financial report relates to the service the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

BOYERTOWN AREA SCHOOL DISTRICT**NET POSITION BY COMPONENTS***Last ten fiscal years ending June 30,**(accrual basis of accounting)*

Unaudited

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 32,324,510	\$ 23,269,535	\$ 22,006,921	\$ 23,623,232
Restricted - capital projects	2,881,286	9,074,444	8,977,325	-
Unrestricted (deficit)	<u>(133,650,755)</u>	<u>(120,693,959)</u>	<u>(115,544,427)</u>	<u>28,718,238</u>
Total governmental activities net position (deficit)	<u>\$ (98,444,959)</u>	<u>\$ (88,349,980)</u>	<u>\$ (84,560,181)</u>	<u>\$ 52,341,470</u>
Business-type activities				
Net investment in capital assets	\$ 17,576	\$ 26,722	\$ 41,316	\$ 50,199
Unrestricted (deficit)	<u>(2,677,646)</u>	<u>(2,490,898)</u>	<u>(2,393,231)</u>	<u>394,057</u>
Total business-type activities (deficit)	<u>\$ (2,660,070)</u>	<u>\$ (2,464,176)</u>	<u>\$ (2,351,915)</u>	<u>\$ 444,256</u>
Primary government				
Net investment in capital assets	\$ 32,342,086	\$ 23,296,257	\$ 22,048,237	\$ 23,673,431
Unrestricted (deficit)	<u>(136,328,401)</u>	<u>(123,184,857)</u>	<u>(117,937,658)</u>	<u>29,112,295</u>
Total primary government net position (deficit)	<u>\$ (101,105,029)</u>	<u>\$ (90,814,156)</u>	<u>\$ (86,912,096)</u>	<u>\$ 52,785,726</u>

During 2015, the District implemented GASB Statements 68 and 71. Prior periods have not been restated for the effect of this statement as its effects are not measurable on prior years.

During 2013, the District implemented GASB Statements 63 and 65. Prior periods have been restated for the effect of these statements.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 23,084,263	\$ 18,619,040	\$ 17,502,296	\$ 11,633,324	\$ 8,114,377	\$ 5,991,557
-	-	-	-	-	-
<u>25,405,030</u>	<u>24,318,112</u>	<u>19,484,607</u>	<u>20,901,825</u>	<u>20,364,314</u>	<u>17,534,263</u>
<u>\$ 48,489,293</u>	<u>\$ 42,937,152</u>	<u>\$ 36,986,903</u>	<u>\$ 32,535,149</u>	<u>\$ 28,478,691</u>	<u>\$ 23,525,820</u>
\$ 63,355	\$ 55,874	\$ 80,656	\$ 113,973	\$ 189,508	\$ 274,487
<u>381,123</u>	<u>370,910</u>	<u>227,915</u>	<u>163,233</u>	<u>112,147</u>	<u>77,897</u>
<u>\$ 444,478</u>	<u>\$ 426,784</u>	<u>\$ 308,571</u>	<u>\$ 277,206</u>	<u>\$ 301,655</u>	<u>\$ 352,384</u>
\$ 23,147,618	\$ 18,674,914	\$ 17,582,952	\$ 11,747,297	\$ 8,303,885	\$ 6,266,044
-	-	-	-	-	-
<u>25,786,153</u>	<u>24,689,022</u>	<u>19,712,522</u>	<u>21,065,058</u>	<u>20,476,461</u>	<u>17,612,160</u>
<u>\$ 48,933,771</u>	<u>\$ 43,363,936</u>	<u>\$ 37,295,474</u>	<u>\$ 32,812,355</u>	<u>\$ 28,780,346</u>	<u>\$ 23,878,204</u>

BOYERTOWN AREA SCHOOL DISTRICT
CHANGES IN NET POSITION
Last ten fiscal years ending June 30,
 (accrual basis of accounting)
 Unaudited

	2017	2016	2015	2014
Expenses				
Governmental activities				
Regular programs	\$ 53,613,305	\$ 48,984,539	\$ 46,631,316	\$ 43,331,224
Special programs	21,258,579	18,505,282	16,927,674	15,178,258
Vocational programs	2,289,465	2,162,585	1,976,663	1,808,715
Other instructional programs	289,829	253,060	349,818	340,104
Adult education programs	735	775	1,336	5,153
Pupil personnel services	3,804,784	3,116,692	3,111,358	2,591,786
Instructional staff services	6,258,397	5,892,283	5,128,694	4,180,384
Administration services	6,281,468	6,504,193	6,248,963	5,765,905
Pupil health	1,229,186	1,161,095	1,187,529	985,600
Business services	1,319,295	1,245,542	1,277,244	1,240,127
Operation and maintenance of plant services	- 7,730,401	- 7,516,281	- 7,373,854	- 6,883,189
Pupil transportation services	6,242,672	6,178,322	5,845,706	5,894,898
Central services	2,995,751	3,144,964	2,160,144	1,849,934
Other support services	107,889	106,163	103,068	93,947
Student activities	1,623,596	1,564,938	1,537,971	1,370,072
Community services	24,836	28,466	33,632	29,378
Interest on long-term debt	3,796,095	2,700,915	2,136,614	1,440,615
Loss on disposition of assets	25,408	-	-	-
Total governmental activities expense	<u>118,891,691</u>	<u>109,066,095</u>	<u>102,031,584</u>	<u>92,989,289</u>
Business-type activities				
Food service	2,978,017	2,907,193	2,779,868	2,693,899
Loss on disposition of assets	-	-	-	-
Total business-type activities	<u>2,978,017</u>	<u>2,907,193</u>	<u>2,779,868</u>	<u>2,693,899</u>
Total primary government expenses	<u>\$ 121,869,708</u>	<u>\$ 111,973,288</u>	<u>\$ 104,811,452</u>	<u>\$ 95,683,188</u>
Program revenues				
Governmental activities				
Charges for services				
Regular programs	\$ -	\$ -	\$ -	\$ 10,849
Special programs	17,192	11,166	12,260	19,355
Other instructional programs	-	-	-	25,521
Adult education programs	-	1,078	1,764	3,052
Administration services	-	-	-	16,657
Business services	-	-	-	22,957
Operation and maintenance of plant services	240,256	33,655	30,876	159,603
Student activities	238,032	235,727	225,020	218,008
Community services	135,783	128,478	137,676	10,237
Operating grants and contributions	20,433,048	19,105,098	17,855,865	16,234,178
Capital grants and contributions	-	-	-	-
Total governmental activities revenues	<u>21,064,311</u>	<u>19,515,202</u>	<u>18,263,461</u>	<u>16,720,417</u>
Business-type activities				
Charges for service				
Food service	1,607,677	1,668,638	1,694,901	1,733,249
Operating grants and contributions	1,276,541	1,228,321	1,082,330	1,062,344
Total business-type activities program revenues	<u>2,884,218</u>	<u>2,896,959</u>	<u>2,777,231</u>	<u>2,795,593</u>
Total primary government program revenues	<u>\$ 23,948,529</u>	<u>\$ 22,412,161</u>	<u>\$ 21,040,692</u>	<u>\$ 19,516,010</u>
Net (Expense)/Revenue				
Governmental activities	\$ (97,827,380)	\$ (89,550,893)	\$ (83,768,123)	\$ (76,268,872)
Business-type activities	(93,799)	(10,234)	(2,637)	101,694
Total primary government net expense	<u>\$ (97,921,179)</u>	<u>\$ (89,561,127)</u>	<u>\$ (83,770,760)</u>	<u>\$ (76,167,178)</u>

2013	2012	2011	2010	2009	2008
\$ 39,969,919	\$ 40,037,173	\$ 40,506,289	\$ 38,086,627	\$ 36,203,802	\$ 34,953,881
13,389,033	13,242,710	12,907,220	12,070,439	11,000,414	10,086,229
1,740,959	1,717,636	1,717,738	1,706,563	1,683,735	1,630,334
324,527	334,514	344,863	437,921	577,003	588,690
2,889	14,644	14,590	15,968	18,084	15,754
2,373,993	2,492,939	2,474,486	2,438,742	2,400,563	2,333,730
3,973,850	3,838,436	4,124,145	4,401,461	4,268,060	4,071,887
5,344,918	5,857,372	5,568,070	5,530,584	5,588,479	5,308,135
908,097	878,780	865,772	816,872	781,760	756,346
1,131,698	1,107,133	1,074,679	991,339	971,751	932,323
6,464,935	6,604,288	6,890,644	6,900,033	6,736,001	6,809,750
5,603,025	5,740,682	5,589,257	5,742,902	6,027,306	5,663,935
1,778,155	1,556,158	889,972	1,323,695	1,172,646	1,116,044
91,518	90,659	95,370	91,410	90,175	76,369
1,222,534	1,165,704	1,193,690	1,177,460	1,175,312	1,214,381
33,132	36,890	39,963	24,690	31,966	25,418
1,538,338	1,844,864	2,121,881	2,244,607	2,836,911	3,042,330
-	-	-	-	-	101,503
85,891,520	86,560,582	86,418,629	84,001,313	81,563,968	78,727,039
2,716,026	2,681,352	2,664,526	2,748,204	2,712,086	2,634,058
2,877	-	-	-	-	3,677
2,718,903	2,681,352	2,664,526	2,748,204	2,712,086	2,637,735
<u>\$ 88,610,423</u>	<u>\$ 89,241,934</u>	<u>\$ 89,083,155</u>	<u>\$ 86,749,517</u>	<u>\$ 84,276,054</u>	<u>\$ 81,364,774</u>
\$ -	\$ 11,866	\$ 4,569	\$ 8,727	\$ -	\$ -
27,475	39,031	33,460	59,664	146,834	150,769
33,209	30,052	18,494	30,095	16,078	7,406
2,832	10,319	13,850	13,704	19,358	15,658
103,171	113,239	102,438	125,295	111,521	101,155
24,948	21,648	22,526	20,241	39,539	19,944
160,163	160,749	143,474	145,151	115,142	100,655
228,672	226,274	115,091	103,669	115,544	127,288
9,774	11,500	11,676	9,754	4,411	4,409
14,782,782	14,110,058	15,811,426	14,654,002	13,975,394	13,469,985
-	-	-	-	-	-
15,373,026	14,734,736	16,277,004	15,170,302	14,543,821	13,997,269
1,836,915	1,985,524	1,958,951	1,981,147	2,030,996	1,840,424
1,001,512	915,971	818,978	824,154	710,549	675,142
2,838,427	2,901,495	2,777,929	2,805,301	2,741,545	2,515,566
<u>\$ 18,211,453</u>	<u>\$ 17,636,231</u>	<u>\$ 19,054,933</u>	<u>\$ 17,975,603</u>	<u>\$ 17,285,366</u>	<u>\$ 16,512,835</u>
\$ (70,518,494)	\$ (71,825,846)	\$ (70,141,625)	\$ (68,831,011)	\$ (67,020,147)	\$ (64,729,770)
119,524	220,143	113,403	57,097	29,459	(122,169)

BOYERTOWN AREA SCHOOL DISTRICT
CHANGES IN NET POSITION
Last ten fiscal years ending June 30,
 (accrual basis of accounting)
 Unaudited

General revenues and other changes in net position

Governmental activities				
Property taxes				
Earned income tax				
Per capita tax				
Local services tax / Occupational privilege tax				
Real estate transfer tax	\$ 60,447,122	\$ 58,484,648	\$ 55,788,302	\$ 54,123,877
Delinquent real estate tax	7,153,699	6,832,550	6,591,410	6,196,813
Public utility taxes	285,995	315,089	379,101	286,528
Payment in lieu of taxes	64,503	63,491	66,845	54,724
Unrestricted grants and contributions	1,121,263	1,242,968	939,277	923,844
Investment earnings	1,470,555	1,657,472	2,166,302	2,017,967
Loss on disposition of assets	74,413	73,753	78,175	75,056
Miscellaneous	199	199	199	199
Transfers	16,514,883	16,125,783	15,770,121	15,875,354
Total governmental activities	46,455	233,667	135,509	14,838
	<u>102,594</u>	<u>102,594</u>	<u>102,594</u>	<u>102,594</u>
Business-type activities				
Investment earnings	87,732,401	85,761,094	82,473,907	80,121,049
Loss on disposition of assets				
Transfers				
	499	567	642	678
Total business-type activities	<u>(102,594)</u>	<u>(102,594)</u>	<u>(102,594)</u>	<u>(102,594)</u>
Total primary government	<u>(102,095)</u>	<u>(102,027)</u>	<u>(101,952)</u>	<u>(101,916)</u>
Change in net position	<u>\$ 87,630,306</u>	<u>\$ 85,659,067</u>	<u>\$ 82,371,955</u>	<u>\$ 80,019,133</u>
Governmental activities				
Business-type activities				
	\$ (10,094,979)	\$ (3,789,799)	\$ (1,294,216)	\$ 3,852,177
Total primary government	<u>(195,894)</u>	<u>(112,261)</u>	<u>(104,589)</u>	<u>(222)</u>
	<u>\$ (10,290,873)</u>	<u>\$ (3,902,060)</u>	<u>\$ (1,398,805)</u>	<u>\$ 3,851,955</u>

During 2015, the District implemented GASB Statements 68 and 71. Prior periods have not been restated for the effect of this statement as its effects are not measurable on prior years.

During 2013, the District implemented GASB Statements 63 and 65. Prior periods have been restated for the effect of these statements.

\$ 52,119,934	\$ 50,368,273	\$ 47,082,240	\$ 44,758,384	\$ 44,467,264	\$ 44,605,687
4,548,146	6,086,682	5,294,300	5,288,692	6,060,959	5,436,669
285,763	282,521	276,571	267,360	274,940	275,599
62,490	53,246	71,719	74,057	79,930	75,685
760,560	743,849	772,978	828,771	716,678	1,076,824
2,177,366	2,369,749	2,478,954	1,937,382	1,796,926	1,722,743
76,101	74,475	75,739	74,399	67,937	71,642
199	199	199	199	199	2,194
15,515,797	15,522,800	16,617,865	16,023,641	15,495,288	13,309,402
338,752	650,720	636,602	788,060	1,135,042	1,838,540
82,933	1,520,987	1,203,618	2,763,930	1,795,261	56,646
102,594	102,594	82,594	82,594	82,594	75,094
<u>76,070,635</u>	<u>77,776,095</u>	<u>74,593,379</u>	<u>72,887,469</u>	<u>71,973,018</u>	<u>68,546,725</u>
764	664	556	1,048	2,406	6,232
<u>(102,594)</u>	<u>(102,594)</u>	<u>(82,594)</u>	<u>(82,594)</u>	<u>(82,594)</u>	<u>(75,094)</u>
<u>(101,830)</u>	<u>(101,930)</u>	<u>(82,038)</u>	<u>(81,546)</u>	<u>(80,188)</u>	<u>(68,862)</u>
<u>\$ 75,968,805</u>	<u>\$ 77,674,165</u>	<u>\$ 74,511,341</u>	<u>\$ 72,805,923</u>	<u>\$ 71,892,830</u>	<u>\$ 68,477,863</u>
\$ 5,552,141	\$ 5,950,249	\$ 4,451,754	\$ 4,056,458	\$ 4,952,871	\$ 3,816,955
<u>17,694</u>	<u>118,213</u>	<u>31,365</u>	<u>(24,449)</u>	<u>(50,729)</u>	<u>(191,031)</u>
<u>\$ 5,569,835</u>	<u>\$ 6,068,462</u>	<u>\$ 4,483,119</u>	<u>\$ 4,032,009</u>	<u>\$ 4,902,142</u>	<u>\$ 3,625,924</u>

BOYERTOWN AREA SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
Last ten fiscal years ending June 30,
 (accrual basis of accounting)
 Unaudited

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund				
Nonspendable	\$ 54,032	\$ 51,080	\$ 74,107	\$ 161,677
Committed	5,200,000	7,200,000	7,200,000	6,200,000
Unassigned	7,293,445	7,582,749	9,738,478	12,798,893
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>\$ 12,547,477</u>	<u>\$ 14,833,829</u>	<u>\$ 17,012,585</u>	<u>\$ 19,160,570</u>
All other governmental funds				
Nonspendable	\$ 21,000	\$ 21,000	\$ 21,000	\$ -
Restricted	21,608,318	40,642,182	34,205,431	406,649
Assigned:				
Capital projects	2,881,226	9,091,909	8,887,861	4,436,125
Debt service	2,480,419	3,453,555	4,403,458	3,328,778
Unassigned (deficit)	(9,237)	-	(66,355)	(110,022)
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 26,981,726</u>	<u>\$ 53,208,646</u>	<u>\$ 47,451,395</u>	<u>\$ 8,061,530</u>

Note: Boyertown Area School District first applied GASB Statement No. 54 in fiscal year ended June 30, 2011.
 Prior year fund balance information has been not been restated to conform to the new presentation.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 58,686	\$ 70,098	\$ 65,427	\$ -	\$ -	\$ -
6,200,000	4,600,000	3,200,000	-	-	-
11,649,514	8,527,908	6,407,945	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,966,843</u>	<u>8,191,802</u>	<u>7,918,875</u>
<u>\$17,908,200</u>	<u>\$13,198,006</u>	<u>\$ 9,673,372</u>	<u>\$ 7,966,843</u>	<u>\$ 8,191,802</u>	<u>\$ 7,918,875</u>
\$ -	\$ -	\$ 444	\$ -	\$ -	\$ -
717,086	721,701	700,869	-	-	-
4,188,765	3,745,225	4,812,848	-	-	-
3,235,388	4,595,600	4,011,923	-	-	-
(133,504)	(43,390)	-	-	-	-
-	-	-	828,853	798,074	916,616
-	-	-	12,693	3,885	4,942
-	-	-	4,034,509	5,083,866	4,826,902
-	-	-	8,460,254	5,715,103	3,905,917
<u>\$ 8,007,735</u>	<u>\$ 9,019,136</u>	<u>\$ 9,526,084</u>	<u>\$13,336,309</u>	<u>\$11,600,928</u>	<u>\$ 9,654,377</u>

BOYERTOWN AREA SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last ten fiscal years ending June 30,
(modified accrual basis of accounting)
Unaudited

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Local Sources										
Taxes										
Earnings on investments	\$ 70,210,372	\$ 68,609,294	\$ 66,331,063	\$ 63,459,479	\$ 61,825,842	\$ 59,126,710	\$ 56,116,456	\$ 53,268,037	\$ 52,881,796	\$ 52,933,810
Revenue from intermediate sources	600,346	596,041	394,512	318,086	296,480	569,461	615,672	749,761	1,096,214	1,735,920
Rentals	1,235,850	1,235,850	1,189,492	1,150,512	1,228,892	1,226,744	1,763,347	2,129,347	1,222,056	1,319,889
Tuition	135,783	128,478	137,676	159,603	160,164	160,749	143,474	145,151	115,142	100,655
Revenue from student activities	17,192	17,787	14,024	48,328	63,516	91,268	67,824	112,191	182,270	173,667
Other revenue	238,032	235,727	225,020	218,008	228,672	226,274	115,091	103,669	115,544	127,288
State sources	376,711	362,797	232,385	145,785	292,186	1,216,284	330,490	2,990,972	2,032,387	251,119
Federal sources	34,400,966	32,698,439	31,053,272	29,024,885	27,324,245	26,705,777	26,503,555	25,693,435	26,914,564	24,361,722
	<u>1,221,115</u>	<u>1,202,992</u>	<u>1,317,223</u>	<u>1,863,491</u>	<u>1,674,081</u>	<u>1,640,472</u>	<u>4,079,728</u>	<u>2,783,304</u>	<u>1,252,605</u>	<u>1,031,170</u>
Total revenue	108,436,367	105,087,405	100,894,667	96,388,177	93,094,078	90,963,739	89,735,637	87,975,867	85,812,578	82,035,240
Expenditures										
Current										
Instruction	69,764,024	66,148,018	61,753,931	57,734,717	53,543,810	53,095,785	53,097,568	50,140,295	47,486,520	45,577,224
Support services	32,366,079	32,252,365	29,752,216	28,383,262	27,079,910	27,046,682	26,741,739	27,114,341	27,030,170	26,094,712
Non-instructional	1,649,209	1,593,221	1,527,765	1,357,458	1,215,038	1,168,585	1,197,105	1,164,131	1,171,194	1,221,465
Capital outlay	25,700,194	27,799,241	11,534,826	2,099,976	2,003,009	984,236	885,989	1,140,473	1,003,327	1,722,082
Debt service										
Interest	3,391,630	3,055,300	2,077,142	1,523,993	1,686,112	2,103,271	2,430,822	2,424,345	2,958,862	3,144,302
Principal	4,050,000	4,050,000	4,030,000	4,210,000	3,970,000	3,805,000	7,568,704	4,564,454	4,315,593	4,271,779
Total expenditures	<u>136,921,136</u>	<u>134,898,145</u>	<u>110,675,880</u>	<u>95,309,406</u>	<u>89,497,879</u>	<u>88,203,559</u>	<u>91,921,927</u>	<u>86,548,039</u>	<u>83,965,666</u>	<u>82,031,564</u>
Excess of revenues over/(under) expenditures	<u>(28,484,769)</u>	<u>(29,810,740)</u>	<u>(9,781,213)</u>	<u>1,078,771</u>	<u>3,596,199</u>	<u>2,760,180</u>	<u>(2,186,290)</u>	<u>1,427,828</u>	<u>1,846,912</u>	<u>3,676</u>
Other financing sources (uses)										
Proceeds from sale of capital assets	18,529	1,500	200	-	-	-	-	-	-	-
Refund of prior year's receipts	(149,626)	(7,417)	(81,554)	-	-	-	-	-	-	-
Proceeds from issuance of long-term debt	-	30,000,000	45,000,000	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	5,535,000	-	9,125,000	-	-	18,545,000	-
Bond premium (discount)	-	3,292,558	3,001,853	170,652	-	206,768	-	-	1,265,402	-
Net payment to refunded bond escrow agent	-	-	-	(5,580,852)	-	(9,176,856)	-	-	(19,520,430)	-
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
Transfers in	5,527,594	3,937,594	6,804,893	3,110,286	3,502,594	1,111,037	4,782,594	1,082,594	3,088,763	2,025,094
Transfers out	(5,425,000)	(3,835,000)	(7,702,299)	(3,007,692)	(3,400,000)	(1,008,443)	(4,700,000)	(1,000,000)	(3,006,169)	(1,950,000)
Total other financing sources (uses)	<u>(28,503)</u>	<u>33,389,235</u>	<u>47,023,093</u>	<u>227,394</u>	<u>102,594</u>	<u>257,506</u>	<u>82,594</u>	<u>82,594</u>	<u>372,566</u>	<u>75,094</u>
Net change in fund balance	<u>\$(28,513,272)</u>	<u>\$ 3,578,495</u>	<u>\$ 37,241,880</u>	<u>\$ 1,306,165</u>	<u>\$ 3,698,793</u>	<u>\$ 3,017,686</u>	<u>\$(2,103,696)</u>	<u>\$ 1,510,422</u>	<u>\$ 2,219,478</u>	<u>\$ 78,770</u>
Debt service as a percentage of non-capital expenditures	6.69%	6.63%	6.16%	6.19%	6.50%	6.82%	11.05%	8.23%	8.83%	9.27%

BOYERTOWN AREA SCHOOL DISTRICT
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last ten fiscal years ending June 30,
(modified accrual basis of accounting)
Unaudited

Fiscal Year Ending June	Property	Per Capita	Occupational	Public Utility	Real Estate Transfer	Earned Income	Delinquent Real Estate	Delinquent Per Capita	Total
2008	\$ 44,605,686	\$ 275,599	\$ 75,685	\$ 71,642	\$ 1,076,824	\$ 5,348,662	\$ 1,459,345	\$ 20,367	\$ 52,933,810
2009	44,467,264	274,940	79,930	67,937	716,678	5,623,490	1,630,276	21,281	52,881,796
2010	44,758,384	267,360	74,057	74,399	828,771	5,593,099	1,655,648	16,319	53,268,037
2011	47,082,240	276,571	71,719	75,739	772,978	5,493,739	2,305,038	38,432	56,116,456
2012	50,368,273	282,521	53,246	74,475	743,849	5,829,015	1,745,113	30,218	59,126,710
2013	52,119,934	285,764	62,490	76,101	760,560	6,121,891	2,369,246	29,856	61,825,842
2014	54,123,877	286,528	54,724	75,056	923,844	6,184,691	1,788,817	21,942	63,459,479
2015	56,109,953	350,024	66,845	78,175	939,277	6,591,410	2,166,302	29,077	66,331,063
2016	58,423,971	288,173	63,491	73,753	1,242,968	6,832,550	1,657,472	26,916	68,609,294
2017	60,039,944	285,995	64,503	74,413	1,121,263	7,153,699	1,440,560	29,995	70,210,372

All amounts listed above include any applicable discounts, penalties, and interest.

BOYERTOWN AREA SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last ten fiscal years ending June 30,

Fiscal Year Ended June 30,	Residential Property	Lots	Industrial Property	Commercial Property	Agriculture	Land	Total Taxable Assessed Value	Tax-exempt Property ⁽¹⁾	Total Direct Tax Rate (Mills)	Estimated Actual Value
Berks County side of District										
2008	\$ 776,548,500	\$ 13,213,300	\$ 51,659,500	\$ 132,871,900	\$ 62,247,600	\$ 7,020,500	\$ 1,043,561,300	\$ 113,121,100	19.240	\$ 1,180,285,900
2009	766,550,000	16,732,100	51,796,800	138,690,700	63,064,000	6,986,300	1,043,809,900	113,537,400	19.640	1,308,322,000
2010	811,728,900	14,472,500	54,820,800	126,628,600	63,962,300	5,324,200	1,076,937,300	114,137,100	20.020	1,352,189,500
2011	807,976,200	13,472,500	54,543,600	125,630,000	74,937,600	5,578,600	1,082,138,500	114,956,500	20.770	1,455,589,945
2012	830,857,300	12,438,500	52,922,500	127,378,400	68,977,300	5,444,000	1,098,018,000	114,835,700	21.880	1,478,161,737
2013	841,464,200	11,708,500	53,320,700	128,250,800	67,088,800	5,411,900	1,107,244,900	120,063,800	21.880	1,525,755,377
2014	846,178,800	10,493,300	53,297,600	127,249,500	67,804,400	5,453,600	1,110,477,200	125,218,100	22.520	1,530,481,941
2015	852,842,500	10,568,200	53,320,700	128,250,800	66,555,400	5,945,300	1,117,482,900	124,655,500	23.390	1,565,823,330
2016	852,593,300	10,314,500	53,147,600	131,702,800	64,369,200	6,443,100	1,118,570,500	125,311,800	23.960	1,497,065,249
2017	851,365,700	10,314,500	56,709,500	131,720,500	64,491,000	6,443,100	1,121,044,300	128,374,600	24.270	1,578,381,518
Montgomery County side of District										
2008	\$ 1,125,376,532	\$ 13,924,370	\$ 23,257,139	\$ 90,186,852	\$ 58,651,680	\$ 53,610	\$ 1,311,450,183	\$ 83,696,674	19.420	\$ 1,460,368,600
2009	1,132,141,662	14,639,050	23,174,579	98,060,072	50,656,600	6,497,080	1,325,169,043	86,200,184	20.030	1,655,118,200
2010	1,161,444,062	15,559,410	23,304,679	97,762,662	50,902,100	7,902,040	1,356,874,953	87,796,634	19.660	1,695,688,300
2011	1,178,132,762	14,627,780	23,304,679	96,498,702	51,429,090	8,027,560	1,372,020,573	90,133,224	20.360	1,908,454,638
2012	1,199,806,032	13,828,750	23,207,909	91,690,842	52,272,780	15,827,350	1,396,633,663	90,646,384	21.500	1,943,726,187
2013	1,214,347,842	13,523,640	24,525,159	99,682,443	53,270,260	5,465,450	1,410,814,794	91,244,694	22.490	1,969,782,718
2014	1,230,126,062	12,760,270	23,157,989	102,144,013	57,853,160	5,070,110	1,431,111,604	90,992,084	22.970	1,996,121,771
2015	1,244,449,852	12,426,460	23,340,849	107,346,913	52,914,230	4,868,750	1,445,347,054	90,983,144	23.270	2,004,327,721
2016	1,264,764,462	12,131,100	23,340,849	101,511,603	58,604,550	4,555,950	1,464,908,514	90,983,144	23.860	2,029,746,332
2017	1,289,577,462	11,500,520	23,215,999	102,626,793	59,103,460	4,690,830	1,490,715,064	92,735,834	24.270	2,098,135,275

Source: Pennsylvania State Tax Equalization Board

⁽¹⁾ Source is the Berks and Montgomery Assessment Offices

1 mill is \$1 for every \$1,000 of assessed value

* - Information not yet available

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BOYERTOWN AREA SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last ten fiscal years ending June 30,

Fiscal Year	School District Direct Rates		County			
	Berks	Montgomery	Berks	Montgomery	Bally	Bechtelsville
2008	19.240	19.420	6.935	2.695	3.300	3.600
2009	19.640	20.030	6.935	2.695	4.100	3.600
2010	20.020	19.660	6.935	2.695	4.100	3.600
2011	20.770	20.360	6.935	2.695	4.300	3.600
2012	21.880	21.500	6.935	2.695	4.500	4.000
2013	21.880	22.490	6.935	2.695	4.500	4.500
2014	22.520	22.970	7.372	2.695	4.700	4.500
2015	23.390	23.270	7.372	2.695	5.000	4.500
2016	23.960	23.860	7.372	3.459	5.000	4.500
2017	24.270	24.270	7.372	3.459	5.000	5.000

Source: From each respective taxing authority

Overlapping Rates

Township or Borough							
Boyertown	Colebrookdale	Douglass (Berks)	Earl	Washington	Douglass (Montgomery)	New Hanover	Upper Frederick
4.040	3.000	2.000	-	1.700	1.700	1.680	0.820
4.840	3.000	2.000	-	1.700	1.700	1.680	0.820
4.990	3.000	2.000	-	2.320	1.700	1.680	1.620
5.140	3.000	2.000	-	2.320	1.700	1.680	1.620
5.140	3.000	2.000	-	3.700	1.700	1.050	1.400
5.140	3.500	2.000	-	3.700	1.700	1.050	1.400
5.140	3.500	2.000	-	2.700	1.700	1.050	1.400
5.140	3.500	2.000	-	2.700	1.800	1.050	1.400
5.640	3.500	3.300	-	2.700	1.800	1.680	1.620
6.140	3.500	3.300	-	2.700	1.800	1.680	1.620

BOYERTOWN AREA SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

Fiscal year ending June 30, 2017 and ten years ago

	2017			2007		
	Taxable Assessed valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed valuation	Rank	Percentage of Total Taxable Assessed Valuation
Franconia Township Industrial Development Authority (Frederick Mennonite Community)	\$ 14,979,610	1	0.57%	\$ 17,994,654	1	0.78%
Walmart	10,285,400	2	0.39%	11,315,200	2	0.49%
Global Advanced Metals USA Inc	8,996,010	3	0.34%	*	*	*
Douglass Equities LLC	6,368,560	4	0.24%	8,580,300	4	0.37%
Douglass Village LLC	5,786,700	5	0.22%	*	*	*
Boyertown Retirement Residence	5,650,300	6	0.22%	5,650,300	6	0.24%
Spring Valley Village	5,241,200	7	0.20%	*	*	*
Hollenbach and Sanft	4,755,810	8	0.18%	5,470,690	7	0.24%
Effeness Limited Partnership	4,656,100	9	0.18%	5,740,700	5	0.25%
Griffin-American Healthcare	4,578,400	10	0.18%	*	*	*
Kawecki Berylko Industries (Cabot Corporation)	*	*	*	10,352,620	3	0.45%
Cooper Automotive Company	*	*	*	4,893,000	8	0.21%
National Penn Bank	*	*	*	4,447,580	9	0.19%
Gilbertsville Plaza Associates, LP (Gilbertsville Shopping Center)	*	*	*	4,000,000	10	0.17%
	<u>\$ 71,298,090</u>			<u>\$ 78,445,044</u>		

Source:

Berks and Montgomery County Board of Assessment

* - Not one of top ten taxpayers for year listed

BOYERTOWN AREA SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
Last ten fiscal years ending June 30,

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 45,860,015	\$ 45,356,281	98.90%	\$ 492,888	\$ 45,849,169	99.98%
2009	45,618,395	45,137,589	98.95%	461,510	45,599,099	99.96%
2010	46,503,770	46,103,390	99.14%	383,631	46,487,021	99.96%
2011	49,013,487	48,513,333	98.98%	465,737	48,979,070	99.93%
2012	52,509,753	51,972,209	98.98%	493,566	52,465,775	99.92%
2013	54,363,603	53,404,665	98.24%	893,373	54,298,038	99.88%
2014	56,305,823	55,532,008	98.63%	646,120	56,178,128	99.77%
2015	58,179,700	57,576,582	98.96%	442,640	58,019,222	99.72%
2016	60,321,936	58,926,358	97.69%	528,876	59,455,234	98.56%
2017	61,924,853	61,254,805	98.92%			

Source: Boyertown Area School District records

* - Information not yet available

BOYERTOWN AREA SCHOOL DISTRICT
RATIO OF OUTSTANDING DEBT BY TYPE
Last ten fiscal years ending June 30,

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Notes			
2008	\$ 50,645,000	\$ 6,385,000	\$ 57,030,000	5.81%	\$ 1,420
2009 ⁽¹⁾	45,715,000	6,380,000	52,095,000	4.86%	1,252
2010	41,370,000	6,375,000	47,745,000	4.20%	1,159
2011	36,960,000	6,370,000	43,330,000	4.03%	1,054
2012 ⁽²⁾	31,175,000	6,365,000	37,540,000	3.66%	900
2013	27,210,000	6,360,000	33,570,000	2.97%	781
2014 ⁽³⁾	23,335,000	6,355,000	29,690,000	2.95%	700
2015 ⁽⁴⁾	48,990,000	21,350,000	70,340,000	6.22%	1,658
2016 ⁽⁵⁾	75,315,000	20,975,000	96,290,000	8.12%	2,262
2017	72,370,000	20,520,000	92,890,000	7.71%	2,246

⁽¹⁾ District refunded 1999 bonds. District issued General Obligation Bonds Series 2009.

⁽²⁾ District partially forward refunded 2005 bonds. District issued General Obligation Bonds Series 2012.

⁽³⁾ District partially forward refunded 2005 bonds. District issued General Obligation Bonds Series 2013.

⁽⁴⁾ District issued General Obligation Bonds Series 2014 and General Obligation Notes Series 2014.

⁽⁵⁾ District issued General Obligation Bonds Series 2015

BOYERTOWN AREA SCHOOL DISTRICT
RATIO OF GENERAL BONDED DEBT BY TYPE
Last ten fiscal years ending June 30,

Fiscal Year	General Bonded Debt		Total	Percentage of Taxable Value of Property	Per Capita
	General Obligation Bonds	General Obligation Notes			
2008	\$ 54,595,000	\$ 6,390,000	\$ 60,985,000	2.59%	\$ 1,519
2009 ⁽¹⁾	50,645,000	6,385,000	57,030,000	2.41%	1,371
2010	45,715,000	6,380,000	52,095,000	2.14%	1,265
2011	41,370,000	6,375,000	47,745,000	1.95%	1,161
2012 ⁽²⁾	36,960,000	6,370,000	43,330,000	1.74%	1,039
2013	31,175,000	6,365,000	37,540,000	1.49%	874
2014 ⁽³⁾	27,210,000	6,360,000	33,570,000	1.32%	792
2015 ⁽⁴⁾	23,335,000	6,355,000	29,690,000	1.16%	700
2016 ⁽⁵⁾	48,990,000	21,350,000	70,340,000	2.72%	1,653
2017	72,370,000	20,520,000	92,890,000	3.56%	2,246

⁽¹⁾ District refunded 1999 bonds. District issued General Obligation Bonds Series 2009.

⁽²⁾ District partially forward refunded 2005 bonds. District issued General Obligation Bonds Series 2012.

⁽³⁾ District partially forward refunded 2005 bonds. District issued General Obligation Bonds Series 2013.

⁽⁴⁾ District issued General Obligation Bonds Series 2014 and General Obligation Notes Series 2014.

⁽⁵⁾ District issued General Obligation Bonds Series 2015.

BOYERTOWN AREA SCHOOL DISTRICT**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT***June 30, 2017*

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt			
Borough bonds, notes, and lease rental debt	*	100.00%	*
Township bonds, notes, and lease rental debt	*	100.00%	*
County bonds, notes, and lease rental debt			
Berks County	226,730,493	6.27%	14,216,002
Montgomery County	397,134,435	2.26%	8,975,238
			<hr/>
Total overlapping debt			\$ 23,191,240
			<hr/>
Direct Debt			
Series of 2005 notes			\$ 5,530,000
Series of 2012 bonds			7,640,000
Series of 2013 bonds			4,745,000
Series of 2014 bonds			29,990,000
Series of 2014 notes			14,990,000
Series of 2015 bonds			29,995,000
			<hr/>
Total direct debt			\$ 92,890,000
			<hr/>
Total direct and overlapping debt			<hr/> <hr/> *

Sources:

Estimated market value data used to estimate applicable percentages provided by Pennsylvania State Tax Equalization Board.

Outstanding debt amounts are provided by the various municipalities and counties within the District boundaries.

Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses. This schedule does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

* - Information not yet available

BOYERTOWN AREA SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
Last ten fiscal years ending June 30,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total borrowing base revenues ⁽¹⁾	\$ 314,286,857	\$ 302,153,652	\$ 287,036,538	\$ 276,742,984	\$ 268,573,520	\$ 260,507,756	\$ 254,903,852	\$ 246,920,054	\$ 240,252,085	\$ 230,737,205
Average borrowing base (total revenues divided by 3)	104,762,286	100,717,884	95,678,846	92,247,661	89,524,507	86,835,919	84,967,951	82,306,685	80,084,028	76,912,402
Debt limit percentage ⁽²⁾	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
Debt limit	235,715,143	226,615,239	215,277,404	207,557,238	201,430,140	195,380,817	191,177,889	185,190,041	180,189,064	173,052,904
Total net debt applicable to limit	92,890,000	96,290,000	70,340,000	29,690,000	33,570,000	37,540,000	43,330,000	47,745,000	52,095,000	57,030,000
Legal debt margin	\$ 142,825,143	\$ 130,325,239	\$ 144,937,404	\$ 177,867,238	\$ 167,860,140	\$ 157,840,817	\$ 147,847,889	\$ 137,445,041	\$ 128,094,064	\$ 116,022,904
Total net debt applicable to the limit as a percentage of the debt limit	39.41%	42.49%	32.67%	14.30%	16.67%	19.21%	22.66%	25.78%	28.91%	32.96%

Note:

⁽¹⁾Total revenues and other financing sources less debt proceeds, transfers, interest in sinking funds, and other non-recurring items of the last three fiscal years.

⁽²⁾ Source: Pennsylvania Local Government Unit Debt Act as well as the definition of borrowing base revenues

BOYERTOWN AREA SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate⁽¹⁾</u>	<u>School Enrollment</u>
2008	40,151	\$ 981,452,349	\$ 24,444	4.2%	7,017
2009	41,597	1,072,466,169	25,782	5.4%	7,013
2010	41,180	1,136,408,842	27,596	9.3%	6,990
2011	41,116	1,075,474,832	26,157	9.8%	7,099
2012	41,708	1,024,396,844	24,561	8.3%	7,144
2013	42,959	1,129,308,634	26,288	8.2%	7,130
2014	42,396	1,007,427,283	23,762	8.1%	7,132
2015	42,433	1,130,846,906	26,650	5.8%	7,031
2016	42,562	1,186,204,715	27,870	5.3%	6,954
2017	41,360	1,205,494,424	29,146	4.7%	6,923

Sources:

Population figures from District census

Personal income from Boyertown Earned Income Tax Office and Berks Earned Income Bureau

⁽¹⁾ Unemployment rate from the U.S. Department of Labor - Bureau of Labor Statistics. Figures are for the Reading metropolitan area.

BOYERTOWN AREA SCHOOL DISTRICT
PRINCIPAL EMPLOYERS

Fiscal year ending June 30, 2017 and ten years ago

Employer	2017			2007		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
Boyletown Area School District	1,276	1	4.27%	1,409	1	8.03%
Frederick Mennonite Community	406	2	1.36%	372	4	2.12%
Walmart	343	3	1.15%	618	2	3.52%
Philadelphia Freedom (formerly Boyletown Area YMCA)	310	4	1.04%	495	3	2.82%
Evergreen Senior Mgmt	282	5	0.94%	*	*	*
Bally Ribbon Mills	272	6	0.91%	297	8	1.69%
Drug Plastic & Glass	256	7	0.86%	308	7	1.76%
National Penn Management (Bank)	237	8	0.79%	368	5	2.10%
BB&T Corporation	219	9	0.73%	*	*	*
Bella Vista Golf Course	196	10	0.66%	*	*	*
Chestnut Knoll/Walnut Woods	*	*	*	313	6	1.78%
Cabot Corporation	*	*	*	265	9	1.51%
Federal Mogul	*	*	*	242	10	1.38%
Total	3,797			4,687		

Source: Berks Earned Income Bureau and Boyletown Earned Income Tax Office

The implementation of Governmental Accounting Standard Board Statement 44, *Economic Condition Reporting: The Statistical Section*, is effective for periods beginning after June 15, 2005. The District has decided to implement this standard early. However, since these schedules were never prepared before, information that was readily available is included and not the required past ten years.

* - Not one of top ten employers for the year

BOYERTOWN AREA SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

Last nine fiscal years ending June 30,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Boyertown Elementary (1970)										
Square feet	97,795	97,795	97,795	97,795	97,795	97,795	97,795	97,795	97,795	97,795
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	646	646	640	656	674	670	682	681	694	698
Percentage of Capacity Used	92.29%	92.29%	91.43%	93.71%	96.29%	95.71%	97.43%	97.29%	99.14%	99.71%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Colebrookdale Elementary (1954)										
Square feet	41,342	41,342	41,342	41,342	41,342	41,342	41,342	41,342	41,342	41,342
Capacity (students)	375	375	375	375	375	375	375	375	375	375
Enrollment	341	341	335	349	367	358	339	305	296	292
Percentage of Capacity used	90.93%	90.93%	89.33%	93.07%	97.87%	95.47%	90.40%	81.33%	78.93%	77.87%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Earl Elementary (1954)										
Square feet	30,704	30,704	30,704	30,704	30,704	30,704	30,704	30,704	30,704	30,704
Capacity (students)	325	325	325	325	325	325	325	325	325	325
Enrollment	313	313	318	329	321	301	294	298	298	300
Percentage of Capacity used	96.31%	96.31%	97.85%	101.23%	98.77%	92.62%	90.46%	91.69%	91.69%	92.31%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Gilbertsville Elementary (1930)										
Square feet	95,929	95,929	95,929	95,929	95,929	95,929	95,929	95,929	95,929	95,929
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	791	791	770	783	778	737	713	695	714	727
Percentage of Capacity used	113.00%	113.00%	110.00%	111.86%	111.14%	105.29%	101.86%	99.29%	102.00%	103.86%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
New Hanover-Upper Frederick Elementary (1955)										
Square feet	90,700	90,700	90,700	90,700	90,700	90,700	90,700	90,700	90,700	90,700
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	774	774	777	747	753	724	717	756	757	747
Percentage of Capacity used	103.20%	103.20%	103.60%	99.60%	100.40%	96.53%	95.60%	100.80%	100.93%	99.60%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Pine Forge Elementary (1932)										
Square feet	37,568	37,568	37,568	37,568	37,568	37,568	37,568	37,568	37,568	37,568
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	301	301	292	285	262	295	308	280	287	286
Percentage of Capacity used	86.00%	86.00%	83.43%	81.43%	74.86%	84.29%	88.00%	80.00%	82.00%	81.71%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Washington Elementary (1961)										
Square feet	82,033	82,033	82,033	82,033	82,033	82,033	82,033	82,033	82,033	82,033
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	587	587	588	583	604	659	679	672	657	664
Percentage of Capacity used	83.86%	83.86%	84.00%	83.29%	86.29%	94.14%	97.00%	96.00%	93.86%	94.86%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Boyertown Junior High East (1972)										
Square feet	159,425	159,425	159,425	159,425	159,425	159,425	159,425	159,425	159,425	159,425
Capacity (students)	1,146	1,146	1,146	1,146	1,146	1,146	1,146	1,146	1,146	1,146
Enrollment	826	826	880	884	844	853	895	942	933	912
Percentage of Capacity used	72.08%	72.08%	76.79%	77.14%	73.65%	74.43%	78.10%	82.20%	81.41%	79.58%
Grades	7-9	7-9	7-9	7-9	7-9	7-9	7-9	7-9	7-9	7-9
Boyertown Junior High West (1965)										
Square feet	145,721	145,721	145,721	145,721	145,721	145,721	145,721	145,721	145,721	145,721
Capacity (students)	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079
Enrollment	813	813	849	830	810	799	813	780	792	818
Percentage of Capacity used	75.35%	75.35%	78.68%	76.92%	75.07%	74.05%	75.35%	72.29%	73.40%	75.81%
Grades	7-9	7-9	7-9	7-9	7-9	7-9	7-9	7-9	7-9	7-9
Boyertown Senior High (1923)										
Square feet	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000
Capacity (students)	1,890	1,890	1,890	1,890	1,890	1,890	1,890	1,890	1,890	1,890
Enrollment	1,585	1,585	1,607	1,645	1,715	1,691	1,666	1,623	1,697	1,697
Percentage of Capacity used	83.86%	83.86%	85.03%	87.04%	90.74%	89.47%	88.15%	85.87%	89.79%	89.79%
Grades	10-12	10-12	10-12	10-12	10-12	10-12	10-12	10-12	10-12	10-12

Source: School District Facilities Office

Note: The year of original construction is shown in parentheses.

The implementation of Governmental Accounting Standard Board Statement 44, *Economic Condition Reporting: The Statistical Section*, is effective for periods beginning after June 15, 2005. The District has decided to implement this standard early. However, since these schedules were never prepared before, information that was readily available is included and not the required past ten years.

BOYERTOWN AREA SCHOOL DISTRICT
OPERATING STATISTICS
Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Expenses⁽¹⁾</u>	<u>Enrollment</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>
2008	\$ 81,290,995	7,017	\$ 11,585	13.89%	498	14.09
2009	84,026,546	7,013	11,982	3.42%	478	14.67
2010	86,817,165	6,990	12,420	3.66%	502	13.92
2011	86,486,277	7,099	12,183	-1.91%	503	14.11
2012	86,481,762	7,144	12,106	-0.64%	494	14.46
2013	85,891,520	7,130	12,046	-0.49%	501	14.23
2014	92,989,289	7,132	13,038	8.23%	505	14.12
2015	102,031,584	7,031	14,512	11.30%	506	13.90
2016	109,066,095	6,954	15,684	8.08%	510	13.64
2017	118,866,283	6,923	17,170	9.47%	511	13.55

⁽¹⁾ Figures are from the Total Government-wide Statement of Activities on the full accrual basis of accounting.

BOYERTOWN AREA SCHOOL DISTRICT
SCHOOL LUNCH PROGRAM
Last nine fiscal years ending June 30,

	2017		2016		2015		2014		2013		2012		2011		2010		2009		2008	
	<u>Number of Lunches</u>	<u>Percentage</u>	<u>Number of Lunches</u>	<u>Percentage</u>	<u>Number of Lunches</u>	<u>Percentage</u>	<u>Number of Lunches</u>	<u>Percentage</u>	<u>Number of Lunches</u>	<u>Percentage</u>	<u>Number of Lunches</u>	<u>Percentage</u>	<u>Number of Lunches</u>	<u>Percentage</u>	<u>Number of Lunches</u>	<u>Percentage</u>	<u>Number of Lunches</u>	<u>Percentage</u>	<u>Number of Lunches</u>	<u>Percentage</u>
Lunch Meals Served	158,503	28.79%	159,533	27.55%	136,921	23.17%	135,399	22.03%	132,599	19.95%	117,735	16.09%	103,907	13.96%	86,499	11.37%	66,548	8.72%	58,990	7.79%
Free	27,217	4.94%	30,190	5.21%	30,299	5.13%	35,508	5.78%	36,566	5.50%	40,223	5.50%	36,872	4.95%	43,759	5.75%	41,835	5.48%	36,547	4.83%
Reduced	364,876	66.27%	389,276	67.23%	423,807	71.71%	443,719	72.19%	495,550	74.55%	573,713	78.41%	603,772	81.09%	630,713	82.88%	655,093	85.80%	661,296	87.38%
Paid	550,596	100.00%	578,999	100.00%	591,027	100.00%	614,626	100.00%	664,715	100.00%	731,671	100.00%	744,551	100.00%	760,971	100.00%	763,476	100.00%	756,833	100.00%
Total																				
Lunch Prices	\$2.60-\$2.90		\$2.50-\$2.75		\$2.40-\$2.65		\$2.40-\$2.65		\$2.30-\$2.55		\$2.20-\$2.45		\$2.10-\$2.35		\$2.00-\$2.25		\$1.90-\$2.15		\$1.65-\$1.90	

Source: School District Food Service Department

The implementation of Governmental Accounting Standard Board Statement 44, *Economic Condition Reporting: The Statistical Section*, is effective for periods beginning after June 15, 2005. The District has decided to implement this standard early. However, since these schedules were never prepared before, information that was readily available is included and not the required past ten years.

BOYERTOWN AREA SCHOOL DISTRICT
PROFESSIONAL TEACHING STAFF
Fiscal year ending June 30, 2017

Degree	2017		
	Salary Range	# Employees	Average Salary
Bachelor's	\$ 49,599-69,401	21	\$ 52,033
Bachelor's + 15	51,723-71,258	36	59,081
Master's Equivalent	55,286-74,833	7	67,701
Master's	62,578-82,247	127	69,581
Master's + 15	64,553-84,221	50	73,382
Master's + 30	69,279-89,575	85	77,729
Master's + 45	71,329-91,625	185	84,432
		511	

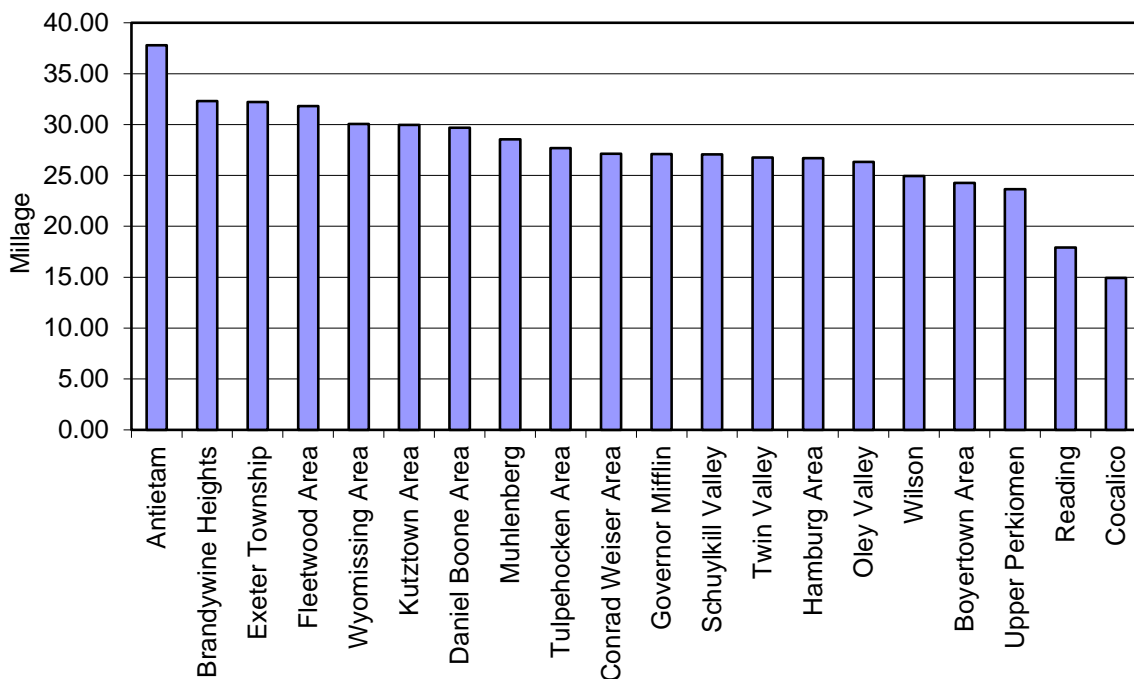
Source: School District Human Resource Department

The implementation of Governmental Accounting Standard Board Statement 44, *Economic Condition Reporting: The Statistical Section*, is effective for periods beginning after June 15, 2005. The District has decided to implement this standard early. However, since these schedules were never prepared before, information that was readily available is included and not the required past ten years.

BOYERTOWN AREA SCHOOL DISTRICT
 MISCELLANEOUS STATISTICS
June 30, 2017

Tax Rates of the Berks County Schools

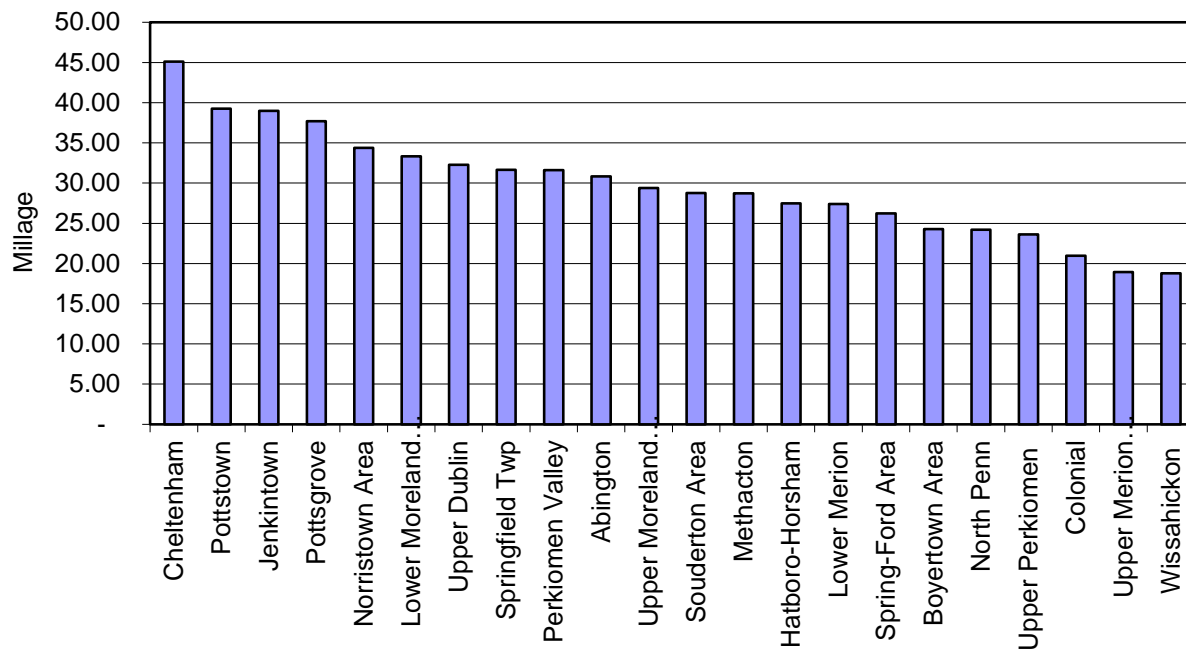
<u>School District</u>	<u>Millage</u>
Antietam	37.79
Brandywine Heights	32.30
Exeter Township	32.22
Fleetwood Area	31.81
Wyomissing Area	30.07
Kutztown Area	29.95
Daniel Boone Area	29.70
Muhlenberg	28.56
Tulpehocken Area	27.70
Conrad Weiser Area	27.14
Governor Mifflin	27.10
Schuylkill Valley	27.07
Twin Valley	26.77
Hamburg Area	26.71
Oley Valley	26.33
Wilson	24.95
Boyletown Area	24.27
Upper Perkiomen	23.64
Reading	17.93
Cocalico	14.93



BOYERTOWN AREA SCHOOL DISTRICT
 MISCELLANEOUS STATISTICS
June 30, 2017

Tax Rates of the Montgomery County Schools

School District	Millage
Cheltenham	45.09
Pottstown	39.25
Jenkintown	38.98
Pottsgrove	37.72
Norristown Area	34.39
Lower Moreland Twp	33.32
Upper Dublin	32.29
Springfield Twp	31.66
Perkiomen Valley	31.60
Abington	30.83
Upper Moreland Twp	29.40
Souderton Area	28.78
Methacton	28.74
Hatboro-Horsham	27.49
Lower Merion	27.40
Spring-Ford Area	26.24
Boyetown Area	24.27
North Penn	24.19
Upper Perkiomen	23.64
Colonial	20.96
Upper Merion Area	18.96
Wissahickon	18.79



SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S
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

January 12, 2018

Board of School Directors
Boyertown Area School District
Boyertown, Pennsylvania

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Boyertown Area School District ("the District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 12, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

Board of School Directors
Boyertown Area School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP

INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTRC
OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

January 12, 2018

Board of School Directors
Boyertown Area School District
Boyertown, Pennsylvania

Report on Compliance for the Major Federal Program

We have audited the Boyertown Area School District's ("the District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2017. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program 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 Regulations* 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Board of School Directors
Boyertown Area School District

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 the District's internal control over compliance.

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

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

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

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

BOYERTOWN AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

SOURCE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 07/01/2016	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2017	PASSED THROUGH TO SUB-RECIPIENTS
U.S. Department of Education										
Passed through Pennsylvania Department of Education										
I	84.010	013-150044	07/01/15-09/30/16	\$ 585,513	\$ 213,627	\$ 213,627	\$ -	\$ -	\$ -	-
I	84.010	013-160044	07/01/16-09/30/17	669,220	360,349	-	596,146	596,146	235,797	-
				1,254,733	573,976	213,627	596,146	596,146	235,797	-
Total CFDA #84.010										
I	84.367	020-150044	07/01/15-09/30/16	142,118	(325)	(325)	-	-	-	-
I	84.367	020-160044	07/01/16-09/30/17	139,404	106,982	-	138,397	138,397	31,415	-
				281,522	106,657	(325)	138,397	138,397	31,415	-
Total CFDA #84.367										
Passed through the Midwestern Intermediate Unit IV										
I	84.012A	N/A	07/01/07-06/30/08	500	-	(7)	-	-	(7)	-
I	84.012A	N/A	07/01/03-06/30/04	500	-	(440)	-	-	(440)	-
				1,000	-	(447)	-	-	(447)	-
Total CFDA #84.012A										
Passed through the Berks County Intermediate Unit										
IDEA Grant Cluster										
I	84.027	062-15-0024	07/01/15-06/30/16	1,231,093	676,093	676,093	-	-	-	-
I	84.027	062-16-0024	07/01/16-06/30/17	1,332,061	-	-	1,332,061	1,332,061	1,332,061	-
				2,563,154	676,093	676,093	1,332,061	1,332,061	1,332,061	-
Total CFDA #84.027										
I	84.173	131-110015B	07/01/15-06/30/16	4,757	4,757	4,757	-	-	-	-
I	84.173	131-110016B	07/01/16-06/30/17	3,601	3,601	-	3,601	3,601	-	-
				8,358	8,358	4,757	3,601	3,601	-	-
Total CFDA #84.173										
Total Special Education Cluster										
				2,571,512	684,451	680,850	1,335,662	1,335,662	1,332,061	-
Total U.S. Department of Education										
				\$ 4,108,767	\$ 1,365,084	\$ 893,705	\$ 2,070,205	\$ 2,070,205	\$ 1,598,826	\$ -

Continued on next page.

BOYERTOWN AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-through Grantor Project Title		SOURCE CODE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 7/01/2016	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2017	PASSED THROUGH TO SUB-RECIPIENTS
(cont'd)												
U.S. Department of Agriculture												
Passed through Pennsylvania Department of Education												
<i>Child Nutrition Cluster</i>												
National School Lunch		I	10.555	N/A	07/01/15-06/30/16	N/A	\$ 14,772	\$ 14,772	\$ -	\$ 717,185	\$ -	\$ -
National School Lunch		I	10.555	N/A	07/01/16-06/30/17	N/A	708,449	-	717,185		8,736	-
School Breakfast Program		I	10.553	N/A	07/01/15-06/30/16	N/A	1,446	1,446				-
School Breakfast Program		I	10.553	N/A	07/01/16-06/30/17	N/A	113,208	-	115,438	115,438	2,230	-
Total CFDA #10.553							114,654	1,446	115,438	115,438	2,230	-
Passed through Pennsylvania Department of Agriculture												
National School Lunch Program		I	10.555	N/A	07/01/16-06/30/17	N/A	198,527	-	198,527	198,527	-	-
Total CFDA #10.555							921,748	14,772	915,712	915,712	8,736	-
Total Child Nutrition Cluster												
Total U.S. Department of Agriculture							1,036,402	16,218	1,031,150	1,031,150	10,966	-
Total CFDA #10.553							1,036,402	16,218	1,031,150	1,031,150	10,966	-
U.S. Department of Health and Human Services												
Passed through the Berks County Career Link		I	93.558	N/A	09/01/06-08/31/07	89,568	-	(362)	-	-	(362)	-
Temporary Assistance to Needy Families												
Passed through the PA Department of Welfare												
Medical Assistance Reimbursement		I	93.778	N/A	07/01/15-06/30/16	N/A	8,830	8,830	-	-	-	-
Medical Assistance Reimbursement		I	93.778	N/A	07/01/16-06/30/17	N/A	19,557	-	19,557	19,557	-	-
Total CFDA #93.778							28,387	8,830	19,557	19,557	-	-
Total U.S. Department of Health and Human Services							28,387	8,468	19,557	19,557	(362)	-
TOTAL FEDERAL AWARDS							\$ 2,429,873	\$ 918,391	\$ 3,120,912	\$ 3,120,912	\$ 1,609,430	\$ -

Source Codes:

I = Indirect Funding

BOYERTOWN AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF SCHEDULE

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note C. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under CFDA #10.555, Value of USDA Donated Commodities, represent surplus food consumed by the District during the 2016-2017 fiscal year.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2017 was \$367,203.

NOTE E INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**SCHEDULE OF
FINDINGS AND RECOMMENDATIONS**

BOYERTOWN AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |
| • Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Federal Awards

Internal control over major programs:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |

Type of auditor's report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

 Yes X No

Identification of major program:

CFDA Numbers

Name of Federal Program or Cluster

10.555 and 10.553

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

BOYERTOWN AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.