

**LAURENS CENTRAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**June 30, 2023**



# LAURENS CENTRAL SCHOOL DISTRICT

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## **Independent Auditors' Report**

To the Board of Education  
Laurens Central School District  
Laurens, NY

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

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Laurens Central School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

Laurens Central School District's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Laurens Central School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### ***Auditor's Responsibility***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Laurens Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Laurens Central School District's ability to continue as a going concern for a reasonable period of time.

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

***Emphasis of Matter Regarding Change in Accounting Principle***

During the year ended June 30, 2023, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 96, Subscription-Based IT Arrangements. The financial statements did not require a restatement for this change in accounting principle. Our auditors' opinion was not modified with respect to this statement.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 4 - 15, and budgetary comparison information on pages 58-59, schedule of change in total OPEB liability and related ratios on page 60, and schedule of District's proportionate share of net pension liability and District's contributions on pages 61-62 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.

***Supplementary Information***

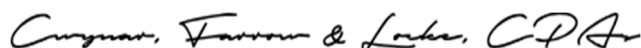
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Laurens Central School District's basic financial statements. Schedules of changes from adopted budget to final budget and the real property tax limit, schedule of capital projects fund expenditures and resources, invested in capital assets, net of related debt and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of changes from adopted budget to final budget and the real property tax limit, schedule of capital projects fund expenditures and resources, invested in capital assets, net of related debt was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information on pages 64-66 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information on page 73 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2024, on our consideration of the Laurens Central School 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 Laurens Central School District's internal control over financial reporting and compliance.



January 5, 2024  
Norwich, New York

**Laurens Central School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**Management's Discussion and Analysis**



**Laurens Central School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2023. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

As the fiscal year came to a close, the District ended the year with an increase in general fund balance of \$660 thousand. Total fund balance decreased \$1.37 million with all funds except capital projects reporting a positive ending fund balance. The District will use the surplus to help offset future state aid cuts. Revenues came in slightly over budget while expenditures stayed under budget affording the District the ability to improve fund balance while keeping the budget the same level in the following year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds listed in total in one column.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**Laurens Central School District**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2023**

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

**Major Features of the District-Wide and Fund Financial Statements**

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

**Laurens Central School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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### **District-Wide Financial Statements**

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

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

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the School District's activities are shown as governmental activities. Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

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

The District has two kinds of funds:

1. **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements or in schedules immediately following the balance sheet and revenues and expenditures statement explains the relationship (or differences) between them.
2. **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

**Laurens Central School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

**Condensed Statement of Net Position (in Thousands)**

	<b>Governmental Activities and Total School District</b>		<b>Percent</b>
	<b>2022</b>	<b>2023</b>	<b>Change</b>
<b>Assets &amp; Deferred Outflows</b>			
Current & Other Assets	\$ 10,418	\$ 10,868	4.3%
Capital Assets	20,192	22,389	10.9%
Deferred Outflows of Resources	2,842	2,695	-5.2%
	<u>33,452</u>	<u>35,952</u>	7.5%
<b>Liabilities &amp; Deferred Inflows</b>			
Current Liabilities	1,565	6,096	289.5%
Long-Term Liabilities	11,783	10,932	-7.2%
Deferred Inflows of Resources	4,295	1,406	-67.3%
	<u>17,643</u>	<u>18,434</u>	4.5%
<b>Net Position</b>			
Invested in Capital Assets,			
Net of Related Debt	11,010	11,701	6.3%
Restricted	3,355	3,606	7.5%
Unrestricted	1,444	2,210	53.0%
Total Net Position	<u>\$ 15,809</u>	<u>\$ 17,517</u>	10.8%

**Analysis of Net Position**

Net position may serve as a useful indicator of the District's financial position. At the end of fiscal year 2023, the District's total assets exceeded liabilities by \$17.5 million.

The largest portion of the net position reflects the District's \$11.7 million investment in capital assets. This is approximately 67% of the District's net position, this is an increase of \$700 thousand from the prior year. Since the District uses capital assets to provide services, they are not available for future spending. Further, the resources required to pay this debt must come from other sources since the capital assets themselves cannot be liquidated to pay that liability.

Long-term bonds payable decreased by \$1.2 million.

The District records an obligation to pay long-term post employment benefit to comply with accounting standards, however the policy of the State of New York to not allow the District to fund the obligation. The current year decrease is \$590 thousand, the total OPEB liability recorded on the statement of net position is \$2.2 million.

**Laurens Central School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**Condensed Changes in Net Position from Operating Results (in Thousands)**

	<b>Governmental Activities and Total School District</b>		
	<b>2022</b>	<b>2023</b>	<b>Change</b>
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services	\$ 115	\$ 161	40.0%
Grants	990	1,274	28.7%
<b>General Revenues</b>			
Property Taxes & Tax Items	2,841	2,917	2.7%
State Formula Aids	6,715	7,204	7.3%
Interest Earnings	6	153	2450.0%
Miscellaneous	278	282	1.4%
Total Revenue	10,945	11,991	9.6%
<b>Expenses</b>			
General Support	1,572	1,859	18.3%
Instruction	5,488	6,395	16.5%
Pupil Transportation	712	777	9.1%
Community Service	6	6	0.0%
Depreciation	534	539	0.9%
Debt Service	299	333	11.4%
School Lunch Program	267	358	34.1%
Total Expenses	8,878	10,267	15.6%
Change in Net Position	\$ 2,067	\$ 1,724	

**Analysis of Changes in Net Position**

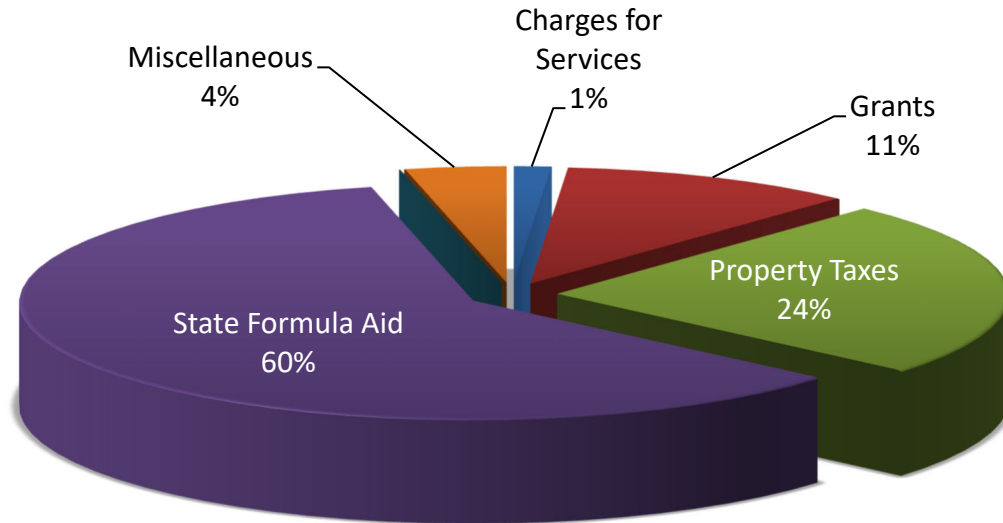
The District's total net position increased by \$1.7 million during 2023. The most significant expense for the District was in providing for instructional services. Instructional expenditures increased 16% mainly due to the increase in the net pension liabilities. Pupil transportation increased by 9.1% due to increases in wages, repairs and maintenance. Grant revenues increased 28.7% due to additional federal COVID-19 grants received.

Laurens Central School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

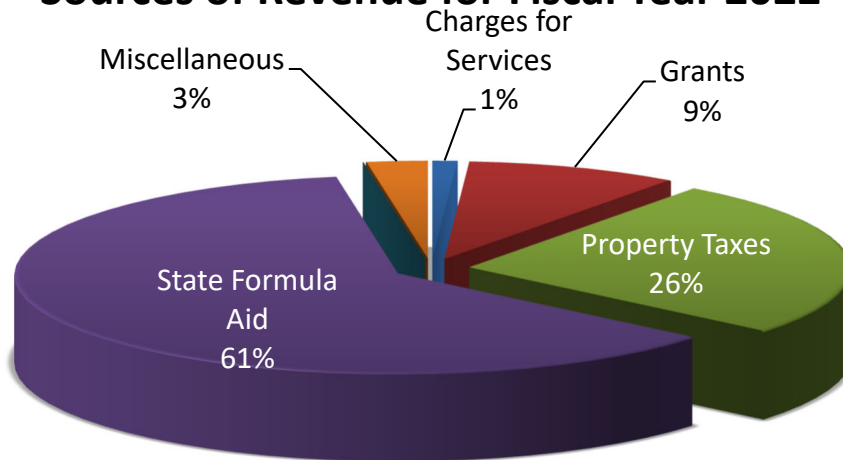
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A graphic display of the distribution of revenues for the two years as follows:

### Sources of Revenue for Fiscal Year 2023



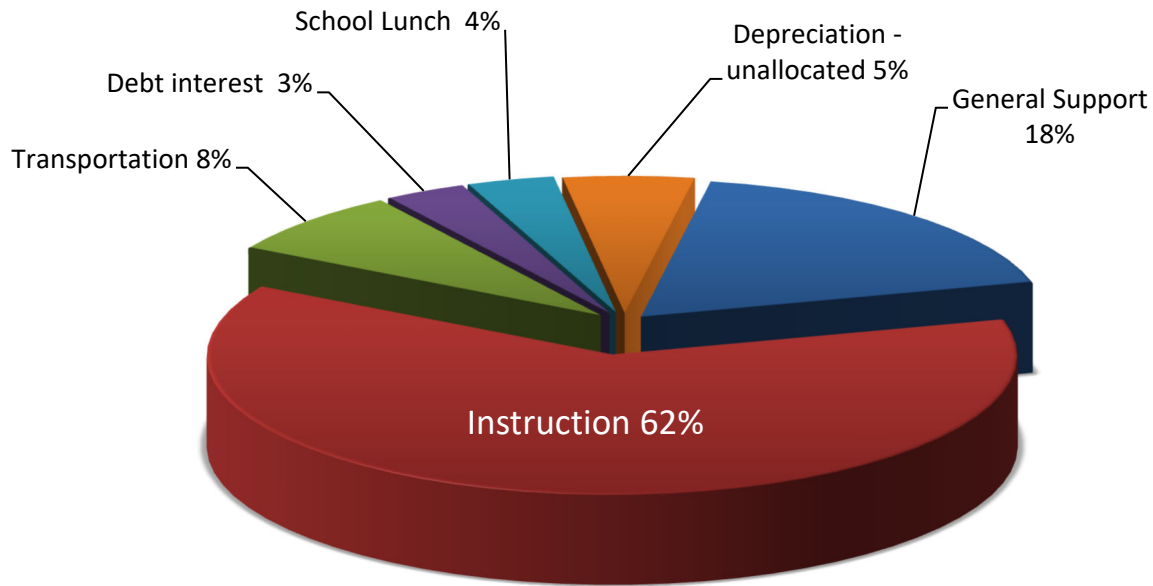
### Sources of Revenue for Fiscal Year 2022



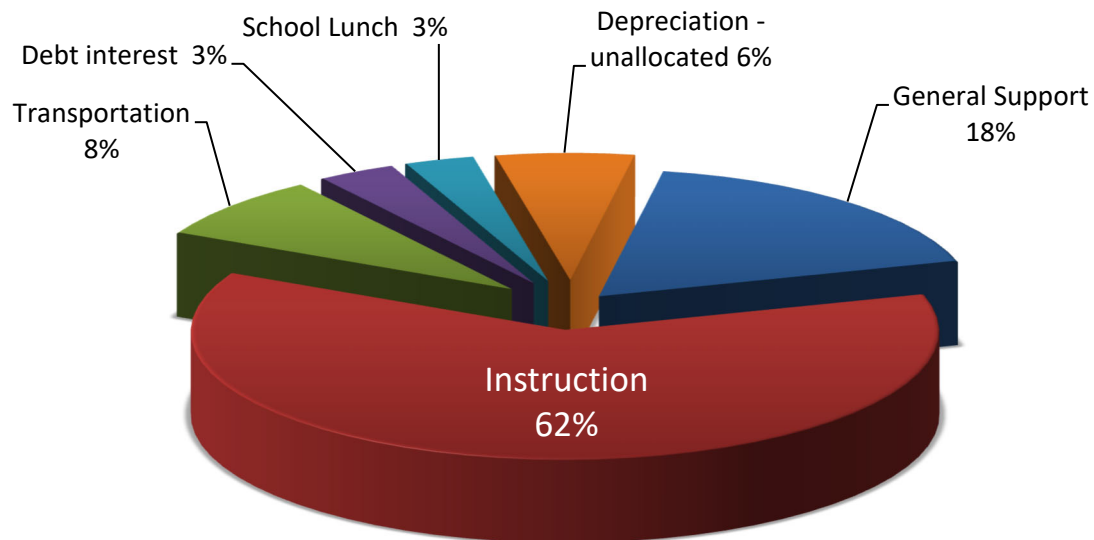
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

A graphic display of the distribution of expenses for the two years as follows:

### Expenses for Fiscal Year 2023



### Expenses for Fiscal Year 2022



**Laurens Central School District**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At June 30, 2023, the District governmental funds reported a combined fund balance of \$4.8 million, which is an decrease of \$1.36 million from the prior year. A summary of the change in fund balance is as follows:

	<b>2022</b>	<b>2023</b>	<b>Increase (Decrease)</b>
<b>General Fund</b>			
Restricted for:			
Workers compensation	\$ 38,530	\$ 38,530	\$ -
Unemployment	124,333	124,333	-
Retirement contributions - ERS	73,752	73,752	-
Retirement contributions - TRS	43,343	43,343	-
Tax Certiorari	78,729	78,729	-
Employee benefit accrued liability	444,154	444,154	-
Capital	2,235,998	1,936,346	(299,652)
Repairs	387,610	387,610	-
Student deposits	99,225	115,793	16,568
Assigned to:			
Encumbrances	72,889	33,059	(39,830)
Subsequent year's expenditures	231,479	317,621	86,142
Unassigned	2,459,687	3,357,039	897,352
	<u>6,289,729</u>	<u>6,950,309</u>	<u>660,580</u>
<b>Special Aid Fund</b>			
Restricted for:			
Grants	42,568	-	(42,568)
	<u>42,568</u>	<u>-</u>	<u>(42,568)</u>
<b>School Lunch Fund</b>			
Non-spendable:			
Inventory	8,842	4,142	(4,700)
Assigned (unassigned)	47,691	21,599	(26,092)
	<u>56,533</u>	<u>25,741</u>	<u>(30,792)</u>
<b>Library Fund</b>			
Assigned (unassigned)	20,637	20,146	491
	<u>20,637</u>	<u>20,146</u>	<u>491</u>
<b>Debt Service Fund</b>			
Restricted for:			
Debt	363,290	363,703	413
	<u>363,290</u>	<u>363,703</u>	<u>413</u>
<b>Capital Projects Fund</b>			
Restricted for:			
Unassigned	(576,927)	(2,535,030)	(1,958,103)
	<u>(576,927)</u>	<u>(2,535,030)</u>	<u>(1,958,103)</u>
<b>Total Fund Balance</b>	<u>\$ 6,195,830</u>	<u>\$ 4,824,869</u>	<u>\$ (1,369,979)</u>

Combined decreases to the general fund restricted fund balances during the year ended June 30, 2023, includes appropriations from the capital reserve for approved projects.



**Laurens Central School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**CHANGE IN GENERAL FUND'S UNASSIGNED FUND BALANCE**

Opening, Unassigned Fund Balance	\$ 2,459,687
Revenues	10,638,474
Expenditures	(9,907,959)
Other financing sources	-
Other financing uses	(69,935)
Net (increase) decrease in Restricted Funds	283,084
Net (increase) decrease in Non-spendable Funds	-
Net (increase) decrease in Assigned Funds	(46,312)
Other changes in fund balance	-
Closing, Unassigned Fund Balance	<u>\$ 3,357,039</u>

The opening unassigned fund balance is the portion of the District's June 30, 2022 carryover funds that were not specifically identified to a budget category. This was 23% of the District's approved 2022-23 operating budget.

Based on the summary of changes shown above, the District will begin the 2023-24 fiscal year with an unassigned fund balance of \$3.35 million or 30% of the 2023-24 approved operating budget.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District tries to balance the needs of our students with that of our taxpayers. For the 2022-23 fiscal year, the District had a tax increase of 2%, within the tax cap limit. Taxes collected agreed to budgeted levels. The primary reason total revenues came in under budget was less than anticipated state aid. The District had minimal variances in actual revenue compared to budget. The District budgeted for revenues of \$10.1 million and had actual revenues of \$10.6 million in the fiscal year 2022-23.

Actual expenditures came in approximately \$500 thousand less than the final budget for 2022-23. Increases in special education expenditures were \$298 thousand less than anticipated. Employee benefits were \$166 thousand less than budgeted while pupil transportation expenditures were \$166 thousand less than expected.

**Laurens Central School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2023, the District had invested \$22.3 million in a broad range of capital assets, including land, land improvements, buildings, furniture, equipment and vehicles. Depreciation expense for the year was \$776 thousand. The following schedule is the net value of these assets, which includes additions, deletions, and depreciation. Additional detailed information is included in Note 6 to the financial statement.

**Capital Assets (Net of Depreciation) (In Thousands)**

	<b>Governmental Activities and Total School District</b>		<b>Total</b>
	<b>2022</b>	<b>2023</b>	<b>Percentage Change</b>
Land	\$ 47	\$ 47	0.0%
Outdoor improvements	51	51	0.0%
Buildings & improvements	18,367	17,829	-2.9%
Furniture, equipment, & vehicles	1,103	1,178	6.8%
Construction in progress	623	3,284	427.1%
Intangible lease assets	-	2	n/a
	<u>\$ 20,191</u>	<u>\$ 22,391</u>	<u>10.9%</u>

**Debt Administration**

The District has outstanding debt in serial bonds of \$7.3 million. Additional detailed information is included in Note 8 to the financial statement.

**Outstanding Long-Term Debt (In Thousands)**

	<b>Total School District</b>		<b>Change</b>
	<b>2022</b>	<b>2023</b>	
General Obligation Bonds, net	\$ 8,545	\$ 7,345	-14.0%
Lease Liabilities	-	2	n/a
Unamortized Bond Premiums	297	237	-20.2%
Compensated Absences	59	84	42.4%
Termination Benefits Payable	55	55	0.0%
Other Post-Employment Benefits	2,827	2,237	-20.9%
Net Pension Liability - Proportionate Share	-	972	n/a
Total	<u>\$ 11,783</u>	<u>\$ 10,932</u>	<u>-7.2%</u>

Total long-term debt includes all bonds and installment loans. The District has paid \$1.2 million in principal on its outstanding serial bonds. The constitutional debt limit allows the District to have outstanding debt equal to or less than ten percent of the full value on the most recent tax roll. At June 30, 2023 the outstanding debt of the District represented approximately 58.3% the debt limit. Other debt represents bond premiums and accrued liabilities related to payroll and employee benefits.

**Laurens Central School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The final NYS Budget for the 2023-2024 fiscal year provided a 3% increase in Foundation Operating Aid as proposed by the Executive Budget in January of 2023. This increase along with Federal Aid planned as part of the COVID-19 health pandemic relief and allocated in the form of CRRSA-ESSER II, ARP (American Rescue Plan) ESSER III Aid, and ARP-ESSER State Reserves Aid, provided resources that placed the District in a position to fund personnel and student needs for the 2023-2024 school year.

While the ARP/ESSER funding will no longer be available moving forward, the District did not use the grant funding for recurring expenses and will therefore be able to maintain current levels of staffing and student programming. Long-term concerns of the District include increasing needs in the area of special education and the financial implications of the mandated transition to zero emission transportation fleets. This mandate in particular will put a great strain on District financial resources and does not have the support of the community at large.

The School District will attempt to fund reserves to adequate levels in preparation of years to come.

**REQUESTS FOR INFORMATION**

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

Treasurer  
Laurens Central School District  
55 Main Street PO Box 301  
Laurens, Laurens 13796

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## **Basic Financial Statements**

**Laurens Central School District**  
**Statement of Net Position**  
**June 30, 2023**

**ASSETS**

Cash	
Unrestricted	\$ 5,072,941
Restricted	3,606,293
Receivables	
Accounts receivable	1,556
State & federal aid	1,261,459
Due from fiduciary funds	915,161
Inventories	4,142
Bond issuance costs - prepaid insurance	3,782
Capital assets:	
Not being depreciated	3,331,487
Being depreciated, net of accumulated depreciation	19,057,451
Intangible lease assets, net of accumulated amortization	2,261
Total Assets	<u>33,256,533</u>

**DEFERRED OUTFLOW OF RESOURCES**

OPEB	665,363
Pensions	1,856,131
Defeasance loss	173,581
Total Deferred Outflows of Resources	<u>2,695,075</u>

**LIABILITIES**

Payables	
Accounts payable	122,850
Accrued liabilities	28,802
Accrued interest	60,416
Due to fiduciary funds	4,248
Due to other governments	1,628
Long-term liabilities	
Due & payable within one year	
Due to Teachers' Retirement System	271,913
Due to Employees' Retirement System	37,242
Bond anticipation note	5,570,000
Bonds payable	1,225,000
Lease liabilities	2,387
Due & payable after one year	
Bonds payable	6,120,000
Unamortized bond premiums	236,547
Compensated absences payable	83,778
Termination benefits payable	55,000
Other Post-Employment Benefits payable	2,236,989
Net pension liability - proportionate share	971,873
Total Liabilities	<u>17,028,673</u>

**DEFERRED INFLOWS OF RESOURCES**

Pensions	155,948
OPEB	1,249,599
Total Deferred Inflows of Resources	<u>1,405,547</u>

**NET POSITION**

Net investment in capital assets	11,700,629
Restricted	3,606,293
Unrestricted (deficit)	2,210,466
Total Net Position	<u>\$ 17,517,388</u>

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**Laurens Central School District**  
**Statement of Net Activities and Changes in Net Position**  
**For the Year Ended June 30, 2023**

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
	Expenses	Services	Grants	Changes in
				Net Position
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 1,859,789	\$ -	\$ -	\$ (1,859,789)
Instruction	6,395,092	70,628	1,011,190	(5,313,274)
Pupil transportation	776,576	8,331	38,089	(730,156)
Community service	5,759	-	-	(5,759)
Debt service - interest	332,940	-	-	(332,940)
Depreciation - unallocated	538,737	-	-	(538,737)
Food service	358,338	81,682	224,363	(52,293)
Total Functions & Programs	<u>\$ 10,267,231</u>	<u>\$ 160,641</u>	<u>\$ 1,273,642</u>	<u>(8,832,948)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				\$ 2,549,889
Other tax items				367,563
Use of money & property				153,175
Sale of property & compensation for loss				30,590
State sources				7,204,010
Miscellaneous				251,649
Total General Revenues				<u>10,556,876</u>
Change in Net Position				1,723,928
Total Net Position - Beginning of year				<u>15,793,460</u>
Total Net Position - End of year				<u>\$ 17,517,388</u>

**Laurens Central School District**  
**Balance Sheet – Governmental Funds**  
**June 30, 2023**

	General	Special Aid	School Food Service	Library	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>							
Cash							
Unrestricted	\$ 5,509,774	\$ 162,145	\$ 63,448	\$ 19,925	\$ -	\$ 81,481	\$ 5,836,773
Restricted	2,842,461	-	-	-	-	-	2,842,461
Receivables							
Accounts receivable	1,556	-	-	-	-	-	1,556
State & federal aid	584,961	659,679	16,819	-	-	-	1,261,459
Due from other funds	428,174	10,461	-	221	363,703	2,960,141	3,762,700
Due from fiduciary funds	915,161	-	-	-	-	-	915,161
Inventories	-	-	4,142	-	-	-	4,142
Total Assets	<u>\$ 10,282,087</u>	<u>\$ 832,285</u>	<u>\$ 84,409</u>	<u>\$ 20,146</u>	<u>\$ 363,703</u>	<u>\$ 3,041,622</u>	<u>\$ 14,624,252</u>
<b>LIABILITIES</b>							
Payables							
Accounts payable	\$ 87,322	\$ 29,508	\$ 13	\$ -	\$ -	\$ 6,007	\$ 122,850
Accrued liabilities	27,076	1,357	369	-	-	-	28,802
Due to other funds	2,903,713	801,420	56,922	-	-	645	3,762,700
Due to fiduciary funds	4,248	-	-	-	-	-	4,248
Due to other governments	264	-	1,364	-	-	-	1,628
Due to Teachers' Retirement System	271,913	-	-	-	-	-	271,913
Due to Employees' Retirement System	37,242	-	-	-	-	-	37,242
Bond anticipation note	-	-	-	-	-	5,570,000	5,570,000
Total Liabilities	<u>3,331,778</u>	<u>832,285</u>	<u>58,668</u>	<u>-</u>	<u>-</u>	<u>5,576,652</u>	<u>9,799,383</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Revenue not earned due to time restrictions	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Non-spendable	-	-	4,142	-	-	-	4,142
Restricted	3,242,590	-	-	-	363,703	-	3,606,293
Assigned							
Appropriated	317,621	-	-	-	-	-	317,621
Unappropriated	33,059	-	21,599	20,146	-	-	74,804
Unassigned	3,357,039	-	-	-	-	(2,535,030)	822,009
Total Fund Balances	<u>6,950,309</u>	<u>-</u>	<u>25,741</u>	<u>20,146</u>	<u>363,703</u>	<u>(2,535,030)</u>	<u>4,824,869</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 10,282,087</u>	<u>\$ 832,285</u>	<u>\$ 84,409</u>	<u>\$ 20,146</u>	<u>\$ 363,703</u>	<u>\$ 3,041,622</u>	<u>\$ 14,624,252</u>



**Laurens Central School District  
Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2023**

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**Amounts reported for governmental activities in the Statement of Net Position are different due to the following:**

Total fund balances - governmental funds	\$ 4,824,869
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,391,199
Certain assets are not financial resources and, therefore, are not reported in the funds.	
Defeasance Loss	173,581
Bond Issuance Costs - Prepaid Insurance	3,782
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated Absences	(83,778)
Termination Benefits	(55,000)
Accrued Interest on Long-Term Debt	(60,416)
Serial Bonds	(7,345,000)
Lease Liabilities	(2,387)
Unamortized Bond Premiums	(236,547)
Proportionate share of long-term asset and liability associated with participation in Other Post-Employment Benefits plan are not current financial resources or obligations and are not reported in the funds.	(2,821,226)
Proportionate share of long-term asset and liability associated with participation in state retirement system are not current financial resources or obligations and are not reported in the funds.	
Teachers' Retirement System	1,012,185
Employees' Retirement System	(283,875)
<b>Net Position of Governmental Activities:</b>	<b><u>\$ 17,517,387</u></b>

**Laurens Central School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**For the Year Ended June 30, 2023**

	General	Special Aid	School Food Service	Library	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>							
Real property taxes	\$ 2,549,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,549,889
Other tax items	367,563	-	-	-	-	-	367,563
Charges for services	102,125	-	-	-	-	-	102,125
Use of money & property	152,655	-	107	1	413	-	153,176
Sale of property & compensation for loss	34,871	-	-	-	-	-	34,871
State sources	7,204,010	132,899	6,944	-	-	-	7,343,853
Federal sources	-	894,121	217,419	-	-	-	1,111,540
Sales - school lunch	-	-	81,682	-	-	-	81,682
Miscellaneous	227,361	22,258	1,121	-	-	-	250,740
Total Revenues	10,638,474	1,049,278	307,273	1	413	-	11,995,439
<b>EXPENDITURES</b>							
General support	1,463,891	-	151,072	-	-	-	1,614,963
Instruction	3,858,260	575,335	-	-	-	-	4,433,595
Pupil transportation	620,565	531,946	-	-	-	-	1,152,511
Community service	5,267	-	-	492	-	-	5,759
Employee benefits	1,771,411	-	12,148	-	-	-	1,783,559
Debt service							
Principal	1,905,000	-	-	-	-	-	1,905,000
Interest	283,565	-	-	-	-	-	283,565
Cost of sales	-	-	174,845	-	-	-	174,845
Capital outlay	-	-	-	-	-	2,717,603	2,717,603
Total Expenditures	9,907,959	1,107,281	338,065	492	-	2,717,603	14,071,400
Excess (Deficiency) of Revenues Over Expenditures	730,515	(58,003)	(30,792)	(491)	413	(2,717,603)	(2,075,961)
<b>OTHER FINANCING SOURCES AND USES</b>							
Bond anticipation notes redeemed							
from appropriations	-	-	-	-	-	705,000	705,000
Operating transfers in	-	15,435	-	-	-	54,500	69,935
Operating transfers (out)	(69,935)	-	-	-	-	-	(69,935)
Total Other Sources (Uses)	(69,935)	15,435	-	-	-	759,500	705,000
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other (Uses)	660,580	(42,568)	(30,792)	(491)	413	(1,958,103)	(1,370,961)
Fund Balances - Beginning of Year	6,289,729	42,568	56,533	20,637	363,290	(576,927)	6,195,830
Fund Balances - End of Year	\$ 6,950,309	\$ -	\$ 25,741	\$ 20,146	\$ 363,703	\$ (2,535,030)	\$ 4,824,869

**Laurens Central School District**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended June 30, 2023**

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**Net Changes in Fund Balance - Total Governmental Funds** **\$ (1,370,961)**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, these costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation expense in the Statement of Activities. This is the amount by which depreciation expense and cost of assets disposed exceeded capital outlays in the period.

Depreciation Expense	(776,816)	
Retirement/Disposal of Capital Assets	(4,281)	
Capital Outlays	<u>2,978,500</u>	2,197,403

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayment of bond principal exceeded (was less than) the proceeds from issuance of debt for the period.

Repayment of Bond Principal	1,200,000	
Amortization of Bond Premiums	<u>60,745</u>	1,260,745

Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Compensated Absences	(25,211)	
Change in Other Post-Employment Benefits Payable	9,284	
Amortization of Bond Issuance Costs	(1,255)	
Amortization of Defeasance Loss	(59,474)	
Change in Accrued Interest	<u>(49,387)</u>	(126,043)

(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	(94,853)	
Employees' Retirement System	<u>(142,363)</u>	<u>(237,216)</u>

**Change in Net Position - Governmental Activities** **\$ 1,723,928**

**Laurens Central School District**  
**Statement of Fiduciary Net Position**  
**June 30, 2023**

	Private Purpose Trusts	Custodial Fund
<b>ASSETS</b>		
Cash - unrestricted	\$ -	\$ 941,118
Cash - restricted	114,885	-
Due from governmental funds	4,248	-
Total Assets	<u>119,133</u>	<u>941,118</u>
<b>LIABILITIES</b>		
Other liabilities	-	3,102
Due to governmental funds	-	915,161
Total Liabilities	<u>-</u>	<u>918,263</u>
<b>NET POSITION</b>		
Restricted	<u>\$ 119,133</u>	<u>\$ 22,855</u>

**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2023**

	Private Purpose Trusts	Custodial Fund
<b>ADDITIONS</b>		
Miscellaneous revenues	\$ 24,550	\$ 4,514
Total Additions	<u>24,550</u>	<u>4,514</u>
<b>DEDUCTIONS</b>		
Contractual expenditures	-	3,138
Scholarships & awards	13,596	-
Total Deductions	<u>13,596</u>	<u>3,138</u>
Change in Net Position	10,954	1,376
Net Position - Beginning of Year	<u>108,179</u>	<u>21,479</u>
Net Position - End of Year	<u>\$ 119,133</u>	<u>\$ 22,855</u>

**Laurens Central School District**

**Notes to the Financial Statements**

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**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A) Reporting Entity**

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

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

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

**1) Extra Classroom Activity Funds**

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

**2) Scholarship Funds**

The Scholarship Funds of the District represent funds of donors. The Board of Education exercises general oversight of these funds. These funds are independent of the District with respect to its financial transactions. Separate audited fiduciary schedules of the Scholarship Funds are included with this report. The District accounts for assets held as an agent for various student organizations in a trust fund.

**Laurens Central School District**  
**Notes to the Financial Statements**

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**B) Joint Venture**

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

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

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

During the year, the District was billed \$1,073,461 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$429,621. Financial statements for BOCES are available from the ONC BOCES administrative office.

**C) Basis of Presentation**

1) District-Wide Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities are generally financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Laurens Central School District

Notes to the Financial Statements

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2) Fund Financial Statements:

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. If some funds are treated as non-major, add "All remaining governmental funds are aggregated and reported as non-major funds."

The District reports the following major governmental funds:

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

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

*Capital Projects Funds* - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

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

*Fiduciary Funds* - Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

- *Private Purpose Trust Funds* - These funds are used to account for trust arrangements in which principal and income benefits annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- *Custodial Funds* - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

D) Measurement Focus and Basis of Accounting

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Laurens Central School District**  
**Notes to the Financial Statements**

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The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

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

**E) Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 31. Taxes are collected during the period September 2 to October 31.

Uncollected real property taxes are subsequently enforced by the county in which the District's taxpayer is located. The county pays an amount representing uncollected real property taxes transmitted to the county for enforcement to the District no later than the following April 1.

**F) Restricted Resources**

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

**G) Interfund Transactions**

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

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

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

Refer to Note 9 for detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.



Laurens Central School District

Notes to the Financial Statements

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H) **Estimates**

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

I) **Cash (and Cash Equivalents)/Investments**

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

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

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

J) **Investments in Marketable Securities**

Investments are accounted for in the fiduciary funds. The District carries investments in marketable securities and all debt securities with readily determinable fair values at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Fiduciary Net Position. Unrealized gains and losses are included in the change in net position in the accompanying Statement of Changes in Fiduciary Net Position

K) **Receivable (or Accounts Receivable)**

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

L) **Inventories and Prepaid Items**

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

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

**Laurens Central School District**  
**Notes to the Financial Statements**

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**M) Other Assets/Restricted Assets**

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

**N) Capital Assets**

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2020. For assets acquired prior to this date, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received.

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

<u>Classes of Capital Assets</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$500	Straight Line	20 – 30 Years
Buildings and Improvements	\$500	Straight Line	20 – 50 Years
Furniture, Equipment, and Vehicles	\$500	Straight Line	8 – 20 Years

Capital assets that are not depreciated include land and construction in progress. Certain infrastructure capital assets are accounted for using the modified approach permitted for eligible assets under GASB 34. The modified approach requires that an asset management system be established which assures that an expenditure amount sufficient to preserve the assets in good condition for proper and efficient functioning is budgeted each year in lieu of depreciation. Accordingly, all expenditures made for those assets, other than additions and improvements that increase capacity or efficiency, are charged to expense in the period incurred instead of calculating depreciation. The School District is required to conduct a condition assessment of these assets at least once every three years.

**O) Intangible Lease and Subscription Assets**

Intangible lease and subscription assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease or subscription agreement, or if not readily determinable, the District's estimated incremental borrowing rate. The intangible lease and subscription assets are amortized over the shorter of the lease term or the useful live of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease and subscription asset acquisitions are added to the intangible lease and subscription asset accounts), amortization methods, and estimated useful lives of intangible lease and subscription assets reported in the District-Wide Financial Statements follow the same thresholds as noted for capital assets.

**P) Deferred Outflows and Inflows of Resources**

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

**Q) Unearned Revenues**

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

**R) Vested Employee Benefits**

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

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

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

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

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

**Laurens Central School District**  
**Notes to the Financial Statements**

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**S) Other Benefits**

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expense.

**T) Short-Term Debt**

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

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

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

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

**U) Accrued Liabilities and Long-Term Obligations**

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

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

V) **Net Position/Fund Balance**

Net Position Flow Assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. In the absence of a specifically identified use of restricted net position, the District's policy is to use unrestricted net position available prior to using restricted net position.

Fund Balance Flow Assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Balance:

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

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

- *Invested in Capital Assets, Net of Related Debt* – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions, or improvements of those assets.
- *Restricted Net Position* – Reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – Reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

**Laurens Central School District**  
**Notes to the Financial Statements**

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Fund Statements:

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

- *Non-Spendable Fund Balance* - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the School Lunch Fund inventory of \$4,142.
- *Restricted Fund Balance* - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The School District has established the following restricted fund balances:

- I. *Capital Reserve Fund*  
According to Education Law §3651, this balance must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term, and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.
- II. *Repair Reserve Fund*  
According to General Municipal Law §6-d, this balance must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.
- III. *Employee Benefit Accrued Liability Reserve Fund*  
According to General Municipal Law §6-p, this balance must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- IV. *Tax Certiorari Reserve Fund*  
According to Education Law §3651.1-a, this balance must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

**Laurens Central School District**

**Notes to the Financial Statements**

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**V. *Retirement Contributions Reserve Fund***

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

**VI. *Liability Claims and Property Loss Reserve Fund***

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

**VII. *Workers' Compensation Reserve Fund***

According to General Municipal Law §6-j, this balance must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve, or the excess applied to the appropriations of the next succeeding fiscal year's budget.

**VIII. *Insurance Reserve Fund***

According to General Municipal Law §6-n, this balance must be used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

**IX. *Unemployment Insurance Payment Reserve Fund***

According to General Municipal Law §6-m, this balance must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

**Laurens Central School District**  
**Notes to the Financial Statements**

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**X. *Debt Service Reserve Fund***

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

**XI. *Encumbrances***

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

Restricted fund balance includes the following:

General Fund

Workers compensation	\$ 38,530
Unemployment	124,333
Retirement contributions - ERS	73,752
Retirement contributions - TRS	43,343
Tax Certiorari	78,729
Employee benefit accrued liability	444,154
Capital	1,936,346
Repairs	387,610
Student activities	115,793
Debt Service Fund	363,703
Total restricted funds	<u>\$ 3,606,293</u>

**XII. *Committed***

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

**XIII. *Assigned***

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

**XIV. *Reserve for Insurance Recoveries***

Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the General Fund.



Laurens Central School District

Notes to the Financial Statements

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XV. *Unassigned*

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

- *Reserve for Tax Reduction* - Reserve for Tax Reduction (Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the general fund.

XVI. *Unassigned Fund Balance*

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

W) **New Accounting Standards**

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

- GASB has issued Statement No. 96 - *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

X) **Future Changes in Accounting Standards**

- GASB has issued Statement 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, effective for the year ending June 30, 2024.
- GASB has issued Statement 101, Compensated Absences, effective for the year ending June 30, 2025.

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

**Laurens Central School District**  
**Notes to the Financial Statements**

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**Note 2    EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

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

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

**B)    Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities**

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1)    Long-Term Revenue Differences:

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

2)    Capital-Related Differences:

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

Laurens Central School District

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3) Long-Term Debt Transaction Differences:

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

4) Pension Differences:

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

5) OPEB Differences:

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

**Note 3 IMPLEMENTATION OF NEW ACCOUNTING STANDARD**

In 2023, the district implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based IT Arrangements (SBITA) accounting standard. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain SBITA assets and liabilities for leases that previously were classified as operating expenses and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financing of the right to use an underlying asset. Implementation of the new standard did not require a restatement of beginning net position.

**Note 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A) Budgets**

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

1) General Fund

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

Appropriations are adopted at the program line-item level.

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

**Laurens Central School District**  
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Supplemental appropriations occurred during the year:

- Capital Reserve was appropriated to accommodate a bus purchase.

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

2) Capital Project

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

3) Special Aid Funds

Budgets are established by grantors and used for individual program fund expenditures. The maximum program amount authorized is based upon the grantor contracts and agreements, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the program.

**B) Encumbrances**

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

The District's unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The actions the District plans to pursue to address this issue include closely monitoring and adjusting current and future budgets while seeking to provide additional funding to legal reserves.

The following funds had a deficit fund balance at year-end: Capital projects fund. This will be funded when the District obtains long-term financing for its current construction projects.

**Note 5 CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS**

**A) Cash**

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

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

**Laurens Central School District**

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Undercollateralized	\$ -
Collateralized with securities held by the pledging financial institution, or it's trust department or agent, in the District's name	<u>\$ 9,487,180</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$3,606,293 within the governmental funds and \$114,885 in the fiduciary funds.

**B) Deposits**

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2023 all deposits were fully insured and collateralized by the District's agent in the District's name.

**C) Investment and Deposit Policy**

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state, and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

**D) Interest Rate Risk**

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**E) Credit Risk**

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorize the reporting entity to purchase the following types of investments:

- Interest-bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

**F) Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest-bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC), shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

**Laurens Central School District**  
**Notes to the Financial Statements**

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**Note 6 CAPITAL ASSETS, INTANGIBLE LEASE AND SUBSCRIPTION ASSETS**

General fixed assets are carried at estimated historical cost. The values of these assets, including any donated assets, are measured at the most recent cash or cash equivalent price of the asset as established by an independent appraiser. The most recent appraisal date was June 30, 2020. Maintenance, repairs, and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Any costs related to the asset that are incurred after the appraisal date such as additions, improvements, or replacements are added to the value of the asset if they provide future service potential; otherwise, they are expended in the period of occurrence. Proceeds from dispositions of property are included in income.

In accordance with the provisions of GASB Statement No 87, Leases, the District has recognized a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various items and other equipment with implicit interest rates ranging from 2.5% to 3%.

The District does not have infrastructure assets as defined by GASB publications.

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

**Laurens Central School District**

**Notes to the Financial Statements**

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets that are not depreciated:</b>				
Land	\$ 47,488	\$ -	\$ -	\$ 47,488
Construction in progress	622,787	2,661,212	-	3,283,999
Total non-depreciable historical cost	670,275	2,661,212	-	3,331,487
<b>Capital assets that are depreciated:</b>				
Outdoor improvements	207,950	5,880	-	213,830
Buildings & improvements	25,919,735	-	-	25,919,735
Furniture, equipment, & vehicles	2,641,334	308,948	191,007	2,759,275
Intangible lease asset - equipment	11,305	-	-	11,305
Total depreciable historical cost	28,780,324	314,828	191,007	28,904,145
Less accumulated depreciation:				
Outdoor improvements	156,519	6,795	-	163,314
Buildings & improvements	7,553,006	537,822	-	8,090,828
Furniture, equipment, & vehicles	1,538,035	229,938	186,726	1,581,247
Intangible lease asset - equipment	6,783	2,261	-	9,044
Total accumulated depreciation	9,254,343	776,816	186,726	9,844,433
Total depreciable and non-depreciable historical cost, net	<u>\$ 20,196,256</u>			<u>\$ 22,391,199</u>

**Depreciation expense was charged to  
governmental functions as follows:**

General support	\$ 7,626
Instructional	134,587
Transportation	95,821
School food service	45
Unallocated	538,737
	<u>\$ 776,816</u>

**Laurens Central School District**  
**Notes to the Financial Statements**

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**Note 7 SHORT-TERM DEBT**

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

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

The District may issue Bond Anticipation Notes (BANs) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. There was no short-term debt outstanding at year-end.

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

The following is a summary of the short-term debt outstanding at June 30, 2023:

	<b>Date of Original Issue</b>	<b>Original Amount</b>	<b>Date of Final Maturity</b>	<b>Interest Rate</b>	<b>Outstanding Amount</b>
Bond Anticipation Note	7/7/2022	\$ 2,450,000	7/7/2023	2.05%	\$ 2,450,000
Bond Anticipation Note	6/26/2023	3,120,000	6/26/2024	3.90%	3,120,000

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>
<b>Bond Anticipation Notes:</b>				
Bond Anticipation Note 6/27/2022	\$ 705,000	-	705,000	\$ -
Bond Anticipation Note 7/7/2022	-	2,450,000	-	2,450,000
Bond Anticipation Note 6/26/2023	-	3,120,000	-	3,120,000
Total	<u>\$ 705,000</u>	<u>5,570,000</u>	<u>705,000</u>	<u>\$ 5,570,000</u>

Interest paid on short-term debt during the year was:

Interest paid	\$ 14,453
Plus interest accrued in the current year	50,595
Less interest accrued in the prior year	(119)
Total interest expense	<u>\$ 64,929</u>



**Laurens Central School District**

**Notes to the Financial Statements**

**Note 8 LONG-TERM DEBT**

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

The following is a summary of maturity of bond indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Serial bond dated 2013	11/26/13	6/15/28	3.00 - 4.25%	\$ 170,000
Serial bond dated 2015	7/16/15	6/15/30	2.625 - 3.25%	480,000
Refunding bond dated 2015	11/5/15	6/15/28	2.00 - 4.00%	3,805,000
Refunding bond dated 2017	2/1/17	6/15/28	1.50 - 3.00%	1,635,000
DASNY bond dated 2019	6/17/19	6/15/33	5.00%	1,255,000
				<u>\$ 7,345,000</u>

Principal and interest payments due on bonds payable is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Premium
2024	\$ 1,225,000	\$ 239,638	\$ 54,636
2025	1,260,000	207,730	48,066
2026	1,295,000	173,030	40,946
2027	1,345,000	133,130	32,743
2028	1,370,000	86,130	23,196
2029 - 2033	850,000	94,720	36,960
Total	<u>\$ 7,345,000</u>	<u>\$ 934,378</u>	<u>\$ 236,547</u>

Interest paid on long-term debt during the year was:

Interest paid	\$ 269,112
Less interest accrued in the prior year	(10,910)
Less amortization of bond premium	(60,745)
Plus interest accrued in the current year	9,821
Plus amortization of issuance costs and deferred outflows	60,729
Total interest expense	<u>\$ 268,007</u>

**Compensated Absences** - Compensated absences represent the value of earned and unused portion of the liability for compensated absences.

**Debt Limit** - Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any School District purpose authorized by the legislature of the State of New York provided the aggregate

**Laurens Central School District**  
**Notes to the Financial Statements**

principal amount thereof shall not exceed five per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as state aid for building purposes. The constitutional and statutory method for determining full valuation consist of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature is also required to prescribe the manner by which such ratio shall be determined by such authority.

The following table sets forth the computation of the debt limit of the School District and its debt contracting margin:

Full Valuation of Taxable Real Property	\$ 221,703,295
Debt Limit (10% of Full Valuation)	\$ 22,170,330
Outstanding Indebtedness (principal portion)	
Serial Bonds	7,345,000
Bond Anticipation Notes	5,570,000
Total Indebtedness	12,915,000
Net Debt-Contracting Margin	\$ 9,255,330
Percentage of Debt-Contraction Power Exhausted	58.3%

*Lease Liability* - The District recognizes a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various items and other equipment with implicit interest rates ranging from 2.5% to 3%. Principal and interest expense paid on the District's lease liability amounted to \$2,323 and \$134, respectively, for the fiscal year ended June 30, 2023.

The following is a summary of the principal and interest requirements to maturity for the District's leases:

- Fiscal year ending June 30, 2024
  - o Principal \$2,389, Interest \$68. No payments currently scheduled beyond June 20, 2024.

**Note 9 INTERFUND BALANCES AND EQUITY**

	Receivable	Payable	Revenue	Expense
General Fund	\$ 1,343,335	2,907,961	\$ -	69,935
School Food Service Fund	-	56,922	-	-
Special Aid Fund	10,461	801,420	15,435	-
Library Fund	221	-	-	-
Capital Projects Fund	2,960,141	645	54,500	-
Debt Service Fund	363,703	-	-	-
Total Government activities	4,677,861	3,766,948	69,935	69,935
Custodial	4,248	915,161	-	-
Total	\$ 4,682,109	4,682,109	\$ 69,935	69,935

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

**Note 10 PENSION PLANS**

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

**A) Provisions and Administration**

1. *Teachers' Retirement System (TRS)* - A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).
2. *Employees' Retirement System (ERS)* - ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL governs obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

**B) Funding policies**

The Systems are non-contributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

**Laurens Central School District**  
**Notes to the Financial Statements**

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The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, was:

Contributions	ERS	TRS
2023	\$ 127,529	\$ 231,048
2022	162,510	221,078
2021	160,926	221,748

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

Since 1989, the ERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District exercised. As a result, the total unpaid liability at the end of the year was \$-0-.

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

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

	ERS	TRS
Actuarial valuation date	3/31/2022	6/30/2021
Net pension asset/(liability)	\$ (716,498)	\$ (255,375)
District's portion of the Plan's total net pension asset/(liability)	0.0033%	0.0133%

**Laurens Central School District**

**Notes to the Financial Statements**

2. For the year ended June 30, 2023, the District's recognized pension expense of \$127,529 for ERS and the actuarial value \$231,048 for TRS. At June 30, 2023 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected & actual experience	\$ 76,313	\$ 267,601	\$ 20,122	\$ 5,117
Changes of assumptions	347,978	495,384	3,846	102,872
Net difference between projected & actual earnings on pension plan investments	-	329,969	4,209	-
Changes in proportion & differences between the District's contributions & proportionate share of contributions	52,067	55,771	15,558	4,224
District's contributions subsequent to the measurement date	-	231,048	-	-
	<u>\$ 476,358</u>	<u>\$ 1,379,773</u>	<u>\$ 43,735</u>	<u>\$ 112,213</u>

3. District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2023	\$ -	\$ 435,147
2024	107,682	110,576
2025	(27,838)	(32,936)
2026	155,175	657,736
2027	197,604	91,128
Thereafter	-	5,909

**Laurens Central School District**  
**Notes to the Financial Statements**

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4. Actuarial Assumptions

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

	ERS	TRS
Measurement date	3/31/2023	6/30/2022
Actuarial valuation date	4/1/2022	6/30/2021
Investment rate	5.9%	6.95%
Salary scale	4.4%	1.95 - 5.18%
Decrement tables	MP2021	MP2021
Inflation rate	2.90%	2.40%

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

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Laurens Central School District

Notes to the Financial Statements

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

	ERS	TRS
Measurement date	3/31/2023	6/30/2022
Asset Type:		
Domestic equities	4.3%	6.5%
International equities	6.9%	7.2%
Global equity	n/a	6.9%
Private equity	7.5%	9.9%
Real estate equity	4.6%	2.4%
Credit	5.4%	n/a
Opportunistic portfolio	5.4%	n/a
Real assets	5.8%	n/a
Domestic fixed income	n/a	1.1%
Global fixed income	n/a	0.6%
Bonds and mortgages	1.5%	n/a
High-yield fixed income	n/a	3.3%
Cash	0.0%	-0.3%
Private debt	n/a	5.3%
Real estate debt	n/a	3.3%

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

**Laurens Central School District**  
**Notes to the Financial Statements**

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
<b>ERS</b>			
Employer's proportionate share of the net pension asset (liability)	\$ (1,731,470)	\$ (716,498)	\$ 131,628
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
<b>TRS</b>			
Employer's proportionate share of the net pension asset (liability)	\$ (2,354,678)	\$ (255,375)	\$ 1,510,125

**E) Pension Plan Fiduciary Net Position**

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

	(Dollars in Thousands)		
	ERS	TRS	Total
Actuarial Valuation date	4/1/2022	6/30/2021	
Employers' total pension liability	\$ 232,627,259	\$ 133,883,474	\$ 366,510,733
Plan net position	211,183,223	131,964,582	343,147,805
Employers' net pension asset/(liability)	\$ (21,444,036)	\$ (1,918,892)	\$ (23,362,928)
Ratio of plan net position to the employers' total pension asset/(liability)	90.78%	98.57%	93.63%

**F) Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$37,242.



Laurens Central School District

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For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$271,913.

**Note 11 POST-EMPLOYMENT BENEFITS**

The District provides post-employment coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the District's contractual agreements.

**A) Summary of Plan Provisions**

*Eligibility* - Employees are eligible for lifetime retiree health benefits once they are eligible to retire under the respective rules of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS), as well as the provisions of the District's agreements with its employees. Below are the required years of service to qualify for retiree health benefits applicable to District employees:

Teachers and support staff .....	All years of service
Individual contracts .....	15 years of service
Superintendent .....	20 years of service
Principal and instructional support services .....	25 years of service

*Spouse Benefits* – Employees are allowed to elect spousal coverage at retirement.

*District Subsidy* – The District subsidizes pre-Medicare medical and prescription drug coverage as a percentage of premiums depending on employee group and hire date. Subsidies range from 80-100% for single coverage and 45-100% for family coverage.

*Employees Covered by Benefit Terms* – At June 30, 2023, the following employees were covered by the benefit terms:

Actives.....	74
Retirees.....	7
	<hr/>
	81

**Laurens Central School District**  
**Notes to the Financial Statements**

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**B) Total OPEB Liability**

The District's total OPEB liability of \$2,236,989 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2021.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	A discount rate of 4.31% was used based on the Bond Buyer General Obligation 20-Bond Municipal Index as of December 31, 2021.
Inflation	2.5%
Medical Trend	5.7% initially scaling down to 4.04% over 55 years.

Since the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 75 standards discounting unfunded liabilities based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Changes in Total OPEB Liability**

	<u>June 30, 2023</u>
Total OPEB Liability Beginning of Year	\$ 2,827,125
Changes in total OPEB Liability:	
Service cost	173,452
Interest	60,363
Differences between expected and actual experience	9,642
Effect of assumptions changes or inputs	(720,980)
Benefit payments	(112,613)
Total OPEB Liability End of Year	<u>\$ 2,236,989</u>

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.05%) or 1 percentage point higher (3.05%) than the current discount rate:

	<u>Discount Rate</u>		
	1%	Baseline	
	Decrease	Rate 4.31%	1% Increase
Total OPEB Liability	\$ 1,999,075	\$ 2,236,989	\$ 2,519,529

**Laurens Central School District**

**Notes to the Financial Statements**

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.7%) or 1 percentage point higher (6.7%) than the current healthcare cost trend rate:

	Healthcare Cost Trend Rates		
	Baseline Rate		
	5.7%		
	1% Decrease	Decreasing	1% Increase
Total OPEB Liability	\$ 1,942,335	\$ 2,236,989	\$ 2,610,197

**C) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the District recognized OPEB expense of \$257,001. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,408	\$ 494,341
Changes of assumptions	531,649	755,258
Employer contributions subsequent to measurement date	56,307	-
	<u>\$ 665,364</u>	<u>\$ 1,249,599</u>

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

Fiscal Year Ending June 30,	Amount
2024	\$ (17,873)
2025	(74,180)
2026	(74,180)
2027	(74,180)
2028	(74,180)
Thereafter	(269,642)
	<u>\$ (584,235)</u>

**Note 12 RISK MANAGEMENT**

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

**Laurens Central School District**  
**Notes to the Financial Statements**

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**Note 13 COMMITMENTS AND CONTINGENCIES**

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

*Contingent Liability for Sick Leave* - The District does not accrue a liability for accumulating, non-vesting sick leave since payment is based on an uncontrollable future event (sickness).

*Potential Liability to New York State* - The District has received state aid revenue sharing and grants, which are subject to audit by the New York State Comptroller's Office. Such audits may result in adjustments to revenues. Based on prior audits, the District's administration believes any adjustments will be immaterial.

**Note 14 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET**

None of the funds had an excess of actual expenditures over budget for the year.

**Note 15 DONOR-RESTRICTED ENDOWMENTS**

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships. Donor-restricted endowments of \$114,885 and are reported at fair value. The amount of donor-restricted endowments that is available for authorization for expenditure by the District is \$114,885. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donors.

**Note 16 TAX ABATEMENTS**

The District does not have any property tax abatement agreements in place as of June 30, 2023. The District is not subject to any tax abatement agreements entered into by other governmental entities as of June 30, 2023.

**Note 17 SUBSEQUENT EVENTS**

The District has evaluated events through the date on which the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

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## **Required Supplementary Information**

**Laurens Central School District**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (non-GAAP basis) and Actual – General Fund  
For the Year Ended June 30, 2023**

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	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 2,892,926	\$ 2,892,926	\$ 2,549,889	\$ (343,037)
Other tax items	7,000	7,000	367,563	360,563
Charges for services	2,000	2,000	102,125	100,125
Use of money & property	2,000	2,000	152,655	150,655
Sale of property & compensation for loss	-	-	34,871	34,871
Miscellaneous	125,000	125,000	227,361	102,361
Total Local Sources	3,028,926	3,028,926	3,434,464	405,538
State Sources	7,013,522	7,013,522	7,204,010	190,488
Total Revenues	10,042,448	10,042,448	10,638,474	596,026
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	15,000	15,000	-	
Appropriated reserves	-	222,715	-	
Appropriated fund balance	231,479	231,479	-	
Total Other Financing Sources	246,479	469,194	-	
Total Revenues & Other Financing Sources	\$ 10,288,927	\$ 10,511,642	\$ 10,638,474	

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**Laurens Central School District**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (non-GAAP basis) and Actual – General Fund  
For the Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 21,946	\$ 21,946	\$ 11,404	\$ -	\$ 10,542
Central administration	169,005	169,005	154,259	-	14,746
Finance	149,058	149,058	146,554	-	2,504
Staff	53,561	53,561	39,042	-	14,519
Central services	1,020,400	1,086,768	972,284	19,075	95,409
Special items	145,900	145,900	140,348	-	5,552
Total General Support	1,559,870	1,626,238	1,463,891	19,075	143,272
Instruction					
Instruction, administration, & improvement	215,687	215,687	189,780	-	25,907
Teaching - regular school programs for children with handicapping conditions	1,959,765	1,959,765	1,804,397	-	155,368
Occupational education	1,388,876	1,388,876	1,091,177	-	297,699
Teaching - special school	200,000	200,000	173,390	-	26,610
Instructional media	60,307	60,307	60,307	-	0
Pupil services	236,711	243,232	220,732	13,986	8,514
Total Instruction	422,261	422,261	318,478	-	103,784
	4,483,607	4,490,128	3,858,260	13,986	617,882
Pupil transportation	613,923	763,749	620,565	-	143,184
Community services	6,156	6,156	5,267	-	889
Employee benefits	1,938,400	1,938,400	1,771,411	-	166,989
Debt service principal	1,200,000	1,200,000	1,905,000	-	(705,000)
Debt service interest	334,113	334,113	283,565	-	50,548
Total Expenditures	10,136,069	10,358,784	9,907,959	33,061	417,764
<b>OTHER FINANCING USES</b>					
Transfers to other funds	152,858	152,858	69,935	-	82,923
Total Other Financing Uses	152,858	152,858	69,935	-	82,923
Total Expenditures & Other Uses	\$ 10,288,927	\$ 10,511,642	\$ 9,977,894	\$ 33,061	\$ 500,687
Net change in fund balances			660,580		
Fund balance - beginning			6,289,729		
Fund balance - ending			<u>\$ 6,950,309</u>		

**Laurens Central School District**

**Change in Total OPEB Liability and Related Ratios  
For the Year Ended June 30, 2023**

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	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability Beginning of Year	\$ 2,827,125	\$ 3,255,242	\$ 2,992,299	\$ 2,393,098	\$ 2,149,303	\$ 2,115,646
Changes in total OPEB Liability:						
Service cost	173,452	188,085	162,041	51,247	92,606	95,311
Interest	60,363	71,962	85,149	42,329	85,872	75,740
Differences between expected and actual experience	9,642	(513,725)	(142,166)	100,804	-	-
Effect of assumptions changes or inputs	(720,980)	(76,120)	251,953	427,867	111,757	(83,538)
Benefit payments	(112,613)	(98,319)	(94,034)	(23,046)	(46,440)	(53,856)
Total OPEB Liability End of Year	<u>\$ 2,236,989</u>	<u>\$ 2,827,125</u>	<u>\$ 3,255,242</u>	<u>\$ 2,992,299</u>	<u>\$ 2,393,098</u>	<u>\$ 2,149,303</u>
Covered payroll	\$ 3,550,234	\$ 3,252,189	\$ 3,644,504	\$ 3,464,493	\$ 3,351,388	\$ 3,348,477
Net OPEB Liability as a percentage of covered payroll	63.01%	86.93%	89.32%	86.37%	71.41%	64.19%

**Note:**

The District does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.



**Laurens Central School District**

**Schedule of District's Proportionate Share of Net Pension Liability  
For the Year Ended June 30, 2023**

**NYSLRS PENSION PLAN**

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
District's proportion of the net pension liability (asset)	0.0033%	0.0034%	0.0032%	0.0034%	0.0036%
District's proportionate share of the net pension liability (asset)	\$ 716,498	\$ (279,248)	\$ 3,158	\$ 898,329	\$ 253,899
District's covered-employee payroll	\$ 1,099,388	\$ 1,003,148	\$ 1,102,233	\$ 1,081,725	\$ 1,052,732
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	65.17%	-27.84%	0.29%	83.05%	24.12%
Plan fiduciary net position as a percentage of total pension liability	90.78%	103.65%	99.95%	86.39%	96.30%

**TRS PENSION PLAN**

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
District's proportion of the net pension liability (asset)	0.0133%	0.0137%	0.0147%	0.0147%	0.0146%
District's proportionate share of the net pension liability (asset)	\$ 255,375	\$ (2,368,446)	\$ 407,461	\$ (380,770)	\$ (264,620)
District's covered-employee payroll	\$ 2,357,633	\$ 2,319,811	\$ 2,502,799	\$ 2,446,365	\$ 2,383,704
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.83%	-102.10%	16.28%	-15.56%	-11.10%
Plan fiduciary net position as a percentage of total pension liability	98.57%	113.25%	97.76%	102.17%	101.50%

**NYSLRS PENSION PLAN**

	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension liability (asset)	0.0035%	0.0034%	0.0037%	0.0038%
District's proportionate share of the net pension liability (asset)	\$ 112,693	\$ 316,787	\$ 589,623	\$ 128,546
District's covered-employee payroll	\$ 977,594	\$ 931,723	\$ 989,984	\$ 971,677
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.53%	31.43%	59.56%	13.23%
Plan fiduciary net position as a percentage of total pension liability	98.24%	94.70%	90.70%	97.90%

**TRS PENSION PLAN**

	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension liability (asset)	0.0149%	0.0152%	0.0150%	0.0150%
District's proportionate share of the net pension liability (asset)	\$ (113,464)	\$ 163,281	\$ (1,554,363)	\$ (1,667,822)
District's covered-employee payroll	\$ 2,365,520	\$ 2,352,466	\$ 2,247,912	\$ 2,211,643
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4.80%	6.94%	-69.15%	-75.41%
Plan fiduciary net position as a percentage of total pension liability	100.66%	99.01%	110.46%	111.50%

**Laurens Central School District**

**Schedule of District's Contributions  
For the Year Ended June 30, 2023**

**NYSLRS PENSION PLAN**

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Contractually required contribution	\$ 127,529	\$ 162,510	\$ 160,926	\$ 162,863	\$ 161,068
Contributions in relation to the contractually required contribution	\$ 127,529	\$ 162,510	\$ 160,926	\$ 162,863	\$ 161,068
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,099,388	\$ 1,003,148	\$ 1,102,233	\$ 1,081,725	\$ 1,052,732
Contributions as a percentage of covered-employee payroll	11.60%	16.20%	14.60%	15.06%	15.30%

**TRS PENSION PLAN**

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Contractually required contribution	\$ 231,048	\$ 221,078	\$ 221,748	\$ 259,804	\$ 233,603
Contributions in relation to the contractually required contribution	\$ 231,048	\$ 221,078	\$ 221,748	\$ 259,804	\$ 233,603
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,357,633	\$ 2,319,811	\$ 2,502,799	\$ 2,446,365	\$ 2,383,704
Contributions as a percentage of covered-employee payroll	9.80%	9.53%	8.86%	10.62%	9.80%

**NYSLRS PENSION PLAN**

	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually required contribution	\$ 151,527	\$ 144,417	\$ 174,699	\$ 191,197
Contributions in relation to the contractually required contribution	\$ 151,527	\$ 144,417	\$ 174,699	\$ 191,197
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 977,594	\$ 931,723	\$ 989,984	\$ 971,677
Contributions as a percentage of covered-employee payroll	15.50%	14.33%	17.65%	19.68%

**TRS PENSION PLAN**

	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually required contribution	\$ 277,239	\$ 311,937	\$ 394,059	\$ 359,392
Contributions in relation to the contractually required contribution	\$ 277,239	\$ 311,937	\$ 394,059	\$ 359,392
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,365,520	\$ 2,352,466	\$ 2,247,912	\$ 2,211,643

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## **Supplementary Information**

**Laurens Central School District**

**Schedule of Change from Original Budget to Revised Budget  
And Section 1318 of Real Property Tax Law Limit Calculation  
For the Year Ended June 30, 2023**

**Change from Adopted Budget to Revised Budget**

Adopted Budget	\$ 10,288,927
Add: Prior year's encumbrances	72,889
Original Budget	<u>10,361,816</u>
Budget revision:	
Capital Reserve Appropriations - Bus Purchase	149,826
Final budget	<u><u>\$ 10,511,642</u></u>
 <i>Next year's budget is a voter approved budget of</i>	 <u><u>\$ 10,974,525</u></u>

**Section 1318 of Real Property Tax Law Limit Calculation**

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law

Subsequent year's voter-approved budget	\$ 10,974,525
Maximum allowed percentage	4%
Limit of unexpended surplus funds	<u><u>\$ 438,981</u></u>

General fund balance	
Restricted	\$ 3,242,590
Assigned	350,680
Unassigned	3,357,039
Total governmental - general fund balance	<u><u>\$ 6,950,309</u></u>

Less:

Restricted not subject to the law	\$ (3,242,590)
Appropriated for subsequent year's budget in assigned	(317,621)
Encumbrances included in assigned	(33,059)
	<u>(3,593,270)</u>

General fund balance subject to limit	<u><u>\$ 3,357,039</u></u>
Calculated actual percentage	<u><u>30.589%</u></u>

**Laurens Central School District**  
**Schedule of Project Expenditures-**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2023**

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Building Project 2022	\$ 3,500,000	3,500,000	622,787	2,661,212	3,283,999	\$ 216,001
Capital Outlay 2021-22	100,000	53,621	52,761	600	53,361	260
Capital Outlay 2022-23	100,000	54,500	-	54,500	54,500	-
Capital Outlay 2023-24	100,000	100,000	-	1,291	1,291	98,709
	<u>\$ 3,800,000</u>	<u>3,708,121</u>	<u>675,548</u>	<u>2,717,603</u>	<u>3,393,151</u>	<u>\$ 314,970</u>

PROJECT TITLE	Methods of Financing				Fund Balance 6/30/23
	Proceeds of Obligations	Federal and State Aid	Local Sources	Total	
Building Project 2022	\$ 750,000	-	-	750,000	\$ (2,533,999)
Capital Outlay 2021-22	-	-	53,621	53,621	260
Capital Outlay 2022-23	-	-	54,500	54,500	-
Capital Outlay 2023-24	-	-	-	-	(1,291)
	<u>\$ 750,000</u>	<u>-</u>	<u>108,121</u>	<u>858,121</u>	<u>\$ (2,535,030)</u>

**Laurens Central School District**  
**Invested in Capital Assets, Net of Related Debt**  
**June 30, 2023**

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Capital assets, net		\$ 22,391,199
Add:		
Bond issuance cost - prepaid insurance	3,782	
Defeasance loss	173,581	
Unspent debt proceeds	2,286,001	2,463,364
	<u>2,463,364</u>	
Deduct:		
BANs payable	5,570,000	
Unamortized bond premiums	236,547	
Short-term portion of lease liabilities	2,387	
Short-term portion of bonds payable	1,225,000	
Long-term portion of bonds payable	6,120,000	13,153,934
	<u>13,153,934</u>	
Investment in capital assets, net of related debt		<u>\$ 11,700,629</u>

**Report on Internal Control and Compliance in Accordance with Government  
Auditing Standards**



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

To the Board of Education,

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laurens Central School District as of and for the year ended June 30, 2023, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 5, 2024.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Laurens Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 one instance of non-compliance that is required to be reported under *Government Auditing Standards* and which is described in the schedule of findings and questioned costs as item LCSD-23.01.

**School District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit, and is described in the accompanying schedule of findings



## Independent Auditors' Report (Continued)

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and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Cugnar, Farrow & Locke, CPA*

January 5, 2024  
Norwich, New York

**Report on Internal Control and Compliance for Each Major Program Required by  
Uniform Guidance**



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education,  
Laurens Central School District  
Laurens, NY

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

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

We have audited Laurens Central School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Laurens Central School District's major federal programs for the year ended June 30, 2023. Laurens Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Laurens Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Laurens Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material non-compliance when it exists.

The risk of not detecting material non-compliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Laurens Central School District's compliance with the requirements of each major federal program as a whole.

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

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

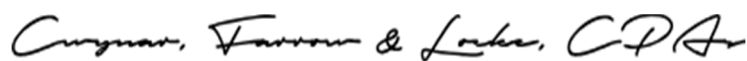
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Norwich, New York  
January 5, 2024

**Laurens Central School District**

**Schedule of Expenditures of Federal Awards  
For the Year Ended  
June 30, 2023**

<b>Federal Grantor/Pass-through Grantor Program Title</b>	<b>Assistance Listing</b>	<b>Agency or Pass-through Number</b>	<b>Total Federal Expenditure</b>
<b><u>United States Department of Agriculture</u></b>			
<b>Passed through New York State Education Department</b>			
Child Nutrition Cluster:			
Cash Assistance			
National School Breakfast Program .....	10.553		\$ 71,313
National School Lunch Program .....	10.555		134,808
Cash Assistance Subtotal .....			206,121
Non-cash Assistance			
National School Lunch Program (food distribution) .....	10.555		11,298
Total Passed through New York State Education Department .....			217,419
Total Child Nutrition Cluster .....			217,419
Total U.S. Department of Agriculture .....			<u>\$ 217,419</u>
<b><u>United States Department of Education</u></b>			
<b>Passed through New York State Education Department</b>			
Special Education Cluster:			
Special Education—Grants to States (IDEA, Part B) .....	84.027	0032-23-0723	98,962
COVID-19 Special Education—Grants to States (IDEA, Part B) .....	84.027	5532-22-0352	4,569
Special Education - Preschool Grants (IDEA Preschool) .....	84.173	0033-23-0723	2,642
COVID-19 Special Education - Preschool Grants (IDEA Preschool) .....	84.173	5533-22-0352	1,067
Total Special Education Cluster .....			<u>107,240</u>
COVID-19 - Education Stabilization Funds:			
ESF Section 1 - Elementary and Secondary Education:			
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund .....	84.425D	5891-21-2390	285,457
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP - ESSER) .....	84.425U	5880-21-2390	218,465
American Rescue Plan - Full Day UPK Expansion (ARP-ESSER) .....	84.425U	5870-23-9160	111,701
Total ESF Section 1 - Elementary and Secondary Education .....			615,623
Total COVID-19 Education Stabilization Funds .....			<u>615,623</u>
Title I Grants to Local Educational Agencies (LEAs) .....	84.010	0021-23-2390	120,797
Supporting Effective Instruction State Grants .....	84.367	0147-23-2390	11,634
Student Support and Academic Enrichment Program .....	84.424	0204-23-2390	10,073
Total Passed Through New York State Education Department .....			865,367
<b>Direct Program</b>			
Small, Rural School Achievement Program .....	84.358	S358A222879	21,724
Total U.S. Department of Education .....			<u>\$ 887,091</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,104,510</u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**Laurens Central School District**

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended  
June 30, 2023**

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**Note 1 Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District's financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the 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).

**Note 2 Summary of Certain Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system. The federal expenditures are recognized under the Uniform Guidance.

**Note 3 Scope of Audit**

The District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

**Note 4 Non-Cash Assistance**

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2023, the District received food commodities totaling \$11,298.

**Note 5 Indirect Cost Rate**

The District did not elect to use the 10% de minimus cost rate. Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

**Note 6 Other Disclosures**

No insurance is carried specifically to cover equipment purchased with federal funds. Equipment purchased with federal funds is covered by the District's casualty insurance policies. There were no loans or loan guarantees outstanding at year-end.

**Laurens Central School District**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended**  
**June 30, 2023**

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**Section I – Summary of Auditor’s Results**

Financial Statements:

Type of auditor’s report issued.....	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?.....	No
• Significant deficiency(ies) identified?.....	No
Non-compliance material to financial statements noted.....	Yes

Federal Awards:

Internal Control over major programs:	
• Material weakness(es) identified?.....	No
• Significant deficiency(ies) identified?.....	No
Type of auditor’s report issued on compliance for major programs.....	Unmodified
Any audit findings relative to major federal award programs in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Controls Over Compliance in Accordance with Section 2 CFR-200.516(a)? .....	No
The threshold for distinguishing Types A and B programs was \$750,000.	
Laurens Central School District Did not qualify as a low-risk auditee.	

<u>Identification of Major Programs:</u>	<u>CFDA Number</u>
COVID-19 Education Stabilization Funds.....	84.425
<u>Assistance listing No. with Alpha:</u>	
Elementary and Secondary School Emergency Relief (ESSER) Fund.....	84.425D
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP-ESSER).....	84.425U

Laurens Central School District

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended  
June 30, 2023

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**Section II – Financial Statement Findings**

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**Finding Reference LCSD-23.01 – Excess Fund Balance**

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***Criteria:***

The School District's unreserved, unrestricted fund balance was in excess of the New York State Real Property Tax Law 1318 limit, which restricts it to an amount not greater than 4% of the School District's budget for the upcoming year.

***Condition:***

General fund unreserved, unrestricted fund balance exceeded 4% of the School District's budget for the upcoming year.

***Questioned Costs:***

None.

***Cause and Effect:***

The District generated a surplus in the general fund that caused the fund balance to exceed limitations.

***Recommendation:***

We recommend that management take the excess fund balance into consideration when preparing future budgets.

***Management's Response:***

School District management will ensure the excess fund balance is considered when preparing next year's budget. Additionally, the School District plans to be proactive and use excess fund balance to help provide additional funding to reserves as well as mitigate the increase in net debt service payments that will be coming in future years.

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

There were no findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR-200.516(9).

**Section IV – Summary Schedule of Prior Audit Findings**

There were no prior findings relating to the major federal awards as required to be reported in accordance with Section 2 CFR-200.516(9).



### **Extra Classroom Activity Funds**



## Independent Auditors' Report

Board of Education  
Extra Classroom Activity Funds of Laurens Central School District  
Laurens, NY

### Report on the Financial Statements

We have audited the accompanying financial statements of the Extra Classroom Activity Funds of Laurens Central School District (a New York State School District), which comprise the statement of assets, liabilities, and fund equity—cash basis as of June 30, 2023 and the related statement of cash receipts and disbursements—cash basis for the year then ended, and the related note to the financial statements.

### Qualified Opinion

In our opinion, except for the effects of any adjustments which might have had the cash collections referred to above susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Extra Classroom Activity Funds of Laurens Central School District as of June 30, 2023, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 1.

### Basis for Qualified Opinion

Due to the fact that accounting controls generally are not exercised by students over cash receipts at the point of collection to the time of submission to the central treasurer, it was impracticable to extend our audit of such receipts beyond amounts recorded.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

**Basis of Accounting**

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

*Cugnar, Farrow & Locke, CPAs*

January 5, 2024  
Norwich, New York

**Laurens Central School District**  
**Extra Classroom Activity Funds**  
**Statement of Assets and Liabilities Arising from Cash Transactions**  
**June 30, 2023**

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**ASSETS**

Restricted Cash	<u>\$ 116,054</u>
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**LIABILITIES AND FUND BALANCE**

Sales Tax Payable	264
Fund Balance	<u>115,790</u>
	<u><u>\$ 116,054</u></u>

**Laurens Central School District**

**Extra Classroom Activity Funds  
Statement of Revenues Collected and Expenses Paid  
For the Year Ended June 30, 2023**

<b>Activity</b>	<b>Balance July 01, 2022</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Balance June 30, 2023</b>
Art Club	\$ 1,514	535	1,721	\$ 328
Chamber Singers	21	-	-	21
Chorus	2,456	1,659	-	4,115
Class of 2021	1,116	-	-	1,116
Class of 2022	4,592	6	4,598	-
Class of 2023	8,416	10,639	16,389	2,666
Class of 2024	6,408	5,343	2,168	9,583
Class of 2025	8,937	10,962	5,707	14,192
Class of 2026	15,844	8,344	2,608	21,580
Class of 2027	2,353	2,123	1,527	2,949
Class of 2028	-	10,565	5,605	4,960
Colorguard	8,551	6,880	4,056	11,375
Concert Band	160	-	-	160
Drama Club	3,825	666	966	3,525
French Club	-	1,444	239	1,205
Garden Club	510	94	-	604
Jazz Ensemble	2,888	-	-	2,888
Key Club	1,329	1,027	965	1,391
Marching Band	3,347	300	29	3,618
Media Club	485	-	-	485
NHS	588	101	35	654
NHJHS	795	196	35	956
Odyssey of the Mind	485	-	-	485
Quiz Bowl	-	254	100	154
SADD	2,152	-	-	2,152
Safety Patrol	1,640	1,857	1,031	2,466
Sales Tax	455	264	455	264
Spanish Club	3,731	1,514	2,278	2,967
Student Council	17	611	190	438
TREPS	288	-	-	288
Varsity Club	4,909	5,286	3,182	7,013
Yearbook	11,868	6,905	7,317	11,456
<b>Totals</b>	<b>\$ 99,680</b>	<b>77,575</b>	<b>61,201</b>	<b>\$ 116,054</b>

**Laurens Central School District**

**Extra Classroom Activity Funds  
Note to the Financial Statement**

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**Note 1 ACCOUNTING POLICY**

The transactions of the Extra Classroom Activity Funds are not considered part of the reporting entity of the Laurens Central School District. Consequently, such transactions are not included in the financial statements of the School District.

The accounts of the Extra Classroom Activity Fund of the Laurens Central School District are maintained on a cash basis, and the statement of cash receipts, disbursements, and transfers reflects only cash received, disbursed, and transferred between funds. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.