

LAURENS CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2018

**LAURENS CENTRAL SCHOOL DISTRICT
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Cwynar & Company

12 South Broad Street
Suite 3
Norwich, New York 13815

Certified Public Accountants
A Professional Limited Liability Company

(607) 334-3838 voice
(607) 441-1101 fax
www.cwynar.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Laurens Central School District
Laurens, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Laurens Central School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Laurens Central School District, as of June 30, 2018, 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.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 3 - 13, and budgetary comparison information on pages 46-47, change in net OPEB liability, schedule of employer OPEB contributions and related notes on pages 48-51, and schedule of district's proportionate share of net pension liability and district's contributions on pages 52-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Laurens Central School District's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules on pages 54-56 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, 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.

The logo for Cwynar & Company is written in a cursive, handwritten-style font. The word "Cwynar" is followed by an ampersand and the word "Company".

October 15, 2018
Norwich, NY

**LAURENS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2018. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The District's total Net Position, as reflected in the district-wide financial statements, increased by \$950,503. The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$9,145,784. Of this amount, \$143,142 was offset by program charges for services. General revenues of \$9,227,334 amount to 91% of total revenues. The District received \$725,811 in grants to support programs. State aid revenue increased to \$6,423,287 in 2018 from \$6,167,179 in 2017. The general fund's total fund balance, as reflected in the fund financial statements, increased by \$402,917 to \$3,646,313. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.

During the fiscal year 2017-2018, the Laurens Central School District staff and Board of Education was working hard to keep the quality of education high while also maintaining a low tax rate. The Board of Education was able to balance the 2017-2018 budget with an increase of \$143,885 or 1.5%. The actual results of operation showed that actual expenditures did not increase as much as was anticipated in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The table below 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.

**LAURENS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as 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"> • Statement of net position • Statement of activities and changes in net position 	<ul style="list-style-type: none"> Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/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

District-Wide Statements

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

The two district-wide statements report the School District's *Net Position* and how they have changed. Net Position – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or *position*.

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

**LAURENS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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:

- **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 explains the relationship (or differences) between them.
- **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 FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's total Net Position was \$11.12 million. Below is a Condensed Statement of Net Position. Additional details are available in the main financial statement section.

Condensed Statement of Net Position (in Thousands)

	Governmental Activities and Total School District		Total Percentage Change
	2017 (restated)	2018	2017-18
Assets			
Current and Other Assets	\$ 4,232	\$ 4,936	16.6%
Capital Assets	19,742	21,055	6.7%
Total Assets	<u>23,974</u>	<u>25,991</u>	8.4%
Deferred Outflows of Resources	2,534	2,243	-11.5%
Total Assets and Deferred Outflows of Resources	<u>26,508</u>	<u>28,234</u>	18.8%
Liabilities and Deferred Inflows			
Current Liabilities	538	2,322	331.6%
Long-Term Liabilities	15,670	14,188	-9.5%
Deferred Inflows of Resources	130	604	364.6%
Total Liabilities and Deferred Inflows	<u>16,338</u>	<u>17,114</u>	4.7%
Net Position			
Invested in Capital Assets, Net of Related Debt	7,589	8,321	9.6%
Restricted	2,879	3,124	8.5%
Unrestricted	(298)	(325)	9.1%
Total Net Position	<u>\$ 10,170</u>	<u>\$ 11,120</u>	9.3%

The Statement of Net Position differs from the governmental funds financial statements because a reservation of fund balance in the governmental funds does not necessarily mean they are shown as restricted on the Statement of Net Position. Only those reservations of fund balance are classified as restricted when constraints placed on net position use are either externally imposed or imposed by law; however, restrictions cannot be established by the District itself. Restricted Net Position is composed of reserves for workers' compensation, unemployment, debt service, capital, repairs, grants, employee benefits liabilities and retirement contributions.

- Current and other assets increased by \$703 thousand, as compared to the prior year. The increase resulted from unspent BAN proceeds and an operating surplus in the general fund.
- Net capital assets increased by \$1.3 million, as compared to the prior year. The increase is a result of construction and equipment purchases exceeding depreciation.
- Long-term liabilities decreased by \$1.48 million, as compared to the prior year. The net decrease is a result of reducing bonds outstanding by \$1 million and net pension liability decreasing \$368 thousand.
- Net Position invested in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation.

**LAURENS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The results of this year's operations as a whole are summarized below. The details are reported in the Statement of Activities. All revenue and expenses for each fiscal year are compared to the prior year with the percentage change. Program Revenues are specific program charges, grants, revenues and contributions that directly related to a specific expense. Generally, if the specific expense was not incurred the program revenue would not be received. General Revenues are not related to a specific expense but to the operation of the district. The two largest general revenues are the State Formula Aid provided by the State of New York, and the local Property Taxes assessed to community taxpayers.

The schedule below takes the information from the Statement of Activities, rearranges it slightly, so you can compare the current year to the prior.

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

	Governmental Activities and Total School District		Total Percentage Change
	2017	2018	2017-18
Revenues			
Program Revenues			
Charges for Services	\$ 143	\$ 143	0.0%
Capital Grants	395	63	-84.1%
Operating Grants	680	663	-2.5%
General Revenues			
Property Taxes and Tax Items	2,664	2,697	1.2%
State Formula Aid	6,167	6,423	4.2%
Use of Money and Property	1	12	1100.0%
Miscellaneous	121	95	-21.5%
Total Revenue	<u>10,171</u>	<u>10,096</u>	-0.7%
Expenses			
General Support	1,529	1,544	1.0%
Instruction	5,851	5,720	-2.2%
Pupil Transportation	683	774	13.3%
Community Service	4	5	25.0%
Unallocated Depreciation	432	455	5.3%
Debt Service - Interest	374	396	5.9%
School Lunch Program	241	251	4.1%
Total Expenses	<u>9,114</u>	<u>9,145</u>	0.3%
Change in Net Position	<u>\$ 1,057</u>	<u>\$ 951</u>	

The District's revenues decreased by 0.7% in 2018. The major factors that contributed to the decrease were:

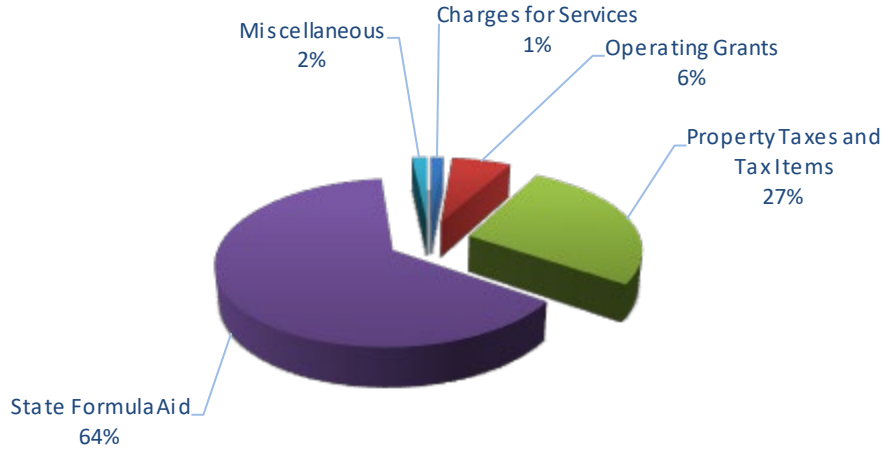
- Capital grants from the Smart School Bond Act decreased by nearly \$338 thousand.
- State aid increased \$256 thousand.

The District's expenses increased 0.35% in 2018. Instructional expenses decreased mainly due to reductions in salaries and pension contributions. Transportation costs increased 13% due to increases in salaries and contractual expenses.

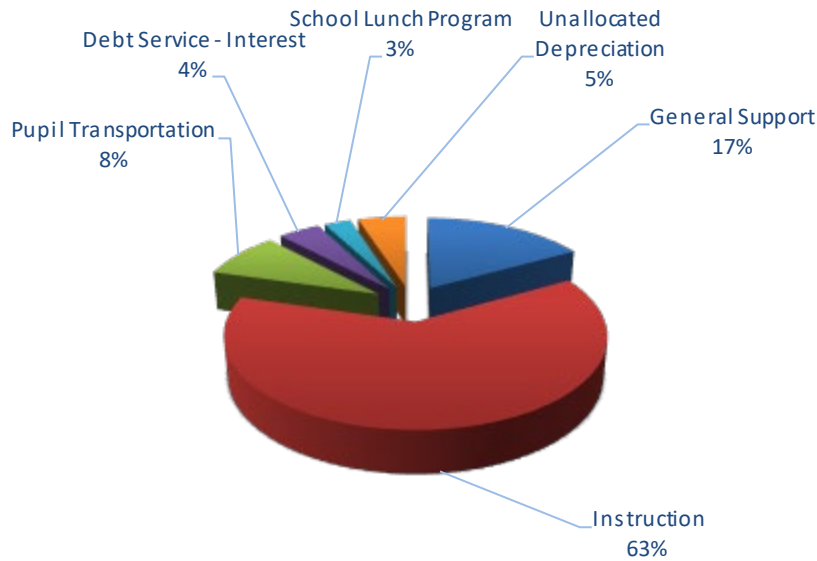
LAURENS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Sources of Revenue for Fiscal Year 2018



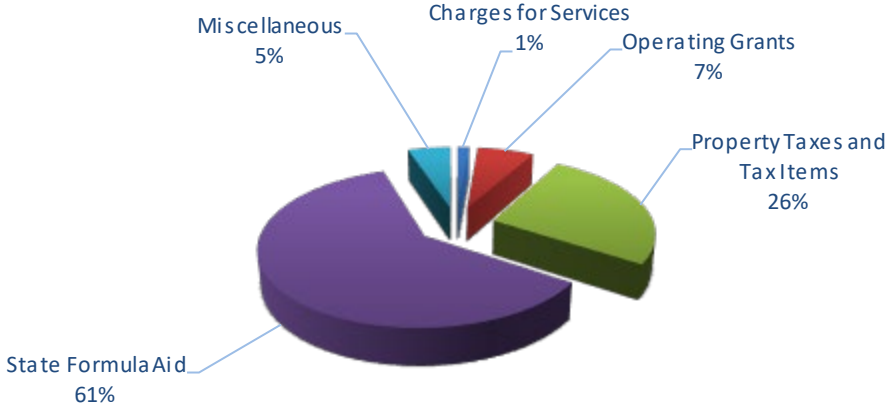
Expenses for Fiscal Year 2018



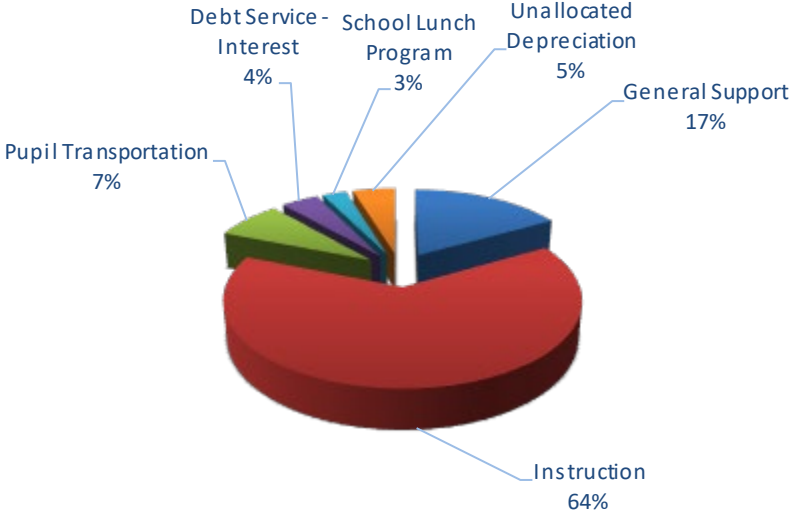
LAURENS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

Sources of Revenue for Fiscal Year 2017



Expenses for Fiscal Year 2017



**LAURENS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Analysis of the District's Fund Balances

At June 30, 2018, the District governmental funds reported a combined fund balance of \$2.23 million, which is a decrease of \$1.15 million from the prior year. This decrease is due to capital projects spending for which long-term financing has not yet been secured. A summary of the change in fund balance is as follows:

General Fund	2018	2017	Increase (Decrease)
Restricted for:			
Repairs	\$ 389,976	\$ 289,976	\$ 100,000
Unemployment insurance	122,455	147,520	(25,065)
Workers compensation	125,036	150,036	(25,000)
Capital	1,530,960	1,312,669	218,291
Employee benefit accrued liability	444,154	444,154	-
Tax certiorari	57,500	7,500	50,000
Retirement contributions	155,041	180,041	(25,000)
Assigned to:			
Encumbrances	47,467	22,107	25,360
Subsequent year's expenditures	375,000	300,108	74,892
Unassigned	398,724	389,285	9,439
	<u>3,646,313</u>	<u>3,243,396</u>	<u>402,917</u>
School Lunch Fund			
Nonspendable - inventory	5,774	6,611	(837)
Assigned (unassigned)	103,243	73,023	30,220
	<u>109,017</u>	<u>79,634</u>	<u>29,383</u>
Special Aid Fund			
Restricted for grant programs	187,162	182,704	4,458
Debt Service Fund			
Restricted for debt service	111,465	64,421	47,044
Capital Projects Fund			
Restricted for capital	-	99,889	(99,889)
Unassigned	(1,541,095)	-	(1,541,095)
	<u>(1,541,095)</u>	<u>99,889</u>	<u>(1,640,984)</u>
Library Fund			
Assigned to library activities	21,524	21,650	(126)
Total Fund Balance	<u>\$ 2,534,386</u>	<u>\$ 3,691,694</u>	<u>\$ (1,157,308)</u>

Combined increases to the general fund restricted fund balances during the year ended June 30, 2018, includes funding and uses of reserves to reduce taxes, as approved by the Board of Education.

Analysis of Fund Balance in the General Fund

Fund Balance consists of restricted and unrestricted balances. An assignment of fund balance indicates the planned use of these resources in the subsequent years' budget to 1) reduce the tax levy and 2) increase the budget for carryover encumbrances. The unassigned portion of unrestricted fund balance has not yet been planned to be used, this is the district's safety net for unbudgeted expenses. NYS Real Property Tax Law 1318 restricts the unrestricted fund balance (excluding assignments) of the General Fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year which allows the district to have \$399 thousand. Currently, the district's unassigned fund balance represents 4% of the 2018-19 budget.

Fund balance reserves are created to satisfy legal restrictions, to plan for future expenditures or relate to resources not available for general use or appropriation. Reserve Funds have been set up by the Board of

**LAURENS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Education and the district's voters to set aside funds when they are truly needed. These reserves are shown as restricted fund balance in the general fund.

General Fund Budgetary Highlights

The School District budgetary comparison schedule is shown in the required supplementary information section on pages 46 and 47. Below is a summary of significant variations from adopted budget to final budget as well as variations from budget to actual.

Various budget amounts increased \$22 thousand due to carryover encumbrances and \$146 thousand from appropriated reserves.

The most significant variations between actual expenditures and final budgeted expenditures were programs for teaching regular school, special education, and employee benefits, which resulted in actual less than budgeted expenditures of \$173,904, \$352,706 and \$187,063, respectively.

The District's General Fund adopted budget for the year was \$9,732,121. This was an increase of 1.5% from the prior year's adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this budgeted revenue was \$2.68 million in property taxes and tax items and state aid in the amount of \$6.52 million.

Change in General Fund's Unassigned Fund Balance

Opening, Unassigned Fund Balance	\$ 389,285
Revenues	9,275,163
Expenditures	(8,717,201)
Other financing sources (uses)	(155,045)
Net (Increase) Decrease in Assigned Funds	(100,252)
Net (Increase) Decrease in Restricted Funds	<u>(293,226)</u>
Closing, Unassigned Fund Balance	<u>\$ 398,724</u>

The opening balance is the portion of the District's June 30, 2017, fund balance that was retained unassigned. This was 4% of the District's approved 2017-18 operating budget.

Based on the summary of changes shown above, the District will begin the 2018-19 fiscal year with an unassigned fund balance of \$398 thousand. This is an increase of \$9 thousand from the unassigned fund balance from the prior year. This represents 4% of the 2018-19 approved operating budget.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2018, the District had \$21 million in a broad range of capital assets, including land, construction in progress, land improvements, buildings and furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$1.2 million from last year. Depreciation expense for the year was \$636 thousand.

**LAURENS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Capital Assets (Net of Depreciation) (In Thousands)

	Governmental Activities and Total School District		Total Percentage Change
	2017	2018	
Land	\$ 47	\$ 47	0.0%
Construction in Progress	764	2,456	221.5%
Outdoor improvements	89	79	-11.2%
Buildings	18,060	17,615	-2.5%
Machinery and equipment	273	275	0.7%
Licensed vehicles	620	583	-6.0%
Total	<u>\$ 19,853</u>	<u>\$ 21,055</u>	6.1%

Long-Term Debt

As of July 1, 2017, the District had total outstanding bond principal of \$12.47 million. As of June 30, 2018, the District had total outstanding bond principal of \$11.45 million. The constitutional debt limit allows the District to have outstanding debt equal to or less than 10% of the full value on the most recent tax roll. At June 30, 2018 the outstanding debt (excluding exempt debt) of the District represented approximately 54% of the limit. Other debt represents compensated absences, other post-employment benefits, and unamortized bond premiums.

Outstanding Long Term Debt (In Thousands)

	Total School District		Total Percentage Change
	2017 (restated)	2018	
General Obligation Bonds	\$ 12,470	\$ 11,450	-8.2%
All Other Debt	3,151	2,738	-13.1%
Total	<u>\$ 15,621</u>	<u>\$ 14,188</u>	<u>-9.2%</u>

Factors Bearing on the District's Future

The School District will make every effort to stay under the Property Tax Cap, which will allow residents to receive the Property Tax Credit.

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

The School District will continue to seek alternative sources of funding in order to offset the exhaustion of various Federal and State funding.

**LAURENS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Contacting the School District's Financial Management

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:

Business Office
District Treasurer
Laurens Central School
55 Main Street
Laurens, NY 13796

**LAURENS CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION**

JUNE 30, 2018

ASSETS

Cash		
Unrestricted	\$	991,653
Restricted		2,907,097
Receivables		
Accounts receivable		8,634
Due from fiduciary funds		283,392
State and federal aid receivable		613,768
Inventories		5,774
Capital assets, net		21,055,463
Debt issuance costs - prepaid insurance		11,408
Net pension asset - proportionate share		113,464
Total Assets		<u>\$ 25,990,653</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	\$	1,691,390
OPEB		18,559
Defeasance loss		533,359
Total Deferred Outflows of Resources		<u>\$ 2,243,308</u>

LIABILITIES

Payables		
Accounts payable	\$	27,194
Accrued liabilities		20,857
Bond interest and matured bonds		45,975
Due to other governments		552
Due to fiduciary funds		97,413
Notes Payable		
Bond anticipation		1,840,000
Unearned revenues		4,443
Due to retirement systems		285,473
Long-term liabilities		
Due and payable within one year		
Bonds payable		1,045,000
Due and payable after one year		
Bonds payable		10,405,000
Unamortized bond premiums		311,271
Compensated absences payable		164,955
Other postemployment benefits payable		2,149,303
Net pension liability - proportionate share		112,693
Total Liabilities		<u>\$ 16,510,129</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	\$	526,684
OPEB		76,926
Total Deferred Inflows of Resources		<u>\$ 603,610</u>

NET POSITION

Investment in capital assets, net of related debt	\$	8,321,104
Restricted for:		
Debt Service		111,465
Capital		1,530,960
Grant programs		187,162
Other legal restrictions: statutory reserves		1,294,162
Unrestricted (deficit)		<u>(324,631)</u>
Total Net Position		<u>\$ 11,120,222</u>

See independent auditor's report

The notes to the financial statements are an integral part of this statement

**LAURENS CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**

FOR THE YEAR ENDED JUNE 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Capital Grants		Operating Grants
FUNCTIONS/PROGRAMS					
General support	\$ 1,544,719	\$ -	\$ -	\$ -	\$ (1,544,719)
Instruction	5,720,296	33,078	62,788	488,300	(5,136,130)
Pupil transportation	774,298	-	-	9,042	(765,256)
Community service	4,687	-	-	-	(4,687)
Debt service - interest	395,992	-	-	-	(395,992)
Depreciation - unallocated	455,278	-	-	-	(455,278)
School lunch program	250,514	110,064	-	165,681	25,231
	<u>\$ 9,145,784</u>	<u>\$ 143,142</u>	<u>\$ 62,788</u>	<u>\$ 663,023</u>	<u>\$ (8,276,831)</u>
GENERAL REVENUES					
Real property taxes					2,222,197
Other tax items					474,995
Use of money and property					11,566
Gain (loss) on sale of assets					(24,902)
Miscellaneous					120,191
State sources					<u>6,423,287</u>
Total General Revenues					<u>9,227,334</u>
Change in Net Position					950,503
Total Net Position - Beginning of year (restated)					<u>10,169,719</u>
Total Net Position - End of year					<u>\$ 11,120,222</u>

See independent auditor's report

The notes to the financial statements are an integral part of this statement

**LAURENS CENTRAL SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS**

JUNE 30, 2018

	General	Special Aid	School Lunch	Library	Debt Service	Capital Projects	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 470,951	\$ -	\$ 94,925	\$ 21,449	\$ -	\$ 404,328	\$ 991,653
Restricted	2,825,122	81,975	-	-	-	-	2,907,097
Receivables							
Due from other funds	886,407	27,632	24,201	220	111,465	697,885	1,747,810
Due from fiduciary funds	273,886	-	-	-	-	-	273,886
State and federal aid receivable	359,275	254,493	-	-	-	-	613,768
Other receivables, net	5,777	-	2,857	-	-	-	8,634
Inventories	-	-	5,774	-	-	-	5,774
Total Assets	\$ 4,821,418	\$ 364,100	\$ 127,757	\$ 21,669	\$ 111,465	\$ 1,102,213	\$ 6,548,622
LIABILITIES							
Payables							
Accounts payable	\$ 26,119	820	110	145	-	-	27,194
Accrued liabilities	18,508	2,269	80	-	-	-	20,857
Deferred revenues	-	-	4,443	-	-	-	4,443
Bond anticipation note	-	-	-	-	-	1,840,000	1,840,000
Due to other funds	757,098	173,849	13,555	-	-	803,308	1,747,810
Due to fiduciary funds	87,907	-	-	-	-	-	87,907
Due to other governments	-	-	552	-	-	-	552
Due to Teachers' Retirement System	245,206	-	-	-	-	-	245,206
Due to Employees' Retirement System	40,267	-	-	-	-	-	40,267
Total Liabilities	1,175,105	176,938	18,740	145	-	2,643,308	4,014,236
FUND BALANCES							
Nonspendable	-	-	5,774	-	-	-	5,774
Restricted	2,825,122	187,162	-	-	111,465	-	3,123,749
Assigned	422,467	-	103,243	21,524	-	-	547,234
Unassigned	398,724	-	-	-	-	(1,541,095)	(1,142,371)
Total Fund Balances	3,646,313	187,162	109,017	21,524	111,465	(1,541,095)	2,534,386
Total Liabilities, Deferred Inflows and Fund Balances	\$ 4,821,418	\$ 364,100	\$ 127,757	\$ 21,669	\$ 111,465	\$ 1,102,213	\$ 6,548,622

See independent auditor's report

The notes to the financial statements are an integral part of this statement

**LAURENS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2018

Amounts reported for governmental activities in the statement of net position are different due to the following:

Total fund balances - governmental funds	2,534,386
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,055,463
Non-current assets arising from advance refunding of debt are not current financial resources and are not reported in the funds.	
Defeasance Loss	533,359
Debt Issuance Costs - Prepaid Insurance	11,408
Proportionate share of long-term asset and liability, deferred outflows and inflow associated with participation in state retirement system are not current financial resources or obligations and are not reported in the funds.	
Teachers' Retirement System	1,334,097
Employees' Retirement System	(168,620)
Long-term asset and liability, deferred outflow and inflow associated with other post-employment benefits are not current financial resources or obligations and are not reported in the funds.	
Other Post-Employment Benefits	(2,207,670)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated Absences	(164,955)
Serial Bonds	(11,450,000)
Unamortized Bond Premiums	(311,271)
Accrued Interest on Long Term Debt	(45,975)
Net Position of Governmental Activities:	<u>\$ 11,120,222</u>

See independent auditor's report

The notes to the financial statements are an integral part of this statement

**LAURENS CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Library</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES							
Real property taxes	\$ 2,222,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,222,197
Other tax items	474,995	-	-	-	-	-	474,995
Charges for services	33,078	-	-	-	-	-	33,078
Use of money and property	1,296	-	7	19	738	-	2,060
Sale of property and compensation for loss	223	-	-	-	-	-	223
Miscellaneous	120,087	400	104	-	-	-	120,591
State sources	6,423,287	45,957	5,403	-	-	62,788	6,537,435
Sales - school lunch	-	-	110,064	-	-	-	110,064
Federal sources	-	450,985	160,278	-	-	-	611,263
Total Revenues	<u>9,275,163</u>	<u>497,342</u>	<u>275,856</u>	<u>19</u>	<u>738</u>	<u>62,788</u>	<u>10,111,906</u>
EXPENDITURES							
General support	1,231,755	-	107,287	-	-	-	1,339,042
Instruction	3,781,717	447,310	-	-	-	-	4,229,027
Pupil transportation	620,325	9,042	-	-	-	-	629,367
Community service	4,402	-	-	145	-	-	4,547
Employee benefits	1,734,337	56,013	10,384	-	-	-	1,800,734
Debt service							
Principal	1,020,000	-	-	-	-	-	1,020,000
Interest	324,665	-	-	-	-	-	324,665
Cost of sales	-	-	128,802	-	-	-	128,802
Capital outlay	-	-	-	-	-	1,802,536	1,802,536
Total Expenditures	<u>8,717,201</u>	<u>512,365</u>	<u>246,473</u>	<u>145</u>	<u>-</u>	<u>1,802,536</u>	<u>11,278,720</u>
Excess (Deficiency) of Revenues Over Expenditures	557,962	(15,023)	29,383	(126)	738	(1,739,748)	(1,166,814)
OTHER FINANCING SOURCES AND USES							
Premium on obligations	-	-	-	-	9,506	-	9,506
Operating transfers in	-	19,481	-	-	36,800	98,764	155,045
Operating transfers (out)	(155,045)	-	-	-	-	-	(155,045)
Total Other Sources (Uses)	<u>(155,045)</u>	<u>19,481</u>	<u>-</u>	<u>-</u>	<u>46,306</u>	<u>98,764</u>	<u>9,506</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	402,917	4,458	29,383	(126)	47,044	(1,640,984)	(1,157,308)
Fund Balances - Beginning of year	<u>3,243,396</u>	<u>182,704</u>	<u>79,634</u>	<u>21,650</u>	<u>64,421</u>	<u>99,889</u>	<u>3,691,694</u>
Fund Balances - End of year	<u>\$ 3,646,313</u>	<u>\$ 187,162</u>	<u>\$ 109,017</u>	<u>\$ 21,524</u>	<u>\$ 111,465</u>	<u>\$ (1,541,095)</u>	<u>\$ 2,534,386</u>

See independent auditor's report

The notes to the financial statements are an integral part of this statement

**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, 2018

Net Changes in Fund Balance - Total Governmental Funds \$ (1,157,308)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

	Depreciation Expense	(636,091)	
	Capital Outlays	1,974,685	
	Retirement/Disposal of Capital Assets	<u>(25,125)</u>	1,313,469

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 assets. This is the amount of repayments and amortization of premiums and other debt issuance related costs.

	Repayment of Bond Principal	1,020,000	
	Amortization of Debt Issuance Costs	(1,917)	
	Amortization of Defeasance Loss	(88,445)	
	Amortization of Bond Premiums	<u>51,704</u>	981,342

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	27,784	
	Change in Accrued Interest	<u>(32,669)</u>	(4,885)

(Increases) decreases in the total OPEB liability and related deferred inflows/outflows 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.

			<u>(145,880)</u>
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(Increases) decreases in proportionate share of net pension asset/liability and related deferred inflows/outflows 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	(44,070)	
	Employees' Retirement System	<u>7,835</u>	<u>(36,235)</u>

Change in Net Position - Governmental Activities **\$ 950,503**

See independent auditor's report

The notes to the financial statements are an integral part of this statement

**LAURENS CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION**

JUNE 30, 2018

	Private Purpose Trusts	Agency
ASSETS		
Cash	\$ 70,555	\$ 286,176
Due from governmental funds	4,548	83,359
Total Assets	\$ 75,103	\$ 369,535
 LIABILITIES		
Due to governmental funds	\$ -	\$ 273,886
Extraclassroom activity balances	-	72,711
Other liabilities	-	22,938
Total Liabilities	-	\$ 369,535
 NET POSITION		
Reserved for scholarships	\$ 75,103	

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	\$ 8,427
Investment earnings	-
Total Additions	8,427
 DEDUCTIONS	
Scholarships and awards	8,450
Change in Net Position	(23)
Net Position - Beginning of year	75,126
Net Position - End of Year	\$ 75,103

See independent auditor's report

The notes to the financial statements are an integral part of this statement

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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 apply to governmental units. Those principles are prescribed by the Governmental 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. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

i) Extraclassroom Activity Funds

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

ii) 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.

B) Joint Venture

The District is one of several component school districts in the Otsego Northern Catskills 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.

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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 \$1,161,545 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$465,570.

As of year-end, the District had outstanding BOCES debt of \$75,000.

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

C) Basis of Presentation

i) District-wide statements:

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

ii) 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:

- a. 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.

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

- b. 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.
- c. 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.
- d. 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.
- e. Library Fund: This fund accounts for transactions of a library established and supported, in whole or in part, by real property taxes. The use of this fund assures compliance with Education Law §259, which provides that all moneys received from taxes or other public sources for library purposes shall be kept in a separate fund.
- f. 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:
 - i) 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.
 - ii) Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D) Measurement focus and basis of accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st, and become a lien on August 31st. Taxes are collected during the period September 1st to October 31st. Uncollected real property taxes are subsequently enforced by the County in which the District 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 1st.

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 with 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, with the exception of those due from or to the fiduciary funds.

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

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

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 postemployment benefits, potential contingent liabilities and useful lives of long-lived assets.

I) Cash (and cash equivalents)

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

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

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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) 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.

K) Inventories and prepaid items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value 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.

L) 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.

M) Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2014. 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>
Outdoor Improvements	\$500	Straight Line	20 – 30 Years
Buildings and Improvements	\$500	Straight Line	20 – 50 Years
Machinery and Equipment	\$500	Straight Line	5 – 20 Years
Licensed Vehicles	\$500	Straight Line	8 – 10 Years

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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.

N) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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 is 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. 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.

O) 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.

P) Vested employee benefits

Compensated absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time: Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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

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

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

Q) Other benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. 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 expenditure.

R) 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 RAN's and TAN's 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 BAN's 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.

S) Accrued liabilities and long-term obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

T) Equity classifications

District-wide statements

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.

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 inventory recorded in the School Lunch Fund of \$5,774.

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

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of 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.

Repairs

According to General Municipal Law §6-d, 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

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, 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.

Tax Certiorari

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

Workers' Compensation

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

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the 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.

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.

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

Restricted fund balance includes the following:

General Fund:

Capital	\$ 1,530,960
Repairs	389,976
Employee Benefit Accrued Liability	444,154
Workers' Compensation	125,036
Retirement Contributions	155,041
Tax Certiorari	57,500
Unemployment Insurance	122,455
Special Aid Fund	187,162
Debt Service Fund	111,465
Capital Fund	-
Total restricted funds	<u>\$ 3,123,749</u>

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2018.

Assigned - Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$47,467.

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

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

Spending Prioritization:

Unless the determination to use restricted, committed or assigned fund balance is made by the District prior to spending amounts on an expenditure incurred, the spending prioritization policy of the District shall be followed.

In the case that an expenditure is incurred for purposes for which both restricted an unrestricted fund balance is available; the District considers unrestricted amounts to have been spent. In the case that an expenditure is incurred for which committed, assigned, and unassigned fund balance is available; the District considers unassigned amounts to have been spent. The specific fund balance spending prioritization of the District is as follows:

1. Unassigned
2. Assigned
3. Committed
4. Restricted

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

U) New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2018, the District implemented the following new standard issued by GASB:

GASB has issued Statement No. 75, <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i>	Effective for the year ending June 30, 2018
GASB has issued Statement No. 81, <i>Split Interest Agreements</i>	Effective for the year ending June 30, 2018
GASB has issued Statement No. 85, <i>Omnibus</i>	Effective for the year ending June 30, 2018
GASB has issued Statement No. 86, <i>Certain Debt Extinguishment Issues</i>	Effective for the year ending June 30, 2018

V) Future Changes in Accounting Standards

GASB has issued Statement No. 83, <i>Certain Asset Retirement Obligations</i>	Effective for the year ending June 30, 2019
GASB has issued Statement No. 84, <i>Fiduciary Activities</i>	Effective for the year ending June 30, 2019
GASB has issued Statement No. 87, <i>Leases</i>	Effective for the year ending June 30, 2021
GASB has issued Statement No. 88, <i>Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements</i>	Effective for the year ending June 30, 2019

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

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

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

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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:

i) Long-term revenue differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

iv) Pension differences:

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

NOTE 3 CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See note 11 for the financial statement impact of the implementation of the statement.

NOTE 4 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

- General Fund

The voters of the District approved the proposed appropriation budget for the general fund.

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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. The following supplemental appropriations occurred during the year:

- Amounts appropriated from the bus capital reserve totaled \$146,055. Transportation capital purchases budget line was increased to accommodate the purchase of a bus.

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.

- 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.

- 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.

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 not 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 capital projects fund reported a negative fund balance of \$1,541,095 due to spending in excess of revenues. The fund balance will return to positive once long-term debt is issued for the capital project.

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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

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:

FDIC Insured Deposits	\$	750,000
Uncollateralized		-
Collateralized with securities held by the pledging financial institution, or it's trust department or agent, but not in the District's name		<u>3,745,732</u>
	\$	4,495,732

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 \$2,907,097 within the governmental funds and \$356,731 in the fiduciary funds.

NOTE 6 CAPITAL ASSETS

General fixed assets are carried at estimated historical cost. The value 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, CBIZ Valuation Group, LLC. The most recent appraisal date was June 30, 2014. 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.

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 47,488	-	-	\$ 47,488
Construction in progress	763,731	1,802,536	(110,573)	2,455,694
Total nondepreciable historical cost	811,219	1,802,536	(110,573)	2,503,182
Capital assets that are depreciated:				
Outdoor Improvements	204,700	-	-	204,700
Buildings	23,071,156	8,295	-	23,079,451
Machinery and equipment	985,246	49,729	-	1,034,975
Transportation vehicles	1,240,901	114,124	(88,678)	1,266,347
Total depreciable historical cost	25,502,003	172,148	(88,678)	25,585,473
Less accumulated depreciation:				
Outdoor Improvements	115,495	9,752	-	125,247
Buildings	5,011,348	452,966	-	5,464,314
Machinery and equipment	712,577	47,478	-	760,055
Transportation vehicles	621,234	125,895	(63,553)	683,576
Total accumulated depreciation	6,460,654	636,091	(63,553)	7,033,192
Total depreciable and non-depreciable historical cost, net	\$ 19,852,568			\$ 21,055,463

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

Depreciation expense was charged to governmental functions as follows:

General support	\$ 2,936
Instructional	41,214
Transportation	135,463
School food service	1,200
Depreciation not charged to a specific function	455,278
	\$ 636,091

NOTE 7 SHORT-TERM DEBT

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

	Maturity Date	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
Bond Anticipation Notes:						
Issued July 13, 2017	7/12/2018	2.00%	\$ -	1,840,000	-	\$ 1,840,000
Total			-	1,840,000	-	1,840,000

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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

Interest paid	-
Interest accrued during the year	33,775
Less: interest accrued in the prior year	-
Total interest expense	<u>\$ 33,775</u>

NOTE 8 LONG-TERM DEBT

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

	Beginning				Amounts
	Balance	Addition/	Deletion/	Ending	Due Within
	(restated)	Issued	Redeemed	Balance	One Year
Government activities:					
Bond Issue:					
Serial bond dated 2000	\$ 110,000	-	35,000	\$ 75,000	\$ 35,000
Serial bond dated 2009	230,000	-	230,000	-	-
Serial bond dated 2013	360,000	-	30,000	330,000	30,000
Serial bond dated 2015	810,000	-	50,000	760,000	50,000
Refunding bond dated 2015	7,865,000	-	645,000	7,220,000	655,000
Refunding bond dated 2017	3,095,000	-	30,000	3,065,000	275,000
Total bonds and notes payable	\$ 12,470,000	-	1,020,000	11,450,000	\$ 1,045,000
Other liabilities					
Unamortized bond premiums	362,975	-	51,704	311,271	-
Compensated absences	192,739	-	27,784	164,955	-
Net pension liability	480,068	-	367,375	112,693	-
Other postemployment benefits	2,115,646	33,657	-	2,149,303	-
Total	\$ 15,621,428	33,657	1,466,863	14,188,222	\$ 1,045,000

The following is a summary of maturity of bond indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2018
Serial Bonds	2000	2020	5.65 - 6.05%	\$ 75,000
Serial Bonds	2013	2028	3.00 - 4.25%	330,000
Serial Bonds	2015	2030	2.63 - 3.25%	760,000
Refunding Bond	2015	2028	2.00 - 4.00%	7,220,000
Refunding Bond	2017	2028	1.50 - 3.00%	3,065,000
				<u>\$ 11,450,000</u>

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,045,000	297,694	\$ 1,342,694
2020	1,075,000	275,968	1,350,968
2021	1,050,000	252,698	1,302,698
2022	1,085,000	230,774	1,315,774
2023	1,105,000	207,312	1,312,312
2024 - 2028	5,940,000	606,908	6,546,908
2029 - 2033	150,000	7,220	157,220
Total	\$ 11,450,000	1,878,574	\$ 13,328,574

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

Interest paid	\$ 324,665
Less amortization of bond premium	(51,704)
Less interest accrued in the prior year	(13,306)
Plus amortization of defeasance loss	88,445
Plus amortization of bond issuance costs	1,917
Plus interest accrued in the current year	12,200
Total interest expense	\$ 362,217

NOTE 9 INTERFUND BALANCES AND EQUITY

	Receivable	Payable	Revenue	Expense
General Fund	\$ 1,160,293	845,005	\$ -	155,045
School Food Service Fund	24,201	13,555	-	-
Special Aid Fund	27,632	173,849	19,481	-
Library Fund	220	-	-	-
Capital Projects Fund	697,885	803,308	98,764	-
Debt Service Fund	111,465	-	36,800	-
Total Government activities	2,021,696	1,835,717	155,045	155,045
Fiduciary Funds	87,907	273,886	-	-
Total	\$ 2,109,603	2,109,603	\$ 155,045	155,045

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

NOTE 10 PENSION PLANS

General information: 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.

Provisions and administration: 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

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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.

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 govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. 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.

Funding policies: The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent 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.

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2017-18	\$ 277,239	\$ 151,527
2016-17	293,448	144,417
2015-16	327,665	176,285

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-.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERED OUTFLOWS OF RESOURCES AND DEFERED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2018, 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, 2018 for ERS and June 30, 2017 for TRS. The total pension asset/(liability) used to calculate the net

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	3/31/2018	6/30/2017
Net pension asset/(liability)	\$ (112,693)	\$ 113,464
District's portion of the Plan's total net pension asset/(liability)	0.0035%	0.0149%

For the year ended June 30, 2018, the District's recognized pension expense of \$143,692 for ERS and the actuarial value \$286,630 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 40,194	\$ 93,353	\$ 33,215	\$ 44,238
Changes of assumptions	74,724	1,154,517	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	159,405	267,240
Changes in proportion and differences between the District's contributions and proportionate share of contributions	30,565	20,798	8,790	13,796
District's contributions subsequent to the measurement date	-	<u>277,239</u>	-	-
	<u>\$ 145,483</u>	<u>\$ 1,545,907</u>	<u>\$ 201,410</u>	<u>\$ 325,274</u>

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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2018	\$ -	\$ 27,625
2019	31,576	306,818
2020	24,506	219,953
2021	(78,135)	55,631
2022	(33,874)	219,317
Thereafter	-	114,051

ACTUARIAL ASSUMPTIONS

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

Significant actuarial assumptions used in the valuations were as follows:

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2018	6/30/2017
Actuarial valuation date	4/1/2017	6/30/2016
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.9 - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
Inflation rate	2.5%	2.5%

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

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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:

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2018	6/30/2017
Asset Type:		
Domestic equities	4.6%	5.9%
International equities	6.4%	7.4%
Private equity	7.5%	n/a
Real estate	5.6%	4.3%
Absolute return strategies	3.8%	n/a
Alternative investments	n/a	9.0%
Opportunistic portfolio	5.7%	n/a
Real assets	5.3%	n/a
Domestic fixed income	n/a	1.6%
Global fixed income	n/a	1.3%
Bonds and mortgages	1.3%	2.8%
High-yield fixed income	n/a	3.9%
Cash	-0.3%	n/a
Inflation-indexed bonds	1.3%	n/a
Short-term	n/a	0.6%

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7% for ERS and 7.25% for TRS. The

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

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

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6% for ERS and 6.25% for TRS) or 1-percentagepoint higher (8% for ERS and 8.25% for TRS) than the current rate:

	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (852,662)	\$ (112,693)	\$ 513,292

	1% Decrease <u>(6.25%)</u>	Current Assumption <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (1,954,647)	\$ 113,464	\$ 1,845,404

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
Valuation date	<u>4/1/2017</u>	<u>6/30/2016</u>	
Employers' total pension asset/(liability)	\$ (183,400,590)	\$ 114,708,261	\$ (68,692,329)
Plan Net Position	<u>(180,173,145)</u>	<u>115,468,360</u>	<u>(64,704,785)</u>
Employers' net pension asset/(liability)	\$ (3,227,445)	\$ (760,099)	\$ (3,987,544)
Ratio of plan net position to the			
Employers' total pension asset/(liability)	98.2%	100.7%	94.2%

PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$40,267.

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 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, 2018 amounted to \$245,206.

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.

General Information about the OPEB Plan

Plan Description - The Laurens Central School District (“the District”) provides medical insurance and other “fringe benefits” to its employees and their dependents. Employees eligible for these post-retirement benefits fall into the following five categories: 1) Teachers (LTA); 2) Support Staff (CSEA); 3) Exempt Staff (individual contracts); 4) The Principal; and 5) The Superintendent.

Benefits Provided - Only medical benefits are offered to retirees on a District-subsidized basis. Upon attaining age 65, or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for Hospital Insurance (HI) and Supplementary Medical Insurance (SMI), with CASEBP providing an additional layer of coverage. At age 65, the Employee can keep CASEBP but pays full premium or can purchase supplemental insurance elsewhere. The district will reimburse a portion of the retiree premiums. The District does not reimburse Medicare Part B premiums.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	91
	94

Total OPEB Liability

The District’s total OPEB liability of \$2,149,303 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

Changes in Total OPEB Liability

	6/30/2018
Total OPEB Liability Beginning of Year	\$ 2,115,646
Changes in total OPEB Liability:	
Service Cost	95,311
Interest	75,740
Changes in assumptions	(83,538)
Benefit payments	(53,856)
Total OPEB Liability End of Year	\$ 2,149,303

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Interest Rate:

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

An interest rate of 3.87% was used.

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality:

Mortality rates were based on April 1, 2010 – March 31, 2015 NYSLRS experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

Actuarial Assumptions:

Inflation	2.20%
Real Wage Growth	1.00%
Wage Inflation	3.20%
Salary increases including wage inflation	10.47%-3.20%
Discount Rate	3.87%
Pre-Medicare	5.50% for 2018 decreasing to an ultimate rate of 3.84% by 2078
Medicare	5.50% for 2018 decreasing to an ultimate rate of 3.84% by 2078

Demographic Assumptions:

The demographic assumptions include the rate of mortality, the rate of withdrawal, the rate of retirement, and the rate of disability. Ancillary demographic assumptions include the age of female spouses, and coverage rates, and participation rates.

Mortality Rates:

The valuation considers the following impacts of mortality:

1. If an employee dies prior to retirement, no benefit is provided.
2. Benefits are provided to a retiree and his/her dependents until the death of the retiree. Benefits may or may not be provided for the lifetime of the retiree's surviving spouse.

The mortality rates used in this valuation were developed by the Office of the Actuary of the New York Teachers Retirement System (TRS) and the Office of the Actuary for the New York State Employees Retirement System (ERS), for the valuation of their respective pension liabilities.

Withdrawal Rates:

The valuation considers the fact that if an employee terminates his/her employment other than by retirement, then no benefit is provided.

The withdrawal rates used in this valuation were developed by the Office of the Actuary of the New York Teachers Retirement System (TRS) and the Office of the Actuary for the New York State Employees Retirement System (ERS), for the valuation of their respective pension liabilities.

Retirement Rates:

Employees who meet the service requirement may typically retire from the the District at age 55 or later. The valuation considers the fact that employees may elect to retire at different ages.

The retirement rates used in this valuation were developed by the Office of the Actuary of TRS and the Office of the Actuary for ERS, for the valuation of their respective pension liabilities.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current discount rate:

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

	Discount Rate		
	1%	Baseline	1%
	Decrease	Rate 3.87%	Increase
Total OPEB Liability	\$ 1,893,238	\$ 2,149,303	\$ 2,457,421

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 (4.5 percent) or 1 percentage point higher (6.5 percent) than the current healthcare cost trend rate:

	Healthcare Cost Trend Rates		
	Baseline Rate		
	1% Decrease	Decreasing	1% Increase
Total OPEB Liability	\$ 1,860,743	\$ 2,149,303	\$ 2,511,211

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$164,439. At June 30, 2018, 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
Changes of assumptions or other inputs	\$ -	\$ 76,926
Employer contributions subsequent to measurement date	18,559	-
	\$ 18,559	\$ 76,926

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
2019	\$ 6,612
2020	6,612
2021	6,612
2022	6,612
2023	6,612
Thereafter	43,866
	\$ 76,926

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 STATEMENT

NOTE 13 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

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

NOTE 14 DONOR RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships.

Donor-restricted endowments are reported at fair value. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 15 CONTINGENCIES AND COMMITMENTS

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.

Potential Liability to New York State:

The District has receives state aid revenue sharing and grants, which are subject to audit by 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 16 PRIOR PERIOD ADJUSTMENTS

The implementation of GASB 75 required a restatement of beginning net position due to the change in accounting method from GASB 45 used in the prior year to calculate the OPEB liability. The prior period adjustment included an increase to the beginning OPEB liability of \$1,523,285 and an increase in beginning deferred outflows by \$53,856. This resulted in a net reduction in opening net position of \$1,469,429.

Construction in progress was overstated in a prior year and was corrected when added as a building to the depreciation schedule. The adjustment resulted in a reduction in opening net position of \$110,574.

Bond premiums, issuance costs and deferred outflows relating to a bond refunding were amortized using a different method than originally elected in a prior period. Adjustments were recorded to restate opening net position using the proper method. Issuance costs (prepaid insurance) were overstated by \$2,690, deferred outflows were overstated by \$100,482 and bond premiums were overstated by \$58,411. The adjustments resulted in a \$44,761 net reduction in opening net position.

NOTE 17 TAX ABATEMENTS

The District does not have any property tax abatement agreements in place as of June 30, 2018. The District is not subject to any tax abatement agreements entered into by other governmental entities as of June 30, 2018.

NOTE 18 SUBSEQUENT EVENTS

The District has evaluated subsequent events through the issuance date of the financial statements. None were considered material to the financial statements.

**LAURENS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources				
Real property taxes	\$ 2,687,531	\$ 2,687,531	\$ 2,222,197	\$ (465,334)
Other tax items	7,000	7,000	474,995	467,995
Charges for services	2,000	2,000	33,078	31,078
Use of money and property	500	500	1,296	796
Sale of property and compensation for loss	-	-	223	223
Miscellaneous	102,000	102,000	120,087	18,087
Interfund revenues	20,000	20,000	-	(20,000)
Total Local Sources	2,819,031	2,819,031	2,851,876	32,845
State Sources	6,522,982	6,522,982	6,423,287	(99,695)
Federal Sources	-	-	-	-
Total Revenues	9,342,013	9,342,013	9,275,163	(66,850)
OTHER FINANCING SOURCES				
Transfers from other funds	15,000	15,000	-	
Appropriated reserves	75,000	243,162		
Appropriated fund balance	300,108	300,108		
Total Revenues & Other Financing Sources	\$ 9,732,121	\$ 9,900,283	\$ 9,275,163	

See paragraph on supplementary schedules included in auditor's report

**LAURENS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 19,485	\$ 19,485	\$ 11,567	\$ -	\$ 7,918
Central administration	176,078	176,078	172,677	475	2,926
Finance	143,602	142,612	133,725	-	8,887
Staff	39,860	39,860	27,451	-	12,409
Central services	852,800	862,877	741,797	24,320	96,760
Special items	149,500	149,500	144,538	-	4,962
Total General Support	<u>1,381,325</u>	<u>1,390,412</u>	<u>1,231,755</u>	<u>24,795</u>	<u>133,862</u>
Instruction					
Instruction, administration and improvement	211,016	211,016	184,657	-	26,359
Teaching - regular school Programs for children with handicapping conditions	1,783,526	1,794,880	1,620,976	7,581	166,323
Occupational education	1,501,933	1,490,933	1,138,227	-	352,706
Teaching - special school	240,000	240,000	223,313	-	16,687
Instructional media	4,253	4,253	4,252	-	1
Pupil services	217,352	220,255	213,763	6,103	389
Total Instruction	<u>4,369,161</u>	<u>4,374,424</u>	<u>3,781,717</u>	<u>16,172</u>	<u>576,535</u>
Pupil Transportation	530,596	684,408	620,325	6,500	57,583
Community services	5,978	5,978	4,402	-	1,576
Employee Benefits	1,921,400	1,921,400	1,734,337	-	187,063
Debt Service	1,358,767	1,358,767	1,344,665	-	14,102
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>9,567,227</u>	<u>9,735,389</u>	<u>8,717,201</u>	<u>47,467</u>	<u>970,721</u>
OTHER FINANCING USES					
Transfers to other funds	164,894	164,894	155,045	-	9,849
Total Expenditures and Other Uses	<u>\$ 9,732,121</u>	<u>\$ 9,900,283</u>	<u>\$ 8,872,246</u>	<u>\$ 47,467</u>	<u>\$ 980,570</u>
Net change in fund balances			402,917		
Fund balance - beginning			<u>3,243,396</u>		
Fund balance - ending			<u>\$ 3,646,313</u>		

See paragraph on supplementary schedules included in auditor's report

**LAURENS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
CHANGE IN NET OPEB LIABILITY – OTHER POST EMPLOYMENT BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2018**

	6/30/2018
Total OPEB Liability Beginning of Year	\$ 2,115,646
Changes in total OPEB Liability:	
Service Cost	95,311
Interest	75,740
Changes of assumptions or other inputs	(83,538)
Benefit payments	(53,856)
Differences between expected and actual experience	0
Total OPEB Liability End of Year (a)	\$ 2,149,303
 Plan Fiduciary Net Position	
Contributions - employer	\$ -
Net investment income	-
Benefit payments	-
Net change in fiduciary net position	-
Plan Fiduciary Net Position Beginning of Year	-
Plan Fiduciary Net Position End of Year (b)	\$ -
 Sponsor's Net OPEB Liability End of Year (a) - (b)	\$ 2,149,303
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.00%
Covered payroll	\$ 3,348,477
Net OPEB Liability as a percentage of Covered payroll	64.19%
See paragraph on supplementary schedules included in auditor's report	

Schedule of Employer OPEB Contributions

	6/30/2018
Actuarially Determined Contribution	\$ 113,359
Contributions in relation to the Actuarially Determined Contributions	18,559
Contribution Deficiency (Excess)	\$ 94,800
Covered payroll	3,348,477
Contributions as a percentage of Covered payroll	0.55%
See paragraph on supplementary schedules included in auditor's report	

**LAURENS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS**

FOR THE YEAR ENDED JUNE 30, 2018

Significant Methods and Assumptions Used in Calculating the Actuarially Determined Contributions:

Actuarial Cost Method

The Actuarial Cost Method used to determine the Total OPEB Liability and the Annual Required Contribution is the Entry Age Normal (EAN) method as prescribed by GASB No. 75. This method is in the family of future benefit cost methods, which requires an estimate of the projected benefit payable at retirement to determine costs and liabilities.

The Normal Cost (or Service Cost) is the annual allocation required for each participant from entry date to the assumed retirement date so that the accumulated allocation at retirement is equal to the liability for the projected benefit. The projected benefits are based on estimates of future years of service and projected health benefit costs. The normal cost is developed as a level percent of compensation as prescribed by GASB No. 75.

The Present Value of Future Benefits is equal to the value of the projected benefit payable at retirement discounted back to the participant's current age. Discounts include such items as interest and mortality. The present value of future normal cost allocations is equal to the discounted value of the normal costs allocated from the member's current age to retirement age.

The difference between the Present Value of Future Benefits and the present value of future normal cost allocations represents the Total OPEB Liability at the participant's current age.

The Total OPEB Liability for participants currently receiving payments is calculated as the actuarial present value of future benefits expected to be paid. No normal cost is allocated for these participants.

Financial and Census Data

The School District provided the participant data, financial information and plan descriptions used in this valuation. The actuary has checked the data for reasonableness, but has not independently audited the data. The actuary has no reason to believe the data is not complete and accurate, and knows of no further information that is essential to the preparation of the actuarial valuation.

Plan Fiduciary Net Position

Market value of assets as of the measurement date is zero because the plan is funded on a pay-as-you-go basis.

Assumptions and Methodology:

Economic Assumptions

- 1. Discount Rate:** An interest rate of 3.87% was used.
- 2. Inflation:** 2.20% per year.
- 3. Trend:** It was assumed that health care costs would increase in accordance with the trend rates in the following table:

Pre-Medicare	5.50% for 2018 decreasing to an ultimate rate of 3.84% by 2078
Medicare	5.50% for 2018 decreasing to an ultimate rate of 3.84% by 2078

4. Census Collection Date: The census used in this report represents the eligible population as of June 30, 2017. The valuation date and measurement date is June 30, 2017 and June 30, 2018, respectively.

5. Mortality: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2016.

**LAURENS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS**

FOR THE YEAR ENDED JUNE 30, 2018

6. Retirement Rates: The following are representative assumed retirement rates for eligible employees:

EMPLOYEES RETIREMENT SYSTEM WITHDRAWAL CENTRAL RATES OF DECREMENT						
Age x	N<2	N=2-2.99	N=3-3.99	N=4-4.99	N=5-9.99	N>=10
15	0.25066	0.12991	0.07721	0.06550	0.04365	0.01510
20	0.25050	0.12991	0.07721	0.06550	0.04365	0.01510
25	0.20978	0.14518	0.10279	0.07437	0.04528	0.01510
30	0.15870	0.13472	0.10331	0.07712	0.04347	0.01558
35	0.14988	0.11073	0.09256	0.06877	0.04439	0.01934
40	0.13991	0.09714	0.07283	0.05674	0.04048	0.01692
45	0.13150	0.08652	0.06433	0.05413	0.03614	0.01582
50	0.13485	0.08135	0.06301	0.05101	0.03283	0.01308
55	0.13641	0.08095	0.06520	0.05181	0.03320	0.01198
60	0.14448	0.09655	0.07617	0.05821	0.02363	0.01196
65	0.15971	0.11118	0.08365	0.06096	0.01874	0.01196
66	0.15971	0.11118	0.08365	0.06096	0.01874	0.01196
67	0.15971	0.11118	0.08365	0.06096	0.01874	0.01196
68	0.15971	0.11118	0.08365	0.06096	0.01874	0.01196
69	0.15971	0.11118	0.08365	0.06096	0.01874	0.01196
70	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

Age	Males	Females	Age	Males	Females
55	0.311756	0.311774	66	0.197891	0.189809
56	0.254224	0.249599	67	0.115544	0.161544
57	0.187021	0.163685	68	0.126412	0.169583
58	0.201230	0.173078	69	0.095163	0.157879
59	0.217976	0.177174	70	0.134313	0.169101
60	0.225532	0.190579	71	0.132847	0.173372
61	0.227859	0.204671	72	0.083523	0.123957
62	0.211386	0.221966	73	0.060934	0.126204
63	0.178082	0.181851	74	0.140439	0.188774
64	0.134752	0.159849	75	0.165500	0.153458
65	0.174277	0.200559	76+	1.000000	1.000000

The actuarial assumptions in regards to rates of decrement shown above are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System.

**LAURENS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS**

FOR THE YEAR ENDED JUNE 30, 2018

7. Medical and Prescription Drug Benefits Cost Sharing for New Retirees:

Group	Provider Options	District Contributions (% or premium)		
		Individual	Family	Surviving Spouse
Teachers pre-65	CASEBP Plan L	90%	50%	0%
Teachers 65+	CASEBP Plan L	Reimbursement: 15-19 yrs svc \$655 20-24 yrs svc \$785 25-29 yrs svc \$1,045 30+ yrs svc \$1,565	NA	0%
Support Staff	CASEBP Plan L	Access only	Access only	0%
Exempt Staff pre 60	CASEBP Plan L	Access only	Access only	0%
Exempt Staff age 60 w 15 years of service	CASEBP Plan L	80%	50%	0%
Exempt Staff 65+	CASEBP Plan L	Reimbursement: 15-19 yrs svc \$650 20-24 yrs svc \$800 25-29 yrs svc \$1,050 30+ yrs svc \$1,600	NA	0%
The Principal	CASEBP Plan L	100%	50%	0%
The Superintendent	CASEBP Plan L	100%	100%	0%

8. Dental Benefits Cost Sharing for New Retirees

Group	District Contributions (% or premium)		
	Individual	Family	Surviving Spouse
The Principal	100%	0%	0%
The Superintendent	100%	100%	0%

9. Per Capita Claim Costs:

Initial Per Capita Claim Cost: Under GASB 75 and ASOP 6, the initial per capita claim cost is to be based on the recent claims experience of the District, and must be age-banded. Depending on the credibility of the experience data provided by the District, industry-wide information may be incorporated into the analysis. For CASEBP Plan L, we analyzed premiums provided by the District in effect as of 7/1/2017. The data implicitly reflects the deductibles and/or copays in effect during the period, as well as the significant differences in coverage between before Medicare eligibility and after. Per capita claim costs were first determined on an overall basis, and then were distributed to the age bands using an assumed set of age-band relativities.

Annual Per Capita Claim Costs

Age	Claim Cost
55	\$8,630
60	\$10,299
64	\$12,141
65	\$6,260
70	\$7,257
75	\$8,210
80+	\$9,065

**LAURENS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

FOR THE YEAR ENDED JUNE 30, 2018

NYSLRS PENSION PLAN

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
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	\$ 990,373	\$ 1,008,066	\$ 989,984	\$ 971,677
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.38%	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

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
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%

See paragraph on supplementary schedules included in auditor's report

**LAURENS CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS**

FOR THE YEAR ENDED JUNE 30, 2018

NYSLRS PENSION PLAN

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Contractually required contribution	\$ 151,527	\$ 144,417	\$ 174,699	\$ 191,197
Contributions in relation to the contractually required contribution	<u>\$ 151,527</u>	<u>\$ 144,417</u>	<u>\$ 174,699</u>	<u>\$ 191,197</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 990,373	1,008,066	\$ 989,984	\$ 971,677
Contributions as a percentage of covered-employee payroll	15.30%	14.33%	17.65%	19.68%

TRS PENSION PLAN

	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Contractually required contribution	\$ 277,239	\$ 311,937	\$ 394,059	\$ 359,392
Contributions in relation to the contractually required contribution	<u>\$ 277,239</u>	<u>\$ 311,937</u>	<u>\$ 394,059</u>	<u>\$ 359,392</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,365,520	\$ 2,352,466	\$ 2,247,912	\$ 2,211,643
Contributions as a percentage of covered-employee payroll	11.72%	13.26%	17.53%	16.25%

See paragraph on supplementary schedules included in auditor's report

**LAURENS CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING
RESOURCES**

FOR THE YEAR ENDED JUNE 30, 2018

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted Budget		\$ 9,732,121
Add: Prior year's encumbrances		22,107
Original budget		9,754,228
Budget revisions:		
Bus Reserve		146,055
Final budget		\$ 9,900,283

SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-19 voter-approved expenditure budget		\$ 9,968,148
Maximum allowed (4% of 2018-19 budget)		398,726
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	422,467	
Unassigned fund balance	398,724	821,191
Less:		
Appropriated fund balance	375,000	
Encumbrances included in assigned fund balance	47,467	422,467
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		\$ 398,724
Actual Percentage		4.00%

See paragraph on supplementary schedules included in auditor's report

**LAURENS CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING
RESOURCES**

FOR THE YEAR ENDED JUNE 30, 2018

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures		Unexpended Balance
			Prior Years	Current Year	
Building Project 2017	\$ 2,140,000	2,140,000	141,630	1,685,731	\$ 312,639
Gas and Diesel Tanks 2017	20,000	20,000	13,570	-	6,430
Smart School Bond Act 2016	480,720	480,720	431,054	26,277	23,389
Ceiling and Lights 2018-19	100,000	100,000	-	164	99,836
Computer Lab 2017-18	100,000	100,000	8,400	90,364	1,236
Main Controllers 2016-17	65,000	65,000	58,504	-	6,496
	<u>\$ 2,905,720</u>	<u>2,905,720</u>	<u>653,158</u>	<u>1,802,536</u>	<u>450,026</u>

PROJECT TITLE	Methods of Financing			Total	Fund Balance 6/30/2018
	Proceeds of Obligations	State Aid	Local Sources		
Building Project 2017	\$ -	-	300,000	300,000	\$ (1,527,361)
Gas and Diesel Tanks 2017	-	-	-	-	(13,570)
Smart School Bond Act 2016	-	457,331	-	457,331	-
Ceiling and Lights 2018-19	-	-	-	-	(164)
Computer Lab 2017-18	-	-	98,764	98,764	-
Main Controllers 2016-17	-	-	58,504	58,504	-
	<u>\$ -</u>	<u>457,331</u>	<u>457,268</u>	<u>914,599</u>	<u>\$ (1,541,095)</u>

See paragraph on supplementary schedules included in auditor's report

**LAURENS CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT**

AT JUNE 30, 2018

Capital assets, net		\$ 21,055,463
Add:		
Unamortized bond issuance costs	11,408	
Defeasance loss	533,359	
Unspent bond proceeds	<u>322,145</u>	<u>866,912</u>
Deduct:		
Bond anticipation notes	1,840,000	
Unamortized premium on bonds payable	311,271	
Short-term portion of bonds payable	1,045,000	
Long-term portion of bonds payable	<u>10,405,000</u>	<u>13,601,271</u>
Investment in capital assets, net of related debt		<u><u>\$ 8,321,104</u></u>

See paragraph on supplementary schedules included in auditor's report

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

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

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, 2018, and the related notes to the financial statements, which collectively comprise Laurens Central School District's basic financial statements, and have issued our report thereon dated October 15, 2018.

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

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

(continued)

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.

Cwynar, & Company

October 15, 2018
Norwich, NY

Cwynar & Company

12 South Broad Street
Suite 3
Norwich, New York 13815

Certified Public Accountants
A Professional Limited Liability Company

(607) 334-3838 voice
(607) 441-1101 fax
www.cwynar.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Extraclassroom Activity Funds of
Laurens Central School District

We have audited the accompanying statement of assets, liabilities and fund balance arising from cash transactions - cash basis and the statement of revenues collected and expenses paid of the Extraclassroom Activity Funds of Laurens Central School District for the year ended June 30, 2018.

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 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 error or fraud.

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective statement of assets, liabilities and fund balance arising from cash transactions - cash basis of the Extraclassroom Activity Funds of Laurens Central School District as of June 30, 2018, and the respective statement of revenues collected and expenses paid - cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

Cwynar, Company

Norwich, New York
October 15, 2018

**LAURENS CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE ARISING FROM CASH
TRANSACTIONS – CASH BASIS**

JUNE 30, 2018

ASSETS

Cash in checking	<u>\$ 72,711</u>
	<u><u>\$ 72,711</u></u>

LIABILITIES AND FUND BALANCE

Sales tax payable	\$ 551
Fund balance	<u>72,160</u>
	<u><u>\$ 72,711</u></u>

See independent auditor's report

The notes to the financial statements are an integral part of this statement

**LAURENS CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID**

JUNE 30, 2018

Activity	Balance July 1, 2017	Total Receipts	Total Disbursements	Balance June 30, 2018
Art Club	\$ 1,290	5,478	6,477	\$ 291
Chamber Singers	21	-	-	21
Chorus	1,351	2,259	1,766	1,844
Class of 2016	2	-	2	-
Class of 2017	1,244	-	1,244	-
Class of 2018	7,810	11,001	17,605	1,206
Class of 2019	7,570	5,804	2,962	10,412
Class of 2020	3,589	3,837	1,496	5,930
Class of 2021	5,017	6,622	1,758	9,881
Class of 2022	1,972	2,635	1,752	2,855
Class of 2023	-	3,539	1,710	1,829
Colorguard	4,552	1,556	2,209	3,899
Concert Band	80	158	116	122
Drama Club	4,401	1,454	1,137	4,718
Forensics	235	-	235	-
French Club	936	5,881	6,268	549
Garden Club	326	115	-	441
Jazz Ensemble	3,173	-	80	3,093
Key Club	1,328	1,121	1,149	1,300
Marching Band	5,564	2,087	3,306	4,345
Media Club	485	-	-	485
NHS	14	116	40	90
NHJHS	116	160	16	260
Odyssey of the Mind	600	-	-	600
SADD	2,502	810	795	2,517
Safety Patrol	1,874	10,949	10,938	1,885
Sales Tax	538	1,292	1,279	551
Spanish Club	1,642	340	34	1,948
Student Council	352	282	155	479
TREPS	288	-	-	288
Varsity Club	5,339	6,345	7,490	4,194
Yearbook	4,550	5,906	3,778	6,678
Totals	\$ 68,761	79,747	75,797	\$ 72,711

See independent auditor's report

The notes to the financial statements are an integral part of this statement

**LAURENS CENTRAL SCHOOL DISTRICT
NOTE TO THE FINANCIAL STATEMENT**

NOTE 1 ACCOUNTING POLICY

The transactions of the Extraclassroom 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 Extraclassroom 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.