

**LAURENS CENTRAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**



**LAURENS CENTRAL SCHOOL DISTRICT  
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## 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *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, 2019, 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 47-48, change in net OPEB liability and related notes on pages 49-50, and schedule of district's proportionate share of net pension liability and district's contributions on pages 51-52 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 53-55 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 21, 2019, 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 21, 2019  
Norwich, NY

**LAURENS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2019. 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 \$772,204. The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$9,593,495. Of this amount, \$142,583 was offset by program charges for services. General revenues of \$9,533,695 amount to 92% of total revenues. The District received \$689,421 in grants to support programs. State aid revenue increased to \$6,584,215 in 2019 from \$6,423,287 in 2018. The general fund's total fund balance, as reflected in the fund financial statements, increased by \$242,451 to \$3,888,764. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.

During the fiscal year 2018-2019, 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 2018-2019 budget with an increase of \$236,027 or 2.4%. 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, 2019**

	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"> <li>• Statement of net position</li> <li>• Statement of activities and changes in net position</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**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, 2019**

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, 2019**

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

The District's total Net Position was \$11.86 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)**

	<b>Governmental Activities and Total School District</b>		<b>Total Percentage Change</b>
	<b>2018 (restated)</b>	<b>2019</b>	<b>2018-19</b>
<b>Assets</b>			
Current and Other Assets	\$ 4,936	\$ 5,248	6.3%
Capital Assets	21,055	20,817	-1.1%
Total Assets	<u>25,991</u>	<u>26,065</u>	0.3%
Deferred Outflows of Resources	<u>2,243</u>	<u>2,099</u>	-6.4%
Total Assets and Deferred Outflows of Resources	28,234	28,164	18.8%
<b>Liabilities and Deferred Inflows</b>			
Current Liabilities	2,322	463	-80.1%
Long-Term Liabilities	14,188	15,339	8.1%
Deferred Inflows of Resources	<u>604</u>	<u>499</u>	-17.4%
Total Liabilities and Deferred Inflows	17,114	16,301	-4.8%
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	8,321	8,754	5.2%
Restricted	3,124	3,775	20.8%
Unrestricted	<u>(325)</u>	<u>(666)</u>	104.9%
Total Net Position	<u>\$ 11,120</u>	<u>\$ 11,863</u>	6.7%

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 \$313 thousand, as compared to the prior year. The increase resulted from operating surpluses in the funds and loans to the fiduciary funds.
- Net capital assets decreased by \$238 thousand, as compared to the prior year. The decrease is a result of depreciation expense exceeding additions.
- Long-term liabilities increased by \$1.15 million, as compared to the prior year. The net increase is a result issuing bonds of \$1.595.
- 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, 2019**

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)**

	<b>Governmental Activities and Total School District</b>		<b>Total Percentage Change</b>
	<b>2018</b>	<b>2019</b>	<b>2018-19</b>
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services	\$ 143	\$ 143	0.0%
Capital Grants	63	-	-100.0%
Operating Grants	663	689	3.9%
<b>General Revenues</b>			
Property Taxes and Tax Items	2,697	2,751	2.0%
State Formula Aid	6,423	6,584	2.5%
Use of Money and Property	12	38	216.7%
Miscellaneous	95	161	69.5%
Total Revenue	<u>10,096</u>	<u>10,366</u>	2.7%
<b>Expenses</b>			
General Support	1,545	1,741	12.7%
Instruction	5,720	5,826	1.9%
Pupil Transportation	774	844	9.0%
Community Service	5	5	0.0%
Unallocated Depreciation	455	502	10.3%
Debt Service - Interest	396	376	-5.1%
School Lunch Program	251	300	19.5%
Total Expenses	<u>9,146</u>	<u>9,594</u>	4.9%
Change in Net Position	<u>\$ 950</u>	<u>\$ 772</u>	

The District's revenues increased by 2.67% in 2019. The major factors that contributed to the increase were:

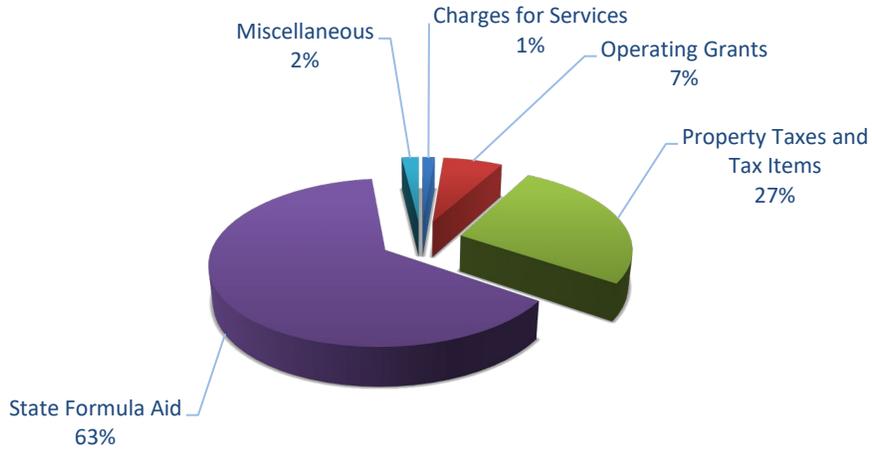
- Miscellaneous revenues increased by \$65 thousand due to increases in BOCES refunds.
- State aid increased \$160 thousand.

The District's expenses increased 4.9% in 2019. General support expenses increased mainly due to debt issuance expenses and salaries. Instructional expenses increased due to salaries and BOCES expenses.

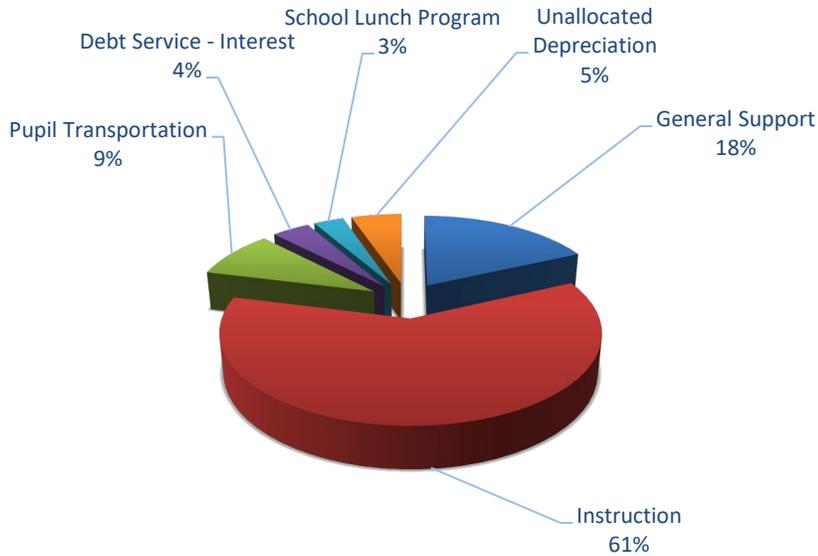
LAURENS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

### Sources of Revenue for Fiscal Year 2019



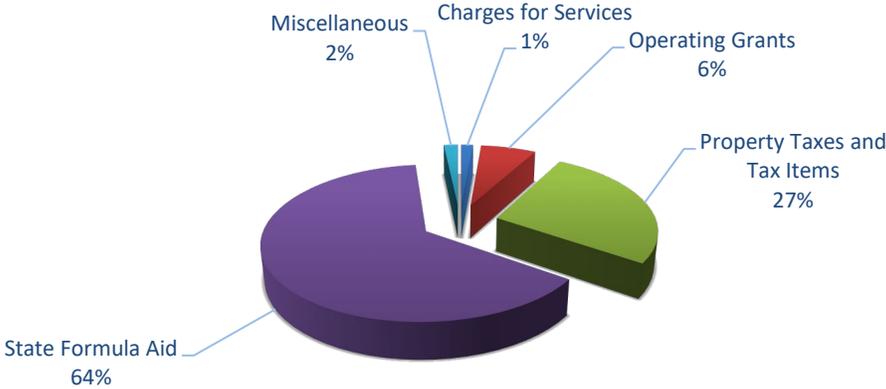
### Expenses for Fiscal Year 2019



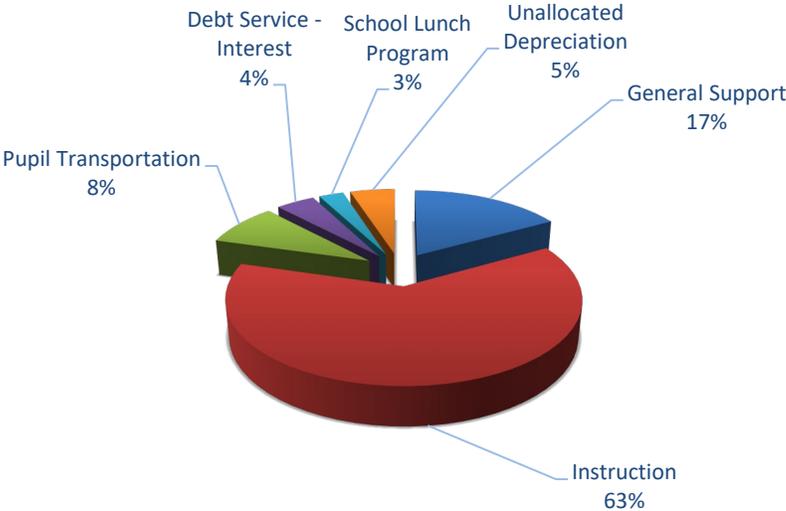
**LAURENS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

A graphic display of the distribution of expenses 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, 2019**

**Financial Analysis of the District's Fund Balances**

At June 30, 2019, the District governmental funds reported a combined fund balance of \$4.5 million, which is an increase of \$1.99 million from the prior year. The increase is due to capital projects long-term financing sources. A summary of the change in fund balance is as follows:

<b>General Fund</b>	2019	2018	Increase (Decrease)
Restricted for:			
Repairs	\$ 381,708	\$ 389,976	\$ (8,268)
Unemployment insurance	124,094	122,455	1,639
Workers compensation	101,747	125,036	(23,289)
Capital	1,901,019	1,530,960	370,059
Employee benefit accrued liability	444,154	444,154	-
Tax certiorari	108,272	57,500	50,772
Retirement contributions - TRS	47,674	-	47,674
Retirement contributions - ERS	132,158	155,041	(22,883)
Assigned to:			
Encumbrances	40,631	47,467	(6,836)
Subsequent year's expenditures	199,063	375,000	(175,937)
Unassigned	408,244	398,724	9,520
	<u>3,888,764</u>	<u>3,646,313</u>	<u>242,451</u>
<b>School Lunch Fund</b>			
Nonspendable - inventory	6,522	5,774	748
Assigned (unassigned)	82,761	103,243	(20,482)
	<u>89,283</u>	<u>109,017</u>	<u>(19,734)</u>
<b>Special Aid Fund</b>			
Restricted for grant programs	172,055	187,162	(15,107)
<b>Debt Service Fund</b>			
Restricted for debt service	362,519	111,465	251,054
<b>Capital Projects Fund</b>			
Restricted for capital	-	-	-
Unassigned	(7,147)	(1,541,095)	1,533,948
	<u>(7,147)</u>	<u>(1,541,095)</u>	<u>1,533,948</u>
<b>Library Fund</b>			
Assigned to library activities	21,438	21,524	(86)
<b>Total Fund Balance</b>	<u>\$ 4,526,912</u>	<u>\$ 2,534,386</u>	<u>\$ 1,992,526</u>

Combined increases to the general fund restricted fund balances during the year ended June 30, 2019, 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 \$408 thousand. Currently, the district's unassigned fund balance represents 4% of the 2019-20 budget.

**LAURENS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 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 47 and 48. 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 \$47 thousand due to carryover encumbrances and \$205 thousand from appropriated reserves, fund balance and funding sources.

The most significant variations between actual expenditures and final budgeted expenditures were programs for central services, special education, and employee benefits, which resulted in actual less than budgeted expenditures of \$153,247, \$290,866 and \$151,674, respectively.

The District's General Fund adopted budget for the year was \$9,968,148. This was an increase of 2.4% 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 \$2.7 million in property taxes and tax items and state aid in the amount of \$6.7 million.

**Change in General Fund's Unassigned Fund Balance**

Opening, Unassigned Fund Balance	\$ 398,724
Revenues	9,579,329
Expenditures	(9,199,064)
Other financing sources (uses)	(137,814)
Net (Increase) Decrease in Assigned Funds	182,773
Net (Increase) Decrease in Restricted Funds	<u>(415,704)</u>
Closing, Unassigned Fund Balance	<u>\$ 408,244</u>

The opening balance is the portion of the District's June 30, 2018, fund balance that was retained unassigned. This was 4% of the District's approved 2018-19 operating budget.

Based on the summary of changes shown above, the District will begin the 2019-20 fiscal year with an unassigned fund balance of \$408 thousand. This is an increase of \$9 thousand from the unassigned fund balance from the prior year. This represents 4% of the 2019-20 approved operating budget.

**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2019, the District had \$20.8 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 decrease (including additions, deletions and depreciation) of \$238 thousand from last year. Depreciation expense for the year was \$697 thousand.

**LAURENS CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

	<b>Governmental Activities and Total School District</b>		<b>Total Percentage Change</b>
	<b>2018</b>	<b>2019</b>	
Land	\$ 47	\$ 47	0.0%
Construction in Progress	2,456	7	-99.7%
Outdoor improvements	79	73	-7.6%
Buildings	17,615	19,720	12.0%
Machinery and equipment	275	348	26.5%
Licensed vehicles	583	622	6.7%
Total	\$ 21,055	\$ 20,817	-1.1%

**Long-Term Debt**

As of July 1, 2018, the District had total outstanding bond principal of \$11.45 million. As of June 30, 2019, the District had total outstanding bond principal of \$12 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, 2019 the outstanding debt (excluding exempt debt) of the District represented approximately 74% of the limit. Other debt represents compensated absences, other post-employment benefits, and unamortized bond premiums.

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

	<b>Total School District</b>		<b>Total Percentage Change</b>
	<b>2018</b>	<b>2019</b>	
General Obligation Bonds	\$ 11,450	\$ 12,000	4.8%
All Other Debt	2,738	3,339	22.0%
Total	\$ 14,188	\$ 15,339	8.1%

**Factors Bearing on the District's Future**

The School District has historically made every effort to stay under the Property Tax Cap, which allows 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, 2019**

**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, 2019**

**ASSETS**

Cash		
Unrestricted	\$	771,308
Restricted		3,289,682
Receivables		
Accounts receivable		8,747
Due from fiduciary funds		332,132
State and federal aid receivable		565,740
Inventories		6,522
Capital assets, net		20,817,104
Debt issuance costs - prepaid insurance		9,618
Net pension asset - proportionate share		264,620
Total Assets	\$	<u>26,065,473</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	\$	1,546,587
OPEB		102,912
Defeasance loss		449,445
Total Deferred Outflows of Resources	\$	<u>2,098,944</u>

**LIABILITIES**

Payables		
Accounts payable	\$	77,984
Accrued liabilities		52,585
Bond interest and matured bonds		16,097
Due to other governments		423
Unearned revenues		4,379
Due to retirement systems		311,848
Long-term liabilities		
Due and payable within one year		
Bonds payable		1,140,000
Due and payable after one year		
Bonds payable		10,860,000
Unamortized bond premiums		521,905
Compensated absences payable		136,915
Termination benefits payable		33,000
Other postemployment benefits payable		2,393,098
Net pension liability - proportionate share		253,899
Total Liabilities	\$	<u>15,802,133</u>

**DEFERRED INFLOWS OF RESOURCES**

Pensions	\$	428,544
OPEB		70,314
Total Deferred Inflows of Resources	\$	<u>498,858</u>

**NET POSITION**

Investment in capital assets, net of related debt	\$	8,754,262
Restricted for:		
Debt Service		362,519
Capital		1,901,019
Grant programs		172,055
Other legal restrictions: statutory reserves		1,339,807
Unrestricted (deficit)		<u>(666,236)</u>
Total Net Position	\$	<u>11,863,426</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, 2019**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 1,739,341	\$ -	\$ -	\$ (1,739,341)
Instruction	5,826,402	40,269	512,245	(5,273,888)
Pupil transportation	843,973	-	6,969	(837,004)
Community service	5,126	-	-	(5,126)
Debt service - interest	376,361	-	-	(376,361)
Depreciation - unallocated	502,281	-	-	(502,281)
School lunch program	300,011	102,314	170,207	(27,490)
	<u>\$ 9,593,495</u>	<u>\$ 142,583</u>	<u>\$ 689,421</u>	<u>\$ (8,761,491)</u>
 <b>GENERAL REVENUES</b>				
Real property taxes				2,279,571
Other tax items				471,285
Use of money and property				37,725
Gain (loss) on sale of assets				(926)
Miscellaneous				161,825
State sources				6,584,215
				<u>9,533,695</u>
Total General Revenues				<u>9,533,695</u>
Change in Net Position				772,204
Total Net Position - Beginning of year (restated)				<u>11,091,222</u>
Total Net Position - End of year				<u>\$ 11,863,426</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, 2019**

	General	Special Aid	School Lunch	Library	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>							
Cash							
Unrestricted	\$ 276,569	\$ -	\$ 90,440	\$ 21,218	\$ -	\$ 383,081	\$ 771,308
Restricted	3,240,826	48,856	-	-	-	-	3,289,682
Receivables							
Due from other funds	939,036	94,805	-	220	362,519	714,525	2,111,105
Due from fiduciary funds	391,101	-	-	-	-	-	391,101
State and federal aid receivable	353,658	198,548	13,534	-	-	-	565,740
Other receivables, net	5,583	-	3,164	-	-	-	8,747
Inventories	-	-	6,522	-	-	-	6,522
<b>Total Assets</b>	<b>\$ 5,206,773</b>	<b>342,209</b>	<b>113,660</b>	<b>21,438</b>	<b>362,519</b>	<b>1,097,606</b>	<b>7,144,205</b>
<b>LIABILITIES</b>							
Payables							
Accounts payable	\$ 74,251	2,082	1,651	-	-	-	77,984
Accrued liabilities	49,563	2,834	188	-	-	-	52,585
Deferred revenues	603	-	3,776	-	-	-	4,379
Due to other funds	822,775	165,238	18,339	-	-	1,104,753	2,111,105
Due to fiduciary funds	58,969	-	-	-	-	-	58,969
Due to other governments	-	-	423	-	-	-	423
Due to Teachers' Retirement System	271,554	-	-	-	-	-	271,554
Due to Employees' Retirement System	40,294	-	-	-	-	-	40,294
<b>Total Liabilities</b>	<b>1,318,009</b>	<b>170,154</b>	<b>24,377</b>	<b>-</b>	<b>-</b>	<b>1,104,753</b>	<b>2,617,293</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	6,522	-	-	-	6,522
Restricted	3,240,826	172,055	-	-	362,519	-	3,775,400
Assigned	239,694	-	82,761	21,438	-	-	343,893
Unassigned	408,244	-	-	-	-	(7,147)	401,097
<b>Total Fund Balances</b>	<b>3,888,764</b>	<b>172,055</b>	<b>89,283</b>	<b>21,438</b>	<b>362,519</b>	<b>(7,147)</b>	<b>4,526,912</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 5,206,773</b>	<b>\$ 342,209</b>	<b>\$ 113,660</b>	<b>\$ 21,438</b>	<b>\$ 362,519</b>	<b>\$ 1,097,606</b>	<b>\$ 7,144,205</b>

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, 2019**

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

Total fund balances - governmental funds	4,526,912
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,817,104
Non-current assets arising from advance refunding of debt are not current financial resources and are not reported in the funds.	
Defeasance Loss	449,445
Debt Issuance Costs - Prepaid Insurance	9,618
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	1,315,393
Employees' Retirement System	(186,629)
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	(2,360,500)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated Absences	(136,915)
Termination Benefits Payable	(33,000)
Serial Bonds	(12,000,000)
Unamortized Bond Premiums	(521,905)
Accrued Interest on Long Term Debt	(16,097)
<b>Net Position of Governmental Activities:</b>	<b><u>\$ 11,863,426</u></b>

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, 2019**

	General	Special Aid	School Lunch	Library	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>							
Real property taxes	\$ 2,279,571	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,279,571
Other tax items	471,285	-	-	-	-	-	471,285
Charges for services	40,269	-	-	-	-	-	40,269
Use of money and property	37,257	-	9	20	439	-	37,725
Sale of property and compensation for loss	4,972	-	-	-	-	-	4,972
Miscellaneous	161,760	104,816	65	-	-	-	266,641
State sources	6,584,215	25,589	5,318	-	-	-	6,615,122
Sales - school lunch	-	-	102,314	-	-	-	102,314
Federal sources	-	388,809	164,889	-	-	-	553,698
<b>Total Revenues</b>	<b>9,579,329</b>	<b>519,214</b>	<b>272,595</b>	<b>20</b>	<b>439</b>	<b>-</b>	<b>10,371,597</b>
<b>EXPENDITURES</b>							
General support	1,335,267	-	119,019	-	79,609	-	1,533,895
Instruction	3,948,614	497,334	-	-	-	-	4,445,948
Pupil transportation	673,916	6,969	-	-	-	-	680,885
Community service	4,831	-	-	106	-	-	4,937
Employee benefits	1,793,726	45,724	47,873	-	-	-	1,887,323
Debt service							
Principal	1,110,000	-	-	-	-	-	1,110,000
Interest	332,710	-	-	-	36,800	-	369,510
Cost of sales	-	-	125,437	-	-	-	125,437
Capital outlay	-	-	-	-	-	140,745	140,745
<b>Total Expenditures</b>	<b>9,199,064</b>	<b>550,027</b>	<b>292,329</b>	<b>106</b>	<b>116,409</b>	<b>140,745</b>	<b>10,298,680</b>
Excess (Deficiency) of Revenues Over Expenditures	380,265	(30,813)	(19,734)	(86)	(115,970)	(140,745)	72,917
<b>OTHER FINANCING SOURCES AND USES</b>							
Premium on obligations	-	-	-	-	259,609	-	259,609
BANS redeemed from appropriations	-	-	-	-	-	65,000	65,000
Proceeds from obligations	-	-	-	-	-	1,595,000	1,595,000
Operating transfers in	-	15,706	-	-	287,415	302,108	605,229
Operating transfers (out)	(137,814)	-	-	-	(180,000)	(287,415)	(605,229)
<b>Total Other Sources (Uses)</b>	<b>(137,814)</b>	<b>15,706</b>	<b>-</b>	<b>-</b>	<b>367,024</b>	<b>1,674,693</b>	<b>1,919,609</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	242,451	(15,107)	(19,734)	(86)	251,054	1,533,948	1,992,526
Fund Balances - Beginning of year	3,646,313	187,162	109,017	21,524	111,465	(1,541,095)	2,534,386
Fund Balances - End of year	<u>\$ 3,888,764</u>	<u>\$ 172,055</u>	<u>\$ 89,283</u>	<u>\$ 21,438</u>	<u>\$ 362,519</u>	<u>\$ (7,147)</u>	<u>\$ 4,526,912</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, 2019**

**Net Changes in Fund Balance - Total Governmental Funds** \$ 1,992,526

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	(697,033)	
Capital Outlays	464,572	
Retirement/Disposal of Capital Assets	<u>(5,898)</u>	(238,359)

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	1,045,000	
Proceeds from Debt	(1,595,000)	
Proceeds from Bond Premiums	(259,609)	
Amortization of Debt Issuance Costs	(1,790)	
Amortization of Defeasance Loss	(83,914)	
Amortization of Bond Premiums	<u>48,975</u>	(846,338)

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	28,040	
Change in Termination Benefits Payable	(4,000)	
Change in Accrued Interest	<u>29,878</u>	53,918

(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.

Other Post-Employment Benefits		<u>(152,830)</u>
--------------------------------	--	------------------

(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	(18,704)	
Employees' Retirement System	<u>(18,009)</u>	(36,713)

**Change in Net Position - Governmental Activities** **\$ 772,204**

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, 2019**

	<u>Private Purpose Trusts</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash	\$ 70,493	\$ 441,633
Due from governmental funds	<u>4,548</u>	<u>54,421</u>
Total Assets	<u><u>\$ 75,041</u></u>	<u><u>\$ 496,054</u></u>
 <b>LIABILITIES</b>		
Due to governmental funds	\$ -	\$ 391,101
Extraclassroom activity balances	-	83,984
Other liabilities	<u>-</u>	<u>20,969</u>
Total Liabilities	<u>-</u>	<u><u>\$ 496,054</u></u>
 <b>NET POSITION</b>		
Reserved for scholarships	<u><u>\$ 75,041</u></u>	

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Private Purpose Trusts</u>
<b>ADDITIONS</b>	
Gifts and contributions	\$ 10,770
Investment earnings	<u>79</u>
Total Additions	<u>10,849</u>
 <b>DEDUCTIONS</b>	
Scholarships and awards	<u>10,080</u>
Change in Net Position	769
Net Position - Beginning of year (restated)	<u>74,272</u>
Net Position - End of Year	<u><u>\$ 75,041</u></u>

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 \$1,228,544 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$451,618.

As of year-end, the District had outstanding BOCES debt of \$40,000.

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 1<sup>st</sup>, and become a lien on August 31<sup>st</sup>. Taxes are collected during the period September 1<sup>st</sup> to October 31<sup>st</sup>. 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 1<sup>st</sup>.

#### 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 9 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 \$6,522.

**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.

#### Liability Claims and Property Loss Reserve Fund

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

#### Insurance Reserve Fund

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

#### Debt Service Reserve Fund

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

#### 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

**LAURENS CENTRAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENT**

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

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.

Restricted fund balance includes the following:

General Fund:

Capital	\$ 1,901,019
Repairs	381,708
Employee Benefit Accrued Liability	444,154
Workers' Compensation	101,747
Retirement Contributions - TRS	47,674
Retirement Contributions - ERS	132,158
Tax Certiorari	108,272
Unemployment Insurance	124,094
Special Aid Fund	172,055
Debt Service Fund	362,519
Total restricted funds	<u>\$ 3,775,400</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, 2019.

**Assigned** - Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount

## LAURENS CENTRAL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENT

appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

#### Reserve for Insurance Recoveries

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

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

#### Reserve for Tax Reduction

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

#### Unassigned Fund Balance

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

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 and 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, 2019, the District implemented the following new standard issued by GASB:

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

V) Future Changes in Accounting Standards

GASB has issued Statement No. 84, <i>Fiduciary Activities</i>	Effective for the year ending June 30, 2020
GASB has issued Statement No. 87, <i>Leases</i>	Effective for the year ending June 30, 2021
GASB has issued Statement No. 89, <i>Accounting for Interest Cost Incurred Before the End of a Construction Period</i>	Effective for the year ending June 30, 2021
GASB has issued Statement No. 91, <i>Conduit Debt Obligations</i>	Effective for the year ending June 30, 2022

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.

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:

**LAURENS CENTRAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENT**

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 PRIOR PERIOD ADJUSTMENT**

*Governmental Activities*

The beginning net position of the Governmental Activities in the government-wide Statement of Net Position has been restated to record a prior period adjustment to correct the District’s termination benefits liability reporting in the prior year.

A reconciliation of the prior period ending net position to the current beginning net position for the Governmental Activities is as follows:

Beginning net position	\$11,120,222
Adjustment to correct termination benefits	<u>\$(29,000)</u>
Beginning net position, restated	<u>\$11,091,222</u>

**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 repair reserve totaled \$13,570. The increase was necessary to finance fuel pump repairs.
- Fund balance was appropriated to accommodate a bus and vehicle purchase.
- Bullet aid of \$50,000 was used to increase appropriations by the same amount.

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 \$7,147 due to spending in excess of revenues. The fund balance will return to positive once funding is received 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	\$	842,453
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>4,095,018</u>
	\$	4,937,471

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$3,289,682 within the governmental funds and \$175,446 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 April 15, 2019. 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, 2019 were as follows:

**LAURENS CENTRAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENT**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
<b>Capital assets that are not depreciated:</b>				
Land	\$ 47,488	-	-	\$ 47,488
Construction in progress	2,455,694	140,745	(2,589,292)	7,147
Total nondepreciable historical cost	2,503,182	140,745	(2,589,292)	54,635
<b>Capital assets that are depreciated:</b>				
Outdoor Improvements	204,700	3,250	-	207,950
Buildings	23,079,451	2,604,292	-	25,683,743
Machinery and equipment	1,034,975	130,727	(203,302)	962,400
Transportation vehicles	1,266,347	174,850	(97,000)	1,344,197
Total depreciable historical cost	25,585,473	2,913,119	(300,302)	28,198,290
Less accumulated depreciation:				
Outdoor Improvements	125,247	9,852	-	135,099
Buildings	5,464,314	499,869	-	5,964,183
Machinery and equipment	760,055	55,409	(201,446)	614,018
Transportation vehicles	683,576	131,903	(92,958)	722,521
Total accumulated depreciation	7,033,192	697,033	(294,404)	7,435,821
Total depreciable and non-depreciable historical cost, net	<u>\$ 21,055,463</u>			<u>\$ 20,817,104</u>

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

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

General support	\$ 4,511
Instructional	61,117
Transportation	127,373
School food service	1,751
Depreciation not charged to a specific function	502,281
	<u>\$ 697,033</u>

**NOTE 7 SHORT-TERM DEBT**

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

	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>
<b>Bond Anticipation Notes:</b>						
Issued July 13, 2017	7/12/2018	2.00%	\$ 1,840,000	-	1,840,000	\$ -
Issued July 12, 2018	6/28/2019	1.98%	-	1,840,000	1,840,000	-
Total			1,840,000	1,840,000	3,680,000	-

**LAURENS CENTRAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENT**

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

Interest paid	71,815
Less: interest accrued in the prior year	<u>(33,775)</u>
Total interest expense	<u><u>\$ 38,040</u></u>

**NOTE 8 LONG-TERM DEBT**

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

	<u>Beginning</u> <u>Balance</u>	<u>Addition/</u> <u>Issued</u>	<u>Deletion/</u> <u>Redeemed</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Government activities:</b>					
<b>Bond Issue:</b>					
Serial bond dated 2000	\$ 75,000	-	35,000	\$ 40,000	\$ 40,000
Serial bond dated 2013	330,000	-	30,000	300,000	30,000
Serial bond dated 2015	760,000	-	50,000	710,000	55,000
Refunding bond dated 2015	7,220,000	-	655,000	6,565,000	670,000
Refunding bond dated 2017	3,065,000	-	275,000	2,790,000	280,000
DASNY bond dated 2019	-	1,595,000	-	1,595,000	65,000
Total bonds and notes payable	<u>\$ 11,450,000</u>	<u>1,595,000</u>	<u>1,045,000</u>	<u>12,000,000</u>	<u>\$ 1,140,000</u>
<b>Other liabilities</b>					
Unamortized bond premiums	311,271	259,609	48,975	521,905	-
Compensated absences	164,955	-	28,040	136,915	-
Termination benefits payable	29,000	4,000	-	33,000	-
Net pension liability	112,693	141,206	-	253,899	-
Other postemployment benefits	2,149,303	243,795	-	2,393,098	-
Total	<u>\$ 14,217,222</u>	<u>2,243,610</u>	<u>1,122,015</u>	<u>15,338,817</u>	<u>\$ 1,140,000</u>

The following is a summary of maturity of bond indebtedness:

<u>Description of</u> <u>Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Outstanding at</u> <u>June 30, 2019</u>
Serial Bonds	2000	2020	5.65 - 6.05%	\$ 40,000
Serial Bonds	2013	2028	3.00 - 4.25%	300,000
Serial Bonds	2015	2030	2.63 - 3.25%	710,000
Refunding Bond	2015	2028	2.00 - 4.00%	6,565,000
Refunding Bond	2017	2028	1.50 - 3.00%	2,790,000
DASNY Bond	2019	2033	3.00 - 5.00%	1,595,000
				<u>\$ 12,000,000</u>

**LAURENS CENTRAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENT**

Fiscal Year Ending June 30,	Principal	Interest	Premiums
2020	\$ 1,140,000	371,410	\$ 85,989
2021	1,140,000	323,498	72,103
2022	1,175,000	297,074	66,528
2023	1,200,000	269,112	60,757
2024	1,225,000	239,638	54,630
2025 - 2029	5,475,000	634,102	157,313
2030 - 2034	645,000	60,638	24,585
Total	<u>\$ 12,000,000</u>	<u>2,195,472</u>	<u>\$ 521,905</u>

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

Interest paid	\$ 297,695
Less amortization of bond premium	(48,975)
Less interest accrued in the prior year	(12,200)
Plus amortization of defeasance loss	83,914
Plus amortization of bond issuance costs	1,790
Plus interest accrued in the current year	16,097
Total interest expense	<u>\$ 338,321</u>

**NOTE 9 INTERFUND BALANCES AND EQUITY**

	Receivable	Payable	Revenue	Expense
General Fund	\$ 1,330,137	881,744	\$ -	137,814
School Food Service Fund	-	18,339	-	-
Special Aid Fund	94,805	165,238	15,706	-
Library Fund	220	-	-	-
Capital Projects Fund	714,525	1,104,753	302,108	287,415
Debt Service Fund	362,519	-	287,415	180,000
Total Government activities	<u>2,502,206</u>	<u>2,170,074</u>	<u>605,229</u>	<u>605,229</u>
Fiduciary Funds	58,969	391,101	-	-
Total	<u>\$ 2,561,175</u>	<u>2,561,175</u>	<u>\$ 605,229</u>	<u>605,229</u>

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](http://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](http://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>
2018-19	\$ 233,603	\$ 161,068
2017-18	277,239	151,527
2016-17	293,448	144,417

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, 2019, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset/(liability) used to calculate the net

**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	3/31/2019	6/30/2018
Net pension asset/(liability)	\$ (253,899)	\$ 264,620
District's portion of the Plan's total net pension asset/(liability)	0.0036%	0.0146%

For the year ended June 30, 2019, the District's recognized pension expense of \$161,068 for ERS and the actuarial value \$233,603 for TRS. At June 30, 2019 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<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	\$ 49,998	\$ 197,749	\$ 17,044	\$ 35,820
Changes of assumptions	63,820	925,021	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	65,164	293,749
Changes in proportion and differences between the District's contributions and proportionate share of contributions	41,285	35,111	5,625	11,142
District's contributions subsequent to the measurement date	-	<u>233,603</u>	-	-
	<u>\$ 155,103</u>	<u>\$ 1,391,484</u>	<u>\$ 87,833</u>	<u>\$ 340,711</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, 2019. 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:		
2019	\$ -	\$ 268,660
2020	64,343	183,503
2021	(40,927)	22,414
2022	4,492	182,880
2023	39,362	127,548
Thereafter	-	32,165

**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	3/31/2019	6/30/2018
Actuarial valuation date	4/1/2018	6/30/2017
Interest rate	7.0%	7.25%
Salary scale	4.2%	1.9 - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
Inflation rate	2.5%	2.25%

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	3/31/2019	6/30/2018
Asset Type:		
Domestic equities	4.6%	5.8%
International equities	6.4%	7.3%
Private equity	7.5%	8.9%
Real estate	5.6%	4.9%
Absolute return strategies	3.8%	n/a
Opportunistic portfolio	5.7%	n/a
Real assets	5.3%	n/a
Domestic fixed income	n/a	1.3%
Global fixed income	n/a	0.9%
Bonds and mortgages	1.3%	2.8%
High-yield fixed income	n/a	3.5%
Cash	-0.3%	n/a
Inflation-indexed bonds	1.3%	n/a
Short-term	n/a	0.3%

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be

**LAURENS CENTRAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENT**

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 (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (1,110,086)	\$ (253,899)	\$ 465,359
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (1,817,984)	\$ 264,620	\$ 2,009,264

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>4/1/2018</u>	<u>6/30/2017</u>	
Employers' total pension liability	\$ 189,803,429	\$ 118,107,253	\$ 307,910,682
Plan Net Position	182,718,124	119,915,518	302,633,642
Employers' net pension (asset)/liability	\$ 7,085,305	\$ (1,808,265)	\$ 5,277,040
Ratio of plan net position to the Employers' total pension (asset)/liability	96.3%	101.5%	98.3%

PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$40,294.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions

LAURENS CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENT

as of June 30, 2019 amounted to \$271,554.

**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, 2019, 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
	<hr/>
	94

**Total OPEB Liability**

The District's total OPEB liability of \$2,393,098 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2017.

**Changes in Total OPEB Liability**

	<u>6/30/2019</u>
Total OPEB Liability Beginning of Year	\$ 2,149,303
Changes in total OPEB Liability:	
Service Cost	92,606
Interest	85,872
Changes in assumptions	111,757
Benefit payments	(46,440)
Total OPEB Liability End of Year	<u>\$ 2,393,098</u>

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the June 30, 2019 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:**

An interest rate of 3.51% was used.

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

**Mortality:**

**LAURENS CENTRAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENT**

Based on the same assumptions used in the New York State TRS actuarial valuation report as of June 30, 2014 and ERS assumptions effective on April 1, 2015.

**Actuarial Assumptions:**

Inflation	3.00%
Salary increases including wage inflation	2.72% - 10.00%
Discount Rate	3.51%
Health Care	5.50% for 2019 decreasing to an ultimate rate of 3.84% by 2075

**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 (2.51 percent) or 1 percentage point higher (4.51 percent) than the current discount rate:

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

	Discount Rate		
	1% Decrease	Baseline Rate 3.51%	1% Increase
Total OPEB Liability	\$ 2,752,291	\$ 2,393,098	\$ 2,098,840

**LAURENS CENTRAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENT**

*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:

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

	Healthcare Cost Trend Rates		
	Baseline Rate		
	5.5%		
	1% Decrease	Decreasing	1% Increase
Total OPEB Liability	\$ 2,024,684	\$ 2,393,098	\$ 2,865,076

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$180,711. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 102,912	\$ 70,314
Employer contributions subsequent to measurement date	-	-
	\$ 102,912	\$ 70,314

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
2020	\$ 2,233
2021	2,233
2022	2,233
2023	2,233
2024	2,233
Thereafter	21,433
	\$ 32,598

**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.

**NOTE 13 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET**

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

**LAURENS CENTRAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENT**

**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 TAX ABATEMENTS**

The District does not have any property tax abatement agreements in place as of June 30, 2019. The District is not subject to any tax abatement agreements entered into by other governmental entities as of June 30, 2019.

**NOTE 17 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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance With Budgetary Actual</u>
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 2,741,282	\$ 2,741,282	\$ 2,279,571	\$ (461,711)
Other tax items	7,000	7,000	471,285	464,285
Charges for services	2,000	2,000	40,269	38,269
Use of money and property	500	500	37,257	36,757
Sale of property and compensation for loss	-	-	4,972	2,574
Miscellaneous	103,000	103,000	161,760	58,760
Interfund revenues	20,000	20,000	-	(20,000)
Total Local Sources	<u>2,873,782</u>	<u>2,873,782</u>	<u>2,995,114</u>	<u>118,934</u>
State Sources	6,704,366	6,754,366	6,584,215	(170,151)
Federal Sources	-	-	-	-
Total Revenues	<u>9,578,148</u>	<u>9,628,148</u>	<u>9,579,329</u>	<u>(51,217)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	15,000	15,000	-	
Appropriated reserves	75,000	88,570		
Appropriated fund balance	300,000	489,240		
Total Revenues & Other Financing Sources	<u>\$ 9,968,148</u>	<u>\$ 10,220,958</u>	<u>\$ 9,579,329</u>	

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, 2019**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 19,574	\$ 19,164	\$ 14,539	\$ -	\$ 4,625
Central administration	182,464	184,058	184,096	-	(38)
Finance	137,200	135,939	151,351	-	(15,412)
Staff	39,890	41,151	31,419	-	9,732
Central services	893,800	968,120	814,873	26,635	126,612
Special items	149,500	149,499	138,989	-	10,510
Total General Support	<u>1,422,428</u>	<u>1,497,931</u>	<u>1,335,267</u>	<u>26,635</u>	<u>131,442</u>
Instruction					
Instruction, administration and improvement	234,037	234,037	232,299	-	1,738
Teaching - regular school Programs for children with handicapping conditions	1,788,398	1,800,953	1,696,972	5,561	98,420
Occupational education	1,454,239	1,417,072	1,126,206	1,026	289,840
Teaching - special school	265,000	265,000	260,898	-	4,102
Instructional media	4,402	9,544	9,543	-	1
Pupil services	224,047	230,550	218,308	5,739	6,503
	424,043	451,531	404,388	1,670	45,473
Total Instruction	<u>4,394,166</u>	<u>4,408,687</u>	<u>3,948,614</u>	<u>13,996</u>	<u>446,077</u>
Pupil Transportation	566,268	715,484	673,916	-	41,568
Community services	5,978	5,978	4,831	-	1,147
Employee Benefits	1,945,400	1,945,400	1,793,726	-	151,674
Debt Service	1,473,696	1,473,696	1,442,710	-	30,986
Total Expenditures	<u>9,807,936</u>	<u>10,047,176</u>	<u>9,199,064</u>	<u>40,631</u>	<u>802,894</u>
<b>OTHER FINANCING USES</b>					
Transfers to other funds	160,212	173,782	137,814	-	35,968
Total Expenditures and Other Uses	<u>\$ 9,968,148</u>	<u>\$10,220,958</u>	<u>\$ 9,336,878</u>	<u>\$ 40,631</u>	<u>\$ 838,862</u>
Net change in fund balances			242,451		
Fund balance - beginning			<u>3,646,313</u>		
Fund balance - ending			<u>\$ 3,888,764</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, 2019**

	Year 2 6/30/2019	Year 1 6/30/2018
Total OPEB Liability Beginning of Year	\$ 2,149,303	\$ 2,115,646
Changes in total OPEB Liability:		
Service Cost	92,606	95,311
Interest	85,872	75,740
Changes of assumptions or other inputs	111,757	(83,538)
Benefit payments	(46,440)	(53,856)
Differences between expected and actual experience	0	0
Total OPEB Liability End of Year (a)	<u>\$ 2,393,098</u>	<u>\$ 2,149,303</u>
 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)	<u>\$ -</u>	<u>\$ -</u>
 Sponsor's Net OPEB Liability End of Year (a) - (b)	\$ 2,393,098	\$ 2,149,303
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.00%	0.00%
Covered payroll	\$ 3,351,388	\$ 3,348,477
Net OPEB Liability as a percentage of Covered payroll	71.41%	64.19%
See paragraph on supplementary schedules included in auditor's report		

**LAURENS CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE SCHEDULE OF CHANGE IN NET OPEB LIABILITY**

**FOR THE YEAR ENDED JUNE 30, 2019**

**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 3.51% was used.
- 2. Inflation:** 3.00% per year.
- 3. Trend:** It was assumed that health care costs would increase 5.5% in 2019 to an ultimate rate of 3.84% in 2075.
- 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, 2019, 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  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2019**

**NYSLRS PENSION PLAN**

	<u>6/30/2019</u>	<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)	0.0036%	0.0035%	0.0034%	0.0037%	0.0038%
District's proportionate share of the net pension liability (asset)	\$ 253,899	\$ 112,693	\$ 316,787	\$ 589,623	\$ 128,546
District's covered-employee payroll	\$ 1,052,732	\$ 977,594	\$ 931,723	\$ 989,984	\$ 971,677
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	24.12%	11.53%	31.43%	59.56%	13.23%
Plan fiduciary net position as a percentage of total pension liability	96.30%	98.24%	94.70%	90.70%	97.90%

**TRS PENSION PLAN**

	<u>6/30/2019</u>	<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)	0.0146%	0.0149%	0.0152%	0.0150%	0.0150%
District's proportionate share of the net pension liability (asset)	\$ (264,620)	\$ (113,464)	\$ 163,281	\$(1,554,363)	\$(1,667,822)
District's covered-employee payroll	\$ 2,383,704	\$ 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	-11.10%	-4.80%	6.94%	-69.15%	-75.41%
Plan fiduciary net position as a percentage of total pension liability	101.50%	100.66%	99.01%	110.46%	111.50%

See paragraph on supplementary schedules included in auditor's report

**LAURENS CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL  
PROPERTY TAX LIMIT – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2019**

**NYSLRS PENSION PLAN**

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Contractually required contribution	\$ 161,068	\$ 151,527	\$ 144,417	\$ 174,699	\$ 191,197
Contributions in relation to the contractually required contribution	<u>\$ 161,068</u>	<u>\$ 151,527</u>	<u>\$ 144,417</u>	<u>\$ 174,699</u>	<u>\$ 191,197</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,052,732	\$ 977,594	931,723	\$ 989,984	\$ 971,677
Contributions as a percentage of covered-employee payroll	15.30%	15.50%	14.33%	17.65%	19.68%

**TRS PENSION PLAN**

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Contractually required contribution	\$ 233,603	\$ 277,239	\$ 311,937	\$ 394,059	\$ 359,392
Contributions in relation to the contractually required contribution	<u>\$ 233,603</u>	<u>\$ 277,239</u>	<u>\$ 311,937</u>	<u>\$ 394,059</u>	<u>\$ 359,392</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered-employee payroll	\$ 2,383,704	\$ 2,365,520	\$ 2,352,466	\$ 2,247,912	\$ 2,211,643
Contributions as a percentage of covered-employee payroll	9.80%	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 CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL  
PROPERTY TAX LIMIT – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2019**

**CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET**

Adopted Budget		\$ 9,968,148
Add: Prior year's encumbrances		<u>47,467</u>
Final Budget		10,015,615
Budget revisions:		
Repair Reserve - Fuel Pump Repairs		13,570
Bus and Vehicle Purchase		141,773
Bullet Aid		<u>50,000</u>
Final budget		<u>\$ 10,220,958</u>

**SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION**

2019-20 voter-approved expenditure budget		\$ 10,206,112
Maximum allowed (4% of 2019-20 budget)		408,244
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	239,694	
Unassigned fund balance	<u>408,244</u>	<u>647,938</u>
Less:		
Appropriated fund balance	199,063	
Encumbrances included in assigned fund balance	<u>40,631</u>	<u>239,694</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u>\$ 408,244</u>
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, 2019**

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Building Project 2017	\$ 2,140,000	2,140,000	1,827,361	25,224	1,852,585	\$ 287,415
Gas and Diesel Tanks 2017	20,000	20,000	13,570	-	13,570	6,430
Smart School Bond Act 2016	480,720	480,720	457,331	14,100	471,431	9,289
Gym and Cafeteria Lights	100,000	100,000	-	7,147	7,147	92,853
Ceiling and Lights 2018-19	100,000	100,000	164	94,274	94,438	5,562
	<u>\$ 2,840,720</u>	<u>2,840,720</u>	<u>2,298,426</u>	<u>140,745</u>	<u>2,439,171</u>	<u>401,549</u>

PROJECT TITLE	Methods of Financing				Fund
	Proceeds of Obligations	State Aid	Local Sources	Total	Balance 6/30/2019
Building Project 2017	\$ 1,595,000	-	257,585	1,852,585	\$ -
Gas and Diesel Tanks 2017	-	-	-	13,570	-
Smart School Bond Act 2016	-	457,331	14,100	471,431	-
Gym and Cafeteria Lights	-	-	-	-	(7,147)
Ceiling and Lights 2018-19	-	-	-	94,438	-
	<u>\$ 1,595,000</u>	<u>457,331</u>	<u>271,685</u>	<u>2,432,024</u>	<u>\$ (7,147)</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, 2019**

Capital assets, net		\$ 20,817,104
Add:		
Unamortized bond issuance costs	9,618	
Defeasance loss	449,445	<u>459,063</u>
Deduct:		
Unamortized premium on bonds payable	521,905	
Short-term portion of bonds payable	1,140,000	
Long-term portion of bonds payable	<u>10,860,000</u>	<u>12,521,905</u>
Investment in capital assets, net of related debt		<u><u>\$ 8,754,262</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, 2019, 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 21, 2019.

### 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 21, 2019  
Norwich, NY

## 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, 2019.

### 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, 2019, 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.

*Crynan, & Company*

Norwich, New York  
October 21, 2019

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

**JUNE 30, 2019**

**ASSETS**

Cash in checking	<u>\$ 83,984</u>
	<u><u>\$ 83,984</u></u>

**LIABILITIES AND FUND BALANCE**

Sales tax payable	\$ 422
Fund balance	<u>83,562</u>
	<u><u>\$ 83,984</u></u>

See independent auditor's report  
The notes to the financial statements are an integral part of this statement

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

**JUNE 30, 2019**

<b>Activity</b>	<b>Balance July 1, 2018</b>	<b>Total Receipts</b>	<b>Total Disbursements</b>	<b>Balance June 30, 2019</b>
Art Club	\$ 292	726	206	\$ 812
Chamber Singers	21	-	-	21
Chorus	1,843	1,311	953	2,201
Class of 2018	1,206	-	-	1,206
Class of 2019	10,412	10,074	17,885	2,601
Class of 2020	6,029	6,665	3,606	9,088
Class of 2021	9,881	7,579	2,808	14,652
Class of 2022	2,755	4,142	2,761	4,136
Class of 2023	1,829	3,305	1,116	4,018
Class of 2024	-	1,385	100	1,285
Colorguard	3,922	7,764	5,856	5,830
Concert Band	122	327	295	154
Drama Club	4,718	1,342	1,532	4,528
French Club	549	259	-	808
Garden Club	441	148	194	395
Jazz Ensemble	3,093	-	151	2,942
Key Club	1,313	1,696	1,727	1,282
Marching Band	4,346	2,343	2,275	4,414
Media Club	485	-	-	485
NHS	90	732	362	460
NHJHS	259	143	96	306
Odyssey of the Mind	485	-	-	485
SADD	2,517	672	1,195	1,994
Safety Patrol	1,886	10,218	10,238	1,866
Sales Tax	513	1,083	1,175	421
Spanish Club	1,948	853	429	2,372
Student Council	535	150	574	111
TREPS	288	-	-	288
Varsity Club	4,254	6,206	6,484	3,976
Yearbook	6,679	5,393	1,225	10,847
<b>Totals</b>	<b>\$ 72,711</b>	<b>74,516</b>	<b>63,243</b>	<b>\$ 83,984</b>

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.