

NEW LEBANON  
CENTRAL SCHOOL DISTRICT  
  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
  
Year Ended June 30, 2020

NEW LEBANON CENTRAL SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
New Lebanon Central School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the New Lebanon Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the New Lebanon Central School 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 fiduciary fund information of the New Lebanon Central School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of changes in the total OPEB liability, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M9 and 48-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 an opinion on the financial statements that collectively comprise the New Lebanon Central School District's basic financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of the New Lebanon 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 the 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 New Lebanon Central School District's internal control over financial reporting and compliance.

Claverack, New York  
October 14, 2020

**NEW LEBANON CENTRAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2020**

**INTRODUCTION**

The New Lebanon Central School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

- As of the close of this fiscal year, the District had a positive fund balance in the General Fund in the amount of \$2,768,440. This is an increase of \$682,582 in comparison with the prior year.
- The District also maintained reserves for employee benefit accrued liability, unemployment insurance, workers' compensation, tax certiorari, and employee retirement contributions.
- The District established and voters approved a Capital Reserve Fund in May 2014 for future capital improvements to the facilities in the District. With proper planning the District was able to move \$2,150,000 from the Capital Reserve during 2018 to be used for the Renovation Project and have \$850,000 remaining for future projects.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1. Districtwide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

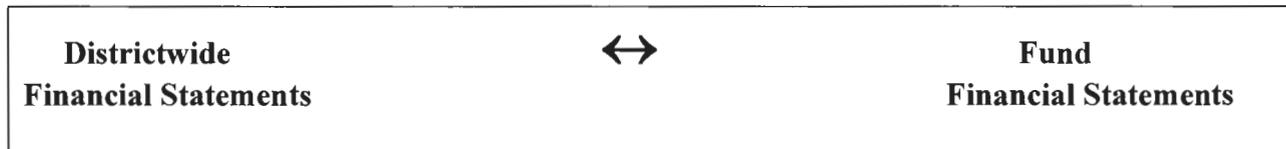
In addition to these statements, this report also includes required supplemental information and other supplemental information.

Our auditor has provided assurance in the independent auditor's report that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified below. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part in the financial statements.

**Financial Statements**

**Required Supplemental Information (Part A)**  
**Management's Discussion & Analysis (MD&A)**

**Basic Financial Statements**



**Notes to the Basic Financial Statements**

**Required Supplemental Information (Part B)**

**General Fund Budget to Actual Schedule**

**Changes in the Total OPEB Liability**

**District's Proportionate Share of the Net Pension Asset/Liability**

**District Contributions**

**Other Supplemental Information**

**General Fund Budget & Fund Balance Information**

**Capital Project Funds Schedule of Project Expenditures**

**Schedule of Net Investment in Capital Assets**

**DISTRICTWIDE FINANCIAL STATEMENTS**

The districtwide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the districtwide financial statements as governmental activities, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

### DISTRICTWIDE FINANCIAL ANALYSIS

#### New Lebanon Central School District's Net Position June 30, 2020 and 2019

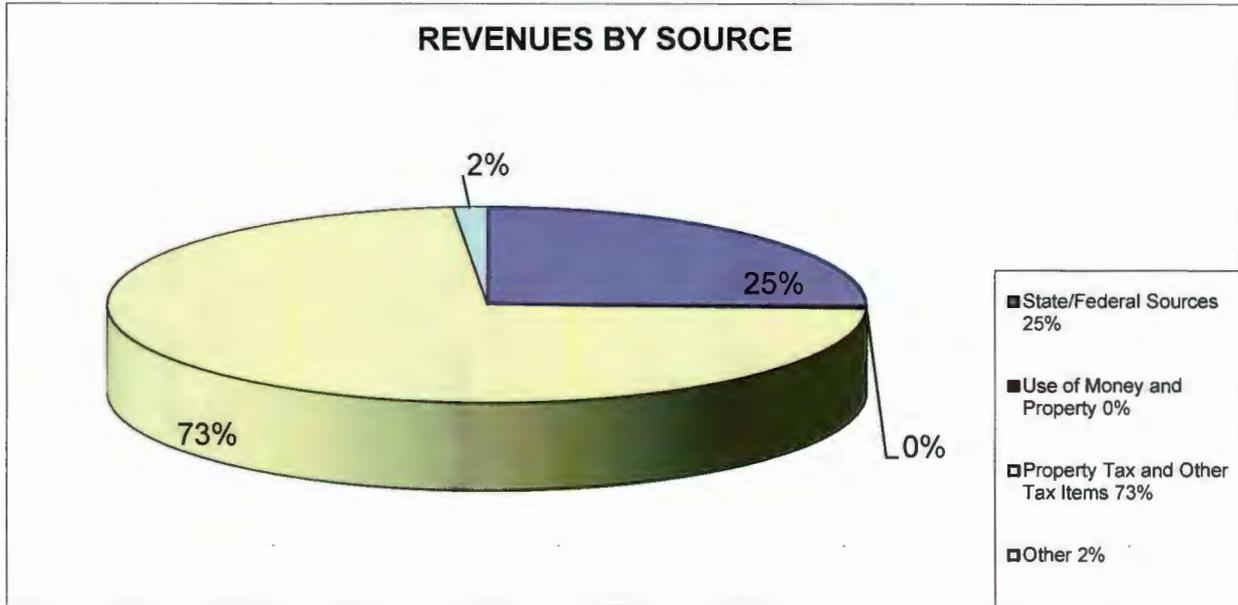
	Governmental Activities		Variance Increase (Decrease)
	2020	2019	
Current Assets	\$ 3,603,603	\$ 6,475,934	\$ (2,872,331)
Capital Assets	15,571,614	11,425,309	4,146,305
Net Pension Asset	665,899	471,720	194,179
Total Assets	<u>19,841,116</u>	<u>18,372,963</u>	<u>1,468,153</u>
Deferred Outflows of Resources	<u>8,124,078</u>	<u>2,727,561</u>	<u>5,396,517</u>
Total Assets and Outflows of Resources	<u>27,965,194</u>	<u>21,100,524</u>	<u>6,864,670</u>
Current Liabilities	528,360	601,301	(72,941)
Noncurrent Liabilities	1,485,613	400,777	1,084,836
Total OPEB Obligation	35,587,013	28,125,577	7,461,436
Net Pension Liability	<u>1,184,190</u>	<u>345,233</u>	<u>838,957</u>
Total Liabilities	<u>38,785,176</u>	<u>29,472,888</u>	<u>9,312,288</u>
Deferred Inflows of Resources	<u>5,743,166</u>	<u>6,458,067</u>	<u>(714,901)</u>
Total Liabilities and Inflows of Resources	<u>44,528,342</u>	<u>35,930,955</u>	<u>8,597,387</u>
Net Position:			
Investment in capital assets, net of related debt	14,291,932	11,195,309	3,096,623
Restricted	2,690,122	5,061,153	(2,371,031)
Unrestricted (deficit)	<u>(33,545,202)</u>	<u>(31,086,893)</u>	<u>(2,458,309)</u>
Total Net Position	<u><u>\$ (16,563,148)</u></u>	<u><u>\$ (14,830,431)</u></u>	<u><u>\$ (1,732,717)</u></u>

**New Lebanon Central School District's  
Changes in Net Position  
For the Years Ended June 30, 2020 and 2019**

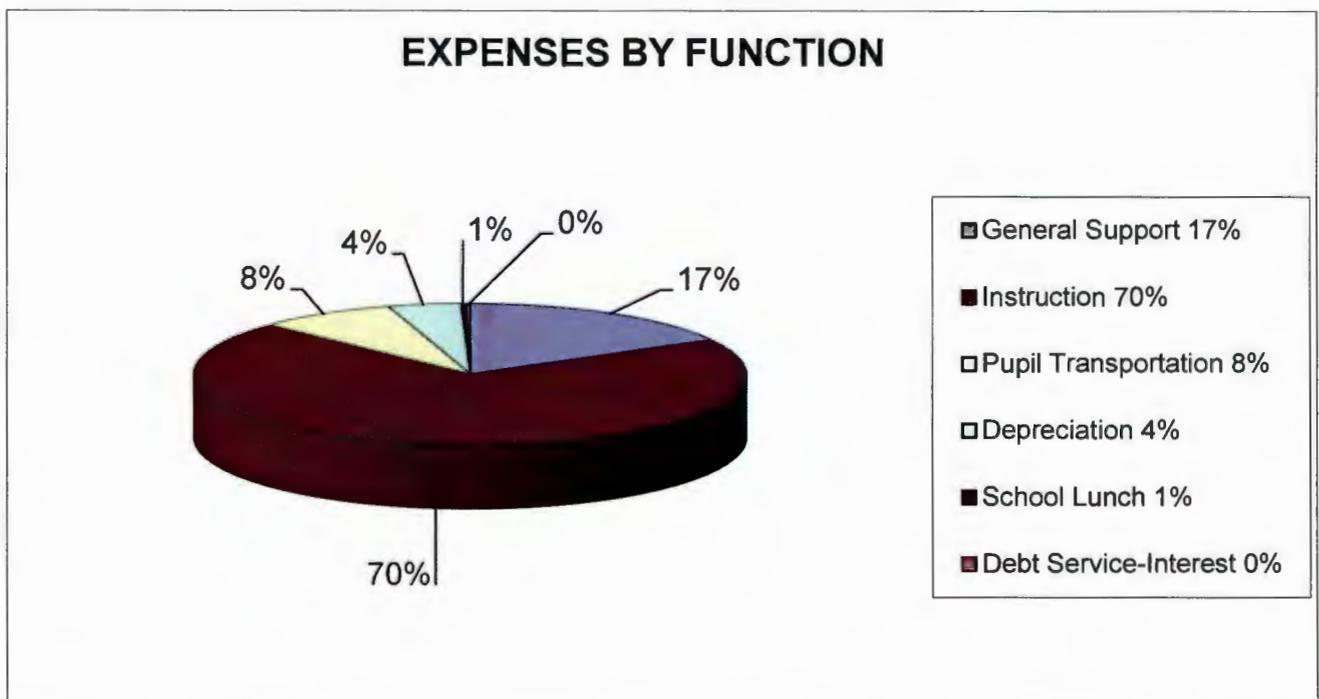
	Governmental Activities		Variance Increase (Decrease)
	2020	2019	
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ 73,330	\$ 93,382	\$ (20,052)
Operating Grants and Contributions	496,116	408,760	87,356
Total Program Revenues	<u>\$ 569,446</u>	<u>\$ 502,142</u>	<u>\$ 67,304</u>
General Revenues:			
Real Property Taxes	\$ 8,108,613	\$ 7,896,629	\$ 211,984
Other Tax Items	508,409	551,173	(42,764)
Use of Money and Property	46,227	54,192	(7,965)
Sale of Property and Compensation for Loss	4,595	3,813	782
Miscellaneous	167,410	456,453	(289,043)
State Sources	2,982,067	3,451,185	(469,118)
Total General Revenues	<u>11,817,321</u>	<u>12,413,445</u>	<u>(596,124)</u>
<b>Expenses (Net of Program Revenues):</b>			
Instruction	9,518,990	8,302,717	1,216,273
Support Services:			
General Support	2,284,334	2,017,719	266,615
Pupil Transportation	1,097,256	1,020,370	76,886
Debt Service-Interest	30,702	31,825	(1,123)
Depreciation-Unallocated	575,225	631,094	(55,869)
School Lunch	43,531	38,258	5,273
Total Expenses	<u>13,550,038</u>	<u>12,041,983</u>	<u>1,508,055</u>
Change in Net Position	<u>\$ (1,732,717)</u>	<u>\$ 371,462</u>	<u>\$ (2,104,179)</u>

The following charts provide the percentage breakdown of all revenues by source and all expenses by function for the entire District:

**Districtwide Revenues by Source**  
**For the Year Ended June 30, 2020**



**Districtwide Expenses by Function**  
**For the Year Ended June 30, 2020**



## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds.

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District establishes other funds to control and 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). All of the funds of the District can be divided into two categories; governmental funds, and fiduciary funds.

- **Governmental funds:** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The 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 District excludes these activities from the districtwide financial statements because it cannot use these assets to finance its operations.

## FUND FINANCIAL ANALYSIS (DISTRICT'S FUNDS)

The District's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of \$3.1 million, which is below last year's total of \$5.9 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2020 and 2019.

	<u>Fund Balance</u> <u>2020</u>	<u>Fund Balance</u> <u>2019</u>	<u>Variance</u> <u>Increase</u> <u>(Decrease)</u>
General	\$ 2,768,440	\$ 2,299,603	\$ 468,837
School Lunch	(36,736)	(23,220)	(13,516)
Special Aid	250	250	-
Debt Service	106,291	97,373	8,918
Capital	236,998	3,500,627	(3,263,629)
Totals	<u>\$ 3,075,243</u>	<u>\$ 5,874,633</u>	<u>\$ (2,799,390)</u>

**General Fund**

The tables that follow assist in illustrating the financial activities and balance of the general fund.

<b><u>Revenues:</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>Variance Increase (Decrease)</u></b>
Taxes and Other Tax Items	\$ 8,617,022	\$ 8,447,802	\$ 169,220
Use of Money and Property	37,294	48,022	(10,728)
State/Federal Sources	2,982,067	3,451,185	(469,118)
Other	215,794	510,086	(294,292)
Totals	<u>\$ 11,852,177</u>	<u>\$ 12,457,095</u>	<u>\$ (604,918)</u>

<b><u>Expenses:</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>Variance Increase (Decrease)</u></b>
General Support	\$ 1,556,211	\$ 1,506,001	\$ 50,210
Instruction	5,346,766	5,360,976	(14,210)
Pupil Transportation	703,540	725,484	(21,944)
Employee Benefits	3,458,121	3,175,908	282,213
Debt Service	70,702	746,825	(676,123)
Other	248,000	259,319	(11,319)
Totals	<u>\$ 11,383,340</u>	<u>\$ 11,774,513</u>	<u>\$ (391,173)</u>

**GENERAL FUND BUDGET INFORMATION**

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The difference between the general fund's original budget and the final amended budget was \$11,997. This amount represents prior year encumbrances.

**CAPITAL ASSETS**

The District's capital assets (net of accumulated depreciation) as of June 30, 2020 are as follows:

<u>Asset Description</u>	<u>Amount</u>
Land	\$ 94,575
Construction in Progress	4,087,961
Buildings and Improvements	10,798,275
Machinery and Equipment	203,733
Vehicles	<u>387,070</u>
Total	<u>\$15,571,614</u>

The total increase in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$4,146,305. The most significant increase to capital assets was attributable to the purchase of equipment and a bus and costs from current capital projects less the depreciation of the capital assets.

**DEBT**

The District had total debt including serial bonds and a capital lease payable-EPC in the amount of \$1,279,682 as of June 30, 2020, an increase over the previous year of \$1,049,682. The debt outstanding for the year ended June 30, 2020 is summarized as follows:

<u>Debt Description</u>	<u>Outstanding Balance</u>
Bonds	\$ 190,000
Capital Lease-EPC	<u>1,089,682</u>
Total	<u>\$ 1,279,682</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2020, the District's general obligation debt was significantly lower than its total debt limit. The District has a bond rating of AA-.

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

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future. Challenges facing the District are the state's economy and its effect on state aid funding levels and the enactment of the Property Tax Cap Chapter 97 of the Laws of 2011 which could result in revenue forecasts having to be revised downward and could cause the District to scale down the educational program offerings or seek additional resources. The cost of employee benefits continues to be a major budgetary factor for all school districts. The continued growth in the cost of health insurance combined with the costs of funding the Teachers' Retirement System and Employees' Retirement System are projected to have significant budgetary impact in the near future to intermediate future. The current COVID-19 pandemic has caused the District to expend funds on items it typically would not need or need far less quantities such as (PPE) personal protective equipment. The pandemic is having a negative effect on the state's revenue and therefore could have a significant impact on the District state aid revenues. Lastly, the District also has to deal with the increasing costs of the Special Education Programs.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

It is the intent of this report to provide the District's citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

New Lebanon Central School District  
14665 Rte 22  
New Lebanon, New York 12125

NEW LEBANON CENTRAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2020

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**ASSETS**

Unrestricted cash	\$	1,687,598	
Restricted cash		1,573,984	
State and federal aid receivable		198,035	
Due from other governments		124,486	
Due from fiduciary funds		12,377	
Inventories		7,123	
Capital assets, net		15,571,614	
Net pension asset		665,899	
Total Assets			\$ 19,841,116

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	\$	2,930,849	
OPEB-GASB 75		5,193,229	
Total Deferred Outflows of Resources			\$ 8,124,078

**LIABILITIES**

**Current Liabilities:**

Accounts payable	\$	24,808	
Accrued liabilities		15,398	
Due to other governments		10	
Due to teachers' retirement system		432,360	
Due to employees' retirement system		55,482	
Unearned revenue		302	

**Long-Term Liabilities:**

**Due and payable within one year**

Bonds payable		45,000	
Capital lease payable		57,560	

**Due and payable after one year**

Bonds payable		145,000	
Capital lease payable		1,032,122	
Compensated absences payable		205,931	
Other postemployment benefits payable		35,587,013	
Net pension liability - proportionate share		1,184,190	

Total Liabilities			\$ 38,785,176
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**DEFERRED INFLOWS OF RESOURCES**

Pensions		957,807	
OPEB-GASB#75		4,785,359	

Total Deferred Inflows of Resources			\$ 5,743,166
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**NET POSITION**

Net Investment in Capital Assets		14,291,932	
Restricted		2,690,122	
Unrestricted (deficit)		(33,545,202)	
Total Net Position			\$ (16,563,148)

See auditor's report. See notes to financial statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
For Year Ended June 30, 2020

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	Expenses	Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 1,556,211	\$ 728,123	\$ -	\$ -	\$ (2,284,334)
Instruction	5,691,425	4,221,983	43,789	350,629	(9,518,990)
Pupil transportation	618,554	502,811	-	24,109	(1,097,256)
Employee benefits	5,491,990	(5,491,990)	-	-	-
Debt service-interest	30,702	-	-	-	(30,702)
Depreciation-unallocated	575,225	-	-	-	(575,225)
School lunch program	155,377	39,073	29,541	121,378	(43,531)
<b>Total Functions and Programs</b>	<b>\$ 14,119,484</b>	<b>\$ -</b>	<b>\$ 73,330</b>	<b>\$ 496,116</b>	<b>(13,550,038)</b>
<b>GENERAL REVENUES</b>					
Real property taxes					8,108,613
Other tax items					508,409
Use of money and property					46,227
Sale of property and compensation for loss					4,595
Miscellaneous					167,410
State sources					2,982,067
<b>Total General Revenues</b>					<b>11,817,321</b>
<b>Change in Net Position</b>					<b>(1,732,717)</b>
<b>Total Net Position - Beginning of year</b>					<b>(14,830,431)</b>
<b>Total Net Position - End of year</b>					<b>\$ (16,563,148)</b>

See auditor's report. See notes to financial statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
June 30, 2020

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Unrestricted cash	\$ 1,687,598	\$ -	\$ -	\$ 1,687,598
Restricted cash	1,573,984	-	-	1,573,984
Due from other funds	409,372	-	(409,372)	-
Due from fiduciary funds	-	-	12,377	12,377
Due from other governments	124,486	-	-	124,486
State and federal aid receivable	198,035	-	-	198,035
Inventories	7,123	-	-	7,123
Capital assets, (net)	-	15,571,614	-	15,571,614
Net pension asset	-	665,899	-	665,899
<b>Total Assets</b>	<b>\$ 4,000,598</b>	<b>\$ 16,237,513</b>	<b>\$ (396,995)</b>	<b>\$ 19,841,116</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions	\$ -	\$ 2,930,849	\$ -	\$ 2,930,849
OPEB-GASB 75	-	5,193,229	-	5,193,229
<b>Total Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ 8,124,078</b>	<b>\$ -</b>	<b>\$ 8,124,078</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 24,808	\$ -	\$ -	\$ 24,808
Accrued liabilities	15,398	-	-	15,398
Bonds payable	-	190,000	-	190,000
Capital lease payable	-	1,089,682	-	1,089,682
Due to other funds	396,995	-	(396,995)	-
Due to other governments	10	-	-	10
Due to teachers' retirement system	432,360	-	-	432,360
Due to employees' retirement system	55,482	-	-	55,482
Other postemployment benefits payable	-	35,587,013	-	35,587,013
Compensated absences	-	205,931	-	205,931
Unearned revenue	302	-	-	302
Net pension liability- proportionate share	-	1,184,190	-	1,184,190
<b>Total Liabilities</b>	<b>\$ 925,355</b>	<b>\$ 38,256,816</b>	<b>\$ (396,995)</b>	<b>\$ 38,785,176</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	\$ -	\$ 957,807	\$ -	\$ 957,807
OPEB-GASB#75	-	4,785,359	-	4,785,359
<b>Total Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ 5,743,166</b>	<b>\$ -</b>	<b>\$ 5,743,166</b>
<b>FUND BALANCE\NET POSITION</b>				
<b>Total Fund Balance\Net Position</b>	<b>\$ 3,075,243</b>	<b>\$ (19,638,391)</b>	<b>\$ -</b>	<b>\$ (16,563,148)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance\Net Position</b>	<b>\$ 4,000,598</b>	<b>\$ 24,361,591</b>	<b>\$ (396,995)</b>	<b>\$ 27,965,194</b>

See auditor's report. See notes to financial statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
For Year Ended June 30, 2020

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	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
<b>REVENUES</b>					
Real property taxes	\$ 8,108,613	\$ -	\$ -	\$ -	\$ 8,108,613
Other tax items	508,409	-	-	-	508,409
Charges for services	43,789	-	-	-	43,789
Use of money and property	46,227	-	-	-	46,227
Sale of property and compensation for loss	4,595	-	-	-	4,595
Miscellaneous	167,583	-	-	-	167,583
State sources	3,033,108	-	-	-	3,033,108
Federal sources	445,075	-	-	-	445,075
Sales - school lunch	29,368	-	-	-	29,368
<b>Total Revenues</b>	<u>12,386,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,386,767</u>
<b>EXPENDITURES/EXPENSES</b>					
General support	1,556,211	-	-	-	1,556,211
Instruction	5,715,395	35,154	(59,124)	-	5,691,425
Pupil transportation	727,649	-	(109,095)	-	618,554
Employee benefits	3,497,194	1,994,796	-	-	5,491,990
Debt service-principal	40,000	-	-	(40,000)	-
Debt service-interest	30,702	-	-	-	30,702
Cost of sales	155,377	-	-	-	155,377
Capital outlay	4,553,311	-	(4,553,311)	-	-
Depreciation	-	-	575,225	-	575,225
<b>Total Expenditures</b>	<u>16,275,839</u>	<u>2,029,950</u>	<u>(4,146,305)</u>	<u>(40,000)</u>	<u>14,119,484</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(3,889,072)</u>	<u>(2,029,950)</u>	<u>4,146,305</u>	<u>40,000</u>	<u>(1,732,717)</u>
<b>OTHER SOURCES AND USES</b>					
Proceeds of debt	1,089,682	-	-	(1,089,682)	-
Operating transfers in	248,000	(248,000)	-	-	-
Operating transfers (out)	(248,000)	248,000	-	-	-
<b>Total Other Sources (Uses)</b>	<u>1,089,682</u>	<u>-</u>	<u>-</u>	<u>(1,089,682)</u>	<u>-</u>
<b>Net Change for the Year</b>	<u>\$ (2,799,390)</u>	<u>\$ (2,029,950)</u>	<u>\$ 4,146,305</u>	<u>\$ (1,049,682)</u>	<u>\$ (1,732,717)</u>

See auditor's report. See notes to financial statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
BALANCE SHEET- GOVERNMENTAL FUNDS

June 30, 2020

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	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Unrestricted cash	\$ 1,649,539	\$ 1,009	\$ -	\$ -	\$ 37,050	\$ 1,687,598
Restricted cash	1,467,745	-	-	106,239	-	1,573,984
State and federal aid receivable	33,529	153,164	11,342	-	-	198,035
Due from other funds	209,320	-	-	52	200,000	409,372
Due from other governments	124,486	-	-	-	-	124,486
Inventories	-	-	7,123	-	-	7,123
<b>Total Assets</b>	<b>\$ 3,484,619</b>	<b>\$ 154,173</b>	<b>\$ 18,465</b>	<b>\$ 106,291</b>	<b>\$ 237,050</b>	<b>\$ 4,000,598</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 21,790	\$ 3,018	\$ -	\$ -	\$ -	\$ 24,808
Accrued liabilities	6,547	-	8,851	-	-	15,398
Due to other funds	200,000	150,905	46,038	-	52	396,995
Due to other governments	-	-	10	-	-	10
Due to teachers' retirement system	432,360	-	-	-	-	432,360
Due to employees' retirement system	55,482	-	-	-	-	55,482
Unearned revenue	-	-	302	-	-	302
<b>Total Liabilities</b>	<b>716,179</b>	<b>153,923</b>	<b>55,201</b>	<b>-</b>	<b>52</b>	<b>925,355</b>
<b>FUND BALANCES</b>						
Non-spendable	-	-	7,123	-	-	7,123
Restricted	1,467,745	-	-	106,291	1,116,086	2,690,122
Assigned	1,020,045	250	-	-	-	1,020,295
Unassigned	280,650	-	(43,859)	-	(879,088)	(642,297)
<b>Total Fund Balances</b>	<b>2,768,440</b>	<b>250</b>	<b>(36,736)</b>	<b>106,291</b>	<b>236,998</b>	<b>3,075,243</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,484,619</b>	<b>\$ 154,173</b>	<b>\$ 18,465</b>	<b>\$ 106,291</b>	<b>\$ 237,050</b>	<b>\$ 4,000,598</b>

See auditor's report. See notes to financial statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- GOVERNMENTAL  
FUNDS  
For Year Ended June 30, 2020

	----- General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 8,108,613	\$ -	\$ -	\$ -	\$ -	\$ 8,108,613
Other tax items	508,409	-	-	-	-	508,409
Charges for services	43,789	-	-	-	-	43,789
Use of money and property	37,294	-	15	8,918	-	46,227
Sale of property and compensation for loss	4,595	-	-	-	-	4,595
Miscellaneous	167,410	-	173	-	-	167,583
State sources	2,982,067	47,082	3,959	-	-	3,033,108
Federal sources	-	327,656	117,419	-	-	445,075
Sales	-	-	29,368	-	-	29,368
<b>Total Revenues</b>	<u>11,852,177</u>	<u>374,738</u>	<u>150,934</u>	<u>8,918</u>	<u>-</u>	<u>12,386,767</u>
<b>EXPENDITURES</b>						
General support	1,556,211	-	-	-	-	1,556,211
Instruction	5,346,766	368,629	-	-	-	5,715,395
Pupil transportation	703,540	24,109	-	-	-	727,649
Employee benefits	3,458,121	-	39,073	-	-	3,497,194
Debt service						
Principal	40,000	-	-	-	-	40,000
Interest	30,702	-	-	-	-	30,702
Cost of sales	-	-	155,377	-	-	155,377
Capital outlay	-	-	-	-	4,553,311	4,553,311
<b>Total Expenditures</b>	<u>11,135,340</u>	<u>392,738</u>	<u>194,450</u>	<u>-</u>	<u>4,553,311</u>	<u>16,275,839</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>716,837</u>	<u>(18,000)</u>	<u>(43,516)</u>	<u>8,918</u>	<u>(4,553,311)</u>	<u>(3,889,072)</u>
<b>OTHER SOURCES AND USES</b>						
Proceeds of debt	-	-	-	-	1,089,682	1,089,682
Operating transfers in	-	18,000	30,000	-	200,000	248,000
Operating transfers (out)	(248,000)	-	-	-	-	(248,000)
<b>Total Other Sources (Uses)</b>	<u>(248,000)</u>	<u>18,000</u>	<u>30,000</u>	<u>-</u>	<u>1,289,682</u>	<u>1,089,682</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>468,837</u>	<u>-</u>	<u>(13,516)</u>	<u>8,918</u>	<u>(3,263,629)</u>	<u>(2,799,390)</u>
<b>Fund Balance - Beginning of year</b>	<u>2,299,603</u>	<u>250</u>	<u>(23,220)</u>	<u>97,373</u>	<u>3,500,627</u>	<u>5,874,633</u>
<b>Fund Balance - (Deficit) End of year</b>	<u>\$ 2,768,440</u>	<u>\$ 250</u>	<u>\$ (36,736)</u>	<u>\$ 106,291</u>	<u>\$ 236,998</u>	<u>\$ 3,075,243</u>

See auditor's report. See notes to financial statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION

June 30, 2020

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	Private Purpose Trusts	Agency
<b>ASSETS</b>		
Cash	\$ 220,329	\$ 60,620
Total Assets	\$ 220,329	\$ 60,620
 <b>LIABILITIES</b>		
Extraclassroom activity balances	\$ -	\$ 30,104
Due to governmental funds	-	12,377
Other liabilities	-	18,139
Total Liabilities	-	\$ 60,620
 <b>NET POSITION</b>		
Reserved for scholarships	\$ 220,329	

See auditor's report. See notes to financial statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 For Year Ended June 30, 2020

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	Private Purpose Trusts
	<u>          </u>
<b>ADDITIONS</b>	
Interest	\$          686
Gifts and donations	<u>          19,614</u>
<b>Total Additions</b>	<u>          20,300</u>
<b>DEDUCTIONS</b>	
Scholarships and awards	<u>          16,200</u>
<b>Change in Net Position</b>	4,100
<b>Net Position- Beginning of Year</b>	<u>          216,229</u>
<b>Net Position - End of Year</b>	<u><u>          \$      220,329</u></u>

See auditor's report. See notes to financial statements.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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**I. Summary of Significant Accounting Policies**

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

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

**A. Reporting Entity**

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the School 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 review of certain entities included in the School District's reporting entity:

The Extraclassroom Activity Funds

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**B. Joint Venture**

The New Lebanon Central School District is one of 21 component school districts in the Rensselaer, Columbia, and Greene 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.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

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

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which their students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2020, the New Lebanon Central School District was billed \$763,687 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$151,046. Financial statements for the BOCES Aid are available from the BOCES administrative office.

**C. Basis of Presentation**

**1. Districtwide Statements**

The Districtwide 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,

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**I. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**1. Districtwide Statements (Continued)**

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 Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

**2. Fund Financial Statements**

The fund financial 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.

The District reports the following funds:

**a. Major Governmental Funds**

- (1) 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.
- (2) Special Aid Fund** - 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 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.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**2. Fund Financial Statements (Continued)**

**a. Major Governmental Funds (Continued)**

- (3) School Lunch Fund** – Used to account for transactions of the District’s lunch and breakfast programs.
- (4) Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.
- (5) Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

**b. 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 districtwide 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:

- (1) 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.
- (2) 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.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**I. Summary of Significant Accounting Policies (Continued)**

**D. Measurement Focus and Basis of Accounting**

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

The districtwide 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. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 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 reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**E. Cash and Investments**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**I. Summary of Significant Accounting Policies (Continued)**

**F. Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 14. Taxes are collected during the period September 3 to October 31.

Uncollected real property taxes are subsequently enforced by the Counties of Columbia and Rensselaer. An amount representing uncollected real property taxes is transmitted to the Counties for enforcement and is paid by the Counties to the District no later than the forthcoming April 1.

**G. Restricted Resources**

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

**H. Interfund Transactions**

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

In the districtwide 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 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 V for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**I. Summary of Significant Accounting Policies (Continued)**

**I. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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, potential contingent liabilities and useful lives of long-lived assets.

**J. 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 districtwide and fund financial statements. These items are reported as assets on the Statement of Net Position or balance sheet using the consumption method. Under the consumption method, a current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute an available spendable resource.

**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 districtwide financial statements and their use is limited by applicable bond covenants.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**I. Summary of Significant Accounting Policies (Continued)**

**L. Other Assets/Restricted Assets (Continued)**

In the districtwide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

**M. Capital Assets**

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and Improvements	\$ 1,000	15-50
Furniture and Equipment	\$ 1,000	5-25
Vehicles	\$ 1,000	8-10

**N. Compensated Absences**

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

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

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

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**N. Compensated Absences (Continued)**

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vested method and an accrual for that liability is included in the Districtwide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available resources. These amounts are expensed on a pay-as-you-go basis.

**O. Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities and long-term obligations are reported in the districtwide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

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

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

**P. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the districtwide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**I. Summary of Significant Accounting Policies (Continued)**

**Q. Deferred Inflows of Resources**

Deferred inflows of resources represent 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 two items that qualify for reporting in this category. The first item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**R. Unearned Revenue**

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claim to the resources.

**S. Other Benefits**

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides postemployment 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 cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**I. Summary of Significant Accounting Policies (Continued)**

**T. Short-Term Debt**

The School District may issue Revenue and Tax Anticipation Notes in anticipation of 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 revenue anticipation and tax anticipation notes 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 School District may issue Bond Anticipation Notes in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

**U. Equity Classifications**

**1. Districtwide Statements**

In the districtwide statements there are three classes of net position:

**Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement 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.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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I. **Summary of Significant Accounting Policies (Continued)**

U. **Equity Classifications (Continued)**

2. **Fund Statements**

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

**Non-spendable** – 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 \$7,123.

**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:

1. **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and 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.

2. **Unemployment Insurance**

This reserve is 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. This reserve is accounted for in the General Fund.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**U. Equity Classifications (Continued)**

2. Fund Statements (Continued)

3. Employee Benefit Accrued Liability

This reserve is used to set aside funds for the payment of accrued employee benefits 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. This reserve is accounted for in the General Fund.

4. Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

5. Employee Retirement Contributions

This reserve is used for future employee's retirement obligations. 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.

6. Workers' Compensation

This reserve is 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. The reserve is accounted for in the General Fund.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**U. Equity Classifications (Continued)**

**2. Fund Statements (Continued)**

**7. Capital**

This reserve is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and source of the funds. Expenditures 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 for 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.

Restricted fund balance includes the following:

General Fund:

Workers' Compensation	\$ 101,571
Employee Benefit Accrued Liability	115,858
Unemployment Insurance	74,704
Employee Retirement Contributions	292,768
Tax Certiorari	30,176
Capital	852,668
Capital Fund	1,116,086
Debt Service Fund	106,291
Total restricted funds	<u>\$ 2,690,122</u>

**Committed** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision making, the Board of Education. The School District has no committed fund balances as of June 30, 2020.

**Assigned** – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as **Assigned Fund Balance** in the General Fund. Encumbrances reported in the General Fund amounted to \$279,300 and the assigned fund balance amounted to \$740,745.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**U. Equity Classifications (Continued)**

**2. Fund Statements (Continued)**

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

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

Order of Use of Fund Balance:

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

**V. New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable.

**W. Future Changes in Accounting Standards**

GASB Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2021.

GASB has issued Statement 87, *Leases*, effective for the year ending June 30, 2022.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022.

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

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements**

Due to differences in the measurement focus and basis of accounting used in the governmental fund statements and the districtwide 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.

1. 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.

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities:

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

a. 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.

b. 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.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)**

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

c. 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.

d. 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.

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually of their useful lives.

Original cost of capital assets	\$27,233,263
Accumulated depreciation	<u>11,661,649</u>
Capital assets, net	<u>\$15,571,614</u>

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds payable	\$ 190,000
Capital lease payable	\$ 1,089,682
OPEB obligations	\$35,587,013
Compensated Absences	\$ 205,931
Net Pension Liability-Proportionate Share	<u>\$ 1,184,190</u>

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)**

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$575,225 was less than capital expenditures of \$4,721,530 in the current year.

Repayment of bond principal of \$40,000 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

**III. Changes in Accounting Principles**

For the fiscal year ended June 30, 2018, the District implemented GASB Statement #75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See Note IX. for the financial statement impact of the implementation of the statement.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. Cash and Investments**

**A. Deposits**

The New Lebanon Central School District's investment policies are governed by State statutes. The New Lebanon Central School District's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit 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 school districts.

Custodial credit risk is the risk that in an event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District's custodial bank in the School District's name.

**B. Investment Pool**

The New Lebanon Central School District participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2020, the School District held \$2,554,997 in investments consisting of various investments in securities issued by the United States and its agencies. The investments are highly liquid and considered to be cash equivalents. The investment pool is categorically exempt from the New York State collateralization requirements.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**V. Interfund Transaction**

Interfund balances at June 30, 2020 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 209,320	\$ 200,000	\$ -	\$ 248,000
Special Aid Fund	-	150,905	18,000	-
School Lunch Fund	-	46,038	30,000	-
Capital Fund	200,000	52	200,000	-
Debt Service Fund	52	-	-	-
	<u>409,372</u>	<u>396,995</u>	<u>\$ 248,000</u>	<u>\$ 248,000</u>
Total governmental activities				
Fiduciary Agency Fund	<u>-</u>	<u>12,377</u>		
Totals	<u>\$ 409,372</u>	<u>\$ 409,372</u>		

The District typically transfers from the General Fund to the Special Aid Fund to pay its' share of the Summer Handicapped Program.

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**VI. Capital Assets**

A summary of changes in general fixed assets follows:

	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
<u>Capital assets-not depreciated:</u>				
Land	\$ 94,575	\$ -	\$ -	\$ 94,575
Construction in progress	624,332	3,463,629	-	4,087,961
Total capital assets-not depreciated:	718,907	3,463,629	-	4,182,536
 <u>Other capital assets:</u>				
Buildings and improvements	19,304,780	1,089,682	-	20,394,462
Machinery and equipment	958,444	59,124	-	1,017,568
Vehicles	1,529,602	109,095	-	1,638,697
Total other capital assets:	21,792,826	1,257,901	-	23,050,727
 <u>Less accumulated depreciation:</u>				
Buildings and improvements	9,201,224	394,963	-	9,596,187
Machinery and equipment	769,035	44,800	-	813,835
Vehicles	1,116,165	135,462	-	1,251,627
Total accumulated depreciation	11,086,424	575,225	-	11,661,649
Other capital assets, net	10,706,402	682,676	-	11,389,078
Total	\$ 11,425,309	\$ 4,146,305	\$ -	\$ 15,571,614

Depreciation expense for the period was shown as unallocated in the Statement of Activities.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VII. Pension Plans**

1. General Information

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

2. Plan Descriptions and Benefits Provided

**Teachers' Retirement System (TRS)**

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

**Employees' Retirement System (ERS)**

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). 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. That report, including information with regard to benefits provided, may be found at: [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**VII. Pension Plans (Continued)**

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 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Contributions

	<u>ERS</u>	<u>TRS</u>
2020	\$0	\$495,038
2019	\$192,895	\$457,987
2018	\$193,054	\$525,503

3. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, 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, 2020 for ERS and June 30, 2018 for TRS. The total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The District's proportion of the net pension (asset)/liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	1-Apr-19	30-Jun-18
Net pension liability/(asset)	\$1,184,190	(\$665,899)
District's portion of the Plan's total net pension liability	.0044719%	.025631%
Change in proportion since the prior measurement date	(.0004006%)	(.000456%)

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**VII. Pension Plans (Continued)**

For the year ended June 30, 2020, the District's recognized pension expense of \$403,621 for ERS and \$826,432 for TRS. At June 30, 2020 the District 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	\$69,694	\$451,263	\$0	\$49,518
Changes of assumptions	23,844	1,257,973	20,589	306,729
Net difference between projected and actual earnings on pension plan investments	607,073	0	0	534,017
Changes in proportion and differences between the District's contributions and proportionate share of contributions	28,385	42,626	23,257	23,697
District's contributions subsequent to the measurement date	55,482	394,509	0	0
<b>Total</b>	<b>\$784,478</b>	<b>\$2,146,371</b>	<b>\$43,846</b>	<b>\$913,961</b>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2020	\$ -	\$ 304,195
2021	115,768	22,049
2022	172,909	303,104
2023	220,936	201,865
2024	175,538	23,945
Thereafter	-	(17,258)

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**VII. Pension Plans (Continued)**

4. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with 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:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.8%	7.10%
Salary scale	4.20%	1.90%-4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.20%

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, 2018 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, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VII. Pension Plans (Continued)**

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

Measurement date	<u>ERS</u>	<u>TRS</u>
	March 31, 2020	June 30, 2019
<u>Asset Type</u>	<u>%</u>	<u>%</u>
Domestic Equities	36%	33%
International Equities	14%	16%
Global equities	0%	4%
Private Equity	10%	8%
Real Estate Equity	10%	11%
Domestic fixed income securities	0%	16%
Global bonds	0%	2%
Private debt	0%	1%
Bonds and mortgages	17%	0%
Absolute return strategies	2%	0%
Opportunistic funds	3%	0%
Real estate debt	0%	7%
Cash Equivalents	1%	1%
Inflation-Indexed bonds	4%	0%
High yield fixed income securities	0%	1%
Real assets	3%	0%
	100%	100%

5. Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.10 % for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VII. Pension Plans (Continued)**

6. Sensitivity of the Proportionate Share of Net Pension Asset/Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/liability calculated using the discount rate of 6.8% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8% or ERS and 6.10% for TRS) or 1-percentage point higher (7.8% for ERS and 8.10% for TRS) than the current rate :

ERS	1% Decrease <u>(5.8%)</u>	Current Assumption <u>(6.8%)</u>	1% Increase <u>(7.8%)</u>
Employer's proportionate share of the net pension (asset) liability	\$2,173,323	\$1,184,190	\$273,194
TRS	1% Decrease <u>(6.10%)</u>	Current Assumption <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Employer's proportionate share of the net pension (asset) liability	\$3,005,800	(\$665,899)	(\$3,746,041)

7. 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:

	<u>ERS</u> March 31, 2020	<u>TRS</u> June 30, 2019
Measurement date		
Employers' total pension liability	\$ 194,596,261	\$ 119,879,473,882
Plan Fiduciary Net Position	168,115,682	122,477,480,654
Employers' net pension liability/(asset)	26,480,579	(2,598,006,772)
Ratio of plan fiduciary net position to the Employers' total pension (asset)/liability	86.3900%	102.2000%

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**VII. Pension Plans (Continued)**

8. 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, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$55,482.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$432,360.

NEW LEBANON CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**VIII. Long-Term Debt Obligations**

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

**1. Long-Term Debt Interest**

Interest paid \$30,702

**2. Changes**

	Restated Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020	Due Within One Year
Bonds	\$ 230,000	\$ -	\$ 40,000	\$ 190,000	\$ 45,000
EPC-Capital Lease	-	1,089,682	-	1,089,682	\$ 57,560
Compensated					
Absences	170,777	35,154	-	205,931	
OPEB Obligations	28,125,577	7,461,436		35,587,013	
Net Pension Liability- Proportionate Share	345,233	838,957	-	1,184,190	
Totals	<u>\$ 28,871,587</u>	<u>\$ 9,425,229</u>	<u>\$ 40,000</u>	<u>\$ 38,256,816</u>	

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

**3. Maturity**

a. The following is a summary of the debt issued:

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2020
Bonds:				
Construction	2010	2023	4%	\$ 190,000
Total				<u>\$ 190,000</u>

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**VIII. Long-Term Debt Obligations (Continued)**

**3. Maturity (Continued)**

b. The following is a summary of maturing principal debt service requirements:

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Serial Bonds:	2021	\$ 45,000	\$ 8,325	\$ 53,325
	2022	45,000	6,412	51,412
	2023	50,000	4,500	54,500
	2024	50,000	2,250	52,250
	2025	-	-	-
	2026 and thereafter	-	-	-
	Total	<u>\$ 190,000</u>	<u>\$ 21,487</u>	<u>\$ 211,487</u>

**4. Capital Leases**

The New Lebanon Central School District entered into an agreement to finance the cost of energy efficiency improvements over a 15-year period. The unpaid balance at June 30, 2020 was \$1,089,682. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2020.

<u>Year Ending June 30, _____</u>	<u>General Long-Term Debt</u>
2021	\$ 86,367
2022	86,367
2023	86,367
2024	86,367
2025	86,367
Thereafter	<u>906,861</u>
Minimum lease payments-Capital lease	1,338,696
Less: Amount representing interest of 2.68%	<u>249,014</u>
Present value- minimum lease payments	<u>\$1,089,682</u>

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**IX. Postemployment (Health Insurance) Benefits**

**A. General Information about the OPEB Plan**

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

*Benefits Provided-* The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

*Employees Covered by Benefit Terms-* At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	111
Inactive plan employees entitled to but not yet receiving benefit payments	-
Active plan members	<u>88</u>
Total membership	199

**B. Total OPEB Liability**

The District's total OPEB liability of \$35,587,013 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs-* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**IX. Postemployment (Health Insurance) Benefits (Continued)**

**B. Total OPEB Liability (Continued)**

Inflation	2.6%
Salary Increases	2.6%, average, including inflation
Discount Rate	2.21%
Healthcare Cost Trend Rates	6.1% for 2019, decreasing to an ultimate rate of 4.1% over 57 years

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

Mortality rates were based on the RP-2014 adjusted to 2006 Total Dataset Mortality Table generationally projected using Scale MP-2018.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2019	<u>\$ 28,125,577</u>
<u>Changes for the Year</u>	
Service cost	1,124,030
Interest	1,010,156
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	6,109,978
Benefit payments	<u>(782,728)</u>
Net Changes	<u>7,461,436</u>
<b>Balance at June 30, 2020</b>	<u><u>\$ 35,587,013</u></u>

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 -----

**IX. Postemployment (Health Insurance) Benefits (Continued)**

**C. Changes in the Total OPEB Liability (Continued)**

Changes of assumptions and other inputs reflect no change in the discount rate of 3%.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate-* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	(1.21%) <u>1% Decrease</u>	(2.21%) Current Discount <u>Rate</u>	(3.21%) <u>1% Increase</u>
Total OPEB Liability	<u>\$42,819,145</u>	<u>\$35,587,013</u>	<u>\$29,950,094</u>

*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 or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	Healthcare Cost Trend Rates	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 28,737,281</u>	<u>\$ 35,587,013</u>	<u>\$ 44,875,602</u>

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 -----

**IX. Postemployment (Health Insurance) Benefits (Continued)**

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,340,271. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,005	(\$ 715,173)
Changes of assumptions	<u>5,184,224</u>	<u>(4,070,186)</u>
Total	<u>\$5,193,229</u>	<u>(\$4,785,359)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	(\$11,187)
2022	(11,187)
2023	(11,187)
2024	(11,187)
2025	(11,187)
Thereafter	463,805

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
-----

**X. Commitments and Contingencies**

**A. Risk Financing and Related Insurance**

1. General Information

The New Lebanon Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. 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.

2. Health Insurance

The School District participates in the Rensselaer-Columbia-Greene Health Insurance Trust which is a trust formed under New York State Insurance Law on June 30, 1988. The Trust's purpose is to provide health insurance coverage at a lower rate for member educational institutions due to a larger participation pool.

3. Grants

The School District has received grants, which are subject to audit by agencies of the State and Federal government. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial.

4. Litigation

There are currently pending tax certiorari proceedings, the results of which could require the payments of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. The School District has established a tax certiorari reserve to cover a portion of the potential refund exposure and the District has legal authority to borrow funds to repay school taxes when needed.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**XI. Other Disclosures**

**A. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**

Total governmental fund balance	\$ 3,075,243
Capital assets (net)	15,571,614
Net pension asset	665,899
Deferred outflows of resources	8,124,078
Bonds payable	(190,000)
Capital lease payable	(1,089,682)
Net pension liability- proportionate share	(1,184,190)
Deferred inflows of resources	(5,743,166)
Compensated absences	(205,931)
OPEB obligations	(35,587,013)
Total net position	<u>\$ (16,563,148)</u>

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 -----

**XI. Other Disclosures (Continued)**

**B. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities**

Net changes in fund balance – total governmental funds	(\$2,799,390)
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	4,721,530
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(575,225)
Repayments of Long-term Debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position	40,000
Proceeds from debt are recognized as revenue in the governmental funds, but not in the Statement of Activities	(1,089,682)
 (Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers' Retirement System	(443,583)
Employees' Retirement System	(210,942)
 Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
OPEB obligations	(1,340,271)
Compensated absences	<u>(35,154)</u>
 Change in Net Position – Governmental Activities	 <u>(\$ 1,732,717)</u>

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**XII. Stewardship, Compliance and Accountability**

**A. Budgetary Procedures and Budgetary Accounting**

1. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations lapse at the fiscal year end 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 General Fund budget was increased to reflect carryover encumbrances of \$11,997.

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

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

Special Aid Fund and School Lunch Fund have not been included because they do not have legally authorized budgets.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**XII. Stewardship, Compliance and Accountability (Continued)**

**A. Budgetary Procedures and Budgetary Accounting (Continued)**

2. 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.
3. The School Lunch Fund had a deficit fund balance of \$36,736. The primary factor for the deficit was that the cost of operations exceeded the revenues by \$43,516. As there is no provision in the statute for operating this fund at a deficit, steps should be taken to operate this fund in a “breakeven” or profitable manner.

**XIII. Subsequent Events**

There were no significant subsequent events to report from the period of July 1, 2020 to October 14, 2020.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND  
 For Year Ended June 30, 2020

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	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 7,934,522	\$ 7,934,522	\$ 8,108,613	\$ 174,091
Other tax items	498,067	498,067	508,409	10,342
Charges for services	146,000	146,000	43,789	(102,211)
Use of money and property	36,000	36,000	37,294	1,294
Sale of property and compensation for loss	2,000	2,000	4,595	2,595
Miscellaneous	340,000	340,000	167,410	(172,590)
<b>Total Local Sources</b>	<u>8,956,589</u>	<u>8,956,589</u>	<u>8,870,110</u>	<u>(86,479)</u>
State sources	<u>3,199,072</u>	<u>3,199,072</u>	<u>2,982,067</u>	<u>(217,005)</u>
<b>Total Revenues</b>	<u>12,155,661</u>	<u>12,155,661</u>	<u>\$ 11,852,177</u>	<u>\$ (303,484)</u>
<b>Appropriated Reserves</b>	-	11,997		
<b>Appropriated Fund Balance</b>	<u>325,218</u>	<u>325,218</u>		
<b>Total Revenues and Appropriated     Fund Balance and Reserves</b>	<u>\$ 12,480,879</u>	<u>\$ 12,492,876</u>		

See paragraph on required supplementary information included in auditor's report.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-  
GENERAL FUND  
For Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of education	\$ 18,400	\$ 18,865	\$ 14,890	\$ -	\$ 3,975
Central administration	235,631	236,322	235,560	245	517
Finance	259,122	289,446	283,381	85	5,980
Staff	97,000	96,201	80,957	-	15,244
Central services	1,009,442	931,402	821,753	16,768	92,881
Special items	118,000	120,500	119,670	-	830
<b>Total General Support</b>	<u>1,737,595</u>	<u>1,692,736</u>	<u>1,556,211</u>	<u>17,098</u>	<u>119,427</u>
<b>Instructional</b>					
Instruction, administration and improvement	582,631	637,680	561,406	35,292	40,982
Teaching - regular school	3,095,052	3,218,279	3,000,351	34,532	183,396
Programs for children with handicapping conditions	1,046,859	1,047,534	878,420	5,076	164,038
Occupational education	165,000	165,000	127,128	-	37,872
Teaching - special school	15,500	16,680	11,254	-	5,426
Instructional media	404,090	592,604	371,808	181,084	39,712
Pupil services	475,203	432,319	396,399	2,635	33,285
<b>Total Instructional</b>	<u>5,784,335</u>	<u>6,110,096</u>	<u>5,346,766</u>	<u>258,619</u>	<u>504,711</u>
Pupil transportation	836,380	826,675	703,540	1,939	121,196
Employee benefits	3,314,069	3,531,069	3,458,121	1,644	71,304
<b>Debt service</b>					
Principal	175,000	48,800	40,000	-	8,800
Interest	385,500	35,500	30,702	-	4,798
<b>Total Expenditures</b>	<u>12,232,879</u>	<u>12,244,876</u>	<u>11,135,340</u>	<u>279,300</u>	<u>830,236</u>
<b>OTHER FINANCING USES</b>					
Operating transfers out	248,000	248,000	248,000	-	-
<b>Total Expenditures and Other Financing Uses</b>	<u>\$ 12,480,879</u>	<u>\$ 12,492,876</u>	<u>11,383,340</u>	<u>\$ 279,300</u>	<u>\$ 830,236</u>
<b>Net change in fund balance</b>			468,837		
<b>Fund balance- Beginning</b>			<u>2,299,603</u>		
<b>Fund balance- Ending</b>			<u>\$ 2,768,440</u>		

See paragraph on required supplementary information included in auditor's report.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY  
For Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2019</u>
<b>Total OPEB Liability</b>			
Service Cost at end of year	\$ 1,124,030	\$ 1,433,100	\$ 1,598,828
Interest	1,010,156	1,025,455	975,580
Changes of benefit terms	-	(38,416)	-
Difference between expected and actual experience	-	(995,633)	13,097
Changes of assumptions or other inputs	6,109,978	(5,666,336)	-
Benefit payments	(782,728)	(757,015)	(761,524)
<b>Net change in Total OPEB Liability</b>	7,461,436	(4,998,845)	1,825,981
<b>Total OPEB Liability- beginning</b>	28,525,577	33,124,422	31,298,441
<b>Total OPEB Liability- ending</b>	<u>\$ 35,587,013</u>	<u>\$ 28,125,577</u>	<u>\$ 33,124,422</u>
<b>Covered-employee payroll</b>	4,603,527	4,603,527	5,574,508
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	773.04%	610.96%	594.21%

See paragraph on required supplementary information included in auditor's report

NEW LEBANON CENTRAL SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY  
June 30, 2020  
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	<u>Teachers' Retirement System</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District 's proportion of the net pension asset/liability	.025631%	.026087%	.025618%	.025855%
District's proportionate share of the net pension (asset)/liability	\$ (665,899)	\$ (471,720)	\$ (194,721)	\$ 276,921
District's covered-employee payroll	\$ 4,452,692	\$ 4,392,860	\$ 4,347,846	\$ 4,059,583
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	14.95%	10.74%	4.48%	6.82%
Plan fiduciary net position as a percentage of the total pension liability	102.20%	101.53%	100.66%	99.01%
	<u>Employees' Retirement System</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District 's proportion of the net pension liability	.0044719%	.0048725%	.0046649%	.0047761%
District's proportionate share of the net pension liability	\$ 1,184,190	\$ 345,233	\$ 150,558	\$ 448,776
District's covered-employee payroll	\$ 1,394,984	\$ 1,364,658	\$ 1,323,553	\$ 1,334,652
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	84.89%	25.30%	11.38%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%

See paragraph on required supplementary information included in auditor's report.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
June 30, 2020

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Teachers' Retirement System

	2020	2019	2018	2017
Contractually required contribution	\$ 394,509	\$ 466,522	\$ 426,089	\$ 525,503
Contributions in relation to the contractually required contribution	<u>394,509</u>	<u>466,522</u>	<u>426,089</u>	<u>525,503</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 4,452,692</u>	<u>\$ 4,392,860</u>	<u>\$ 4,347,846</u>	<u>\$ 4,059,583</u>
Contributions as a percentage of covered employee payroll	8.86%	10.6%	9.8%	12.9%

Employees' Retirement System

	2020	2019	2018	2017
Contractually required contribution	\$ 195,069	\$ 192,895	\$ 193,054	\$ 183,711
Contributions in relation to the contractually required contribution	<u>195,069</u>	<u>192,895</u>	<u>193,054</u>	<u>183,711</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 1,394,984</u>	<u>\$ 1,364,658</u>	<u>\$ 1,323,553</u>	<u>\$ 1,334,652</u>
Contributions as a percentage of covered employee payroll	14.0%	14.1%	14.6%	13.8%

See paragraph on required supplementary information included in auditor's report.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND  
 THE REAL PROPERTY TAX LIMIT  
 For Year Ended June 30, 2020

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**CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET**

<b>Original Budget</b>	\$ 12,480,879
<b>Additions:</b>	
Prior year's encumbrances	11,997
<b>Final Budget</b>	\$ 12,492,876

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

2020-21 Voter-approved Expenditure Budget	\$ 12,764,051
Maximum allowed (4% of 2020-2021 Budget)	\$ 510,522

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

Unrestricted fund balance:	
Assigned fund balance	\$ 1,020,045
Unassigned fund balance	280,650
Total unrestricted fund balance	\$ 1,300,695

Less:

Appropriated fund balance	740,745
Encumbrances included in committed and assigned fund balance	279,300
Total adjustments	\$ 1,020,045

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ 280,650
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Actual percentage	2.20%
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\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (originally Issued November 2010), the portion of General Fund Fund Balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

See paragraph on required supplementary information included in auditor's report.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND  
For Year Ended June 30, 2020  
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PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
Walter B. Howard-Elementary	\$ 1,336,000	\$ 1,339,689	\$ 1,353,627	\$ -	\$ 1,353,627	\$ (13,938)	\$ 530,160	\$ 190,353	\$ 619,176	\$ 1,339,689	\$ (13,938)
Walter B. Howard-Elementary	40,000	42,800	40,894	-	40,894	1,906	-	-	42,800	42,800	1,906
Hot Water Heater	130,000	130,000	131,337	-	131,337	(1,337)	-	-	130,000	130,000	(1,337)
Bus Garage	1,200,000	1,000,000	988,632	-	988,632	11,368	-	-	1,000,000	1,000,000	11,368
Jr./Sr. High School	100,000	200,000	163,422	-	163,422	36,578	-	-	200,000	200,000	36,578
Roofing Project	130,000	130,000	121,480	-	121,480	8,520	-	-	130,000	130,000	8,520
Bathroom-Pool Jr./Sr. High	100,000	100,000	98,744	-	98,744	1,256	-	-	100,000	100,000	1,256
Roof- Jr./Sr. High	300,000	630,000	607,232	-	607,232	22,768	-	-	630,000	630,000	22,768
Security Upgrades	110,000	110,000	105,519	-	105,519	4,481	-	-	110,000	110,000	4,481
Entrance	126,000	130,000	129,045	-	129,045	955	-	-	130,000	130,000	955
Water Pressure	107,800	115,000	114,164	-	114,164	836	-	-	115,000	115,000	836
Renovation Project-2017	11,855,000	11,855,000	615,445	3,463,629	4,079,074	7,775,926	-	-	4,226,845	4,226,845	147,771
Energy Performance Contract	1,089,682	1,089,682	-	1,089,682	1,089,682	-	1,089,682	-	-	1,089,682	-
	<u>\$ 16,624,482</u>	<u>\$ 16,872,171</u>	<u>\$ 4,469,541</u>	<u>\$ 4,553,311</u>	<u>\$ 9,022,852</u>	<u>\$ 7,849,319</u>	<u>\$ 1,619,842</u>	<u>\$ 190,353</u>	<u>\$ 7,433,821</u>	<u>\$ 9,244,016</u>	<u>\$ 221,164</u>

See paragraph on required supplementary information included in auditor's report.

NEW LEBANON CENTRAL SCHOOL DISTRICT  
 INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT  
 FOR THE YEAR ENDED JUNE 30, 2020

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Capital assets, net		\$ 15,571,614
Deduct:		
Short-term portion of capital lease payable	\$ 57,560	
Short-term portion of bonds payable	450,000	
Long-term portion of bonds payable	145,000	
Long-term portion of capital lease payable	<u>1,032,122</u>	<u>1,279,682</u>
Net investment in capital assets		<u><u>\$ 14,291,932</u></u>

See paragraph on required supplementary information included in auditor's report.

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## 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 of the  
New Lebanon Central School District:

We have audited, 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, the financial statements of the governmental activities, each major fund and the fiduciary funds of the New Lebanon Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated October 14, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered New Lebanon 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 New Lebanon Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of New Lebanon 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 the New Lebanon Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*. We noted certain other matters that we have reported to the Board of Education, Audit Committee and Management in our accompanying management letter.

## **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.

Claverack, New York  
October 14, 2020

**RAYMOND G. PREUSSER, CPA, P.C.**

Certified Public Accountants

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To the Board of Education of the  
New Lebanon Central School District:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary funds of the New Lebanon Central School District as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the New Lebanon Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Lebanon Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the New Lebanon 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 14, 2020 on the financial statements of the New Lebanon Central School District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Other Matters:

Fixed Assets

During our audit, we noted that the fixed asset inventory had not been updated with new additions and deletions during the year.

We recommend that the additions and deletions to the inventory be sent to BOCES who provides the fixed asset service for the District. Also the District should have a physical inventory performed at the completion of the current Capital Project.

School Lunch Fund

During our audit, we noted the following:

1. The Fund had an operating loss in the amount of \$43,516, but with the interfund transfer of \$30,000 from the General Fund this reduced the loss to \$13,516 to end with a deficit fund balance of \$36,736.
2. The Fund is indebted to the General Fund in the amount of \$46,038 as of June 30, 2020.

A School Lunch Fund operation is to be maintained on a "breakeven" or profitable basis.

We did note that the District included in the 2020-21 budget a transfer from General Fund of \$35,000 to help cover the costs of the program. We urge the District to monitor the revenues and expenditures closely to eliminate the deficit.

We recommend the District establish a plan to eliminate the interfund payable as soon as possible.

This communication is intended solely for the information and use of the Board of Education, management, the audit committee, the New York State Education Department and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the Business Office personnel for their courtesies received during the course of our audit.

Very truly yours,  
RAYMOND G. PREUSSER, CPA, P.C.

Scott R. Preusser