

LONG LAKE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

**LONG LAKE CENTRAL SCHOOL DISTRICT  
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**JUNE 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

October 2, 2017

Board of Education

Long Lake Central School District

Long Lake, NY

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Long Lake Central School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Long Lake 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Long Lake Central School District, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows 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 and budgetary comparison information on pages 3-14 and 59-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

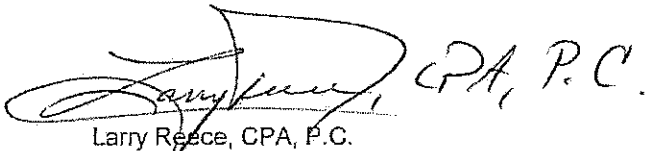
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Long Lake Central School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2017, on our consideration of the Long Lake Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Long Lake Central School District's internal control over financial reporting and compliance.



Larry Reece, CPA, P.C.

Potsdam, NY  
October 2, 2017

**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

The Long Lake School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2017 and 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

- The District's total Net Position as reflected in the District-wide financial statements, decreased by \$ 504,161. The primary factor causing this decrease was due to Government Accounting Standards Board's Statement No. 45, Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pension. This required the recognition of current year expense and increased liability of \$453,408. This decrease was partially offset by an increase in net revenues this year (see below).
- Total revenues increased by \$46,687, or 1.32%. This was due primarily to a 62.94% increase in Charges for Services of \$13,300, an 8.48% increase in State and Federal Aid of \$56,143, and an increase of 5.46% or \$3,097 in Operating Grants and Contributions.
- Total expenses as reflected in the District-wide financial statements were \$4,095,488. Of this amount, \$34,431 was offset by program charges for services. General revenues of \$ 3,497,087 amount to 97.38% of total revenues. These revenues covered a portion of the balance of program expenses.
- The District's total fund balance increased this year by \$98,949, compared to the decrease for fiscal year ended June 30, 2016 of \$233,986. Much of this was due to only \$25,700 in Capital Outlays which were offset by State aid received in the amount of \$25,700.
- Absent the accrual for Other Postemployment Retirement Benefits and the credit for Pension costs, the School District's employee benefits cost decreased \$23,623 or 1.94% for the 2016-2017 fiscal year.
- The School District made only small changes in the Capital Reserve account this year of \$53. There were no changes to the other reserve accounts.
- The School District's General Support expenditures increased \$27,960 to \$682,879 this year from \$654,919 in the prior fiscal year.

**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

**1. FINANCIAL HIGHLIGHTS, con't.**

- After factoring in the School District's expected payment of \$357,473 calculated by the actuaries, the total liability for Other Post-Employment Benefits in accordance with GASB 45 increased to a little more than \$4.6 million.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts: Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. The two kinds of statements present different views of the School District.

**(a) District-wide Financial Statements**

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements – the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

**The Statement of Net Position**

The Statement of Net Position presents information on all of the School District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

**The Statement of Activities**

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

**(b) Fund Financial Statements**

The fund financial statements provide more detailed information about the School District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds: general fund, school lunch fund, special aid fund, and capital projects fund; each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's

**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

**2. OVERVIEW OF THE FINANCIAL STATEMENTS, con't.**

Fiduciary Funds, con't.

District-wide financial statements because the District cannot use these assets to finance its operations.

Table A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**Table A-1 Major Features of the District-Wide and Fund Financial Statements**

	<b>Fund Financial Statements</b>		
	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District (except Fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

See Independent Auditor's Report



**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

*(a) Net Position*

The District's total net position decreased \$ 504,161 between fiscal year 2017 and 2016. A summary of the District's Statement of Net Position for June 30, 2017 and 2016 is as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>INCREASE (DECREASE)</u>	<u>% Change</u>
Current and Other Assets	\$ 2,116,422	\$ 2,877,445	\$ (761,023)	-26.45%
Capital Assets, (Net of Accumulated Depreciation)	1,526,234	1,679,390	(153,156)	-9.12%
Total Assets	<u>\$ 3,642,656</u>	<u>\$ 4,556,835</u>	<u>\$ (914,179)</u>	<u>-20.06%</u>
Deferred Outflows-Pensions	<u>750,427</u>	<u>185,300</u>	<u>565,127</u>	<u>304.98%</u>
Total Assets & Deferred Outflows	<u>\$ 4,393,083</u>	<u>\$ 4,742,135</u>	<u>\$ (349,052)</u>	
Non-Current Liabilities	\$ 4,609,390	\$ 4,155,982	\$ 453,408	10.91%
Other Liabilities	394,275	424,801	(30,526)	-7.19%
Total Liabilities	<u>\$ 5,003,665</u>	<u>\$ 4,580,783</u>	<u>\$ 422,882</u>	<u>9.23%</u>
Deferred Inflows - Pensions	<u>55,710</u>	<u>323,483</u>	<u>(267,773)</u>	<u>-82.78%</u>
Total Liabilities & Deferred Inflows	<u>\$ 5,059,375</u>	<u>\$ 4,904,266</u>	<u>\$ 155,109</u>	
Net Position				
Invested in Capital Assets, Net of Related Debt	\$ 1,526,234	\$ 1,679,390	\$ (153,156)	-9.12%
Restricted	718,312	718,251	61	0.01%
Unrestricted (Deficit)	(2,910,838)	(2,559,772)	(351,066)	-13.71%
Total Net Position	<u>\$ (666,292)</u>	<u>\$ (162,131)</u>	<u>\$ (504,161)</u>	<u>-310.96%</u>

Current and Other Assets decreased, compared to the prior year by: \$ (761,023)  
This decrease is primarily due to the decrease in the Net Pension Asset-Proportionate share as required by GASB 68. This account was valued at \$ 835,278 at June 30, 2016. At the end of the current fiscal year the Net Pension Asset - Proportionate share was \$0.

As compared to the prior year, Non-Current Liabilities increased by: \$ 453,408  
This increase is primarily due to the expense amount accrued for the other Post Retirement Health Care Benefits Program.

As compared to the prior year, Other Liabilities decreased by: \$ (30,526)  
This decrease is primarily due to a reduced accrual amount for the Teachers' Retirement System expenses and a decrease in the Net Pension Liability-Proportionate Share required to be disclosed in accordance with GASB 45.

See Independent Auditor's Report

**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (con't)**

*(a) Net Position (con't)*

The net assets invested in capital assets is calculated by subtracting the total amounts of accumulated depreciation from the total cost of major asset acquisitions. The total cost of these acquisitions includes expenditures to purchase land; construct and improve buildings; and purchase vehicles, equipment and furniture to support District operations. Including additions, deletions, and the increase in accumulated depreciation, the Investment in Capital Assets decreased because of the increase in accumulated depreciation for \$ 153,156

The Unrestricted Funds in Net Position at June 30, 2017 is a deficit of: \$ (2,910,838)  
This deficit represents the amount by which the District's liabilities less the Restricted Funds exceeded the District's total assets minus the capital assets. The decrease results primarily from the required accrual of postemployment retirement benefits in accordance with GASB 45.

**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE , cont.**

*(b) Changes in Net Position*

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2017 and 2016 is as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>INCREASE (DECREASE)</u>	<u>% CHANGE</u>
<b>Revenues</b>				
Program Revenues				
Operating Grants and Contributions	\$ 59,809	\$ 56,712	\$ 3,097	5.46%
Charges for Services	34,431	21,131	13,300	62.94%
General Revenues				
Property Taxes	2,709,282	2,726,872	(17,590)	-0.65%
Other Real Property Tax Items	45,149	44,666	483	1.08%
State and Federal Aid	718,311	662,168	56,143	8.48%
Use of Money and Property	452	486	(34)	-7.00%
Miscellaneous	23,893	32,605	(8,712)	-26.72%
Total Revenues	\$ 3,591,327	\$ 3,544,640	\$ 46,687	1.32%
<b>Expenses</b>				
General Support	\$ 682,879	\$ 654,919	\$ 27,960	4.27%
Instruction	3,133,196	2,817,149	316,047	11.22%
Pupil Transportation	97,482	115,229	(17,747)	-15.40%
Community Service			-	
Debt Service - Interest			-	
Depreciation	153,156	147,243	5,913	4.02%
School Lunch Program	28,775	29,642	(867)	-2.92%
Total Expenses	\$ 4,095,488	\$ 3,764,182	\$ 331,306	8.80%
<b>Other Financing Sources (Uses)</b>				
Increase (Decrease) in Net Position	\$ (504,161)	\$ (219,542)	\$ (284,619)	-129.64%

Revenues for the District as a whole increased by 1.32% in 2017 as compared to 2016, for a total amount of: \$ 46,687  
The major factor contributing to this increase was the increase in State and Federal Aid, as Property Taxes and Miscellaneous items decreased \$ (26,302)

Expenditures for the District as a whole, increased in 2017 as compared to 2016 by 8.8% for a total amount of: \$ 331,306  
This is primarily due to the recording of expenses associated with the accrual of Post Retirement Health Costs per the district's actuaries in compliance with GASB 45.

See Independent Auditor's Report

**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

**4. FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

At June 30, 2017, the School District's governmental funds reported a combined balance of: \$ 1,930,516  
This is an increase of \$98,948 over the prior year's total of \$1,831,568. A summary of the change in fund balance by fund is as follows:

	<u>2017</u>	<u>2016</u>	<u>Increase/ (Decrease)</u>
<b>General Fund</b>			
Nonspendable	\$ 74,796	\$ 62,776	\$ 12,020
Restricted for:			
Retirement Contribution	80,000	80,000	-
Insurance	20,000	20,000	-
Tax Certiorari	32,727	32,724	3
Capital	533,730	533,677	53
Repairs	51,855	51,850	5
Assigned	900,906	855,749	45,157
Unassigned	224,574	183,447	41,127
Total General Fund	<u>\$ 1,918,588</u>	<u>\$ 1,820,223</u>	<u>\$ 98,365</u>
 <b>School Lunch Fund</b>			
Nonspendable	\$ 1,242	\$ 1,089	\$ 153
Assigned	10,686	10,256	430
Unassigned	-	-	-
Total School Lunch	<u>\$ 11,928</u>	<u>\$ 11,345</u>	<u>\$ 583</u>
 <b>Capital Projects Fund</b>			
Assigned	\$ -	\$ -	\$ -
 Total Fund Balance (Deficit) - All Funds	<u>\$ 1,930,516</u>	<u>\$ 1,831,568</u>	<u>\$ 98,948</u>

See Independent Auditor's Report

**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

***(a) 2016 - 2017 Budget***

The District's general fund adopted budget for the year ended June 30, 2017 was: \$ 3,894,743  
This represents an increase over the prior year's adopted budget of: (29,192)

The budget was funded through a combination of revenues and designated fund balance.  
The majority of this funding was through real property taxes of: \$ 2,709,282

***(b) Change in General Fund's Unassigned Fund Balance (Budget to Actual)***

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance." The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 183,447
Revenues over Budget	221,968
Expenditures and Encumbrances under Budget	484,221
Net (Increase) Decrease to Reserved Funds	(62)
Appropriated for June 30, 2018	(665,000)
Closing, Unassigned Fund Balance	<u>\$ 224,574</u>

**Opening, Unassigned Fund Balance**

The \$ 183,447 shown above is that part of the District's fiscal year ending June 30, 2016 fund balance that was retained unassigned. This was 4.71% of the approved operating budget for the District's 2016-2017 fiscal year.

**Revenues Over Budget**

For 2016-2017 the budget for revenues was \$ 3,269,185 without the inclusion of the prior year's appropriated fund balance. The actual revenues received for the fiscal year 2016-2017 were \$ 3,491,153 also minus the inclusion of the prior year's appropriated fund balance. The actual received exceeded the above budgeted amount by \$ 221,968

See Independent Auditor's Report

**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

**5. GENERAL FUND BUDGETARY HIGHLIGHTS, con't.**

Expenditures and Encumbrances Under Budget

The School District's 2016-2017 final budget for expenditures was	\$	3,902,709
The School District's actual expenditures and encumbrances were	\$	3,418,486
Actual expenditures and encumbrances were less than budget by	\$	484,223

Appropriated Fund Balance

At year end the District has chosen to use \$ 950,000 of the fund balance available to partially fund its operating budget for the school year 2017-2018. \$285,000 is appropriated planned balance and \$665,000 is the 2017-2018 tax levy.

Closing, Unassigned Fund Balance

As evidenced in the table summarizing fund balance activity above, the District commences the 2017-2018 fiscal year with an unassigned fund balance of \$ 224,574, which is an increase of \$ 41,127 in the unassigned fund balance from the fiscal year ending June 30, 2016.

**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

**6 CAPITAL ASSET AND DEBT ADMINISTRATION**

*(a) Capital Assets*

At June 30, 2017, the District had invested in a broad range of capital assets, including land, buildings and improvements and equipment. The net decrease in capital assets is due to capital additions less accumulated depreciation recorded for the year ended June 30, 2017. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>	<u>INCREASE (DECREASE)</u>
Land	\$ 6,919	\$ 6,919	\$ -
Buildings and Improvements	1,400,408	1,520,235	(119,827)
Machinery and Equipment	<u>118,907</u>	<u>152,236</u>	<u>(33,329)</u>
Total Capital Net Assets	\$ <u>1,526,234</u>	\$ <u>1,679,390</u>	\$ <u>(153,156)</u>

See Independent Auditor's Report

**LONG LAKE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2017**

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- The designated fund balance appropriated to the June 30, 2017 budget is \$950,000. This is an increase of \$39,442 from the prior year. It includes \$285,000 appropriated to Planned Balance and \$665,000 to the 2017 - 2018 tax levy.
- A Property Tax Freeze Credit which covers a five year period was enacted by the state legislature as part of the 2015 State Budget. The District has managed its finances and proper voter approvals, when necessary, to comply with this law.
- The School District will likely experience increases in ERS and TRS employer contribution rates in the future. The same is true for health insurance premiums, particularly the ones obligated to be recognized under postemployment retirement benefits.
- The School District is aware that it continues to face declining enrollments. It is actively networking and researching solutions to ameliorate and/or overcome this.

**8. CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is intended to provide a general overview of the School District's finances. Furthermore, it is designed to also show the School District's accountability for the money it receives. It is hoped that this will be accomplished for all the District's citizens, taxpayers, customers, investors, and future creditors.

Questions about this report may be addressed to the Business Office, Long Lake Central School, P. O. Box 217, Long Lake, NY 12847-0217.



**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

**ASSETS**

Unrestricted cash	\$ 1,276,922
Restricted cash	718,312
State and Federal aid receivable	30,939
Taxes Receivable	-
Other receivables, net of allowance for receivables	14,211
Inventories	1,242
Net Pension Asset-Proportionate Share	-
Capital assets (Net of Accumulated Depreciation)	1,526,234
Total Assets	<u>\$ 3,567,860</u>

**PROVISIONS TO BE MADE IN FUTURE BUDGETS**

Prepaid expenses	74,796
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**DEFERRED OUTFLOW OF RESOURCES**

Deferred Outflow-Pensions	<u>750,427</u>
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Total assets	<u>\$ 4,393,083</u>
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**LIABILITIES**

Accounts payable	\$ 7,611
Due To	
Other funds	14,210
Other governments	85
Teachers' retirement system	150,000
Employees' retirement system	14,000
Net Pension Liability-Proportionate Share	208,369
Noncurrent Liabilities	
Due in more Than One Year	
Other Postemployment Benefits	<u>4,609,390</u>
Total liabilities	5,003,665

**DEFERRED INFLOW OF RESOURCES**

Deferred Inflow-Pensions	<u>55,710</u>
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<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<u>\$ 5,059,375</u>
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**NET ASSETS**

Investment in Capital Assets (Net of Related Debt)	\$ 1,526,234
Restricted	718,312
Unrestricted (Deficit)	<u>(2,910,838)</u>
Total Net Position	<u>\$ (666,292)</u>

<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 4,393,083</u>
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The Accompanying Notes are an Integral Part of These Financial Statements

LONG LAKE CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS	
General support	\$ 709,406	\$		\$ (709,406)
Instruction	3,254,924	16,978	32,188	(3,205,758)
Pupil transportation	101,265			(101,265)
Community service	-			-
Employee benefits	-			-
Debt service	-			-
Other expenses	-			-
School lunch program	29,892	17,453	24,813	12,374
Total Functions & Programs	\$ 4,095,487	\$ 34,431	57,001	\$ (4,004,055)
GENERAL REVENUES				
Real property taxes				\$ 2,709,282
Other tax items				45,149
Charges for services				-
Nonproperty taxes				-
Use of money and property				452
Sale of property and compensation for loss				10
Miscellaneous				23,882
Interfund Revenue				-
State and Federal sources				721,119
Medicaid reimbursement				-
Total General Revenues				\$ 3,499,894
Change in Net Position				(504,161)
Total Net Position - Beginning of Year				\$ (162,131)
Total Net Position - End of Year				\$ (666,292)

The Accompanying Notes are an Integral Part of These Financial Statements

LONG LAKE CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL FUND	TOTAL
<b>ASSETS</b>					
CASH					
Cash and Cash Equivalents	\$ 1,251,807	\$ 57	\$ 25,058	\$	\$ 1,276,922
Restricted Cash and Cash Equivalents	718,312				718,312
RECEIVABLES					
Accounts Receivable	-				-
Due From Other Funds	14,211				14,211
State & Federal Aid	29,073	-	1,866		30,939
Taxes Receivable	-				-
Due From Other Governments	-				-
INVENTORIES			1,242		1,242
PREPAID EXPENSES	74,796				74,796
Total C	\$ 2,088,199	\$ 57	\$ 28,166	\$ -	\$ 2,116,422
<b>LIABILITIES</b>					
PAYABLES					
Accounts Payable	\$ 7,611	\$	\$ -	\$	\$ 7,611
Due To					
Other Funds	-	57	14,153		14,210
Other Governments	-		85		85
Teachers' Retirement System	150,000				150,000
Employees' Retirement System	12,000		2,000		14,000
DEFERRED CREDITS					
Planned Balance					
Total Liabilities	\$ 169,611	\$ 57	\$ 16,238	\$ -	\$ 185,906
<b>FUND BALANCE/NET POSITION</b>					
Nonspendable	\$ 74,796	\$	\$ 1,242	\$	\$ 76,038
Restricted	718,312				718,312
Assigned	900,906		10,686		911,592
Unassigned (Deficit)	224,574				224,574
Total Fund Balance/Net Position	\$ 1,918,588	\$ -	\$ 11,928	\$ -	\$ 1,930,516
Total Liabilities and Net Position	\$ 2,088,199	\$ 57	\$ 28,166	\$ -	\$ 2,116,422

The Accompanying Notes are an Integral Part of These Financial Statements.

**LONG LAKE CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2017**

Total Governmental Fund Balances	<u>\$ 1,930,516</u>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the 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 School District as a whole, and their original costs are expensed annually over their useful lives.

	Original Cost of Capital Assets	\$ 4,599,990
	Accumulated Depreciation	<u>(3,073,756)</u>
		<u>1,526,234</u>

Proportionate share of long-term asset and liability associates with participation in state retirement system are not current financial resources or obligations and are not reported in the funds.

	Net Pension Asset - Proportionate share	\$ -
	Deferred Outflows- Pensions	750,427
	Net Pension Liability - Proportionate share	(208,369)
	Deferred Inflows - Pensions	<u>(55,710)</u>
		<u>486,348</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

	Other Post Employment Liabilities	(4,609,390)
Rounding		<u>                    </u>
Total Net Position		<u><u>\$ (666,292)</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

LONG LAKE CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL</u>	<u>TOTAL</u>
<b>REVENUES</b>					
Real property taxes	\$ 2,709,282	\$ -	\$ -	\$ -	\$ 2,709,282
Other real property tax items	45,149				45,149
School lunch sales			17,453		17,453
Charges for services	16,978				16,978
Use of money and property	447		5		452
Sale of property and compensation for loss	10				10
Interfund Revenue					0
Miscellaneous	23,868		14		23,882
State aid	692,611	-	22,563	25,700	740,874
Federal aid	2,808	32,188	2,250		37,246
Total Revenues	<u>\$ 3,491,153</u>	<u>\$ 32,188</u>	<u>\$ 42,285</u>	<u>\$ 25,700</u>	<u>\$ 3,591,326</u>
<b>EXPENDITURES</b>					
General support	\$ 633,373	\$ -	\$ 49,506	\$ -	\$ 682,879
Instruction	1,428,772	32,188			1,460,960
Pupil transportation	97,482	-			97,482
Community service					
School lunch program			28,775		28,775
Employee benefits	1,163,159		33,422		1,196,581
Debt service					
Capital Outlay				25,700	25,700
Total expenditures	<u>\$ 3,322,786</u>	<u>\$ 32,188</u>	<u>\$ 111,703</u>	<u>\$ 25,700</u>	<u>\$ 3,492,377</u>
Excess (Deficit) of Revenues Over Expenditures	<u>\$ 168,367</u>	<u>\$ -</u>	<u>\$ (69,418)</u>	<u>\$ -</u>	<u>\$ 98,949</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	\$ -	\$ -	\$ 70,000	\$ -	\$ 70,000
Transfers to other funds	(70,000)				(70,000)
Total Other Financing Sources (Uses)	<u>\$ (70,000)</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$ 98,367</u>	<u>\$ -</u>	<u>\$ 582</u>	<u>\$ -</u>	<u>\$ 98,949</u>
Rounding adjustments	(2)		1		(1)
Fund Balances, Beginning of year	1,820,223	-	11,345		1,831,568
Fund Balances, End of year	<u>\$ 1,918,588</u>	<u>\$ -</u>	<u>\$ 11,928</u>	<u>\$ -</u>	<u>\$ 1,930,516</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES AND EXPENDITURES OF THE**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2017**

**Net Changes in Fund Balances - Total Governmental Funds** **\$ 98,949**

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

Depreciation Expense	\$ (153,156)	
Capital Outlays		(153,156)

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

Pension Expense	\$ 3,454	
Other Post-Employment Benefits	(453,408)	(449,954)

Rounding

Changes in Net Position Governmental Activities	\$ (504,161)
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LONG LAKE CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

	Private Purpose Trusts	Agency
	<u>                    </u>	<u>                    </u>
Assets		
Cash and Cash Equivalents	\$ 92,218	\$ 2,643
Accounts Receivable	-	-
Due from Other Funds	-	-
Total Assets	\$ <u>92,218</u>	\$ <u>2,643</u>
Liabilities		
Payables	\$ 2,200	\$ 2,643
Other Liabilities	-	-
Total Liabilities	\$ <u>2,200</u>	\$ <u>2,643</u>
Net Position		
Restricted for Scholarships	\$ <u>90,018</u>	
Total Net Position	\$ <u>90,018</u>	
Total Liabilities and Net Position	\$ <u>92,218</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

**LONG LAKE CENTRAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2017**

		Private Purpose Trusts
		<hr/>
Additions		
Gifts and Contributions	\$	7,585
Use of Money and Property		11
Unrealized Gain on Investment		
Total Revenues		<hr/> 7,596
Deductions		
Scholarships and Awards		<hr/> 5,150
Change in Net Position		2,446
		<hr/>
Net Position, Beginning of Year		87,572
Net Position, End of Year	\$	<hr/> <hr/> 90,018

The Accompanying Notes are an Integral Part of these Financial Statements



**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. REPORTING ENTITY**

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of five 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 School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal members.

The reporting entity of the School District is based upon criteria set forth by GASB. 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 School District. The School 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 description of certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds – The Extraclassroom activity funds of the 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

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

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 can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in an agency fund.

**2. Joint Venture**

The School District is a component district in the Franklin Essex Hamilton County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the School District was billed \$ 186,907 for BOCES' administrative and program costs. Financial statements for the BOCES' are available from the Franklin Essex Hamilton Counties BOCES' administrative office.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**B. BASIS OF PRESENTATION**

**1. District-Wide statements:**

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. 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.

**2. Fund Financial Statements:**

The fund statements provide information about the School 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. All funds of the School District are displayed as major funds. The School District reports the following major governmental funds:

General Fund: This is the School District's primary operating fund. This accounts for all financial resources not accounted for and reported in another fund.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

Special Revenue Funds: To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects.

*Special Aid Fund* - This fund accounts for the proceeds of Federal and State grants that are legally restricted to expenditures for specified purposes.

*School Lunch Fund* - This fund is used to account for transactions of the School District's lunch and breakfast programs.

Capital Projects Fund: - This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**3. Fiduciary Funds**

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

Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income benefits annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

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

The governmental fund statements are reported using the current financial resources measurement and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

**D. ESTIMATES**

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

**E. CASH AND CASH EQUIVALENTS**

The School 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. The District's cash and investment policies are governed by State statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (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.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value. 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.

**F. PROPERTY TAXES**

Real property taxes are levied annually by the Board of Education and become a lien no later than September 1. Taxes are collected during the period from September 1 to October 31. Uncollected real property taxes are subsequently enforced by the County of Hamilton. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the county to the School District no later than the forthcoming April 1st.

**G. RECEIVABLES**

Receivables 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.

**H. INTERFUND TRANSACTIONS AND TRANSFERS**

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

The amounts reported on the Statement of Net Assets for due to and due from other funds represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is shown in Note 10 to the financial statements.

**I. INVENTORIES**

The inventories of food and/or supplies 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, which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**J. CAPITAL ASSETS**

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The School District uses capitalization thresholds of \$5,000, (the dollar value above which asset acquisitions are added to the capital asset accounts). The School District uses the straight-line method of depreciation over the following estimated useful lives of capital assets reported in the District-wide statements:

	<u>Depreciation Method</u>	<u>Estimated Useful Life In Yrs</u>
Buildings	Straight Line	40 Years
Building improvements	Straight Line	20 Years
Land improvements	Straight Line	10-20 Years
Furniture and equipment	Straight Line	5-15 Years
Infrastructure	Straight Line	50 Years

**K. DEFERRED OUTFLOW OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. The item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportional share of total contributions not included in pension expense.

**L. DEFERRED INFLOWS OF RESOURCES**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

qualifies for reporting in this category. The item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportional share of total contributions to the pension systems not included in pension expense.

**M. VESTED EMPLOYEE BENEFITS**

The School District's 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.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation, or death, employees do not receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB, there is no accrual for accumulated sick leave or compensated absences at year end.

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

**N. RETIREMENT PLANS**

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

**O. SHORT-TERM DEBT**

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



**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**P. ACCRUED LIABILITIES and LONG-TERM OBLIGATIONS**

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

**Q. UNEARNED REVENUE**

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School district has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

**R. FUTURE CHANGES IN ACCOUNTING STANDARDS**

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for the period ending June 30, 2018. This Statement requires that the District recognize the full amount of the OPEB liability on the District-wide Statement of Net Position.

The District will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**S. EQUITY CLASSIFICATIONS**

**a. District-wide Statements**

In the District-wide 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 improvements of those assets.

**Restricted Net Position** – reports Net Position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position** – reports all other Net Positions that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

**b. Fund Statements**

The School District follows GASB's authoritative guidance under GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

**Non-Spendable**

This category 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.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**Restricted Resources**

This category 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. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The School District has established the following restricted fund balances:

**1. Retirement Contribution Reserve -**

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

**2. Reserve for Tax Certiorari**

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

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
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3. Capital Reserve

According to Education Law Sec 3651, this reserve must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund required authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term, and the source of the funds. 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 of the proposition to be placed on the ballot are set for in Sec. 3651 of the Education Law. This reserve is accounted for in the General Fund.

4. Reserve for Endowments and Scholarships

This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Private Purpose Trust Fund, a Fiduciary Fund.

5. Insurance Reserve

The amount reserved for insurance is to pay for liabilities and casualties that are not covered by other types of insurance policies carried by the School District.

6. Reserve for Repairs

The Repair Reserve is established to pay for any emergency repair required for any of the property, plant, or equipment operated by the School District. The funds may be expended without a public hearing, but such a hearing is required to take place within a matter of days prior to the expenditure.

***Unrestricted Resources:*** When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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1. 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 authority; i.e. the Board of Education.

2. 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 other than in the Capital Fund are classified as Assigned Fund Balance in the respective fund. The amount appropriated for the subsequent year's budget of the General fund is also classified as Assigned Fund Balance in the General Fund.

3. Unassigned –

Includes all other net assets that do not meet the definition of the above classifications and are deemed to be available for general use by the School District. In other Governmental Funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned, then it may be necessary to report negative unassigned Fund Balances in the respective fund.

***Order of Use of Fund Balance:***

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of expenditures to which the fund balance classification will be charged.

**T. Changes in Accounting Standards**

The school district has evaluated the following pronouncements as they have become known and determined the impact they may have on its financial statements.

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- GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment benefits Other than Pensions*, effective for the year ending June 30, 2018. This statement replaces the requirement of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.
- GASB has issued Statement No. 77, *Tax Abatement Disclosures*, effective for the year ending June 30, 2017. This statement defines tax abatements and provides increased disclosures including authority, eligibility criteria, dollar amount of taxes abated, and other information.
- GASB has issued Statement No. 82, *Pension Issues – Amendment of GASB No. 67, No. 68, and No. 73*, which is effective for the year ending June 30, 2017. This statement addresses issues in the previously issued pension statements regarding payroll related measures in the required supplementary information, the selection of assumptions and deviations from other guidance, and the treatment of employee (plan Member) contributions made by employers.
- These are the statements that may have an impact on these financial statements and are not an all inclusive list of GASB statements issued. The District evaluates the impact each of these pronouncements may have on its financial statements and has or will implement them as applicable and when material.

**NOTE 2 – DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
AND DISTRICT-WIDE STATEMENTS**

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

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**A. TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS COMPARED TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

Total fund balances of the School District's governmental funds differ from "net assets" of governmental activities reported in the Statement of Net Assets. 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 Sheet.

**B. STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPARED TO STATEMENT OF ACTIVITIES**

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

**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.

**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.

**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.

**Employee Benefit Allocation** – Expenditures for employee benefits are not allocated a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balances based on the requirements of

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
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New York State. These costs have been allocated based on total salary for each function

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

**NOTE 3 – STEWARDSHIP AND COMPLIANCE**

**Fund Balance Limitations:**

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 balances 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.

As of June 30, 2017, the School District's unassigned fund balance was 5.63% of the 2017 - 2018 budget.

**Budgetary Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education and the voters of the School District for the General fund for which legal (appropriated) budgets are adopted.

Appropriations are adopted at the program line item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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.

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. The budget and actual comparison for the Special



**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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Revenue Funds, (if any) reflects budgeted and actual amounts only for funds with legally authorized (appropriated) budgets.

**NOTE 4 – CASH AND CASH EQUIVALENTS**

***Custodial Credit Risk:***

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School district does not have a specific policy for custodial credit risk, New York State statutes govern the School district's investment policies, as discussed previously in these notes. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- 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.

As of June 30, 2017, the School District's total bank balances of \$2,100,697 were fully collateralized by securities held by an agent of the pledging financial institution in the School District's name and FDIC insurance. They were not exposed to custodial credit risk.

***Restricted Cash and Cash Equivalents:***

Restricted cash of \$ 718,312 in the General Fund represents the following:

<u>Description</u>	<u>Amount</u>
Retirement Contribution	\$ 80,000
Insurance	20,000
Capital Reserve	533,730
Repair Reserve	51,855
Reserve for Tax Certiorari	<u>32,727</u>
Total	<u>\$ 718,312</u>

Restricted cash of \$ 90,018 in the Fiduciary Funds represents funds gifted to the school district for scholarships and awards.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 5 – CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Net Increases</u>	<u>Ending Balance</u>
<b>Asset Cost</b>			
Land	\$ 6,919	\$ -0-	\$ 6,919
Land Improvements			
Building	3,699,042		3,699,042
Machinery and Equipment	<u>894,029</u>		<u>894,029</u>
Total Cost	\$4,599,990	\$ -0-	\$4,599,990
 <b>Accumulated Depreciation</b>			
Land Improvements	\$ -0-	\$ -0-	\$ -0-
Building and Improvements	2,178,807	119,827	2,298,634
Machinery and Equipment	<u>741,793</u>	<u>33,329</u>	<u>775,122</u>
Total Accumulated Depreciation	\$2,920,600	\$ 153,156	\$3,073,756

Depreciation expense was charged to functions as follows:

<u>Function/Program</u>	
General Support	\$ 26,527
Instruction	121,728
Pupil Transportation	3,783
School Lunch	<u>1,118</u>
Total Depreciation	<u>\$153,156</u>

**NOTE 6 – NONCURRENT LIABILITIES**

- 1. Noncurrent liability balances and activity are as follows:

	<u>Beginning Balance</u>	<u>Net Increase</u>	<u>Ending Balance</u>
Other Post-Employment Benefits	\$4,155,982	\$ 453,408	\$4,609,390

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 7 – PENSION PLANS**

1. New York State and Local Employees' Retirement System (ERS)

a. Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee 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 School 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/employers/gasb/index.php](http://www.osc.state.ny.us/retire/employers/gasb/index.php)

The report may also be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

NOTE 7 – PENSION PLANS, (1b), cont.

for the first ten years of membership. Employees who joined on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2017, were paid.

The required contributions for the current year and two preceding years were:

<u>YEAR</u>	
2017	\$52,609
2016	\$57,403
2015	\$71,422

- c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017 the District reported a liability of \$ 124,087 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016. The District's proportion of the net pension liability was based on a projection of the BOCES's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2017 and June 30, 2016 the District's allocation was 0.0013206% and 0.0013346%, respectively.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LONG LAKE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

NOTE 7 – PENSION PLANS. (1c), cont.

	<u>OUTFLOWS OF RESOURCES</u>	<u>INFLOWS OF RESOURCES</u>
Differences between expected and		
Actual experience	\$3,110	\$ 18,843
Changes of Assumptions	42,393	0
Net difference between projected and		
Actual investment earnings		
On pension plan investments	24,785	0
Changes in proportion and differences		
Between employer contributions		
And proportionate share of		
Contributions	359	3,467
Employer contributions subsequent to		
The measurement date	0	0
	<u>\$ 70,647</u>	<u>\$ 22,310</u>

\$ 0 was reported as deferred outflows of resources and deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date. Because these contributions were made prior to March 31, 2017, they will not be recognized as a reduction of the net pension asset/liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,

2018	\$22,381
2019	22,381
2020	20,259
2021	(16,685)
2022	0
Thereafter	0

- d) The total pension liability for the March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

NOTE 7 – PENSION PLANS, (1d), cont.

liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions.

Investment Rate of Return (including inflation)	7.0% compounded annually, net of investment expenses
Salary scale:	3.80%, indexed by service
Decrement tables:	Developed from the Plan's 2015 experience study of the period April 1, 2010 – March 31, 2015
Inflation rate:	2.50%
Mortality Improvement	Society of Actuaries Scale MP-2014.

The long-term expected 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 the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized in the following table:

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

NOTE 7 – PENSION PLANS, (1d), cont.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36.0%	4.55%
International Equity	14.0%	6.35%
Private Equity	10.0%	7.75%
Real Estate	10.0%	5.80%
Absolute Return Strategies(1)	2.0%	4.00%
Opportunistic Portfolio	3.0%	5.89%
Real Assets	3.0%	5.54%
Bonds & Mortgages	17.0%	1.31%
Cash	1.0%	(0.25)%
Inflation-indexed bonds	4.0%	1.50%
	<b>100.0%</b>	

The real rate of return is net of the long-term inflation assumption of 2.50%.

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

e) Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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 determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

NOTE 7 – PENSION PLANS. (1f), cont.

The following presents the District's proportionate share of the net pension liability calculated using a discount rate assumption of 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Proportionate share of The Net Pension Liability	\$ 396,309	\$124,087	(\$106,076)

g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

h) Payables to the Pension Plan

The District has recorded an amount due to ERS in the amount of \$14,000 at June 30, 2017. This amount represents the three months of the District's fiscal year that will be covered in the ERS 2017-2018 billing cycle and has been accrued as an expenditure in the current year.

2. New York State Teachers' Retirement System (TRS)

a) Plan Description

The District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten member board to provide these



**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

NOTE 7 – PENSION PLANS, (2a), cont.

benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at [www.nystrs.org](http://www.nystrs.org).

b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

NOTE 7 – PENSION PLANS, (2b), cont.

The required employer contributions for the current year and two preceding years were:

<u>YEAR</u>	<u>AMOUNT</u>
2017	\$ 161,015
2016	\$ 211,758
2015	\$ 187,780

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

At June 30, 2017, the District reported a liability of \$84,282 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the BOCES's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2017 and 2016, the District's proportion was 0.007869% and 0.008042%, respectively.

At June 30, 2017 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LONG LAKE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

NOTE 7 – PENSION PLANS, (2c), cont.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	\$ 0	\$27,379
Changes of assumptions	480,123	
Net difference between projected and Actual investment earnings		
On pension plan investments	189,510	0
Changes in proportion and differences Between employer contributions and Proportionate share of contributions	10,147	6,020
Employer contributions subsequent to The measurement date	<u>0</u>	<u>0</u>
Total	<u>\$679,780</u>	<u>\$ 33,399</u>

\$ 0 reported as deferred outflows/inflows of resources is related to pensions resulting from District contributions subsequent to the measurement date, if any. Since \$0 was made after the measurement date, \$0 will be recognized as a reduction of the net pension asset. 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>Year Ended June 30,</u>	
2017	\$ 59,439
2018	59,439
2019	206,618
2020	160,826
2021	74,203
Thereafter	85,855

Actuarial Assumptions

The total pension liability at June 30, 2016 measurement date was determined by using an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

NOTE 7 – PENSION PLANS, (2c), cont.

pension liability to June 30, 2016. The actuarial valuation used the following actuarial assumptions:

Investment Rate of Return:

7.5% compounded annually, net of pension plan  
Investment expense, including inflation.

Salary scale:

Rates of increase differ based on service. They  
have been calculated based upon recent NYSTRS  
member experience.

YEARS OF <u>SERVICE</u>	<u>RATE</u>
----------------------------	-------------

5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLA's: 1.5% compounded annually

Inflation rate: 2.5%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

NOTE 7 – PENSION PLANS, (2c), cont.

expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2015 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
	<u>2015</u>	<u>2015</u>
Domestic Equities	37.0%	6.1%
International Equities	18.0%	7.3%
Real Estate	10.0%	5.4%
Alternative Investments	7.0%	9.2%
Domestic fixed Income		
Securities	17.0%	1.0%
Global fixed		
Income securities	2.0%	0.8%
Mortgages	8.0%	3.1%
Short-term	1.0%	0.1%

*\*Real rates of return are net of the long-term inflation assumption of 2.1% for 2015.*

d) Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2016 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the District will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

NOTE 7 – PENSION PLANS. (2d). cont.

applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Assumption (8.5%)	1% Increase (8.5%)
Proportionate share of The net pension liability (assets)	\$1,099,649	\$ 84,282	\$(767,355)

f) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

g) Payables to the Pension Plan

The District has recorded an amount due to TRS in the amount of \$ 150,000 in the General Fund at June 30, 2017. This amount represents contributions for the 2016 – 2017 fiscal year that will be made in 2017 – 2018 and has been accrued as an expenditure in the current year.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

NOTE 8 – POSTRETIREMENT HEALTH CARE BENEFITS

A. PLAN DESCRIPTION

The School District provides medical and prescription drug benefits for retirees, spouses, and covered dependents while contributing a portion of these expenses.

The Plan does not issue a stand alone publicly available financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

B. FUNDING POLICY

The obligations of the Plan members, employers, and other entities are established by action of the School District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you go basis. The costs of administering the Plan are paid by the School District.

Effective July 1, 2011, the School District's other postemployment benefit (OPEB) cost for all employee health insurance benefits is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the School District's net OPEB obligation.

C. ANNUAL OPEB COST

	<u>2017</u>
Normal Cost	\$ 369,467
Amortization of UAAL	544,153
Interest	<u>0</u>
Annual Required Contribution (ARC)	\$ 913,620
Interest on OPEB Obligation	166,239
Adjustment to ARC	<u>(268,976)</u>
OPEB Cost	<u>\$ 810,883</u>

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

NOTE 8 – POSTRETIREMENT HEALTH CARE BENEFITS, con't.

**D. RECONCILIATION OF NET OPEB OBLIGATION**

	<u>2017</u>
Net OPEB Obligation at the Beginning	
Of the Year	\$ 4,155,982
Annual OPEB Cost	810,883
Net OPEB Contributions Made During	
The Fiscal Year	<u>(357,473)</u>
Net OPEB Obligation at the End of	
The Fiscal Year	<u>\$ 4,609,392</u>
Percentage of Expense Contributed	44.1%

**E. TREND INFORMATION**

Fiscal Year	Annual			
<u>Ending</u>	<u>Net OPEB</u>	<u>OPEB Expense</u>	<u>% of Expense</u>	<u>Net OPEB</u>
	<u>Expense</u>	<u>Contributed</u>	<u>Contributed</u>	<u>Obligation</u>
June 30, 2017	\$ 810,833	\$ 357,473	44.1%	\$ 4,609,392
June 30, 2016	779,044	356,046	45.7%	4,155,982
June 30, 2015	1,143,716	370,911	32.4%	3,732,984
June 30, 2014	1,093,314	355,375	32.5%	2,960,179

**F. FUNDING STATUS**

	<u>2017</u>
Actuarial Accrued Liability (AAL)	\$ 8,084,400
Actuarial Value of Assets	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 8,084,400</u>
Funded Ratio (Assets as a percentage of AAL)	0.00%
Annual Covered Payroll	\$ 1,738,650
UAL as a Percentage of Covered Payroll	465%

**G. ACTUARIAL METHODS & ASSUMPTIONS**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. For this reason, the results in this report should be viewed as estimates. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.



**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 8 G – POSTRETIREMENT HEALTH CARE BENEFITS, ACTUARIAL  
METHODS & ASSUMPTIONS con't.**

The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and Plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and Plan members in the future. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial measurement date was July 1, 2015 and used a discount rate of 4%.

**H. MEDICARE PART B PREMIUM REIMBURSEMENT**

Long Lake Central School District provides 100% Medicare Part B premium reimbursement to all Medicare eligible post-65 retirees and their spouses. The amount of the premium reimbursement is set as follows:

Members eligible for Medicare prior to January 1, 2016 will be reimbursed \$104.90 monthly for 2015 and 2016.

Members eligible for Medicare on or after January 1, 2016 will be reimbursed \$121.80 monthly for 2016.

Premiums are assumed to increase annually at 5% after 2016.

**I. ADDITIONAL INFORMATION**

Actuarial Method	Projected Unit Credit
Date of Most Recent Actuarial Valuation	July 1, 2015
Amortization Period (Years)	23 years
Amortization Discount	4%
Method Used to Determine Actuarial Value of Assets	N/A

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

NOTE 9 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2017 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
General Fund	\$ 14,211	\$ 0	\$ 0	\$ 70,000
Special Aid Fund	0	57	0	0
Capital Fund	0	0	0	0
School Lunch Fund	0	14,153	70,000	0
Trust and Agency Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 14,211</u>	<u>\$ 14,211</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>

Interfund Receivables and Payables are considered temporary. The School District intends to repay the amounts within the next fiscal year.

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 10 -- FUND BALANCES**

The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet.

	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL FUND</u>	<u>TOTAL</u>
<b>Nonspendable</b>					
Prepaid Expenses	\$ 74,796	\$ -	\$ -	\$ -	\$ 74,796
School Lunch Inventory			1,242		1,242
Total Nonspendable	<u>\$ 74,796</u>	<u>\$ -</u>	<u>\$ 1,242</u>	<u>\$ -</u>	<u>\$ 76,038</u>
<b>Restricted</b>					
Retirement Contribution Reserve	\$ 80,000				\$ 80,000
Insurance	20,000				20,000
Tax Certiorari	32,727				32,727
Capital	533,730				533,730
Repairs	51,855				51,855
Total Restricted	<u>\$ 718,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 718,312</u>
<b>Assigned</b>					
School Lunch	\$ -	\$ -	\$ 10,686	\$ -	\$ 10,686
General Fund -					-
Appropriated Fund Balance	900,906				900,906
Capital Fund				0	-
Appropriated Fund Balance					-
	<u>\$ 900,906</u>	<u>\$ -</u>	<u>\$ 10,686</u>	<u>\$ -</u>	<u>\$ 911,592</u>
<b>Unassigned</b>	<u>\$ 224,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,574</u>
Total Fund Balance (Deficit)	<u>\$ 1,918,588</u>	<u>\$ -</u>	<u>\$ 11,928</u>	<u>\$ -</u>	<u>\$ 1,930,516</u>

The following is a summary of the change in reserve funds during the year ended June 30, 2017:

	<u>Balance at 7/1/2016</u>	<u>Additions/ Deletions</u>	<u>Balance at 7/1/2017</u>
<b>General Fund</b>			
Retirement Contribution	\$ 80,000	\$ -	\$ 80,000
Insurance	20,000	-	20,000
Tax Certiorari	32,724	3	32,727
Capital	533,677	53	533,730
Repairs	51,850	5	51,855
Total General Fund	<u>\$ 718,251</u>	<u>\$ 61</u>	<u>\$ 718,312</u>

**LONG LAKE CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 11 – RISK MANAGEMENT**

- A. The Long Lake Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters.

Because the School District employs less than 50 people it doesn't qualify to participate in the Franklin Essex Hamilton BOCES Health Insurance Consortium, sponsored by Franklin Essex Hamilton BOCES and its component districts. As a result, Long Lake Central School District now has its health insurance coverage with the New York State Health Insurance Plan (NYSHIP).

Long Lake Central School District continues to carry commercial insurance for all other risks of loss such as general liability.

B. LITIGATION

Per legal counsel, there were no lawsuits pending as of June 30, 2017.

**NOTE 12 – CONTINGENCIES AND COMMITMENTS**

A. POTENTIAL GRANTOR LIABILITY

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

LONG LAKE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL BUDGET VARIANCE WITH ACTUAL
<b>REVENUES</b>				
Local Sources:				
Real property taxes	\$ 2,709,278	\$ 2,709,278	\$ 2,709,282	\$ 4
Other real property tax items	40,083	40,083	45,149	5,066
Charges for services	2,000	2,000	16,978	14,978
Use of money and property	400	400	447	47
Sale of property & compensation for loss	-	-	10	10
Miscellaneous	-	-	23,868	23,868
State aid	515,624	515,624	692,611	176,987
Federal aid	<u>1,800</u>	<u>1,800</u>	<u>2,808</u>	<u>1,008</u>
Total Revenues & Other Sources	\$ <u>3,269,185</u>	\$ <u>3,269,185</u>	\$ <u>3,491,153</u>	\$ <u>221,968</u>
Other Financing Sources				
Appropriated fund balance	\$ 625,558	\$ 625,558	\$	\$ (625,558)
Interfund transfers from				
Total Revenues & Other Financing Sources	\$ <u>3,894,743</u>	\$ <u>3,894,743</u>	\$ <u>3,491,153</u>	\$ <u>(403,590)</u>

LONG LAKE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2017

EXPENDITURES --	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	YEAR-END ENCUMBRANCES	FINAL BUDGET VARIANCE WITH ACTUAL AND ENCUMBRANCES
General support:					
Board of education	\$ 40,052	\$ 38,052	\$ 30,393	\$ 150	\$ 7,509
Central administration	133,412	160,667	157,837	2,045	785
Finance	127,703	126,303	121,437		4,866
Staff	34,400	37,800	32,279		5,521
Central services	347,541	332,022	265,513	12,500	54,009
Special items	28,600	28,570	25,914		2,656
Total General Support	<u>711,708</u>	<u>723,414</u>	<u>633,373</u>	<u>14,695</u>	<u>75,346</u>
Instruction:					
Instruction, administration & improvement	\$ 54,260	\$ 55,398	\$ 53,182	\$	\$ 2,216
Teaching - regular school	1,059,252	1,057,581	960,752	8,500	88,329
Programs for children with special needs	153,541	146,256	77,038		69,218
Total Occupational Education					
Grades 9 -12	26,280	26,280	19,334		6,946
Teaching - special schools	19,960	23,960	18,776	236	4,948
Instructional media	156,383	155,762	145,581	1,920	8,261
Pupil services	175,577	176,276	154,109	349	21,818
Total Instruction	<u>\$ 1,645,253</u>	<u>\$ 1,641,513</u>	<u>\$ 1,428,772</u>	<u>\$ 11,005</u>	<u>\$ 201,736</u>
Pupil transportation	\$ 127,985	\$ 127,985	\$ 97,482		\$ 30,503
Community services					
Employee benefits	1,310,334	1,310,334	1,163,159		147,175
Debt Service					
Total Expenditures	<u>3,795,280</u>	<u>\$ 3,803,246</u>	<u>\$ 3,322,786</u>	<u>\$ 25,700</u>	<u>\$ 454,760</u>
Other Financing Uses --					
Interfund transfers to	<u>99,463</u>	<u>99,463</u>	<u>70,000</u>		<u>29,463</u>
Total Expenditures & Other Uses	<u>\$ 3,894,743</u>	<u>\$ 3,902,709</u>	<u>\$ 3,392,786</u>	<u>\$ 25,700</u>	<u>\$ 484,223</u>
Net Change in Fund Balance			98,367		
Rounding			(2)		
Fund Balances - Beginning of Year			1,820,223		
Fund Balances - End of Year			<u>\$ 1,918,588</u>		

Notes to Required Supplementary Information --

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The budget is 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.

LONG LAKE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS OF OTHER POST-EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2017

FISCAL YEAR ENDING	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY- PROJECTED UNIT CREDIT	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS % OF COVERED PAYROLL
June 30, 2011	\$ -	\$ 8,519,158	\$ 8,519,158	0.00%	\$ 1,500,269	568.00%
June 30, 2012	\$ -	\$ 8,875,581	\$ 8,875,581	0.00%	\$ 1,557,322	570.00%
June 30, 2013	\$ -	\$ 9,961,563	\$ 9,961,563	0.00%	\$ 1,505,473	662.00%
June 30, 2014	\$ -	\$ 10,483,944	\$ 10,483,944	0.00%	\$ 1,498,352	700.00%
June 30, 2015	\$ -	\$ 11,030,090	\$ 11,030,090	0.00%	\$ 1,691,496	652.00%
June 30, 2016	\$ -	\$ 7,774,220	\$ 7,774,220	0.00%	\$ 1,725,032	451.00%
June 30, 2017	\$ -	\$ 8,084,400	\$ 8,084,400	0.00%	\$ 1,738,650	465.00%

LONG LAKE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2017

ERS PENSION PLAN  
LAST 5 FISCAL YEARS AVAILABLE

	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 52,609	\$ 75,462	\$ 71,421	\$ 70,541	\$ 62,071
Contributions in Relation to the Contractually Required Contribution	52,609	75,462	71,421	70,541	62,071
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered-ERS Employee Payroll	\$ 375,149	\$ 521,726	\$ 410,758	\$ 360,043	\$ 297,780
Contributions as a Percentage of Covered-Employee Payroll	14.02%	14.46%	17.39%	19.59%	20.84%

TRS PENSION PLAN  
LAST 5 FISCAL YEARS AVAILABLE

	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 161,015	\$ 211,758	\$ 187,780	\$ 135,734	\$ 128,619
Contributions in Relation to the Contractually Required Contribution	161,015	211,758	187,780	135,734	128,619
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered-TRS Employee Payroll	\$ 1,264,126	\$ 1,252,580	\$ 1,220,833	\$ 1,155,567	\$ 1,150,567
Contributions as a Percentage of Covered-Employee Payroll	12.74%	16.91% *	15.38% *	11.75%	11.18%

\* Restated



LONG LAKE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>ERS PENSION PLAN</u>			
District's proportion of the net pension liability	0.0013206%	0.0013346%	0.0014773%
District's proportionate share of the net pension liability (asset)	\$ 124,087	\$ 214,201	\$ 48,905
District's covered-employee payroll	\$ 375,149	\$ 521,726	\$ 410,764
District's proportionate share of the net pension liability as a Percentage of its covered-employee payroll	33.08%	41.06%	11.91%

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>TRS PENSION PLAN</u>			
District's proportion of the net pension asset	0.00786900%	0.008042%	0.00782300%
District's proportionate share of the net pension liability (asset)	\$ 84,282	\$ (835,278)	\$ (871,424)
District's covered-employee payroll	\$ 1,264,126	\$ 1,252,580	\$ 1,220,833
District's proportionate share of the net pension liability (asset) As a percentage of its covered-employee payroll	6.67%	-66.68%	-71.38%

**LONG LAKE CENTRAL SCHOOL DISTRICT  
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET  
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATIONS**

**FOR THE YEAR ENDED JUNE 30, 2017**

**Change from Adopted Budget to Revised Budget**

Adopted Budget	\$ 3,894,743
Add: Prior Year's Encumbrances	<u>7,966</u>
Original Budget and Encumbrances	\$ <u>3,902,709</u>
Final Budget	<u><u>\$ 3,902,709</u></u>

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

2017 -18 Voter Approved Expenditure Budget	\$ 3,990,242
Maximum Allowed (4% of 2017 - 18 Budget)	159,610

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

<b>Unrestricted Fund Balance:</b>	
Assigned Fund Balance	\$ 900,906
Unassigned Fund Balance	<u>224,574</u>
Total Unrestricted Fund Balance	\$ <u>1,125,480</u>

**Less:**

Appropriated Fund Balance	\$ 875,206
Encumbrances Included in Committed and Assigned Fund Balance	<u>25,700</u>
Total Adjustments	\$ <u>900,906</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: \$ 224,574

Actual Percentage 5.63%

LONG LAKE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

FOR THE YEAR ENDED JUNE 30, 2017

PROJECT TITLE	ORIGINAL AUTHORIZATION	REVISED AUTHORIZATION	EXPENDITURES		TOTAL	UNEXPENDED BALANCE	METHODS OF FINANCING			FUND BALANCE June 30, 2015
			PRIOR YEARS	CURRENT YEAR			PROCEEDS OF OBLIGATIONS	STATE AID	LOCAL SOURCES	
										TOTAL

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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

Board of Education

Long Lake Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Long Lake Central School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Long Lake Central School District's basic financial statements, and have issued our report thereon dated October 2, 2017.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Long Lake 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 Long Lake Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Long Lake 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 school district's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

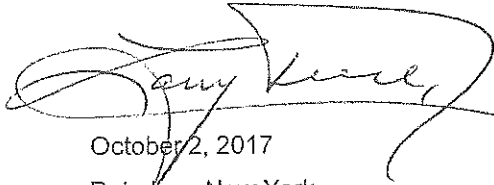
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Long Lake 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*.

**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 school district's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CPA, P.C.

October 2, 2017

Potsdam, New York

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## Required Communication with Board of Education

To the Board of Education  
Long Lake Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Long Lake Central School District for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 1, 2017. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Long Lake Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016 - 2017. We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the School District's financial statements were:

1. The District, in accordance with GASB No. 45: "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," requires significant actuarial estimates to calculate the District's postemployment benefits liability.
2. Estimates involving depreciable lives of the District's capital assets and the related depreciation.
3. The District, in accordance with GASB No. 68, Accounting and Financial Reporting for Pensions (as amended by GASB Statement 71), requires significant actuarial estimates to calculate the net pension assets and liabilities, deferred inflows and outflows of resources – pensions, and pension expense.

We evaluated the key factors and assumptions used by management in determining that the accounting estimates were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

LARRY REECE, CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

We have requested certain representations from management that are included in the management representation letter dated October 2, 2017.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the schedule of revenues, expenditures, and changes in fund balance budget and actual – general fund, the schedules of funding progress of the other postemployment benefits, the schedule of the District's contributions and the schedule of the District's proportionate share of the net pension liability which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedules of change from original budget to revised budget, section 1318 of real property tax law limit calculation, the schedule of project expenditures – capital projects fund, and the net investment in capital assets, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and

LARRY REECE, CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

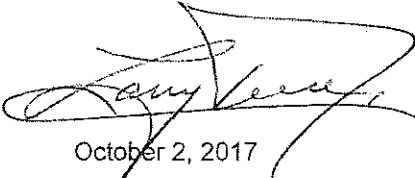
methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Findings and Recommendations

In addition, we have enclosed a memorandum summarizing a matter involving the internal control structure and its operations that we feel can be improved and strengthened. This matter is not considered to be a significant deficiency or a material weakness.

Restriction on Use

This information is intended solely for the use of the Board of Education, the management of Long Lake Central School District, and the New York State Education department and is not intended to be, and should not be, used by anyone other than these specified parties.

 CPA, P.C.

October 2, 2017

Potsdam, New York



LARRY REECE, CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

LONG LAKE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2017

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A. Unassigned Fund Balance

As of June 30, 2017, the General Fund of the School District has an unassigned fund balance of \$224,574, which represents 5.63% of the subsequent year's budget. New York State's Real Property Tax Law limits the amount of undesignated fund balance to 4% of the subsequent year's budget.

We recommend that Management should implement a plan to reduce this amount within the 4% limit.

LARRY REECE, CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

LONG LAKE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2017

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A. Unassigned Fund Balance – Prior Year

As of June 30, 2016, the General Fund of the School District has an unassigned fund balance of \$183,447, which represents 4.7101% of the subsequent year's budget. New York State's Real Property Tax Law limits the amount of undesignated fund balance to 4% of the subsequent year's budget.

We recommend that Management should implement a plan to reduce this amount within the 4% limit.

Status:

See current year finding regarding non-compliance with 4% limitation.