FOREST CITY REGIONAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021
&
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the School Board of the
Forest City Regional School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Forest City Regional School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 activity, each major fund and the aggregate remaining fund information of the Forest City Regional School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the General Fund, 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 on pages 5 through 15, and the required supplementary information on pages 56 through 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.

B. X. Kelly CPA & Associates L.L.C.

Carbondale, Pennsylvania
February 14, 2022

FOREST CITY REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Forest City Regional School District (the "District") for the year ended June 30, 2021. The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the District's financial performance as a whole; readers should review the basic financial statements and the notes to the financial statements for a better understanding of the District as a whole.

FINANCIAL HIGHLIGHTS

Total net position of the District decreased $580,232 in 2021 to $(12,296,970) at June 30, 2021. Net position of the governmental activities decreased $528,666 from 2020. Net position of the business-type activity decreased $51,566 from 2020.

The District had $16,653,707 in expenses related to governmental activities in 2021; only $4,999,672 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state subsidies) of $11,125,369 were adequate to provide for these programs but our net position decreased due to long-term liabilities, specifically the net pension liability.

In the District's business-type activity, net position decreased by $51,566. In addition to meeting all National School Lunch Program requirements, the District has continued to provide a Universal Free Breakfast and Lunch through June 2021. Subsequently, the District operated under the Seamless Summer Option through the end of June 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

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

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include all of the District's instructional programs and support services except for its food service operation, which is considered a business-type activity.

The government-wide financial statements can be found on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. The District uses several different types of funds but the two most significant types are the governmental and proprietary fund types.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers 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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and change in fund balances for the District's major funds, the General Fund, the Capital Projects Fund and the Debt Service Fund.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

The District adopts an annual budget for its General Fund. A budgetary comparison statement for the General Fund has been provided on page 22 of this report to demonstrate compliance with this budget.

PROPRIETARY FUND

The District accounts for its food service operation in a proprietary fund, which reports the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

FIDUCIARY FUND

The District accounts for its custodial fund as a fiduciary fund. The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-55 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District prepares a budget each year for its General fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the School Board of Directors.

The General Fund's approved budget for 2021 included revenue of $15,399,468 and expenditures and other financing uses of $15,639,853. There were no amendments made to the budget in 2021.

Actual revenues were higher than budgeted revenues in 2021 by $792,492. Actual expenditures were higher than budgeted expenditures in 2021 by $606,017. This was true across all areas of expenditures due to effects of the pandemic and increased charter school costs and the uncertainty of fully reopening of schools.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's condensed government-wide financial statements are presented comparatively as follows:

CONDENSED STATEMENT OF NET ASSETS (IN 000'S)

	Governmental Activities		Business Type Activities		Totals		%
	2021	2020	2021	2020	2021	2020	Change
Current and other assets	$ 7,315	$ 7,242	$ 166	$ 207	$ 7,481	$ 7,449	0.43%
Capital Assets	12,814	13,681	32	41	12,846	13,722	-6.38%
Deferred Outflows of Resources	3,904	3,349	-	-	3,904	3,349	16.57%
TOTAL	$ 24,033	$ 24,272	$ 198	$ 248	$ 24,231	$ 24,520	-1.18%
Current Liabilities	$ 1,773	$ 1,854	$ 12	$ 10	$ 1,785	$ 1,864	-4.24%
Long-term liabilities:							
Due within one year	597	532	-	-	597	532	12.22%
Due after one year	32,850	32,021	-	-	32,850	32,021	2.59%
Total Liabilites	35,220	34,407	12	10	35,232	34,417	2.37%
Deferred Inflows of Resources	1,296	1,820	-	-	1,296	1,820	-28.79%
Net Position:							
Net investment in capital assets	4,543	5,173	32	41	4,575	5,214	-12.26%
Restricted	11	10			11	10	10.00%
Unrestricted	(17,037)	(17,138)	154	197	(16,883)	(16,941)	0.34%
Total Net Position	(12,483)	(11,955)	186	238	(12,297)	(11,717)	-4.95%
TOTAL	$ 24,033	$ 24,272	$ 198	$ 248	$ 24,231	$ 24,520	-1.18%

CONDENSED STATEMENT OF ACTIVITIES (IN 000'S)

	Governmental Activities 2021	Governmental Activities 2020	Business Type Activities 2021	Business Type Activities 2020	Totals 2021	Totals 2020	% Change
Program Revenues:							
Charges for Services	$ 279	$ 294	$ 44	$ 171	$ 323	$ 465	-30.54%
Operating grants and contributions	4,721	4,247	443	497	5,164	4,744	8.85%
General Revenues:							
Taxes levied for general purposes	7,102	6,753			7,102	6,753	5.17%
Grants, subsidies and contributions not restricted	3,894	3,894			3,894	3,894	0.00%
Other	129	267	1	4	130	271	-52.03%
Total Revenues	16,125	15,455	488	672	16,613	16,127	3.01%
Program Expenses:							
Instruction	10,174	9,466			10,174	9,466	7.48%
Instructional student support	957	807			957	807	18.59%
Administration and financial support services	1,946	1,668			1,946	1,668	16.67%
Operation and maintenance of plant services	1,018	1,118			1,018	1,118	-8.94%
Pupil transportation	1,272	1,239			1,272	1,239	2.66%
Student activities	203	263			203	263	-22.81%
Interest on bonds payable	217	319			217	319	-31.97%
Loss on disposal of capital assets	-	83			-	83	>100.00%
Unallocated depreciation	866	599			866	599	44.57%
Food service	-	-	540	637	540	637	-15.23%
Total expenses	16,653	15,562	540	637	17,193	16,199	6.14%
Change in net position	(528)	(107)	(52)	35	(580)	(72)	-705.56%
Net position, beginning	(11,955)	(11,848)	238	203	(11,717)	(11,645)	-0.62%
Net Position, ending	$ (12,483)	$ (11,955)	$ 186	$ 238	$ (12,297)	$ (11,717)	-4.95%

GOVERNMENTAL ACTIVITIES

The net position of the governmental activities decreased by $528,666 in 2021. Revenues increased by $669,703 or more than 4% from 2020. Overall, district expenses increased by $1,091,852 or 6%.

BUSINESS-TYPE ACTIVITY

The net position of the District's food service operation decreased by $51,566 from 2020 due to a decrease in food service revenue such as ala carte items offered, catering sales, and food service reimbursements from meals.

FINANCIAL ANALYSIS OF THE FUNDS

GENERAL FUND (MAJOR)

The following represents a summary of General Fund revenue, by source, along with changes from 2020:

	2021 Amount	2020 Amount	Increase (Decrease)	% Change
Local sources	$ 7,532,409	$ 7,296,013	$ 236,396	3.24 %
State sources	7,860,132	7,711,431	148,701	1.93%
Federal sources	799,419	486,446	312,973	64.34%
Total	$16,191,960	$15,493,890	$ 698,070	4.51%

LOCAL SOURCES

The majority of the increase in local source revenue is attributable to increases in real estate and real estate transfer taxes and a consortium health coverage rebate.

STATE SOURCES

An increase in state sources is due to the prior year receivables for and a safety and security grant.

FEDERAL SOURCES

The increase in federal sources is primarily due to COVID/ESSER Grants and a PEMA/FEMA grant reimbursed for personal protective equipment.

The following represents a summary of General Fund expenditures, by function, along with changes from 2020:

	2021 Amount	2020 Amount	Increase (Decrease)	% Change
Instruction	$ 10,140,520	$ 9,501,731	$ 638,789	6.72 %
Support services	5,026,350	4,798,142	228,208	4.76 %
Non-instructional services	201,925	260,826	(58,901)	(22.59) %
Other	653,194	811,900	(158,706)	(19.55) %
Total	$16,021,989	$15,372,599	$ 649,390	4.22 %

INSTRUCTION

The District had increased costs related to Special Education, along with salaries and benefits.

SUPPORT SERVICES

The District had increased costs due to increased salaries and benefits costs.

NON-INSTRUCTIONAL SERVICES

The District had decreased costs for technology services with since these items were purchased in the prior year.

OTHER

The debt service remained relatively stable with a decrease due to our issuance of Bond Series 2020 to pay off Bond Series 2015.

CAPITAL PROJECTS FUNDS (MAJOR)

The Capital Projects Fund accounts for major construction projects in the District. Fund balance at June 30, 2021 was $11,369, which represents capital reserve funds for future capital needs.

DEBT SERVICE FUND (MAJOR)

The Debt Service Fund accounts for the proceeds of, and payment on, notes and bonds payable. In 2021, the District paid a total of $8,848,622 in current debt service, including $470,000 of principal.

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2020 is summarized below.

	GOVERN-MENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTALS
Land	$ 7,624		$ 7,624
Land improvements	344,288		344,288
Buildings and improvements	23,009,804		23,009,804
Furniture and equipment	1,517,677	$ 234,849	1,752,526
Total	24,879,393	234,849	25,114,242
Less accumulated depreciation	12,064,664	202,553	12,267,217
Net	$ 12,814,729	$ 32,296	$12,847,025

Additional information on the District's capital assets can be found on page 38 of this report.

LONG TERM DEBT

At June 30, 2021, the District's general obligation debt was $8,271,996. This amount is approximately 27.9% of its legal limit of $29.7 million. $560,000 of this debt is scheduled for payment in 2022. The District's bonds have an A1 enhanced rating from Moody's Investors Service and a AAA rating from Standard and Poor's. The enhanced outlook is stable. Additional information on the District's long-term debt can be found on page 39 of this report.

ECONOMIC CONDITION AND OUTLOOK

The District is residential in nature and has experienced only modest growth in its tax base and student enrollment remains static.

As a result of the minimal tax growth in the tax base and the state's lack of progress in addressing adequate funding for school districts, the District raised its real estate tax levies to the maximum amount allowed under Act 1. Although the Act 1 index was 3.9%, this allowed for a .81% increase in Wayne County, a 2.17% increase in Susquehanna County, and a 3.9% increase in Lackawanna County for fiscal year 2021.

COVID 19: On March 6, 2020 Governor Wolf declared a disaster emergency for the Commonwealth of Pennsylvania and on March 13, 2020 Governor Wolf closed all K-12 education facilities. At the time, the closure was for a two-week period, but with the rising number of COVID 19 cases in the Commonwealth, that closure continued until the end of June 2020, per Governor Wolf's orders. The District maintained continuity of education for our students and kept all full/part time employees employed along with all transportation contracts in tact as per Act 13 of 2020. Act 13 guaranteed continued state education funding and the commonwealth's share of employee benefits along with their share of transportation expenses as if the transportation contractors continued to transport our students for the remainder of the school year.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted March 27, 2020. The District received $244,259 in funds to assist us with implementing new cleaning and sanitizing procedures throughout our buildings and purchasing technology for a one-to-one initiative that allowed our students to work virtually from home when needed. This one-to-one initiative was an important step for our district as we moved into the 2020-2021 School Year.

For fiscal year 2023, the District can raise taxes without PDE approval or voter referendum by a 4.4% index. The Board of Education is considering a resolution stating that the District will not increase the rate of any tax for the support of its public schools for the 2021 fiscal year by more than the index established by the Department of Education for the district. The District is able to do this now that our Fund Balance has grown and we continue to see increases to our tax base and to our revenue from Real Estate Transfer Taxes and Wage Taxes.

The District has labor contracts with both the Professional and Support Professional unions that run through Fiscal Year 2023 and 2026, respectively.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Michelle Gogolski, Business Manager, Forest City Regional School District, 100 Susquehanna Street, Forest City, PA 18421.

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITY	TOTAL
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents	$ 4,938,947	$ 468,156	$ 5,407,103
Taxes receivable, net	405,486		405,486
Due from other governments	1,178,374	19,685	1,198,059
Due (to) from other funds	350,858	(350,858)	-
Other receivables	138,366		138,366
Inventories		29,064	29,064
Total current assets	7,012,031	166,047	7,178,078
ASSETS HELD FOR CAPITAL PROJECTS	302,719		302,719
CAPITAL ASSETS	12,814,729	32,296	12,847,025
Total assets	20,129,479	198,343	20,327,822
DEFERRED OUTFLOWS OF RESOURCES	3,903,844		3,903,844
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 24,033,323	$ 198,343	$ 24,231,666
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Current liabilities:			
Accounts payable	$ 97,821	$ 3,702	$ 101,523
Accrued salaries and benefits	1,574,223		1,574,223
Current maturities of bonds payable	560,000		560,000
Current portion of compensated absences	36,633		36,633
Accrued interest	78,763		78,763
Unearned revenues	22,180	8,426	30,606
Total current liabilities	2,369,620	12,128	2,381,748
BONDS PAYABLE	7,711,997		7,711,997
COMPENSATED ABSENCES	329,698		329,698
OTHER POSTEMPLOYMENT BENEFITS	1,814,051		1,814,051
NET PENSION LIABILITY	22,995,000		22,995,000
Total liabilities	35,220,366	12,128	35,232,494
DEFERRED INFLOWS OF RESOURCES	1,296,142		1,296,142
NET POSITION:			
Net investment in capital assets	4,542,732	32,296	4,575,028
Restricted	11,369		11,369
Unrestricted	(17,037,286)	153,919	(16,883,367)
Total net position	(12,483,185)	186,215	(12,296,970)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 24,033,323	$ 198,343	$ 24,231,666

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION: BUSINESS-TYPE ACTIVITY	TOTAL
Governmental activities:						
Instruction	$ (10,173,979)	$ 278,730	$ 2,876,835	$ (7,018,414)		$ (7,018,414)
Instructional student support	(957,067)		118,396	(838,671)		(838,671)
Administration and financial support services	(1,945,819)		178,787	(1,767,032)		(1,767,032)
Operation and maintenance of plant services	(1,018,368)	-	278,032	(740,336)		(740,336)
Pupil transportation	(1,272,151)		935,560	(336,591)		(336,591)
Student activities	(202,725)	312	22,571	(179,842)		(179,842)
Interest on bonds payable	(217,498)		310,449	92,951		92,951
Unallocated depreciation expenses	(866,100)			(866,100)		(866,100)
Total governmental activities	(16,653,707)	279,042	4,720,630	(11,654,035)		(11,654,035)
Business-type activity,						
Food service	(539,703)	43,973	443,116		$ (52,614)	(52,614)
TOTAL	$ (17,193,410)	$ 323,015	$ 5,163,746	(11,654,035)	(52,614)	(11,706,649)
General revenues:						
Taxes levied for general purposes, net				7,101,922		7,101,922
Grants, subsidies and contributions not restricted				3,893,982		3,893,982
Miscellaneous income				111,959		111,959
Investment earnings				17,506	1,048	18,554
Total general revenues				11,125,369	1,048	11,126,417
Change in net position				(528,666)	(51,566)	(580,232)
Net position, beginning				(11,954,519)	237,781	(11,716,738)
Net position, ending				$ (12,483,185)	$ 186,215	$ (12,296,970)

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	MAJOR FUNDS			
	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	TOTALS
ASSETS:				
Cash and cash equivalents	$ 4,868,116	$ 302,719	$ 70,831	$ 5,241,666
Taxes receivable	405,486			405,486
Due from other funds	642,208			642,208
Due from other governments	1,178,374			1,178,374
Other receivables	138,366			138,366
Total assets	$ 7,232,550	$ 302,719	$ 70,831	$ 7,606,100
LIABILITIES:				
Accounts payable	$ 97,821			$ 97,821
Due to other funds		$ 291,350		291,350
Accrued salaries and benefits	1,574,223			1,574,223
Payroll deductions and withholdings	22,180			22,180
Total liabilities	1,694,224	291,350	-	1,985,574
DEFERRED INFLOWS OF RESOURCES,				
Unavailable revenue - property taxes	235,406			235,406
FUND BALANCES:				
Restricted		11,369		11,369
Committed	4,113,000			4,113,000
Assigned			$ 70,831	70,831
Unassigned	1,189,920			1,189,920
Total fund balances	5,302,920	11,369	70,831	5,385,120
Total liabilities, deferred inflows of resources and fund balances	$ 7,232,550	$ 302,719	$ 70,831	$ 7,606,100

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

TOTAL FUND BALANCES - GOVERMENTAL FUNDS	$ 5,385,120
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	12,814,729
Real estate taxes receivable will not be collected soon enough to pay for the current period's expenditures and therefore are deferred in the funds	235,406
Accrued interest payable is included on the statement of net position	(78,763)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds:	
Bonds payable	(8,271,997)
Total OPEB liability and related deferred outflows and inflows of resources	(1,623,349)
Compensated absences	(366,331)
Net pension liability and related deferred outflows and inflows of resources	(20,578,000)
TOTAL NET POSITION - GOVERNMENT ACTIVITIES	$ (12,483,185)

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	MAJOR FUNDS			
	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	TOTALS
REVENUES:				
Local sources	$ 7,532,409	$ 1,046		$ 7,533,455
State sources	7,860,132			7,860,132
Federal sources	799,419			799,419
Total revenues	16,191,960	1,046	-	16,193,006
EXPENDITURES:				
Instruction	10,140,520			10,140,520
Support services	5,026,350		$ 150,634	5,176,984
Noninstructional services	201,925			201,925
Debt service	17,637		8,697,988	8,715,625
Total expenditures	15,386,432	-	8,848,622	24,235,054
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	805,528	1,046	(8,848,622)	(8,042,048)
OTHER FINANCING SOURCES (USES):				
Insurance Proceeds	2,413			2,413
Proceeds from issuance of bonds			7,960,000	7,960,000
Bond premium			254,961	254,961
Transfers in			637,970	637,970
Transfers out	(637,970)			(637,970)
Total other financing sources (uses)	(635,557)	-	8,852,931	8,217,374
NET CHANGE IN FUND BALANCES	169,971	1,046	4,309	175,326
FUND BALANCE, BEGINNING	5,132,949	10,323	66,522	5,209,794
FUND BALANCE, ENDING	$ 5,302,920	$ 11,369	$ 70,831	$ 5,385,120

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ 175,326
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense is reported in the statement of activities	(866,100)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds. This amount is the net change in revenue accrued between the prior and current year	(70,378)
Issuance of long-term obligation provides current financial resources in the funds	(8,214,961)
Repayment of long-term obligations uses current financial resources and is reported in the funds but not the statement of activities	8,437,448
Amortization of premium on bonds payable	12,964
Change in accrued interest on bonds payable	47,715
Change in total OPEB liability and related deferred outflows and inflows	22,992
Change in compensated absences	(14,672)
Change in net pension liability and related deferred outflows and inflows	(59,000)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (528,666)

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:			
Local sources	$ 7,158,896	$ 7,532,409	$ 373,513
State sources	7,606,598	7,860,132	253,534
Federal sources	633,974	799,419	165,445
Total revenues	15,399,468	16,191,960	792,492
EXPENDITURES:			
Instruction	9,697,840	10,140,520	(442,680)
Support services	4,864,665	5,026,350	(161,685)
Noninstructional services	217,910	201,925	15,985
Debt service	-	17,637	(17,637)
Total expenditures	14,780,415	15,386,432	(606,017)
EXCESS OF REVENUES OVER EXPENDITURES	619,053	805,528	186,475
OTHER FINANCING SOURCES (USES):			
Insurance proceeds	-	2,413	2,413
Transfers out	(859,438)	(637,970)	221,468
Total other financing sources (uses):	(859,438)	(635,557)	223,881
NET CHANGE IN FUND BALANCE	(240,385)	169,971	410,356
FUND BALANCE, BEGINNING	4,095,431	5,132,949	1,037,518
FUND BALANCE, ENDING	$ 3,855,046	$ 5,302,920	$ 1,447,874

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2021

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 468,156
Due from other governments	19,685
Inventories	29,064
Total current assets	516,905
CAPITAL ASSETS	32,296
TOTAL	$ 549,201

LIABILITIES AND NET POSITION

LIABILITIES:	
Current liabilities:	
Due to other funds	$ 350,858
Accounts payable	3,702
Unearned revenues	8,426
Total current liabilities	362,986
NET POSITION:	
Invested in capital assets	32,296
Unrestricted	153,919
Total net position	186,215
TOTAL	$ 549,201

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

OPERATING REVENUES,	
Food service revenue	$ 43,973
OPERATING EXPENSES:	
Salaries	174,617
Employee benefits	154,130
Purchased property services	1,269
Other purchased services	629
Food and supplies	197,493
Depreciation	8,981
Other	2,584
Total operating expenses	539,703
OPERATING LOSS	(495,730)
NONOPERATING REVENUES:	
Earnings on investments	1,048
State sources	50,893
Federal sources	392,223
Total nonoperating revenues	444,164
NET LOSS	(51,566)
TOTAL NET POSITION, BEGINNING	237,781
TOTAL NET POSITION, ENDING	$ 186,215

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	$ 46,949
Cash payments to employees for services	(713,109)
Cash paid to suppliers for goods and services	(165,143)
Net cash used in operating activities	(831,303)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	76,415
Federal sources	797,411
Net cash used in noncapital financing activities	873,826
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,	
Earnings on investments	1,048
CHANGE IN CASH AND CASH EQUIVALENTS	43,571
CASH AND CASH EQUIVALENTS, BEGINNING	424,585
CASH AND CASH EQUIVALENTS, ENDING	$ 468,156
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS,	
USDA donated commodities	$ 31,086
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$ (495,730)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	8,981
USDA donated commodities	31,086
Increase or decrease in:	
Due to/from other funds	(380,470)
Inventories	2,761
Accounts payable	3,702
Unearned revenues	(1,633)
NET CASH USED IN OPERATING ACTIVITIES	$ (831,303)

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND
JUNE 30, 2021

ASSETS	
CASH	$ 101,037
LIABILITIES AND NET POSITION	
OTHER CURRENT LIABILITIES	$ 2,523
NET POSITION RESTRICTED FOR:	
Individuals, organizations and other governments	98,514
TOTAL LIABILITIES AND NET POSITION	$ 101,037

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

ADDITIONS:	
Fundraising	$ 44,123
Donations	5,643
Interest income	186
Dues	400
Total additions	50,352
DEDUCTIONS,	
Dues	738
Refund of donation	6,000
Scholarships	2,100
Security	195
Supplies	46,596
Total deductions	55,629
CHANGE IN NET POSITION	(5,277)
NET POSITION, BEGINNING, AS PREVIOUSLY REPORTED	-
RESTATEMENT	103,791
NET POSITION, BEGINNING, AS RESTATED	103,791
NET POSITION, ENDING	$ 98,514

See Notes to Financial Statements

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The major accounting principles and practices followed by the Forest City Regional School District (the "District") are summarized below:

NATURE OF OPERATIONS

The District provides elementary and secondary education to the residents of the following municipalities: Clinton Township, Mount Pleasant Township, Vandling Borough, Forest City Borough, Union Dale Borough and Herrick Township.

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

REPORTING ENTITY

The reporting entity has been defined in accordance with the criteria established in Statement 14, as amended by Statement 39 issued by the Governmental Accounting Standards Board ("GASB"). The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency and legal separation.

As defined above, there are no other related organizations that should be included in the District's financial statements.

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report financial information for the District as a whole, excluding fiduciary activities, on a full accrual, economic resource basis. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and District general revenues, from business-type activities, generally financed in whole or in part with fees charged to customers. The District's General and Debt Service Funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

The statement of activities reports the expenses of a given function or program offset by program revenues directly connected with that function or program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services to users of the District's services, (2) operating grants and contributions that finance annual operating activities and (3) capital grants and contributions that fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The District uses the following fund types:

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following is a description of the governmental funds of the District:

GENERAL FUND (MAJOR)

The General Fund accounts for the general operations of the District and all financial transactions not accounted for in another fund.

Capital Projects Fund (Major)

The Capital Projects Fund accounts for the financial resources to be used for acquisition, renovation or construction of major capital facilities. The District accounts for its Capital Reserve Fund as a Capital Projects Fund.

DEBT SERVICE FUND (MAJOR)

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term obligations.

PROPRIETARY FUND TYPE

Proprietary funds account for the operations of the District that are financed and operated in a manner similar to those often found in the private sector. The fund included in this category is the Food Service Fund, an Enterprise fund-type, which accounts for the food service operations of the District. The Food Service Fund distinguishes between operating revenues and expenses and nonoperating items. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies and other direct costs. All other revenues and expenses are reported as nonoperating.

FIDUCIARY FUND TYPES

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or other governmental units. The fund included in this category is:

CUSTODIAL FUND

The Custodial Fund accounts for assets held, collected, and disbursed on behalf of various student activities and clubs.

MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District’s total net position.

FUND FINANCIAL STATEMENTS

Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are also accounted for using the economic resources measurement focus.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

ACCRUAL BASIS

Government-wide financial statements and the proprietary and fiduciary fund type financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Tax revenues are recognized in the year levied while grant revenue is recognized when grantor eligibility requirements are met.

MODIFIED ACCRUAL BASIS

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. The District considers property and other taxes as available if they are collected within 60 days after year-end. Expenditures, other than principal and interest on bonds payable, compensated absences, special termination benefits, and claims and judgments, are recorded when the related fund liability is incurred. Principal and interest on bonds payable, compensated absences, special termination benefits, and claims and judgments are recorded as fund liabilities when due and unpaid.

ALLOCATION OF INDIRECT EXPENSES

The District does not allocate any indirect expenses, including depreciation.

BUDGETARY DATA

An operating budget is adopted each year for the General Fund on the modified accrual basis of accounting. The District utilizes the Executive Budget approach to budgetary control. This approach requires the administration to prepare and submit a plan of financial operation to the School Board.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and money market funds, which are carried at cost.

INVENTORIES

Inventories are valued at the lower of cost (first-in, first-out method) or market except for donated inventories, which are valued at fair market value, as determined by the U.S. Department of Agriculture, at the date of donation. Textbooks and instructional and custodial supplies are charged to expense upon acquisition.

CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the Food Service Fund are reported both in the business-type activity of the government-wide statement of net position and in the fund financial statements.

All capital assets are stated at cost or estimated cost, net of accumulated depreciation. Donated capital assets are reported at their fair value at date of receipt. The District maintains a capitalization threshold of $5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Assets acquired through capital leases are included in furniture and equipment and are amortized over the life of the asset. Amortization is included in depreciation expense in the accompanying financial statements.

All capital assets except land and construction in progress are depreciated. Land is never depreciated. Construction in progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY
Land improvements	15 – 20 years	N/A
Buildings and improvements	5 – 40 years	N/A
Furniture and equipment	5 – 20 years	5 - 30 years

The District does not have any infrastructure capital assets.

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

The balance sheet and statement of net position report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, which are reported after total assets, are defined by GASB as a consumption of net position that applies to future periods. The expense is recognized in the applicable future period(s). Deferred inflows of resources, which are reported after total liabilities, are defined by GASB as an acquisition of net assets that applies to future periods. The revenue, or reduction of expense, is recognized in the applicable future period(s). Transactions are classified as deferred outflows of resources or deferred inflows of resources only when specifically prescribed by GASB standards.

The District is required to report the following as deferred outflows of resources and deferred inflows of resources:

- Unavailable revenue – property taxes, which represents the portion of taxes receivable that does not meet both the measurable and available criteria for recognition in the current period in the governmental funds balance sheet. In subsequent periods, when both revenue recognition criteria are met, the unavailable revenue is removed as a deferred inflow of resources and the revenue is recognized.

- For the defined benefit pension plan and the other postemployment benefit (OPEB) plans: the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, the net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the District's proportion of expenses and liabilities to the pension as a whole, differences between the District's pension contributions and its proportionate share of contributions, and District contributions subsequent to the valuation measurement date.

UNEARNED REVENUE

The District reports unearned revenue on its financial statements. Unearned revenue arises when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when cash is received prior to the provision of services. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

COMPENSATED ABSENCES

The District's collective bargaining agreements with its professional staff and employment agreements with support employees specify the sick leave and vacation leave policies. Administrative personnel, while not party to these agreements, are provided similar benefits. The agreements generally provide for payment of accumulated sick leave, at retirement, based upon years of service and days accumulated (subject to maximum accumulations). The rate paid varies by position. Vacation leave is available only to administrative and twelve month support employees and may be carried over in certain instances; however, there is no provision for payout of unused vacation days.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. PSERS' investments are reported at fair value.

GOVERNMENT FUND BALANCE CLASSIFICATIONS

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its governmental fund balances as follows:

- *Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the District's "highest level of decision-making authority" which do not lapse at year-end. The School Board is its highest level of decision-making authority, and the School Board commits funds through resolutions.

- *Assigned* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District, but not through formal action of the School Board.

- *Unassigned* – includes fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

NET POSITION

Net position is the residual of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The District maintains the following classifications of net position:

- Net investment in capital assets – capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets.

- Restricted – the portion of net position subject to externally imposed conditions.

- Unrestricted – all other categories of net position. Net position may be designated for specific purposes by the School Board.

ELIMINATIONS AND INTERNAL BALANCES

Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are labeled “internal balances” on the statement of net position.

RESTRICTED RESOURCES

When both restricted and unrestricted resources are available for use, the District’s policy is to use restricted resources first, and then unrestricted resources as needed.

USE OF 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued its Statement No. 84, *Fiduciary Activities.* This statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and how they should be reported. Net position of the District's Custodial Fund was restated by $103,791 as a result of the adoption.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

The Pennsylvania Public School Code of 1949, as amended, permits the District to invest only in certain types of investments. The District's deposits and investments adhere to these statutes.

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District's has adopted a policy requiring that deposits in excess of insurance limits shall be collateralized pursuant to law. At June 30, 2021, the bank balance of the District's deposits with financial institutions, including cash equivalents and certificates of deposit, was $5,844,702, compared to the carrying amount of $5,810,859. The difference is primarily due to deposits in transit and outstanding checks. $5,344,702 of the District's deposits was exposed to custodial credit risk, all of which was uninsured and collateralized by securities pledged by the financial institutions for such funds but not in the District's name in accordance with Commonwealth of Pennsylvania Act 72 of 1971, as amended.

3. REAL ESTATE TAXES

The real estate taxes for the District are collected from two boroughs and three townships. The tax on real estate, as levied by the School Board, was 96.85 mills ($96.85 per $1,000 of assessed valuation) in Lackawanna County, 45.65 mills ($45.65 per $1,000 of assessed valuation) in Susquehanna County and 17.35 mills ($17.35 per $1,000 of assessed valuation) in Wayne County. Each county determines the assessed valuation of property and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

August 1	Levy Date
August 1 – September 30	2% discount period
October 1 – November 30	Face payment period
December 1 – December 31	10% penalty period
January 1	Lien date

Delinquent real estate taxes receivable at June 30, 2021 amounted to $405,486. The amount of taxes receivable is reported net of an allowance for doubtful collections of $42,091.

4. DUE FROM OTHER GOVERNMENTS

The amount reported in the General Fund at June 30, 2021 as due from other governments is summarized below:

Commonwealth of Pennsylvania:	
State source revenue	$ 691,118
Federal source revenue	222,433
Northeastern Educational Intermediate Unit #19:	
Federal source revenue	151,338
Pennsylvania Department of Human Services:	
Federal source revenue	4,588
County of Lackawanna	1,250
County of Susquehanna	10,843
County of Wayne	11,749
Other local education agencies	85,055
Total	$ 1,178,374

The amount reported in the Food Service Fund as due from other governments of $19,685 represents $775 due from the PDE for state subsidies, as well as $18,910 in federal funds passed through the PDE.

5. CAPITAL ASSETS

The changes in the District's capital assets in 2021 are summarized as follows:

	BALANCE JULY 1, 2020	INCREASES	DECREASES	BALANCE JUNE 30, 2021
Governmental activities:				
Cost:				
Assets not being depreciated:				
Land	$ 7,624			$ 7,624
Assets being depreciated:				
Land improvements	344,288			344,288
Buildings and improvements	23,009,804			23,009,804
Furniture and equipment	1,517,677			1,517,677
Subtotal	24,871,769			24,871,769
Total cost	24,879,393			24,879,393
Less accumulated depreciation:				
Land improvements	(332,128)	$ (21,728)		(353,856)
Buildings and improvements	(9,631,370)	(694,364)		(10,325,734)
Furniture and equipment	(1,235,066)	(150,008)	$ -	(1,385,074)
Total accumulated depreciation	(11,198,564)	(866,100)	-	(12,064,664)
Governmental activities capital assets, net	$ 13,680,829	$ (866,100)	$ -	$ 12,814,729
Business-type activity:				
Furniture and equipment	$ 234,849			$ 234,849
Less accumulated depreciation	(193,572)	$ (8,981)		(202,553)
Business-type activity capital assets, net	$ 41,277	$ (8,981)		$ 32,296

6. BONDS PAYABLE

During its June 30, 2012 fiscal year, the District issued $3,190,000 of general obligation bonds (Series of 2012) to currently refund the Series A and B of 2007 bonds. These bonds are due in varying annual installments plus interest at rates ranging from 0.65% to 2.375%, with final maturity scheduled for 2022. Principal due in 2022 is $70,000.

During its June 30, 2021 fiscal year, the District issued $7,960,000 of general obligation bonds (Series of 2020) to currently refund the Series of 2015 general obligation bonds. These bonds are due in varying annual installments plus interest at rates ranging from 0.37% to 4.00% with final maturity scheduled for 2034. Principal due in 2022 is $490,000.

The following summarizes the changes in bonds and notes payable in 2021:

	BALANCE JULY 1, 2020	INCREASES	DECREASES	BALANCE JUNE 30, 2021
Bond Series of 2012	$ 135,000		$ (65,000)	$ 70,000
Bond Series of 2015	8,355,000		(8,355,000)	-
Bond Series of 2020	-	$ 7,960,000	-	7,960,000
Sub-total	8,490,000	7,960,000	(8,420,000)	8,030,000
Bond premiums	-	254,960	(12,964)	241,996
Total	$ 8,490,000	$ 8,214,960	$ (8,432,964)	$ 8,271,996

Total interest paid on these bonds and notes in 2021 was $277,988. No interest was capitalized in 2021. No interest is reported as a direct expense in the statement of activities.

The following summarizes the District's future debt service requirements as of June 30, 2021:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2022	$ 560,000	$ 155,788	$ 715,788
2023	515,000	151,475	666,475
2024	520,000	138,500	658,500
2025	545,000	117,200	662,200
2026	560,000	102,100	662,100
2027-2031	2,950,000	374,350	3,324,350
2032-2036	2,380,000	90,700	2,470,700
TOTAL	$ 8,030,000	$ 1,130,113	$9,160,113

7. COMPENSATED ABSENCES

The changes in the District's compensated absences in 2021 are summarized as follows:

Balance, July 1, 2020	$ 351,659
Increase	14,672
Decrease	
Balance, June 30, 2021	366,331
Less current portion	36,633
Long-term compensated absences	$ 329,698

The District normally pays its compensated absences from the General Fund.

8. POSTEMPLOYMENT BENEFITS

DISTRICT OPEB PLAN

PLAN DESCRIPTION

The District provides postretirement healthcare benefits for employees who retire with at least 30 years of credited service in the Pennsylvania School Employees' Retirement System and must be retiring under a normal or early PSERS retirement. Employees may also be eligible after completing 10 years of service with the District. The benefits are provided by the District for a maximum of ten years or until the individual reaches age sixty-five. The cost of such medical coverage for retirees and spouses is determined by the contract provisions at the time of retirement. The plan provides post-retirement medical, prescription drug, dental and vision benefits. The plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Retired teachers who are ineligible under the above requirements and choose to participate in the medical plan must pay 100% of the composite rate cost of such coverage. Eligible members of the support personnel bargaining unit may also participate in the plan at their own expense.

The contribution requirements of plan members and the District are established and may be amended by the School Board. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the health care benefits provided to current retirees. Retirees do not contribute to the plan. The plan has no assets accumulated in a trust in which the employer contributions are irrevocable, are dedicated to providing benefits to plan member, or are legally protected from creditors.

A total of 106 participants are covered by the benefit terms, including 99 active participants and 7 inactive (retired) participants currently receiving benefits. There are no participants entitled to but not receiving benefits under the plan.

FINANCIAL INFORMATION

The following is the District's other postemployment benefit (OPEB) liability, deferred outflows and inflows of resources related to OPEB and the OPEB expense for the fiscal year ended June 30, 2021:

Total OPEB liability	$ 805,051
Plan fiduciary net position	
Net OPEB liability	$ 805,051
Deferred outflows of resources:	
Differences between expected and actual experience	$ 59,142
Changes of assumptions	66,257
Benefit payments subsequent to the measurement date	93,445
Total deferred outflows of resources	$ 218,844
Deferred inflows of resources,	
Differences between expected and actual experience	$ 75,250
Changes of assumptions	19,892
Total deferred inflows of resources	$ 95,142
Covered-employee payroll	$6,004,774
Plan fiduciary net position as a % of total OPEB liability	0.0%
Total OPEB liability as a % of covered-employee payroll	13.41%

Service cost	$ 30,088
Interest on total OPEB liability	28,488
Changes of benefit terms	13,442
Amortization of deferred outflows of resources	11,080
Amortization of deferred inflows of resources	(7,645)
OPEB expense	$ 75,453

The District will recognize the $93,445 reported as deferred outflows of resources resulting from plan contributions after the measurement date as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

YEAR ENDING JUNE 30	Amortization
2022	$ 3,435
2023	3,435
2024	3,435
2025	3,435
2026	3,435
Thereafter	13,082
TOTAL	$ 30,257

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The actuarial valuation on which the total OPEB liability is based is dated July 1, 2020. The total OPEB liability was measured using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method was entry age normal, level basis of pay.
- Healthcare cost trend rate of 5.5% in 2020 through 2023, with rates gradually decreasing from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Salary increases are composed of a 2.5% cost of living adjustment, 1.0% real wage growth, and for teachers and administrators, a merit increase which varies by age from 0.0% to 2.75%.
- 50% of employees are assumed to elect coverage. 20% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial. Wives are assumed to be two years younger than husbands.

- Assumed retirement rates are based on PSERS plan experience and vary by age, gender and years of service. Withdrawal rates also vary by age, gender and years of service.
- The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender.
- Separate mortality rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation (See Note 9). Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.
- The discount rate decreased from 3.36% to 1.86%, based on the S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2020.
- Participant data is based on census information as of April 2021.

The following table presents the District's total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$731,570	$805,051	$892,818

The following table presents the District's total OPEB liability calculated using the discount rate of 1.86%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (.86%) or one percentage point higher (2.86%) than the current rate:

	1% Decrease .86%	Current Discount Rate 1.86%	1% Increase 2.86%
Total OPEB liability	$851,227	$805,051	$760,985

TOTAL OPEB LIABILITY

The District's total OPEB liability of $805,051 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2019. The following table presents the changes in the District's total OPEB liability for the fiscal year ending June 30, 2021:

Balance, July 1, 2019	$ 902,651
Service cost	30,088
Interest on total OPEB liability	28,488
Changes of benefit terms	13,442
Differences between expected and actual experience	(81,039)
Changes of assumptions	68,133
Benefit payments	(156,712)
Net changes	(97,600)
Balance, June 30, 2020	$ 805,051

PSERS PLAN

PLAN DESCRIPTION

PSERS provides premium assistance through a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2020 there were no assumed future benefit increases to participating eligible retirees.

PREMIUM ASSISTANCE ELIGIBILITY CRITERIA

Retirees of PSERS can participate in the premium assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and

- Participate in the HOP or employer-sponsored health insurance program.

DISTRICT CONTRIBUTIONS

The District's contractually required contribution rate for the year ended June 30, 2021 was 0.84% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PSERS plan from the District were approximately $54,000 for the year ended June 30, 2021.

OPEB LIABILITIES, OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

At June 30, 2021, the District reported a liability of $1,009,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the District's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the District's proportion was 0.0467%, which was an increase of 0.0001% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of $49,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 2,000	
Changes in proportion	24,000	$ 41,000
Changes of assumptions	41,000	22,000
Difference between expected and actual experience	9,000	
Contributions after the measurement date	54,000	
	$ 130,000	$ 63,000

The District will recognize the $54,000 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the PSERS OPEB liability in the year ended June 30, 2022. 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 ENDING JUNE 30	Amortization
2022	$ -
2023	-
2024	(1,000)
2025	10,000
2026	1,000
Thereafter	3,000
TOTAL	$ 13,000

ACTUARIAL ASSUMPTIONS

The PSERS total OPEB liability as of June 30, 2021, was determined by rolling forward the PSERS' total OPEB liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions:

- Actuarial cost method - Entry Age Normal - level percent of pay
- Investment return – 2.66 percent - S&P 20 Year Municipal Bond Rate
- Salary growth - Effective average of 5.00 percent, comprised of inflation of 2.75 percent and 2.25 percent for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at $1,200 per year
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale
- Participation rate:
    - Eligible retirees will elect to participate pre age 65 at 50 percent
    - Eligible retirees will elect to participate post age 65 at 70 percent

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020
- Cost method: Amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method: Market value
- Participation rate: 63 percent of eligible retirees are assumed to elect premium assistance
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25 percent males and 75 percent females is used to determine actuarial equivalent benefits).

Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The Plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Under the program, as defined in the retirement code employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3 %	1.0 %
US Core Fixed income	46.5 %	0.1 %
Non-US Developed Fixed	3.2 %	0.1 %
	100.0 %	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

DISCOUNT RATE

The discount rate used to measure the PSERS Plan's total OPEB liability was 2.66 percent. Under the plan's funding policy, contributions are structured for short term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66 percent which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability. The discount rate decreased from 2.79% as of June 30, 2019 to 2.66% as of June 30, 2020.

SENSITIVITY TO CHANGE IN HEALTHCARE COST TREND RATES

The following table presents the District's total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
PSERS Net OPEB liability	$1,009,000	$1,009,000	$1,009,000

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following table presents the District's total OPEB liability calculated using the discount rate of 2.66%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.66%) or one percentage point higher (3.66%) than the current rate:

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
PSERS Net OPEB liability	$1,150,000	$1,009,000	$892,000

OPEB PLAN FIDUCIARY NET POSITION

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on PSERS' website at www.psers.pa.gov.

9. PENSION BENEFITS

PLAN DESCRIPTION

The Public School Employees Retirement System (PSERS) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended, the "Code") is the authority by which PSERS benefits provisions and contribution requirements are established and may be amended. The Code requires contributions by active members, the employer (the District) and the Commonwealth. PSERS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained from the PSERS website at www.psers.pa.gov.

BENEFITS PROVIDED

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age sixty-two with at least one year of credited service; (b) age sixty with thirty or more years of credited service; or (c) thirty-five or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Class T-E and Class T-F. To qualify for normal retirement, Class T-E and Class T-F members must work until age sixty-five with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than ninety-two with a minimum of thirty-five years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. Members who joined prior to July 1, 2011 vest after completion of five years of service and may elect early retirement benefits. Class T-E and Class T-F members vest after completion of ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average (as defined in the Code) salary multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon death of an active member who has reached age sixty-two with at least one year of credited service (age sixty-five with at least three years of credited service for Class T-E and Class T-F members) or at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

MEMBER CONTRIBUTIONS

Active members who joined PSERS prior to July 22, 1983 contribute 5.25% (Class T-C members) or at 6.50% (Class T-D members) of the member's qualifying compensation. Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Class T-C) or at 7.50% (Class T-D) of the member's qualifying compensation. Members who joined PSERS after June 30, 2001 and before July 1, 2011 contribute at 7.50% (Automatic Class T-D). For all new hires and members who elected Class T-D membership, the higher contribution rate began with services rendered on or after January 1, 2002. Members who joined PSERS after June 30, 2011 automatically contribute at the Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contribute at 10.30% (base rate) of the member's qualifying compensation. Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the contribution rate to fluctuate between 7.50% and 9.50% for Class T-E and 10.30% and 12.30% for Class T-F.

EMPLOYER CONTRIBUTIONS

The District's contractually required contribution rate for PSERS for the fiscal year ended June 30, 2021 was 33.36% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to PSERS from the District were approximately $2,203,000.

ACTUARIAL ASSUMPTIONS

The total PSERS pension liability as of June 30, 2020 was determined by rolling forward PSERS' total pension liability as of the June 30, 2019 actuarial valuation to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method is entry age normal, level percent of pay.
- Investment return of 7.25% including inflation at 2.75%.
- Salary increases based on an effective average of 5.00%, which reflects an allowance for inflation of 2.75% and 2.25% for real wage growth and merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

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 pension plan 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.

PSERS' policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board of Trustees. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Following is the PSERS Board of Trustees' adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0 %	5.2 %
Private equity	15.0 %	7.2 %
Fixed income	36.0 %	1.1 %
Commodities	8.0 %	1.8 %
Absolute return	10.0 %	2.5 %
Risk parity	8.0 %	3.3 %
Infrastructure/MLPs	6.0 %	5.7 %
Real estate	10.0 %	5.5 %
Cash	6.0 %	(1.0)%
Financing (LIBOR)	(14.0)%	(0.7)%
	100.0 %	

DISCOUNT RATE

The discount rate used to measure the total PSERS pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, PSERS' 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 PSERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the District's proportionate share of the PSERS net pension liability calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net pension liability	$28,449,000	$22,995,000	$18,374,000

FIDUCIARY NET POSITION

Detailed information about PSERS' fiduciary net position is available in the PSERS Comprehensive Annual Financial Report, which can be found at www.psers.pa.gov.

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

At June 30, 2021, the District reported a liability of $22,995,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by rolling forward the total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability as calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the District's proportion of .0467%, which was an increase of .0001% from its proportion calculated as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of $2,262,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 1,011,000	
Changes in proportions	246,000	$ 587,000
Changes in assumptions		
Difference between expected and actual experience	60,000	551,000
Difference between employer contributions and proportionate share of total contributions	35,000	
Contributions after the measurement date	2,203,000	
	$ 3,555,000	$ 1,138,000

The District will recognize the $2,203,000 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the PSERS net pension liability in the year ended June 30, 2022. 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 ENDING JUNE 30	Amortization
2022	$(213,000)
2023	(185,000)
2024	312,000
2025	300,000
TOTAL	$ 214,000

10. INTERNAL BALANCES/INTERFUND TRANSFERS

The following summarizes the interfund transfers in 2021:

	TRANSFERS IN	TRANSFERS OUT
General Fund,		
Debt Service Fund		$ 637,970
Debt Service Fund,		
General Fund	$ 637,970	

The General Fund transferred funds to the Debt Service Fund to pay long-term debt as it came due.

At June 30, 2021, the Food Service Fund owed the General Fund $350,858 for uncollected student accounts as of the end of the year and subsidies received but not transferred, net of operating expenses paid by the General Fund on behalf of the Food Service Fund. The Capital Projects Fund owed the General Fund $291,350 to reimburse capital expenditures from a prior period.

11. CONTINGENCIES

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure that may be disallowed pursuant to the terms of these grant programs. The District is not aware of any material items of noncompliance that would result in the disallowance of program expenditures.

The District is involved, from time to time, in various legal actions. In the opinion of the District, these matters either are adequately covered by insurance or will not have a material effect on the District's financial statements.

12. NEW ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued its Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB Statement No. 87 is effective for the District's fiscal year ending June 30, 2022.

In June 2018, the GASB issued its Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period.* This statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred, and should no longer be capitalized as part of the cost of an asset. GASB Statement No. 89 will be effective for the District's fiscal year ending June 30, 2022.

In March 2020, the GASB issued its Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payments Arrangements.* This statement is intended to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. GASB Statement No. 94 will be effective for the District's fiscal year ending June 30, 2023.

In May 2020, the GASB issued its Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and reporting for subscription-based information technology arrangements (SBITAs) for government end users by (1) defining a SBITA; (2) establishing that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) providing capitalization criteria for outlays other than subscription payments; and (4) requiring certain note disclosures regarding a SBITA. GASB Statement No. 91 will be effective for the District's fiscal year ending June 30, 2023.

The District has not yet determined the effects of the adoption of the aforementioned GASB Statements on its financial statements.

FOREST CITY REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - PSERS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE PSERS NET PENSION LIABILITY
YEARS ENDED JUNE 30
(UNAUDITED)

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the PSERS net pension liability	0.0467%	0.0466%	0.0487%	0.0469%	0.0479%	0.0480%	0.4620%
District's proportionate share of the PSERS net pension liability (in thousands)	$22,995	$21,801	$23,378	$23,163	$23,738	$20,791	$18,286
District's covered employee payroll (in thousands)	$ 6,552	$ 6,427	$ 6,562	$ 6,240	$ 6,197	$ 6,181	$ 5,890
District's proportionate share of the PSERS net pension liability as a percentage of its covered-employee payroll	350.96%	339.21%	356.26%	371.20%	383.06%	336.37%	310.46%
PSERS fiduciary net position as a percentage of the PSERS total pension liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

Note to schedule:
The District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27* in 2015. Information for years prior to 2015 is not available for reporting.

FOREST CITY REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - PSERS
SCHEDULE OF THE DISTRICT'S PSERS PENSION CONTRIBUTIONS
YEARS ENDED JUNE 30
(UNAUDITED)

	2021	2020	2019	2018	2017	2016	2015
PSERS contractually required contribution (in thousands)	$2,203	$2,192	$2,103	$2,091	$1,836	$1,584	$1,202
Contributions in relation to the contractually required contribution (in thousands)	(2,203)	(2,192)	(2,103)	(2,091)	(1,836)	(1,584)	(1,202)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll (in thousands)	$6,552	$6,427	$6,562	$6,240	$6,197	$6,181	$5,890
Contributions as a percentage of covered-employee payroll	33.62%	34.11%	32.05%	33.51%	29.63%	25.63%	20.41%

Note to schedule:
The District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27* in 2015. Information for years prior to 2015 is not available for reporting.

FOREST CITY REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY - DISTRICT PLAN
YEARS ENDED JUNE 30
(UNAUDITED)

	2021	2020	2019	2018
Changes in the total OPEB liability:				
Service cost	$ 30,088	$ 30,311	$ 26,559	$ 25,899
Interest	28,488	28,980	32,006	29,397
Changes of benefit terms	13,442	-	-	-
Differences between expected and actual experience	(81,039)	-	76,884	-
Changes of assumptions	68,133	(17,314)	3,888	(7,338)
Benefit payments	(156,712)	(177,827)	(211,310)	(201,167)
Other changes	-	-	-	-
Net change in pension liability	(97,600)	(135,850)	(71,973)	(153,209)
Total OPEB liability, beginning	902,651	1,038,501	1,110,474	1,263,683
Total OPEB liability, ending	$ 805,051	$ 902,651	$ 1,038,501	$ 1,110,474
Covered-employee payroll	$ 6,004,774	$ 5,410,235	$ 5,410,236	$ 5,529,594
Total OPEB liability as a percentage of covered-employee payroll	13.41%	16.68%	19.20%	20.08%

Notes to schedule:
The District's OPEB plan has no assets accumulated in a trust in which the employer contributions are irrevocable, are dedicated to providing OPEB to plan members, or are legally protected from creditors.

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in 2018. Information for years prior to 2018 is not available for reporting.

FOREST CITY REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - OPEB
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE PSERS NET OPEB LIABILITY
YEARS ENDED JUNE 30
(UNAUDITED)

	2021	2020	2019	2018
District's proportion of the PSERS net OPEB liability	0.0467%	0.0466%	0.0487%	0.0469%
District's proportionate share of the PSERS net OPEB liability (in thousands)	$ 1,009	$ 991	$ 1,015	$ 956
District's covered-employee payroll (in thousands)	$ 6,552	$ 6,427	$ 6,562	$ 6,240
District's proportionate share of the PSERS net OPEB liability as a percentage of its covered-employee payroll	15.40%	15.42%	15.47%	15.32%
Plan fiduciary net position as a percentage of the PSERS net OPEB liability	5.69%	5.56%	5.56%	5.73%

Note to schedule:
The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in 2018. Information for years prior to 2018 is not available for reporting.

FOREST CITY REGIONAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - OPEB
SCHEDULE OF THE DISTRICT'S PSERS OPEB CONTRIBUTIONS
YEARS ENDED JUNE 30
(UNAUDITED)

	2021	2020	2019	2018
PSERS contractually required contribution (in thousands)	$ 54	$ 55	$ 54	$ 52
Contributions in relation to the contractually required contribution (in thousands)	(54)	(55)	(54)	(52)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll (in thousands)	$ 6,552	$ 6,427	$ 6,562	$ 6,240
Contributions as a percentage of covered-employee payroll	0.82%	0.86%	0.82%	0.83%

Note to schedule:
The District adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in 2018. Information for years prior to 2018 is not available for reporting.