FOREST CITY REGIONAL SCHOOL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

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 (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In 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 District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

GAAP requires that the Management's Discussion and Analysis on pages 7 through 16, and the Required Supplementary Information on pages 56 through 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards on page 61, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Carbondale, Pennsylvania
December 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(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 (District) for the year ended June 30, 2024. 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 (deficit) of the District improved by $1,456,437 to $(6,945,361) at June 30, 2024. Net position (deficit) of the governmental activities improved by $1,296,518 from 2023. Net position of the business-type activity increased $159,919 from 2023.

The District had $18,177,846 in expenses related to governmental activities in 2024; only $6,496,447 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes and state subsidies) of $12,977,917 were adequate to provide for these programs. Our net position (deficit) improved as we continue to reduce long-term liabilities, specifically bonds payable and the net pension liability.

In the District's business-type activity, net position increased by $159,919, a $25,021 increase over 2023. The District continues to provide a universal free breakfast and lunch to all students.

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 (deficit) 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 (deficit) 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 (deficit) 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 17 and 18 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, Capital Projects Fund, and the Debt Service Fund.

The basic governmental fund financial statements can be found on pages 19-22 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 23 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 24-26 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 27-28 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 29-55 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 Board of Education.

The General Fund's approved budget for 2024 included revenue of $17,412,569 and expenditures and other financing uses of $17,701,732. There were no amendments made to the budget in 2024.

Actual revenues were higher than budgeted revenues in 2024 by $1,897,157. Local source revenues were $453,760 higher due to increased real estate tax collections, primarily delinquent and transfer taxes, and interest earned. State sources increased $1,667,871 due to a PLAN Con J final reimbursement of $891,452, a mental health and safety grant of $100,156, and special education funding (IDEA) originally budgeted in federal funding. The remaining increase was due to higher transportation subsidies. Federal sources decreased $224,474 primarily due to IDEA funding budgeted in state funding.

Actual expenditures were higher than budgeted expenditures in 2024 by $1,753,287. This was primarily due to the use of $522,585 for capital improvements for a water main project, $518,061 for increased special education, mainly out-of-district placements, and with the remainder coming from increased salaries, benefits, and student transportation costs.

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 Activity		Totals	
	2024	2023	2024	2023	2024	2023
Current assets	$ 7,848	$ 7,708	$ 616	$ 483	$ 8,464	$ 8,191
Capital and other assets	16,140	16,468	46	22	16,186	16,490
Deferred outflows of resources	3,797	3,563	-	-	3,797	3,563
Total	$ 27,785	$ 27,739	$ 662	$ 505	$ 28,447	$ 28,244
Current liabilities	$ 3,352	$ 3,355	$ 7	$ 10	$ 3,359	$ 3,365
Long-term liabilities	30,490	32,172	-	-	30,490	32,172
Total liabilities	33,842	35,527	7	10	33,849	35,537
Deferred inflows of resources	1,544	1,110	-	-	1,544	1,110
Net investment in capital assets	6,537	6,232	46	22	6,583	6,254
Unrestricted	(14,138)	(15,130)	609	473	(13,529)	(14,657)
Total net position	(7,601)	(8,898)	655	495	(6,946)	(8,403)
Total	$ 27,785	$ 27,739	$ 662	$ 505	$ 28,447	$ 28,244

CONDENSED STATEMENT OF ACTIVITIES (IN 000'S)

	Governmental Activities		Business-Type Activity		Totals	
	2024	2023	2024	2023	2024	2023
Charges for services	$ 64	$ 141	$ 109	$ 117	$ 173	$ 258
Operating grants and contributions	6,433	6,045	762	753	7,195	6,798
Taxes levied for general purposes	7,776	7,597	-	-	7,776	7,597
Grants, subsidies and contributions	4,706	4,365	-	-	4,706	4,365
Investment earnings	252	136	9	4	261	140
Other	244	551	-	-	244	551
Total revenues	19,475	18,835	880	874	20,355	19,709
Instruction	11,247	10,232	-	-	11,247	10,232
Instructional student support	1,276	1,043	-	-	1,276	1,043
Administration and financial support	1,530	1,569	-	-	1,530	1,569
Operation and maintenance of plant	982	880	-	-	982	880
Pupil transportation	1,841	1,748	-	-	1,841	1,748
Student activities	342	316	-	-	342	316
Community services	1	1	-	-	1	1
Interest	193	214	-	-	193	214
Depreciation	766	545	-	-	766	545
Food service	-	-	720	740	720	740
Total expenses	18,178	16,548	720	740	18,898	17,288
Change in net position	1,297	2,287	160	134	1,457	2,421
Net position (deficit), beginning	(8,898)	(11,185)	495	361	(8,403)	(10,824)
Net position (deficit), ending	$ (7,601)	$ (8,898)	$ 655	$ 495	$ (6,946)	$ (8,403)

GOVERNMENTAL ACTIVITIES

The net position (deficit) of the governmental activities increased by $1,296,518 in 2024. Revenues increased by $639,105 or 4% from 2023 primarily due to increased tax collections, interest income, and state and federal subsidies.

Expenses increased by $1,629,980 or 9% from 2023 as salaries and benefits, special education, charter school, out of district placements, and student transportation costs all continue to rise.

BUSINESS-TYPE ACTIVITY

The net position of the District's food service operation increased by $25,021 over 2023. Increased federal and state subsidies and investment earnings coupled with lower food costs and lower salaries and benefits from retirements and resignations accounted for the increase.

FINANCIAL ANALYSIS OF THE FUNDS

GENERAL FUND (MAJOR)

The following represents a summary of General Fund revenue, by source, along with changes from 2023:

	2024 Amount	2023 Amount	Increase (Decrease)	% Change
Local sources	$ 8,325,621	$ 8,005,766	$ 319,855	4.00%
State sources	10,335,958	8,522,133	1,813,825	21.28%
Federal sources	648,147	1,800,378	(1,152,231)	(64.00%)
Other sources	202,031	19,895	182,136	915.49%
Total	$19,511,757	$18,348,172	$ 1,163,585	6.34%

LOCAL SOURCES

The majority of the increase in local source revenue is attributable to increases in real estate tax collections, primarily delinquent and realty transfer taxes, and interest earned.

STATE SOURCES

The increase in state sources revenue is primarily due to a PLANCON J reimbursement, a mental health and safety grant, and transportation subsidies.

FEDERAL SOURCES

The decrease in federal sources is primarily due to lower spending of pandemic funds allocated in prior years.

OTHER SOURCES

In 2024, the District received insurance proceeds of $202,031 related to a claim made during the roofing project.

The following represents a summary of General Fund expenditures, by function, along with changes from 2023:

	2024 Amount	2023 Amount	Increase (Decrease)	% Change
Instruction	$ 11,883,677	$ 11,048,798	$ 834,879	7.56%
Support services	5,888,536	6,658,572	(770,036)	(11.56%)
Noninstructional services	359,646	337,463	22,183	6.57%
Capital outlay and transfers	1,273,160	759,574	513,586	67.62%
Total	$19,405,019	$ 18,804,407	$ 600,612	3.19%

INSTRUCTION

The District experienced increased costs for special education, out of district placements and charter school enrollments. The remainder was primarily scheduled increases in salaries and benefits.

SUPPORT SERVICES

A decrease in support services was attributed to the completion of the roofing project in 2024 and lower costs from federal pandemic funds as noted above.

NONINSTRUCTIONAL SERVICES

The District had increased costs related to athletic activities.

OTHER

The increase was due to costs incurred on a water main project in 2024.

CAPITAL PROJECTS FUND (MAJOR)

This fund accounts for accounts for the financial resources to be used for acquisition, renovation, or construction of major capital facilities. The fund balance at June 30, 2024 was $364, which represents unspent proceeds from the Series of 2022 bond issue. In 2024, the District spent $290,705 of these funds for the roofing project.

DEBT SERVICE FUND (MAJOR)

The Debt Service Fund accounts for the payments on bonds payable. In 2024, the District paid a total of $750,575 in debt service in 2024, including $525,000 of principal.

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2024 is summarized below.

	GOVERN-MENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
Construction in progress	$ 245,758	$ -	$ 245,758
Land	7,624	-	7,624
Land improvements	344,288	-	344,288
Buildings and improvements	27,054,859	-	27,054,859
Furniture and equipment	1,517,677	277,341	1,795,018
Total cost	29,170,206	277,341	29,447,547
Accumulated depreciation	(13,030,413)	(231,305)	(13,261,718)
Total	$ 16,139,793	$ 46,036	$16,185,829

Construction in process relates to a water main project with an estimated cost of $600,000. The project was completed in September 2024.

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

LONG TERM DEBT

At June 30, 2024, the District's general obligation debt was $9,335,000. This amount is approximately 32% of its legal limit of $29.7 million. $550,000 of this debt is scheduled for payment in 2025. The District's bonds have an A2 enhanced rating from Moody's Investors Service and a AA 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.

The District continues to experience pressure from rising salaries, benefits, and other costs. While offset to some degree by recent increases in state basic education funding, the District continues to rely on its real estate tax levy to cover the increased costs. For fiscal 2025, the District raised its levy by 4.00% to offset some of these costs and has planned to use a portion of its fund balance to cover the rest. For fiscal 2026, the District can raise taxes without state approval or voter referendum by a 5.30% index.

The District has labor contracts with both the support and professional unions that run through fiscal year 2026 and 2028, 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 (DEFICIT)
JUNE 30, 2024

	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITY	TOTAL
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents	$ 5,817,541	$ 686,552	$ 6,504,093
Taxes receivable, net	564,984	-	564,984
Due from other governments	1,192,483	-	1,192,483
Internal balances	94,433	(94,433)	-
Other receivables	178,372	-	178,372
Inventories	-	24,210	24,210
Total current assets	7,847,813	616,329	8,464,142
ASSETS HELD FOR CAPITAL PROJECTS	364	-	364
CAPITAL ASSETS	16,139,793	46,036	16,185,829
Total assets	23,987,970	662,365	24,650,335
DEFERRED OUTFLOWS OF RESOURCES - PENSION AND OPEB	3,797,192	-	3,797,192
TOTAL	$ 27,785,162	$ 662,365	$ 28,447,527
LIABILITIES, DEFERRED INFLOWS AND NET POSITION (DEFICIT)			
Current liabilities:			
Accounts payable	$ 229,663	$ 142	$ 229,805
Accrued salaries and benefits	2,439,968	-	2,439,968
Current maturities of bonds payable	550,000	-	550,000
Current portion of compensated absences	24,949	-	24,949
Accrued interest	107,550	-	107,550
Unearned revenues	-	6,905	6,905
Total current liabilities	3,352,130	7,047	3,359,177
BONDS PAYABLE	9,052,706	-	9,052,706
COMPENSATED ABSENCES	224,544	-	224,544
OTHER POSTEMPLOYMENT BENEFITS	1,282,716	-	1,282,716
NET PENSION LIABILITY	19,930,000	-	19,930,000
Total liabilities	33,842,096	7,047	33,849,143
DEFERRED INFLOWS OF RESOURCES - PENSION AND OPEB	1,543,745	-	1,543,745
NET POSITION (DEFICIT):			
Net investment in capital assets	6,537,451	46,036	6,583,487
Unrestricted	(14,138,130)	609,282	(13,528,848)
Total net position (deficit)	(7,600,679)	655,318	(6,945,361)
TOTAL	$ 27,785,162	$ 662,365	$ 28,447,527

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

		PROGRAM REVENUES		NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION (DEFICIT)		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
GOVERNMENTAL ACTIVITIES:						
Instruction	$ (11,247,099)	$ 51,701	$ 3,200,552	$ (7,994,846)		$ (7,994,846)
Instructional student support	(1,275,955)	-	283,370	(992,585)		(992,585)
Administration and financial support services	(1,530,331)	-	187,014	(1,343,317)		(1,343,317)
Operation and maintenance of plant services	(981,619)	-	87,237	(894,382)		(894,382)
Pupil transportation	(1,840,939)	-	1,325,159	(515,780)		(515,780)
Student activities	(342,425)	12,187	35,135	(295,103)		(295,103)
Community services	(718)	-	-	(718)		(718)
Interest	(193,252)	-	1,314,092	1,120,840		1,120,840
Depreciation	(765,508)	-	-	(765,508)		(765,508)
Total governmental activities	(18,177,846)	63,888	6,432,559	(11,681,399)		(11,681,399)
BUSINESS-TYPE ACTIVITY, FOOD SERVICE	(719,869)	108,395	762,343	-	$ 150,869	150,869
TOTAL	$ (18,897,715)	$ 172,283	$ 7,194,902	(11,681,399)	150,869	(11,530,530)
GENERAL REVENUES:						
Taxes levied for general purposes, net				7,775,912	-	7,775,912
Grants, subsidies and contributions not restricted				4,705,823	-	4,705,823
Miscellaneous income				243,682	-	243,682
Investment earnings				252,500	9,050	261,550
Total general revenues				12,977,917	9,050	12,986,967
CHANGE IN NET POSITION				1,296,518	159,919	1,456,437
NET POSITION (DEFICIT), BEGINNING				(8,897,197)	495,399	(8,401,798)
NET POSITION (DEFICIT), ENDING				$ (7,600,679)	$ 655,318	$ (6,945,361)

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	MAJOR FUNDS		
	GENERAL	CAPITAL PROJECTS	TOTALS
ASSETS:			
Cash and cash equivalents	$ 5,817,541	$ 364	$ 5,817,905
Taxes receivable	564,984	-	564,984
Due from other funds	94,433	-	94,433
Due from other governments	1,192,483	-	1,192,483
Other receivables	178,372	-	178,372
TOTAL	$ 7,847,813	$ 364	$ 7,848,177
LIABILITIES:			
Accounts payable	$ 229,663	$ -	$ 229,663
Accrued salaries and benefits	2,439,968	-	2,439,968
Total liabilities	2,669,631	-	2,669,631
DEFERRED INFLOWS OF RESOURCES,			
Unavailable revenue - property taxes	261,043	-	261,043
FUND BALANCES:			
Restricted	-	364	364
Committed	961,572	-	961,572
Assigned	3,373,000	-	3,373,000
Unassigned	582,567	-	582,567
Total fund balances	4,917,139	364	4,917,503
TOTAL	$ 7,847,813	$ 364	$ 7,848,177

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$ 4,917,503
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	16,139,793
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	261,043
Accrued interest payable is included on the statement of net position (deficit)	(107,550)
Deferred outflows of resources related to the net pension and other postemployment liabilities are included in the statement of net position (deficit)	3,797,192
Deferred inflows of resources related to the net pension and other postemployment liabilities are included in the statement of net position (deficit)	(1,543,745)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds:	
Bonds payable	(9,602,706)
Other postemployment benefits (OPEB)	(1,282,716)
Compensated absences	(249,493)
Net pension liability	(19,930,000)
TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES	$ (7,600,679)

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	MAJOR FUNDS			
	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	TOTALS
REVENUES:				
Local sources	$ 8,325,621	$ 1,102	$ -	$ 8,326,723
State sources	10,335,958	-	-	10,335,958
Federal sources	648,147	-	-	648,147
Total revenues	19,309,726	1,102	-	19,310,828
EXPENDITURES:				
Instruction	11,895,306	-	-	11,895,306
Support services	5,876,908	-	-	5,876,908
Noninstructional services	359,645	-	-	359,645
Capital outlay	522,585	290,705	-	813,290
Debt service	-	-	750,575	750,575
Total expenditures	18,654,444	290,705	750,575	19,695,724
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	655,282	(289,603)	(750,575)	(384,896)
OTHER FINANCING SOURCES (USES):				
Insurance recoveries	202,031	-	-	202,031
Transfers in	-	-	750,575	750,575
Transfers out	(750,575)	-	-	(750,575)
Total other financing sources (uses)	(548,544)	-	750,575	202,031
NET CHANGE IN FUND BALANCES	106,738	(289,603)	-	(182,865)
FUND BALANCE, BEGINNING	4,810,401	289,967	-	5,100,368
FUND BALANCE, ENDING	$ 4,917,139	$ 364	$ -	$ 4,917,503

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ (182,865)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital asset additions are reported as expenditures in the funds	813,290
Depreciation expense is reported in the statement of activities	(765,508)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net change in revenue accrued between the prior and current year	(38,495)
Repayment of bonds payable uses current financial resources and is reported in the funds but not the statement of activities	525,000
Amortization of premium on bonds payable	21,848
Change in accrued interest on bonds payable	10,475
Change in OPEB liability and related deferred outflows and inflows of resources	83,449
Change in compensated absences	22,324
Change in net pension liability and related deferred outflows and inflows of resources	807,000
CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	$ 1,296,518

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, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:			
Local sources	$ 7,871,861	$8,325,621	$ 453,760
State sources	8,668,087	10,335,958	1,667,871
Federal sources	872,621	648,147	(224,474)
Total revenues	17,412,569	19,309,726	1,897,157
EXPENDITURES:			
Instruction	11,543,025	11,895,306	(352,281)
Support services	5,105,938	5,876,908	(770,970)
Noninstructional services	252,194	359,645	(107,451)
Capital outlay	-	522,585	(522,585)
Total expenditures	16,901,157	18,654,444	(1,753,287)
EXCESS OF REVENUES OVER EXPENDITURES	511,412	655,282	143,870
OTHER FINANCING SOURCES (USES):			
Insurance recoveries	-	202,031	202,031
Transfers out	(800,575)	(750,575)	50,000
Total other financing sources (uses)	(800,575)	(548,544)	252,031
NET CHANGE IN FUND BALANCE	(289,163)	106,738	395,901
FUND BALANCE, BEGINNING	4,945,885	4,810,401	(135,484)
FUND BALANCE, ENDING	$ 4,656,722	$ 4,917,139	$ 260,417

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2024

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 686,552
Inventories	24,210
Total current assets	710,762
CAPITAL ASSETS	46,036
TOTAL	$ 756,798

LIABILITIES AND NET POSITION

LIABILITIES:	
Current liabilities:	
Due to other funds	$ 94,433
Accounts payable	142
Unearned revenues	6,905
Total liabilities	101,480
NET POSITION:	
Net investment in capital assets	46,036
Unrestricted	609,282
Total net position	655,318
TOTAL	$ 756,798

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, 2024

OPERATING REVENUES,	
Food service revenue	$ 108,395
OPERATING EXPENSES:	
Salaries	200,375
Employee benefits	138,760
Purchased property services	11,788
Other purchased services	929
Food and supplies	356,036
Depreciation	9,469
Other	2,512
Total operating expenses	719,869
OPERATING LOSS	(611,474)
NONOPERATING REVENUES:	
Earnings on investments	9,050
State sources	78,825
Federal sources	683,518
Total nonoperating revenues	771,393
CHANGE IN NET POSITION	159,919
TOTAL NET POSITION, BEGINNING	495,399
TOTAL NET POSITION, ENDING	$ 655,318

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	$ 108,628
Cash payments to employees for services	(327,675)
Cash paid to suppliers for goods and services	(338,593)
Net cash used in operating activities	(557,640)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	83,434
Federal sources	667,357
Net cash provided by noncapital financing activities	750,791
CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES,	
Capital outlay	(33,672)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,	
Earnings on investments	9,050
CHANGE IN CASH AND CASH EQUIVALENTS	168,529
CASH AND CASH EQUIVALENTS, BEGINNING	518,023
CASH AND CASH EQUIVALENTS, ENDING	$ 686,552
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS,	
USDA donated commodities	$ 48,159
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$ (611,474)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	9,469
USDA donated commodities	48,159
Increase or decrease in:	
Inventories	890
Due to other funds	(2,127)
Accounts payable	(2,790)
Unearned revenues	233
NET CASH USED IN OPERATING ACTIVITIES	$ (557,640)

See Notes to Financial Statements

FOREST CITY REGIONAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND
JUNE 30, 2024

ASSETS

CASH	$ 94,504

NET POSITION

NET POSITION.	
Restricted for student activities	$ 94,504

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, 2024

ADDITIONS:	
Student activity revenues	$ 132,677
Investment earnings	1,988
Total additions	134,665
DEDUCTIONS:	
Student activity expenses	137,502
Scholarships awarded	5,175
Total deductions	142,677
CHANGE IN NET POSITION	(8,012)
NET POSITION, BEGINNING	102,516
NET POSITION, ENDING	$ 94,504

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 (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 Governmental Accounting Standards Board (GASB) Statement No. 14, as amended. 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.

Based on these criteria, the District has determined that there are no related organizations that should be included in the District's financial statements, nor is the District considered to be a component unit of any other government.

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position (deficit) 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, Capital Projects, 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 on 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.

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, 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 (deficit). The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's total net position (deficit).

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 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, pension and other postemployment obligations, special termination benefits, and claims and judgments, are recorded when the related fund liability is incurred. Principal and interest on bonds payable, compensated absences, pension and other postemployment obligations, special termination benefits, and claims and judgments are recorded as fund liabilities when due and unpaid.

The District reports unearned revenue in both the government-wide and fund financial statements. Unearned revenue arises when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues may also arise 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. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

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 Board of Education.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and demand deposits.

ASSETS HELD FOR CAPITAL PROJECTS

Assets held for capital purposes consist of money market funds restricted for the acquisition of capital assets

INVENTORIES

Food Service 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.

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 (deficit) 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 (deficit) 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.

All capital assets except land are 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 - 10 years

The District does not have any infrastructure capital assets.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports certain changes in its net pension/OPEB liabilities in the government-wide statement of net position (deficit) in this category.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. Under the modified accrual basis of accounting, the District has an item that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from real estate taxes not yet collected which are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports certain changes in its net pension/OPEB liabilities in the government-wide statement of net position (deficit) in this category.

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 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/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District provides eligible employees with retirement and OPEB benefits through the Public School Employees' Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit pension plan. PSERS was established as of July 18, 1917, under the provisions of Public Law 1043, No. 343. In addition, the District provides eligible employees with OPEB benefits through a single employer defined benefit plan sponsored by the District (District Plan).

For purposes of measuring the PSERS net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the PSERS pension and OPEB plans, and additions to/deductions from the 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. Investments are reported at fair value.

GOVERNMENT FUND BALANCE CLASSIFICATIONS

Fund balances are classified on the level of constraints placed on the usage of fund resources as follows:

- *Nonspendable* fund balances are amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District has no nonspendable fund balances.

- *Restricted* fund balances are amounts that are restricted to specific purposes by constraints placed on their use that are externally imposed by creditors, grantors, contributions, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- *Committed* fund balances are amounts that can only be used for specific purposes imposed by formal resolution of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specific use by taking the same action it employed to previously commit the amounts. At June 30, 2024, the Board of Education has committed $961,572 to balance the 2025 budget and fund a capital project.

- *Assigned* fund balances are amounts constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. The Board of Education has designated the Business Manager to assign fund balance amounts as deemed financially necessary and appropriate. At June 30, 2024, the Business Manager has assigned $3,373,000 for salaries and benefits.

- *Unassigned* fund balance is a residual classification and represents amounts that have not been assigned to other funds, and has not been restricted, committed, or assigned to a specific purpose within the General Fund.

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 (deficit).

USE OF RESTRICTED RESOURCES

When an expenditure is incurred that can be paid using either restricted or unrestricted resources, 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.

2. DEPOSITS

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

Deposits are exposed to custodial credit risk if they are not covered by depository insurance. The District has adopted a policy requiring that deposits in excess of insurance limits shall be collateralized pursuant to law. At June 30, 2024, the bank balance of the District’s deposits with financial institutions including cash equivalents was $6,721,036 compared to the carrying amount of $6,598,961. The difference is primarily caused by items in-transit and outstanding checks. $6,471,036 of the District’s deposits were exposed to custodial credit risk and were uninsured but collateralized by securities pledged by the financial institutions for such funds but not in the District’s name in accordance with the collateralization provisions of Commonwealth of Pennsylvania Act 72 of 1971, as amended.

3. REAL ESTATE TAXES

The tax on real estate, as levied by the Board of Education, was 106.74 mills ($106.74 per $1,000 of assessed valuation) in Lackawanna County, 50.09 mills ($50.09 per $1,000 of assessed valuation) in Susquehanna County and 11.82 mills ($11.82 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, 2024 amounted to $564,984. The amount of taxes receivable is reported net of an allowance for doubtful collections of $61,958.

4. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2024 consists of the following:

Governmental activities:	
Pennsylvania Department of Education:	
State source revenue	$ 895,761
Federal source revenue	47,670
Pennsylvania Commission on Crime and Delinquency,	
State source revenue	22,018
Pennsylvania Emergency Management Agency:	
Federal source revenue	18,033
NEIU #19	
Local source revenue	186,581
Other, local source revenues	22,420
Total	$ 1,192,483

5. CAPITAL ASSETS

The changes in the District's capital assets in 2024 are summarized as follows:

	BALANCE JULY 1, 2023	INCREASE	DECREASE/ TRANSFERS	BALANCE JUNE 30, 2024
Governmental activities:				
Cost:				
Construction in progress	$ 4,122,477	$ 813,290	$ (4,690,009)	$ 245,758
Land	7,624	-	-	7,624
Land improvements	344,288	-	-	344,288
Buildings and improvements	23,009,804	-	4,045,055	27,054,859
Furniture and equipment	1,517,677	-	-	1,517,677
Total cost	29,001,870	813,290	(644,954)	29,170,206
Less accumulated depreciation:				
Land improvements	(334,048)	(640)	-	(334,688)
Buildings and improvements	(11,245,092)	(739,245)	644,954	(11,339,383)
Furniture and equipment	(1,330,719)	(25,623)	-	(1,356,342)
Total accumulated depreciation	(12,909,859)	(765,508)	644,954	(13,030,413)
Governmental activities capital assets, net	$ 16,092,011	$ 47,782	$ -	$ 16,139,793
Business-type activity:				
Furniture and equipment	$ 243,669	$ 33,672	$ -	$ 277,341
Less accumulated depreciation	(221,836)	(9,469)	-	(231,305)
Business-type activity capital assets, net	$ 21,833	$ 24,203	$ -	$ 46,036

Construction in progress represented costs incurred on a $600,000 water main project which commenced in 2024 and is being financed with District funds. The District is committed to the full amount of the project.

6. BONDS PAYABLE

In fiscal 2021, the District issued $7,960,000 of general obligation bonds (Series of 2020) to refund prior bonds payable. 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.

In fiscal 2022, the District issued $2,910,000 of general obligation bonds (Series of 2022) to finance various capital improvements. These bonds are due in varying annual installments plus interest at rates ranging from 2.00% to 3.00% with final maturity scheduled for 2042.

The Series of 2021 and 2022 are considered direct placement borrowings.

The following summarizes the changes in bonds payable in 2024:

	BALANCE JULY 1, 2023	INCREASE	DECREASE	BALANCE JUNE 30,2024
Series of 2020	$ 6,955,000	$ -	$ (520,000)	$ 6,435,000
Series of 2022	2,905,000	-	(5,000)	2,900,000
Total face value	9,860,000	-	(525,000)	9,335,000
Bond premiums	289,554	-	(21,848)	267,706
Total	$ 10,149,554	$ -	$ (546,848)	$ 9,602,706

Total interest paid on these bonds in 2024 was $225,575. No interest is reported as a direct expense in the statement of activities.

The following summarizes the District's scheduled debt service on its bonds payable:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2025	$ 550,000	$ 204,125	$ 754,125
2026	565,000	188,875	753,875
2027	575,000	180,250	755,250
2028	585,000	171,475	756,475
2029	595,000	162,550	757,550
2030-2034	3,145,000	634,875	3,779,875
2035-2039	2,070,000	330,200	2,400,200
2040-2042	1,250,000	57,000	1,307,000
Total	$ 9,335,000	$ 1,929,350	$11,264,350

7. COMPENSATED ABSENCES

The following summarizes the changes in compensated absences in 2024:

Balance, July 1, 2023	$ 271,817
Increase	-
Decrease	(22,324)
Balance, June 30, 2024	249,493
Less current portion	24,949
Long-term compensated absences	$ 224,544

The District pays its compensated absences from the General Fund.

8. RETIREMENT PLAN

PLAN DESCRIPTION

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. PSERS issues a publicly available financial report that can be obtained 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 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 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 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% to 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of 5 years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

Participants are eligible for disability retirement benefits after completion of 5 years of credited service. Such 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, 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 62 with at least 1 year of credited service (age 65 with at least 3 years of credited service for Class T-E and Class T-F members) or who has at least 5 years of credited service (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective of the member had retired on the day before death.

MEMBER CONTRIBUTIONS

Active members who joined PSERS prior to July 22, 1983, contribute 5.25% (Membership Class T-C) or 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS on or after July 22, 1983, contribute 6.25% (Membership Class T-C) or 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS on or after July 1, 2011 who elected Membership Class T-E or T-F contribute 7.50% or 10.30% (base rates), respectively, of the member’s qualifying compensation. Class T-E and Class T-F members are affected by a “shared risk” provision that in future fiscal years could cause the Class T-E contribution rate to fluctuate between 5.50% and 9.50% and the Class T-F contribution rate to fluctuate between 8.30% and 12.30%. The contribution rates for Class T-E and T-F are 8.00% and 10.80%, respectively, for periods after July 1, 2021 due to the shared risk provision.

Members who joined PSERS after June 30, 2019 and elected Membership Class T-G or T-H contribute 5.50% or 4.50% (base rates), respectively, of the member’s qualifying compensation. Class T-G and Class T-H members are also subject to the shared risk provision that in future fiscal years could cause the Class T-G contribution rate to fluctuate between 2.50% and 8.50% and the Class T-H contribution rate to fluctuate between 1.50% and 7.50%. The contribution rates for Class T-G and T-H are 6.25% and 5.25%, respectively, for periods after July 1, 2021 due to the shared risk provision. In addition, these members contribute 2.75% (Class T-G) and 3.00% (Class T-H) to a defined contribution plan.

DISTRICT CONTRIBUTIONS

The District’s contractually required contribution rate for PSERS for the fiscal year ended June 30, 2024 was 33.09% 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 $2,479,000 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of $19,930,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 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, 2022 to June 30, 2023. The District’s proportion of the net pension liability is calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District’s proportion was .0448%, which was a decrease of .0023% from its proportion calculated as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of $1,672,000. At June 30, 2024, 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	$ 564,000	$ -
Changes in proportions	138,000	787,000
Changes in assumptions	297,000	-
Difference between expected and actual experience	5,000	273,000
Contributions after the measurement date	2,479,000	-
Total	$ 3,483,000	$ 1,060,000

The District will recognize the $2,479,000 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

YEAR ENDING JUNE 30	Amortization
2025	$ (11,000)
2026	(577,000)
2027	344,000
2028	188,000
Total	$ (56,000)

CHANGES IN ACTUARIAL ASSUMPTIONS

The total pension liability at June 30, 2023 was determined by rolling forward the total pension liability as of the June 30, 2022 actuarial valuation to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date – June 30, 2022.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and 2023.
- Demographic and economic assumptions approved by the PSERS Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate – decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates – Previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0 %	5.2 %
Private equity	12.0 %	7.9 %
Fixed income	33.0 %	3.2 %
Commodities	7.5 %	2.7 %
Infrastructure/MLPs	10.0 %	5.4 %
Real estate	11.0 %	5.7 %
Absolute return	4.0 %	4.1 %
Cash	3.0 %	1.2 %
Leverage	(10.5)%	1.2 %
Total	100.0 %	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. 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, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the District’s proportionate share of the net pension liability, calculated using the current discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower or higher than the current rate:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
District’s proportionate share of the net pension liability	$25,835,000	$19,930,000	$14,948,000

PENSION PLAN 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.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

DISTRICT OPEB PLAN (DISTRICT PLAN)

PLAN DESCRIPTION AND BENEFITS

The District provides postemployment healthcare benefits for its employees who meet minimum District and PSERS service requirements under a plan that is considered a single employer plan. For employees that retired prior to August 31, 2015 (prior to July 31, 2016 for support staff) and employees who retired at June 30, 2020 under early retirement incentive, benefits include payment of 100% of the premiums for medical, prescription drug, dental, and vision for the employee until age 65, less the PSERS supplement which must be paid to the District. The employee must pay 100% of premiums for their spouse or dependents. If the employee did not meet the specified service requirement, the employee and spouse can receive coverage by paying 100% of any premium until age 65. For employees that retire after August 31, 2015, (after July 31, 2016 for support staff), the employee and spouse can receive coverage by paying 100% of any premium until age 65.

The contribution requirements of plan members and the District are established and may be amended by the Board of Education. 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. As such, the plan is unfunded, there is no underlying trust, and no financial report is prepared.

EMPLOYEES COVERED BY THE DISTRICT PLAN

A total of 107 participants are covered by the benefit terms, including 100 active participants and 7 inactive (retired) participants currently receiving benefits. There are no participants entitled to but not receiving benefits under the District Plan.

DISTRICT PLAN TOTAL OPEB LIABILITY

The District Plan's total OPEB liability of $471,716 at June 30, 2024 is rolled forward from an actuarial valuation as of July 1, 2022.

CHANGES IN THE DISTRICT PLAN TOTAL OPEB LIABILITY

Balance at July 1, 2023	$ 491,711
Service cost	22,039
Interest	19,390
Changes in assumptions	5,313
Benefit payments	(66,737)
Balance at June 30, 2024	$ 471,716

The changes in assumptions amount results from a change in the discount rate from 4.06% to 4.13%.

DISTRICT PLAN OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

For the year ended June 30, 2024, the District recognized OPEB expense of $27,680 for the District Plan. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the District Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 55,663	$ 146,048
Difference between expected and actual experience	41,400	119,697
District contributions after the measurement date	76,129	-
Total	$ 173,192	$ 265,745

The $76,129 reported as deferred outflows of resources from District contributions after the measurement date will be recognized as a reduction of the District Plan's total OPEB liability in the year ended June 30, 2025.

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

YEAR ENDING JUNE 30	
2025	$ (13,749)
2026	(13,749)
2027	(13,749)
2028	(13,749)
2029	(13,749)
Thereafter	(99,937)
Total	$ (168,682)

DISTRICT PLAN ACTUARIAL ASSUMPTIONS

The District Plan's total OPEB liability was determined by rolling forward the District Plan's total OPEB liability as of the July 1, 2022 actuarial valuation to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date – July 1, 2022.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Discount rate – 4.13% based on the S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2023.
- Salary growth - 2.50% cost of living adjustment, 1.50% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0%.
- Mortality rates - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally Scale MP-2021 to reflect mortality improvement.
- Healthcare cost trend rates – 7.00% in 2023, 6.50% in 2024, 6.00% in 2025, and 5.50% in 2026, with rates gradually decreasing from 5.40% in 2027 to 4.10% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

SENSITIVITY TO CHANGES IN THE DISCOUNT RATE

The following presents the District Plan's total OPEB liability, as well as what the District Plan's total OPEB liability would be if it were calculated a discount rate that is 1% lower and higher than the current discount rate:

	1% Decrease 3.13%	Current Rate 4.13%	1% Increase 5.13%
District Plan total OPEB liability	$507,779	$471,716	$437,719

SENSITIVITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the District Plan's total OPEB liability, as well as what the District Plan's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or higher than the current healthcare cost trend rates:

	1% Decrease	Current Rates	1% Increase
District Plan total OPEB liability	$417,369	$471,716	$536,268

PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (PSERS PLAN)

GENERAL INFORMATION ABOUT THE HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM

PSERS provides Premium Assistance, which is 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, 2023, 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.

For Class DC members to become eligible for Premium Assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

DISTRICT CONTRIBUTIONS

The District's contractually required contribution rate for the year ended June 30, 2024 was 0.64% 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 $48,000 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of $811,000 for its proportionate share of the PSERS Plan’s net OPEB liability. The PSERS Plan’s net OPEB liability was measured as of June 30, 2023, and the PSERS Plan’s total OPEB liability used to calculate the PSERS Plan’s net OPEB liability was determined by rolling forward the PSERS Plan’s total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the PSERS Plan’s 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, 2024, the District’s proportion was .0448%, which was a decrease of .0025% from its proportion calculated as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of $13,000 for the PSERS Plan. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the PSERS Plan 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	16,000	57,000
Changes of assumptions	70,000	153,000
Difference between expected and actual experience	5,000	8,000
Contributions after the measurement date	48,000	-
Total	$ 141,000	$ 218,000

The District will recognize the $48,000 reported as deferred outflows of resources resulting from PSERS Plan OPEB contributions after the measurement date as a reduction of the PSERS Plan's total OPEB liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

YEAR ENDING JUNE 30	
2024	$ (22,000)
2025	(31,000)
2026	(29,000)
2027	(32,000)
2028	(11,000)
Total	$ (125,000)

Actuarial Assumptions

The PSERS Plan's total OPEB liability as of June 30, 2023, was determined by rolling forward the PSERS Plan's total OPEB liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.13% - S&P 20-Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% 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 a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
    - Eligible retirees will elect to participate pre age 65 at 50%.
    - Eligible retirees will elect to participate post age 65 at 70%.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- 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: The actual data for retirees benefiting under the PSERS Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

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 PSERS 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	100.0 %	1.2%

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, 2023.

Discount Rate

The discount rate used to measure the PSERS Plan's total OPEB liability was 4.13%. Under the PSERS 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 PSERS 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 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the PSERS Plan’s total OPEB liability.

Sensitivity to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2023, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the District's proportionate share of the PSERS Plan's net OPEB liability, as well as what the proportionate share of the PSERS Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or higher than the current rates:

	1% Decrease	Current Rates	1% Increase
District's proportionate share of the PSERS Plan's net OPEB liability	$810,000	$811,000	$811,000

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the District's proportionate share of the PSERS Plan's net OPEB liability, as well as what the proportionate share of the PSERS Plan's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate:

	1% Decrease 3.13%	Current Rate 4.13%	1% Increase 5.13%
District's proportionate share of the PSERS Plan's net OPEB liability	$916,000	$811,000	$722,000

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.

10. INTERNAL BALANCES/INTERFUND TRANSFERS

At June 30, 2024, the Food Service Fund owed the General Fund $94,433 for operating expenses paid by the General Fund on behalf of the Food Service Fund, net of subsidies received but not transferred.

The General Fund transferred $750,575 to the Debt Service Fund to pay long-term debt as it comes due.

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. FUTURE ACCOUNTING STANDARD

In June 2022, the GASB issued Statement No. 101, *Compensated Absences.* This guidance updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 is effective for the District's fiscal year ending June 30, 2025. The District has not yet determined the effects of the adoption of this guidance on its financial statements.

FOREST CITY REGIONAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE PSERS NET PENSION LIABILITY
YEARS ENDED JUNE 30
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the PSERS net pension liability	0.0448%	0.0471%	0.0465%	0.0467%	0.0466%	0.0487%	0.0469%	0.0479%	0.0480%	0.4620%
District's proportionate share of the PSERS net pension liability	$ 19,930	$ 20,940	$ 19,091	$ 22,995	$ 21,801	$ 23,378	$ 23,163	$ 23,738	$ 20,791	$ 18,286
District's covered employee payroll	$ 7,491	$ 6,950	$ 6,608	$ 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	266.05%	301.29%	288.91%	350.96%	339.21%	356.26%	371.20%	383.06%	336.37%	310.46%
PSERS plan fiduciary net position as a percentage of the PSERS total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

FOREST CITY REGIONAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PSERS PENSION CONTRIBUTIONS
YEARS ENDED JUNE 30
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PSERS contractually required contribution	$ 2,499	$ 2,351	$ 2,356	$ 2,203	$ 2,192	$ 2,103	$ 2,091	$ 1,836	$ 1,584	$ 1,202
Contributions in relation to the contractually required contribution	(2,499)	(2,351)	(2,356)	(2,203)	(2,192)	(2,103)	(2,091)	(1,836)	(1,584)	(1,202)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 7,491	$ 6,950	$ 6,608	$ 6,552	$ 6,427	$ 6,562	$ 6,240	$ 6,197	$ 6,181	$ 5,890
Contributions as a percentage of covered employee payroll	33.36%	33.83%	35.65%	33.62%	34.11%	32.05%	33.51%	29.63%	25.63%	20.41%

FOREST CITY REGIONAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE PSERS NET OPEB LIABILITY
YEARS ENDED JUNE 30
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018
District's proportion of the PSERS net OPEB liability	0.0448%	0.0473%	0.0466%	0.0467%	0.0466%	0.0487%	0.0469%
District's proportionate share of the PSERS net OPEB liability	$ 811	$ 871	$ 1,105	$ 1,009	$ 991	$ 1,015	$ 956
District's covered employee payroll	$ 7,491	$ 6,950	$ 6,608	$ 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	10.83%	12.53%	16.72%	15.40%	15.42%	15.47%	15.32%
PSERS plan fiduciary net position as a percentage of the PSERS total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

Information for years prior to 2018 is not available.

FOREST CITY REGIONAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PSERS OPEB CONTRIBUTIONS
YEARS ENDED JUNE 30
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018
PSERS contractually required contribution	$ 48	$ 51	$ 55	$ 54	$ 55	$ 54	$ 52
Contributions in relation to the contractually required contribution	(48)	(51)	(55)	(54)	(55)	(54)	(52)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 7,491	$ 6,950	$ 6,608	$ 6,552	$ 6,427	$ 6,562	$ 6,240
Contributions as a percentage of covered employee payroll	0.64%	0.73%	0.83%	0.82%	0.86%	0.82%	0.83%

Information for years prior to 2018 is not available.

FOREST CITY REGIONAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY - DISTRICT PLAN
YEARS ENDED JUNE 30
(UNAUDITED)

	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 22,039	$ 40,013	$ 40,542	$ 30,088	$ 30,311	$ 26,559	$ 25,899
Interest	19,390	16,712	14,787	28,488	28,980	32,006	29,397
Changes in benefit terms	-	-	-	13,442	-	-	-
Differences between expected and actual experience	-	(73,052)	-	(81,039)	-	76,884	-
Changes in assumptions	5,313	(138,259)	(18,752)	68,133	(17,314)	3,888	(7,338)
Benefit payments	(66,737)	(101,886)	(93,445)	(156,712)	(177,827)	(211,310)	(201,167)
Net change	(19,995)	(256,472)	(56,868)	(97,600)	(135,850)	(71,973)	(153,209)
Total OPEB liability, beginning	491,711	748,183	805,051	902,651	1,038,501	1,110,474	1,263,683
Total OPEB liability, ending	$ 471,716	$ 491,711	$ 748,183	$ 805,051	$ 902,651	$ 1,038,501	$ 1,110,474
Covered employee payroll	$ 6,215,455	$ 6,215,455	$ 6,004,774	$ 6,004,774	$ 5,410,235	$ 5,410,236	$ 5,529,594
Total OPEB liability as a percentage of covered employee payroll	7.59%	7.91%	12.46%	13.41%	16.68%	19.20%	20.08%

The Plan is unfunded; therefore, total and net OPEB liability are the same.

Information for years prior to 2018 is not available.

FOREST CITY REGIONAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	PASS-THROUGH GRANTOR NUMBER	ASSISTANCE LISTING NUMBER	PROGRAM OR AWARD AMOUNT	TOTAL RECEIVED FOR THE YEAR	ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2023	REVENUES RECOGNIZED	FEDERAL EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2024
U.S. DEPARTMENT OF EDUCATION								
Passed through the Pennsylvania Department of Education (PDE):								
Title 1 Grants to Local Education Agencies	013-230150	84.010	$ 216,138	$ 15,438	$ 15,438	$ -	$ -	$ -
Title 1 Grants to Local Education Agencies	013-240150	84.010	222,911	210,567	-	222,911	222,911	12,344
Total				226,005	15,438	222,911	222,911	12,344
Supporting Effective Instruction State Grants	020-230150	84.367	26,927	3,612	3,612	-	-	-
Supporting Effective Instruction State Grants	020-240150	84.367	27,484	27,484	-	27,484	27,484	-
Total				31,096	3,612	27,484	27,484	-
Student Support and Academic Enrichment	144-240150	84.424	16,921	15,793	-	15,793	15,793	-
Education Stabilzation Fund:								
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	200-210150	84.425D	817,628	57,044	57,044	-		-
COVID-19 American Rescue Plan (ARP) ESSER	223-210150	84.425U	1,653,825	481,113	180,848	300,265	300,265	-
COVID-19 ARP ESSER	225-210150	84.425U	128,539	53,752	25,707	28,045	28,045	-
Total				591,909	263,599	328,310	328,310	-
Special Education Cluster:								
Passed through NEIU #19:								
Special Education - Grants to States	N/A	84.027	186,581	-	-	186,581	186,581	186,581
Special Education - Preschool Grants	N/A	84.173	2,696	2,696	-	2,696	2,696	-
Total Special Education Cluster				2,696	-	189,277	189,277	186,581
Total U.S. Department of Education				867,499	282,649	783,775	783,775	198,925
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Passed through the Pennsylvania Department of Human Services,								
Medical Assistance Program	N/A	93.778	616	1,148	858	616	616	326
U.S. DEPARTMENT OF HOMELAND SECURITY								
Passed through the Pennsylvania Emergency Management Agency,								
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	97.036	18,033	-	-	18,033	18,033	18,033
U.S. DEPARTMENT OF AGRICULTURE								
Passed Through Pennsylvania State University:								
Child Nutrition Discretionary Grants Limited Availability	N/A	10.579	5,828	5,828	-	5,828	5,828	-
Passed through the Pennsylvania Department of Education:								
Child Nutrition Discretionary Grants Limited Availability	N/A	10.579	26,915	26,915	-	26,915	26,915	-
Total				32,743	-	32,743	32,743	-
Passed through the Pennsylvania Department of Education:								
Pandemic EBT Administrative Costs	358	10.649	653	653	-	653	653	-
Child Nutrition Cluster:								
School Breakfast Program	365	10.553	165,931	175,741	9,810	165,931	165,931	-
National School Lunch Program	356	10.555	22,405	22,405	-	22,405	22,405	-
National School Lunch Program	362	10.555	413,627	434,943	21,316	413,627	413,627	-
Fresh Fruit and Vegetable Program	353	10.582	872	872	872	-	-	-
Passed through the Pennsylvania Department of Agriculture,								
Food Donation	N/A	10.555	48,159	48,159	-	48,159	48,159	-
Total Child Nutrition Cluster				682,120	31,998	650,122	650,122	-
Total U.S. Department of Agriculture				715,516	31,998	683,518	683,518	-
TOTAL				$ 1,584,163	$ 315,505	$ 1,485,942	$ 1,485,942	$ 217,284

See Notes to Schedule of Expenditures of Federal Awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Forest City Regional School District (District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures, other than Child Nutrition Cluster expenditures, are reported on the Schedule on the modified accrual basis of accounting. Child Nutrition Cluster expenditures are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. If applicable, negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

The District elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Forest City Regional School District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Carbondale, Pennsylvania
December 19, 2024

Brian T. Kelly, CPA
& Associates, LLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Forest City Regional School District's (District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Carbondale, Pennsylvania
December 19, 2024

FOREST CITY REGIONAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness (es) identified?	______ yes __X__ no
• Significant deficiency (ies) identified?	______ yes __X__ none reported
Noncompliance material to financial statements noted?	______ yes __X__ no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	______ yes __X__ no
• Significant deficiency(ies) identified?	______ yes __X__ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ yes __X__ no

Identification of major program:

Assistance Listing Number	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? __X__ yes _____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.