

FORESTVILLE CENTRAL SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2021

FORESTVILLE CENTRAL SCHOOL DISTRICT

RENEE GARRETT, SUPERINTENDENT

KRISTIN IRWIN, DISTRICT CLERK

JOHNATHAN PERRY, BUSINESS EXECUTIVE

BOARD OF EDUCATION

CAROL WOODWARD, PRESIDENT

MERVIN FRY, VICE-PRESIDENT

MICHAEL LOMANTO

AMY DROZDZIEL

ANDREA SPENGLER

SYLVESTER CLEARY

MICHELLE MERRITT

**FORESTVILLE CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	PAGE
Independent Auditors' Report	5
Management's Discussion and Analysis	7
Basic Financial Statements:	
Statement of Net Position - Governmental Activities	15
Statement of Activities and Changes in Net Position - Governmental Activities	16
Balance Sheet - Governmental Funds	17
Reconciliation of Balance Sheet - Governmental Funds/ Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Position	21
Notes to Basic Financial Statements	23
Required Supplementary Information:	
Schedule of Funding Progress - Other Postemployment Benefits	57
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	58
Schedule of Proportionate Shares of the Net Pension Asset / Liability	59
Schedule of District Contributions	60
Supplementary Information	
Schedule of Change from Adopted to Final Budget and the Real Property Tax Limit	63
Combining Schedule of Balance Sheets - Non-Major Funds	64
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Non-Major Funds	65
Net Investment in Capital Assets	66
Schedule of Capital Projects Fund - Project Expenditures and Financing Resources	67

**FORESTVILLE CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS, Continued
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>PAGE</u>
Internal Control and Compliance	
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 <i>Government Auditing Standards</i>	71
Extraclassroom Activity Fund:	
Independent Auditors' Report	75
Statement of Assets, Liabilities and Fund Balance - Cost Basis	77
Statement of Cash Receipts and Disbursements	78
Notes to Financial Statements	79



Kenneth S. Frank, CPA
 Roger J. Lis, Jr. CPA
 Julie L. Jagoda-Booth, CPA
 Kathryn A. Larracuente, CPA
 Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
 290 Center Road
 West Seneca, New York 14224
 Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983

INDEPENDENT AUDITORS' REPORT

To the Board of Education
 Forestville Central School District
 Forestville, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an



essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Supplementary Information, as listed in the table of contents, 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 October 1, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

R.A. Mercer & Co., P.C.

R.A. Mercer & Co., P.C.

West Seneca, New York
October 1, 2021

**FORESTVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

Within this section of the Forestville Central School District's annual financial report, management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the District's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Financial Highlights

The District's assets exceeded its liabilities by \$13,769,478 (net position) for the fiscal year reported.

Total net position is comprised of the following:

1. Net Investment in Capital Assets of \$9,904,491 includes property, construction in progress and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
2. Net position of \$3,354,537 is restricted by constraints imposed from outside the District such as debt covenants, grantors, laws, or regulations.
3. Unrestricted net position of \$510,450 represents the portion available to maintain the District's continuing obligations to citizens and creditors.

Total liabilities and deferred inflows of resources of the District are \$13,039,034. Bonds payable total \$7,260,000, of which \$1,095,000 is the current portion.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) governmentwide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

Governmentwide Financial Statements

The District's annual report includes two governmentwide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these governmentwide statements is the Statement of Net Position. This is the Districtwide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of District infrastructure in addition to the financial information provided in this report.

The second governmentwide statement is the Statement of Activities which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both governmentwide financial statements distinguish governmental activities of the District that are principally supported by taxes and intergovernmental revenues from business-type activities, that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, pupil instruction, transportation, and community service. The District has no business-type activities.

The District's financial reporting includes the funds of the District (primary government) and the Extraclassroom Activity Fund for which the District is accountable (component unit). The Extraclassroom Activity Fund is reported in the Fiduciary Fund. Separate audited financial statements of the Extraclassroom Activity Fund can be found at the end of Forestville Central School District's audited financial statements.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The District has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the governmentwide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the governmentwide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-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 the governmentwide statements to assist in understanding the differences between these two perspectives.

A budgetary comparison statement is presented as supplemental information later in this report. This statement demonstrates compliance with the District's adopted and final revised budget.

Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund (included in the Private Purpose Trust Fund) and the Extraclassroom Activity Fund (included in the Custodial Fund). The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the Districtwide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the governmentwide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's compliance with NYS Education requirements. Supplementary information follows the notes to the financial statements.

Financial Analysis of the District as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District reported positive balances in net position for governmental activities.

Governmental Activities			
	<u>2021</u>	<u>2020</u>	Amount of Change
Assets:			
Current and other assets	\$ 5,972,683	5,858,956	113,727
Capital assets	<u>17,533,965</u>	<u>17,032,540</u>	<u>501,425</u>
Total assets	23,506,648	22,891,496	615,152
Deferred outflows of resources:			
Pensions and other post employment benefits	<u>3,301,864</u>	<u>3,014,891</u>	<u>286,973</u>
Total deferred outflows of resources	3,301,864	3,014,891	286,973
Liabilities:			
Current liabilities	2,382,839	5,237,576	(2,854,737)
Non-current liabilities	<u>8,702,604</u>	<u>7,791,159</u>	<u>911,445</u>
Total liabilities	11,085,443	13,028,735	(1,943,292)
Deferred inflows of resources			
Pensions and other post employment benefits	<u>1,953,591</u>	<u>1,040,021</u>	<u>913,570</u>
Total deferred inflows of resources	1,953,591	1,040,021	913,570
Net position:			
Net investment in capital assets	9,904,491	9,061,744	842,747
Restricted	3,354,537	1,278,780	1,950,757
Unrestricted	<u>510,450</u>	<u>1,497,107</u>	<u>(861,657)</u>
Total net position	<u>\$13,769,478</u>	<u>11,837,631</u>	<u>1,931,847</u>

The District's net position at fiscal year-end 2021 is \$13,769,478. This is an increase from net position of \$11,837,631 at fiscal year-end 2020.

**Summary of Net Position
As of June 30, 2021 and 2020**

The Net Investment in Capital Assets amount represents 72 percent of the District's total net position.

Resources that are subject to restrictions on how they may be utilized represent 24 percent of the District's net position. These restrictions are for Debt Service, Capital Project, and other requirements.

The remaining category of net position, 4 percent, represents unrestricted net position.

The following table provides a summary of the District's changes in net position:

Governmental Activities			
	2021	2020	Amount of Change
Revenues			
Real property taxes and tax items	\$ 4,045,654	3,973,387	72,267
Other	437,042	233,202	203,840
State sources	7,748,148	7,789,863	(41,715)
Medicaid reimbursement	26,730	43,205	(16,475)
Federal sources	725,361	584,077	141,284
Sales	3,298	44,305	(41,007)
Total revenues	12,986,233	12,668,039	318,194
Expenses			
General support	1,652,806	2,160,863	(508,057)
Instruction	8,309,663	9,163,502	(853,839)
Pupil transportation	782,148	1,117,573	(335,425)
Community service	-	84,019	(84,019)
Capital outlay	-	29,496	(29,496)
Interest	213,710	168,372	45,338
Cost of sales	107,251	158,995	(51,744)
Total expenses	11,065,578	12,882,820	(1,817,242)
Other financing sources and (uses)			
Gain on sale of equipment	11,192	22,258	(11,066)
Net other financing sources and (uses)	11,192	22,258	(11,066)
Change in net position	1,931,847	(192,523)	2,124,370
Beginning net position	11,837,631	12,030,154	(192,523)
Net position at end of year	\$ 13,769,478	11,837,631	1,931,847

As shown above and discussed earlier, the District is heavily reliant on property taxes and state aid to support District operations. Property taxes and tax items provided 31 percent of the District's total governmental revenues in 2021 and 2020, while state aid provided 60 percent and 61 percent of the District's total governmental revenues in 2021 and 2020 respectively. Total governmental revenues increased \$318,194 from 2020 to 2021. In addition, gains on sale of equipment were \$11,192 in 2021 in comparison to \$22,258 in 2020. During the year ended June 30, 2021, the District realized a premium on the issuance of a bond in the amount of \$136,495 which is recorded in the debt service fund and is classified as "Other" revenue in the schedule above.

The total governmental activities cost \$11,065,578 for this year. Of this amount, Instruction, with \$8,309,663, was the largest operating service cost at 75 percent and 71 percent of total cost of services in fiscal years ended 2021 and 2020 respectively. General Support cost was 15 percent and 14 percent of the total for 2021 and 2020. Each of these services were primarily funded by the District's taxing authority and New York State sources. Other District activities with significant funding requirements include Pupil Transportation, which was 7 percent 9 percent of the total cost at \$782,148 and \$1,117,573 for the years ended June 30, 2021 and 2020 respectively, a decrease of \$335,425, and Debt Interest, which totaled \$213,710 and \$168,372, representing 2 percent and 1 percent of the total cost for the years ended June 30, 2021 and 2020 respectively. It should be noted that General Support, Instruction, Pupil Transportation, and Capital Outlay have been adjusted for the purchase of capital assets and capital improvements. Also, \$711,210 of depreciation expense is allocated to General Support, Instruction, Pupil Transportation, and Cost of Sales.

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an overall fund balance of \$4,872,338. The General Fund reported a fund balance of \$4,978,971 of which approximately \$516,964 is unassigned, indicating availability for continuing District service requirements. Restricted fund balances include: \$174,307 restricted for debt service, \$156,155 for unemployment, other insurance reserves of \$286,200, \$44,628 for other property loss, \$359,209 for employee benefits, \$70,000 for TRS reserve, and \$839,829 for retirement contributions. There are capital reserves of \$1,424,209. Non-spendable fund balance includes \$9,957 for inventories and \$387,956, and \$562,501 for Special Aid and Capital Fund receivables, respectively. Fund Balance has been assigned to the School lunch fund in the amount of \$151,549. Fund balance has also been assigned for encumbrances totaling \$29,596. The amount of \$301,724 has been assigned to reduce taxes for the subsequent year.

The total ending fund balances of governmental funds show an increase of \$1,628,656 for the General Fund and a net increase of \$2,152,453 for other governmental funds over the prior year. The changes are primarily the result of the events and programs described within the analysis of the District's governmental activities.

Major Governmental Funds

The General Fund is the District's primary operating fund and the largest source of day-to-day service delivery.

The Special Aid Fund is used to account for the proceeds of specific revenue sources such as federal and state grants that are legally restricted to expenditures for specified purposes.

The Capital Projects Fund is used to account for capital improvements of the District and the purchase of buses.

General Fund Budgetary Highlights

The General Fund amended budget for fiscal year 2021 was \$12,873,315. This was a decrease of \$367,313 from the previous year amended budget. The supplemental section includes a schedule detailing the General Fund budget, its amendments, and comparisons to actual amounts.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, for governmental-type activities as of June 30, 2021, was \$17,533,965, an overall increase of \$501,425 from what was reported at June 30, 2020. The District recorded \$711,210 in depreciation expense for fiscal year 2021. Capital assets are detailed as follows:

**Capital Assets,
Net of Accumulated Depreciation
As of June 30, 2021 and 2020**

Governmental Activities			Amount of
	2021	2020	Change
Nondepreciable assets:			
Land	\$ 17,207	17,207	-
Construction in progress	-	2,633,133	(2,633,133)
Depreciable assets:			
Buildings	25,051,410	21,203,834	3,847,576
Machinery and equipment	2,735,891	2,886,243	(150,352)
Accumulated depreciation	<u>(10,270,543)</u>	<u>(9,707,877)</u>	<u>(562,666)</u>
Capital assets, net	<u>\$17,533,965</u>	<u>17,032,540</u>	<u>501,425</u>

Long-Term Debt

Total outstanding bond debt at June 30, 2020, was \$5,250,000.

At the end of fiscal year 2021, the District had total bond debt outstanding of \$7,260,000. This obligation is backed by the full faith and credit of the Forestville Central School District.

The District also has a long-term liability outstanding at June 30, 2021 in the amount of \$102,974 for an Energy Performance Contract entered into in January, 2011.

Capital Improvements Project

On May 20, 2014 the voters of the District approved a Board resolution dated March 27, 2014 authorizing a planned facilities improvement project at a maximum cost of \$2,000,000. The project included various site work and interior/exterior building improvements to the Elementary and Middle/High Schools.

The project was financed by transfer of the Repair Reserve fund balance of \$28,813 (plus interest earned) to the Construction and Renovation Reserve fund and use of the current balance of \$45,515 (plus interest earned) in the Construction and Renovation Reserve fund. The balance of \$1,925,672 was financed by bond funding which will be paid off with General Fund appropriations funded by the tax levy and state aid. During the year ended June 30, 2017, the District received approval from New York State to split this project into two phases. Phase I was completed during 2017 with total expenditures of \$1,776,553. Phase II was approved for \$290,000, of which \$176,604 was expensed by June 30, 2018. During 2021 and 2020, no additional amount was expensed on Phase II.

The District received approval from New York State for a Bullet Aid project in the amount of \$100,000 for various District Improvements. This project was fully expended by June 30, 2021.

During the year ended June 30, 2018, the voters approved a project in the amount of \$3,080,000 for various District Improvements. This project will be funded by use of the existing capital reserve in the amount of \$669,799 and the balance of \$2,410,201 to be funded by the tax levy. The District has expended a total of \$3,032,208 on this project at June 30, 2021.

On November 13, 2019 the District entered into an energy performance contract with Trane US, Inc. The project is to include lighting upgrades, building envelope improvements, variable frequency drives, and plug load controllers. The total project cost is anticipated to be \$715,509. The District issued a Bond Anticipation note for this project in the amount of \$535,000 during the year ended June 30, 2020. This project was fully expended during the year ending June 30, 2021.

Factors Bearing on the District's Future

The impact of large budget deficits at the state level may necessitate school aid reductions. While such action would adversely affect the District, the Forestville Central School District's contingency planning would include collaboration with other governmental units in sharing services.

There is some potential for future state aid reductions based on financial constraints placed on the state due to the COVID-19 pandemic.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the District's Business Office, Forestville Central School District, 12 Water Street, Forestville, New York 14062.

THIS PAGE LEFT INTENTIONALLY BLANK

**FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
CASH AND CASH EQUIVALENTS	
UNRESTRICTED	\$ 1,584,813
RESTRICTED	3,313,028
RECEIVABLES	
ACCOUNTS RECEIVABLE, NET	18,315
STATE AND FEDERAL AID RECEIVABLE, NET	733,619
DUE FROM OTHER GOVERNMENTS	312,951
INVENTORY	9,957
CAPITAL ASSETS, NET	17,533,965
TOTAL ASSETS	23,506,648
 <u>DEFERRED OUTFLOW OF RESOURCES</u>	
PENSIONS AND POSTEMPLOYMENT OBLIGATIONS	3,301,864
TOTAL DEFERRED OUTFLOW OF RESOURCES	3,301,864
 <u>LIABILITIES</u>	
PAYABLES	
ACCOUNTS PAYABLE	304,404
ACCRUED LIABILITIES	99,620
DUE TO OTHER FUNDS	706
DUE TO OTHER GOVERNMENTS	111
DUE TO TEACHERS' RETIREMENT SYSTEM	375,114
DUE TO EMPLOYEES' RETIREMENT SYSTEM	64,312
UNEARNED REVENUE	992
NOTES PAYABLE	
BOND ANTICIPATION	266,500
LONG-TERM LIABILITIES	
DUE AND PAYABLE WITHIN ONE YEAR	
COMPENSATED ABSENCES	108,812
BONDS PAYABLE	1,095,000
ENERGY PERFORMANCE CONTRACT PAYABLE	67,268
DUE AND PAYABLE AFTER ONE YEAR	
COMPENSATED ABSENCES	435,250
BONDS PAYABLE	6,165,000
ENERGY PERFORMANCE CONTRACT PAYABLE	35,706
ACCRUED POST EMPLOYMENT OBLIGATIONS	1,428,648
NET PENSION LIABILITY	638,000
TOTAL LIABILITIES	11,085,443
 <u>DEFERRED INFLOW OF RESOURCES</u>	
PENSIONS AND POSTEMPLOYMENT OBLIGATIONS	1,953,591
TOTAL DEFERRED INFLOW OF RESOURCES	1,953,591
 <u>NET POSITION</u>	
NET INVESTMENT IN CAPITAL ASSETS	9,904,491
RESTRICTED	3,354,537
UNRESTRICTED	510,450
TOTAL NET POSITION	\$ 13,769,478

See accompanying notes to the financial statements.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
GOVERNMENT ACTIVITIES				
GENERAL SUPPORT	\$ 1,652,806	-	-	(1,652,806)
INSTRUCTION	8,309,663	14,211	484,767	(7,810,685)
PUPIL TRANSPORTATION	782,148	-	-	(782,148)
COST OF SALES	107,251	3,298	240,594	136,641
DEBT SERVICE	213,710	-	-	(213,710)
TOTAL GOVERNMENTAL ACTIVITIES	<u>11,065,578</u>	<u>17,509</u>	<u>725,361</u>	<u>(10,322,708)</u>
GENERAL REVENUES:				
REAL PROPERTY TAXES AND TAX ITEMS				4,045,654
SALE OF PROPERTY AND COMPENSATION FOR LOSS				38,040
USE OF MONEY AND PROPERTY				146,663
MISCELLANEOUS				238,128
MEDICAID REIMBURSEMENT				26,730
STATE SOURCES				7,748,148
TOTAL GENERAL REVENUES				<u>12,243,363</u>
OTHER FINANCING SOURCES AND (USES):				
GAIN ON SALE OF EQUIPMENT				11,192
NET OTHER FINANCING SOURCES AND (USES)				<u>11,192</u>
CHANGE IN NET POSITION				1,931,847
TOTAL NET POSITION - BEGINNING OF YEAR				11,837,631
TOTAL NET POSITION - END OF YEAR				<u>\$ 13,769,478</u>

See accompanying notes to the financial statements.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021**

	GENERAL FUND	CAPITAL PROJECTS FUND	SPECIAL AID FUND	NON- MAJOR FUNDS	TOTAL
ASSETS					
CASH AND CASH EQUIVALENTS:					
UNRESTRICTED CASH	\$ 1,357,533	226,477	-	803	1,584,813
RESTRICTED CASH	3,180,230	-	-	132,798	3,313,028
RECEIVABLES:					
ACCOUNTS RECEIVABLE, NET	15,734	-	-	2,581	18,315
STATE AND FEDERAL AID RECEIVABLE, NET	351,534	-	352,113	29,972	733,619
DUE FROM OTHER FUNDS	950,457	200,700	102,877	172,727	1,426,761
DUE FROM OTHER GOVERNMENTS	312,951	-	-	-	312,951
INVENTORIES - SUPPLIES AND MATERIALS	-	-	-	9,957	9,957
TOTAL ASSETS	6,168,439	427,177	454,990	348,838	7,399,444
LIABILITIES					
PAYABLES:					
ACCOUNTS PAYABLE	291,451	-	12,953	-	304,404
ACCRUED LIABILITIES	80,333	-	2,293	5,580	88,206
DUE TO OTHER FUNDS	475,663	603,123	348,681	-	1,427,467
DUE TO OTHER GOVERNMENTS	-	-	-	111	111
DUE TO TEACHERS' RETIREMENT SYSTEM	289,611	-	85,503	-	375,114
DUE TO EMPLOYEES' RETIREMENT SYSTEM	52,410	-	5,289	6,613	64,312
UNEARNED REVENUE	-	-	271	721	992
NOTES PAYABLE:					
BOND ANTICIPATION NOTES PAYABLE	-	266,500	-	-	266,500
TOTAL LIABILITIES	1,189,468	869,623	454,990	13,025	2,527,106
FUND BALANCES					
NONSPENDABLE:					
INVENTORY	-	-	-	9,957	9,957
SPECIAL AID RECEIVABLE	387,956	-	-	-	387,956
CAPITAL PROJECTS RECEIVABLE	562,501	-	-	-	562,501
RESTRICTED FOR:					
DEBT SERVICE	-	-	-	174,307	174,307
EMPLOYEE BENEFITS	359,209	-	-	-	359,209
RETIREMENT CONTRIBUTIONS	839,829	-	-	-	839,829
TRS RESERVE	70,000	-	-	-	70,000
UNEMPLOYMENT INSURANCE	156,155	-	-	-	156,155
PROPERTY LOSS & LIABILITY	44,628	-	-	-	44,628
INSURANCE	286,200	-	-	-	286,200
CAPITAL	1,424,209	-	-	-	1,424,209
ASSIGNED TO:					
APPROPRIATED FUND BALANCE	301,724	-	-	-	301,724
CHIEF SCHOOL ADMINISTRATOR	305	-	-	-	305
TREASURER	8,000	-	-	-	8,000
MAINTENANCE OF PLANT	5,028	-	-	-	5,028
TEACHING - REGULAR SCHOOL	10,937	-	-	-	10,937
STUDENTS WITH DISABILITIES	3,907	-	-	-	3,907
SCHOOL LIBRARY AND AUDIO/VISUAL	1,250	-	-	-	1,250
HEALTH SERVICES	17	-	-	-	17
INTERSCHOLASTIC ATHLETICS	152	-	-	-	152
SCHOOL LUNCH	-	-	-	151,549	151,549
UNASSIGNED:					
UNASSIGNED FUND BALANCE (DEFICIT)	516,964	(442,446)	-	-	74,518
TOTAL FUND BALANCES	4,978,971	(442,446)	-	335,813	4,872,338
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,168,439	427,177	454,990	348,838	7,399,444

See accompanying notes to the financial statements.

FORESTVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS / STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position
ASSETS				
CASH AND CASH EQUIVALENTS:				
UNRESTRICTED CASH	\$ 1,584,813	-	-	1,584,813
RESTRICTED CASH	3,313,028	-	-	3,313,028
RECEIVABLES:				
ACCOUNTS RECEIVABLE, NET	18,315	-	-	18,315
STATE AND FEDERAL AID RECEIVABLE, NET	733,619	-	-	733,619
DUE FROM OTHER FUNDS	1,426,761	-	(1,426,761)	-
DUE FROM OTHER GOVERNMENTS	312,951	-	-	312,951
INVENTORIES - SUPPLIES AND MATERIALS	9,957	-	-	9,957
CAPITAL ASSETS, NET	-	17,533,965	-	17,533,965
TOTAL ASSETS	7,399,444	17,533,965	(1,426,761)	23,506,648
DEFERRED OUTFLOWS OF RESOURCES				
DEFERRED OUTFLOWS - TRS	-	2,218,907	-	2,218,907
DEFERRED OUTFLOWS - ERS	-	1,040,496	-	1,040,496
DEFERRED OUTFLOWS - OPEB	-	42,461	-	42,461
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	3,301,864	-	3,301,864
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	7,399,444	20,835,829	(1,426,761)	26,808,512
LIABILITIES				
PAYABLES:				
ACCOUNTS PAYABLE	304,404	-	-	304,404
ACCRUED LIABILITIES	88,206	11,414	-	99,620
DUE TO OTHER FUNDS	1,427,467	-	(1,426,761)	706
DUE TO OTHER GOVERNMENTS	111	-	-	111
DUE TO TEACHERS' RETIREMENT SYSTEM	375,114	-	-	375,114
DUE TO EMPLOYEES' RETIREMENT SYSTEM	64,312	-	-	64,312
UNEARNED REVENUE	992	-	-	992
NOTES PAYABLE:				
BOND ANTICIPATION NOTES PAYABLE	266,500	-	-	266,500
LONG-TERM LIABILITIES				
DUE WITHIN ONE YEAR				
COMPENSATED ABSENCES	-	108,812	-	108,812
BONDS PAYABLE	-	1,095,000	-	1,095,000
ENERGY PERFORMANCE CONTRACT	-	67,268	-	67,268
DUE AFTER ONE YEAR				
COMPENSATED ABSENCES	-	435,250	-	435,250
ACCRUED POST-EMPLOYMENT OBLIGATIONS	-	1,428,648	-	1,428,648
BONDS PAYABLE	-	6,165,000	-	6,165,000
ENERGY PERFORMANCE CONTRACT	-	35,706	-	35,706
NET PENSION LIABILITY	-	638,000	-	638,000
TOTAL LIABILITIES	2,527,106	9,985,098	(1,426,761)	11,085,443
DEFERRED INFLOWS OF RESOURCES				
DEFERRED INFLOWS - TRS	-	338,816	-	338,816
DEFERRED INFLOWS - ERS	-	1,383,237	-	1,383,237
DEFERRED INFLOWS - OPEB	-	231,538	-	231,538
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	1,953,591	-	1,953,591
FUND BALANCE / NET POSITION				
TOTAL FUND BALANCE / NET POSITION	4,872,338	8,897,140	-	13,769,478
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES / NET POSITION	\$ 7,399,444	20,835,829	(1,426,761)	26,808,512

See accompanying notes to the financial statements.

FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND	CAPITAL PROJECTS FUND	SPECIAL AID FUND	NON- MAJOR FUNDS	TOTAL	ADJUSTMENTS	STATEMENT OF ACTIVITIES
REVENUES							
REAL PROPERTY TAXES AND TAX ITEMS	\$ 4,045,654	-	-	-	4,045,654	-	4,045,654
CHARGES FOR SERVICES	14,211	-	-	-	14,211	-	14,211
USE OF MONEY AND PROPERTY	8,341	-	-	138,322	146,663	-	146,663
SALE OF PROPERTY AND COMPENSATION FOR LOSS	51,040	-	-	-	51,040	(13,000)	38,040
MISCELLANEOUS	238,032	-	-	96	238,128	-	238,128
STATE SOURCES	7,529,760	-	217,373	1,015	7,748,148	-	7,748,148
MEDICAID REIMBURSEMENT	26,730	-	-	-	26,730	-	26,730
FEDERAL SOURCES	135,128	-	349,639	240,594	725,361	-	725,361
SALES	-	-	-	3,298	3,298	-	3,298
TOTAL REVENUES	<u>12,048,896</u>	<u>-</u>	<u>567,012</u>	<u>383,325</u>	<u>12,999,233</u>	<u>(13,000)</u>	<u>12,986,233</u>
EXPENDITURES							
GENERAL SUPPORT	1,334,618	-	-	79,301	1,413,919	238,887	1,652,806
INSTRUCTION	5,225,793	-	521,474	-	5,747,267	2,562,396	8,309,663
PUPIL TRANSPORTATION	485,133	-	5,963	-	491,096	291,052	782,148
EMPLOYEE BENEFITS	1,936,876	-	48,340	33,996	2,019,212	(2,019,212)	-
CAPITAL OUTLAY	-	1,214,444	-	-	1,214,444	(1,214,444)	-
DEBT SERVICE:							
PRINCIPAL	1,111,322	-	-	-	1,111,322	(1,111,322)	-
INTEREST	217,733	-	-	-	217,733	(4,023)	213,710
COST OF SALES	-	-	-	60,631	60,631	46,620	107,251
TOTAL EXPENDITURES/EXPENSES	<u>10,311,475</u>	<u>1,214,444</u>	<u>575,777</u>	<u>173,928</u>	<u>12,275,624</u>	<u>(1,210,046)</u>	<u>11,065,578</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,737,421</u>	<u>(1,214,444)</u>	<u>(6,765)</u>	<u>209,397</u>	<u>723,609</u>	<u>1,197,046</u>	<u>1,920,655</u>
OTHER FINANCING SOURCES AND (USES)							
PROCEEDS OF DEBT	-	2,900,000	-	-	2,900,000	(2,900,000)	-
INTERFUND TRANSFERS IN	-	100,000	8,765	-	108,765	(108,765)	-
INTERFUNDS TRANSFERS OUT	(108,765)	-	-	-	(108,765)	108,765	-
BAN REDEEMED FROM APPROPRIATIONS	-	157,500	-	-	157,500	(157,500)	-
GAIN ON SALE OF EQUIPMENT	-	-	-	-	-	11,192	11,192
TOTAL OTHER FINANCING SOURCES (USES)	<u>(108,765)</u>	<u>3,157,500</u>	<u>8,765</u>	<u>-</u>	<u>3,057,500</u>	<u>(3,046,308)</u>	<u>11,192</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	<u>1,628,656</u>	<u>1,943,056</u>	<u>-</u>	<u>209,397</u>	<u>3,781,109</u>	<u>(1,849,262)</u>	<u>1,931,847</u>
CHANGE IN NET POSITION	<u>1,628,656</u>	<u>1,943,056</u>	<u>-</u>	<u>209,397</u>	<u>3,781,109</u>	<u>(1,849,262)</u>	<u>1,931,847</u>
FUND BALANCES/NET POSITION							
BEGINNING OF YEAR	<u>3,350,315</u>	<u>(2,385,502)</u>	<u>-</u>	<u>126,416</u>	<u>1,091,229</u>	<u>10,746,402</u>	<u>11,837,631</u>
END OF YEAR	<u>\$ 4,978,971</u>	<u>(442,446)</u>	<u>-</u>	<u>335,813</u>	<u>4,872,338</u>	<u>8,897,140</u>	<u>13,769,478</u>

See accompanying notes to the financial statements.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2021**

	<u>CUSTODIAL</u>	<u>PRIVATE PURPOSE TRUSTS</u>
ASSETS		
UNRESTRICTED CASH	\$ -	14,280
RESTRICTED CASH	31,236	63,828
DUE FROM OTHER FUNDS	<u>-</u>	<u>706</u>
TOTAL ASSETS	<u>31,236</u>	<u>78,814</u>
LIABILITIES		
EXTRACLASSROOM ACTIVITY BALANCES	<u>31,236</u>	<u>-</u>
TOTAL LIABILITIES	<u>31,236</u>	<u>-</u>
NET POSITION		
HELD IN TRUST FOR:		
ENDOWMENT SCHOLARSHIPS	<u>-</u>	<u>78,814</u>
TOTAL NET POSITION	<u>-</u>	<u>78,814</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 31,236</u>	<u>78,814</u>

See accompanying notes to the financial statements.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>PRIVATE PURPOSE TRUSTS</u>
ADDITIONS	
GIFTS AND CONTRIBUTIONS	\$ 3,056
INVESTMENT EARNINGS	144
DEDUCTIONS	
SCHOLARSHIPS AND AWARDS	<u>2,700</u>
CHANGE IN NET POSITION	500
NET POSITION - BEGINNING OF YEAR	<u>78,314</u>
NET POSITION - END OF YEAR	<u><u>\$ 78,814</u></u>

See accompanying notes to the financial statements.

THIS PAGE LEFT INTENTIONALLY BLANK

**FORESTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Forestville Central School District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the district are described below:

A. REPORTING ENTITY

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

The reporting entity of the District is based on criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Component Units*, GASB Statement No. 61, *The Financial Reporting Entity*, and GASB Statement No. 90, *Majority Equity Interests*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of a certain entity included in the School District's reporting entity.

The Extraclassroom Activity Fund

The Extraclassroom Activity Fund of the Forestville Central School District represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Fund is independent of the School District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Custodial Funds of the School District. Separate audited financial statements (cash basis) of the Extraclassroom Activity Fund can be found at the end of these financial statements.

B. JOINT VENTURE

The Forestville Central School District is one of many component school districts in the Erie II Board of Cooperative Educational Services (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year ended June 30, 2021, the Forestville Central School District was billed \$1,497,640 for BOCES administrative and program costs. Participating school districts issue debt on behalf of BOCES. During the year, the District did not issue debt on behalf of BOCES and there was no BOCES debt outstanding as of the year end. Financial statements for BOCES are available from the BOCES administrative office in Angola, New York.

C. BASIS OF PRESENTATION

1. Districtwide Statements

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

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

a. Governmental Funds:

- i. **General** - is the primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- ii. **Special Aid Fund** - is used to account for proceeds received from federal and state grants that are restricted to expenditures for specified educational programs.
- iii. **Capital Projects Funds** - used to account for the financial resources used for acquisition, construction, or major repair of capital facilities and bus purchases.
- iv. **School Lunch Fund** - used to account for child nutrition activities whose funds are restricted as to use.
- v. **Debt Service** - is used to account for the accumulation of resources and the payment of principal and interest on long term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

- b. Fiduciary Funds:** Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the Districtwide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:
 - i. Private purpose trust funds are used to account for trust arrangements in which principal and income benefit annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
 - ii. Custodial funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The Districtwide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, state aid, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the State. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. PROPERTY TAXES

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August. Taxes were collected during the period September 4, 2020 to November 1, 2020.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties of Cattaraugus and Chautauqua. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the School District no later than the forthcoming April 1.

F. RESTRICTED RESOURCES

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

G. INTERFUND TRANSACTIONS

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

In the Districtwide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity is presented later in these notes.

H. ESTIMATES

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

I. CASH AND CASH EQUIVALENTS/INVESTMENTS

For financial statement purposes, all highly liquid investments with an original maturity of three months or less are considered as cash equivalents. The District's cash and cash equivalents consist of cash on hand, demand and time deposits, savings accounts, and certificates of deposit.

New York State law governs the Forestville Central School District's investment policies. Forestville Central School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

J. RECEIVABLES

All receivables are reported at their gross value, and when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. INVENTORIES

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

L. CAPITAL ASSETS

Capital assets are reported at actual cost or estimated historical cost, based on an appraisal conducted by an independent third-party professional. Donated assets are reported at estimated fair market value at the time received.

The District has a specific capitalization policy of \$500 regarding equipment with a \$5,000 costing policy. Therefore, items costing in excess of \$500 are tagged for asset tracking purposes. However, only those in excess of \$5,000 are included for cost valuation and depreciation calculations. Depreciation is computed using the straight-line method over estimated useful lives with salvage value appropriately applied.

M. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government could have four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District could have four items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

N. UNEARNED REVENUE

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

O. COMPENSATED ABSENCES

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

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

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the Districtwide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

P. OTHER BENEFITS

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

Forestville Central School District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403b - Tax Sheltered Annuities. The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' plan administrator. The plans are owned by the individuals and held in trust by the plan administrator. The District has a fiduciary responsibility for funds withheld and remittance to trustees. The assets in the plan remain the property of the District until paid subject only to the claims of the District's creditors.

In addition to providing pension benefits, the School District provides post-employment health insurance coverage for retired employees. These benefits are provided through the Chautauqua County School Districts' Medical Health Plan, a community rated, cost sharing plan. The election by the retiree to stay in this health plan is done at the retiree's own expense. An employer subsidy does not exist. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District.

Q. SHORT-TERM DEBT

The District may issue bond anticipation notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

R. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

Payables, accrued liabilities, and long-term obligations are reported in the Districtwide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current

year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

S. EQUITY CLASSIFICATIONS

In the Districtwide statements there are three classes of net position as follows:

1. Net Investment in Capital Assets

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvement of those assets.

2. Restricted Net Position

Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted Net Position

Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

T. FUND STATEMENTS

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

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$9,957. It also includes the Special Aid and Capital Projects fund receivables in the General Fund of \$387,956 and \$562,501, respectively.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

Debt Service – According to General Municipal Law section 6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring outstanding obligations. Interest and earnings on outstanding obligations and remaining bond proceeds not utilized for the intended purpose are recorded in the Reserve for Debt Service. These monies must be used to pay for the debt service of the obligations from which they originated. This reserve is accounted for in the Debt Service Fund.

Employee Benefits – The purpose of this account, according to General Municipal Law section 6-p, is to reserve monies for the payment of any accrued benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Reserve for Employee Retirement Contributions – According to General Municipal law section 6-r, this reserve must be used for financing retirement contributions. The reserve must be accounted

for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

Reserve for Unemployment Insurance – This reserve is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contributions) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Reserve for Property Loss and Liability – Property loss reserve and liability reserves are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3 percent of the annual budget or \$15,000, whichever is greater. This type of reserve may be utilized only by school districts, with a population under 125,000. These reserves are accounted for in the General Fund.

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

Reserve for Capital – Capital Reserve is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the sources of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of the Education Law. This reserve is accounted for in the General Fund and Capital Projects Fund.

Restricted fund balance includes the following:

General Fund:	
Employee Benefits	\$ 359,209
Retirement Contributions	839,829
TRS Reserve	70,000
Unemployment	156,155
Property Loss and Liability	44,628
Insurance	286,200
Capital	1,424,209
Debt Service Fund:	<u>174,307</u>
Total Restricted Fund Balance:	<u>\$ 3,354,537</u>

Committed – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school district's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2021.

Assigned – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Assigned fund balance includes the following:

General Fund:	
Appropriated Fund Balance	\$ 301,724
Chief School Administrator	305
Treasurer	8,000
Maintenance of Plant	5,028
Teaching - Regular School	10,937
Students with Disabilities	3,907
School Library and Audio/Visual	1,250
Health Services	17
Interscholastic Athletics	152
School Lunch Fund:	<u>151,549</u>
 Total Assigned Fund Balance	 <u><u>\$ 482,869</u></u>

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

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School district's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The District’s unassigned fund balance is below the 4% limitation at June 30, 2021.

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

Along with the Board of Education, the Superintendent and/or the Business Executive of the District have the authority to assign fund balances for particular purposes.

U. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended June 30, 2021, the District implemented the following new statements issued by GASB:

- GASB Statement No. 84, *Fiduciary Activities*.
- GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*.

V. Accounting Standards Issued But Not Yet Implemented

The District has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 87 - Leases effective for the year ending June 30, 2022; GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period effective for the year ending June 30, 2022; GASB Statement No. 91 - Conduit Debt Obligations effective for the year ending June 30, 2023; GASB Statement No. 92 – Omnibus 2020 effective for the year ending June 30, 2022; GASB No. 93 – Replacement of Interbank Offered Rates effective for the year ending June 30, 2022; GASB No. 94 – Public-Private and Public-Public Partnerships and Availability Arrangements effective for the year ending June 30, 2023; GASB Statement No. 96 – Subscription Based Information Technology Arrangements effective for the year ending June 30, 2023; GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84 and a Suspension of GASB Statement No. 32 effective for the year ending June 30, 2022.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICTWIDE STATEMENTS

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

A. TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS VS. NET POSITION OF GOVERNMENTAL ACTIVITIES

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Funds Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions.

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

Original Cost of Capital Assets	\$	27,804,508
Accumulated Depreciation		<u>10,270,543</u>
	\$	<u>17,533,965</u>

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

Balances at year-end were:

	Due in One Year	Due After One Year	Total
Compensated Absences	\$ 108,812	435,250	544,062
Bonds Payable	1,095,000	6,165,000	7,260,000
Energy Performance Contract Payable	67,268	35,706	102,974
Net Pension Liability	-	638,000	638,000
Post Employment Obligations	-	1,428,648	1,428,648
	<u>\$ 1,271,080</u>	<u>8,702,604</u>	<u>9,973,684</u>

Interest on long-term debt is recorded as an expenditure in governmental funds when it is due, and thus requires the use of current financial resources. On the Statement of Net Position, interest is recognized as it accrues, regardless of when it is due. The accrued interest on long-term debt decreased from the prior year by \$4,023.

As indicated in Note 1, the amounts reported on the Statement of Net Position for due to and due from other funds represent amounts due between different fund types (governmental activities and Fiduciary Funds). Eliminations have been made for amounts due to and due from within the same fund type. A summary of governmental interfund receivable/payable eliminations is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 950,457	475,663
Special Aid Fund	102,877	348,681
School Lunch Fund	131,218	-
Debt Service	41,509	-
Capital Fund	200,700	603,123
Private Purpose Trusts	706	-
	<u>\$ 1,427,467</u>	<u>1,427,467</u>

B. STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE VS. STATEMENT OF ACTIVITIES

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

1. Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Allocation of Indirect Expenses

Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

5. Pension Differences

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

6. OPEB Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB Expense.

Differences between the governmental funds Operating Statement and Statement of Activities.

Total Revenue and Other Funding Sources of Governmental Funds

Total revenue and other funding sources of governmental funds	\$ 16,165,498
---	---------------

In the governmental funds, proceeds from the issuance of bonds are recorded as revenue. On the government-wide financial statements, these proceeds increase long-term liabilities and do not affect the Statement of Activities.	(2,900,000)
---	-------------

In the governmental funds, bond anticipation notes redeemed from appropriations are recorded as revenue. On the government-wide financial statements, this redemption from appropriations increase long-term liabilities and does not affect the Statement of Activities.	(157,500)
---	-----------

In the Statement of Activities, only the gain \$11,192 on the sale/trade of equipment is reported, whereas in the governmental funds, the proceeds from the sale of equipment are reported	(13,000)
--	----------

Gain on Sale of Equipment	11,192
---------------------------	--------

Elimination of interfund revenue from governmental funds: Interfund Transfers In	<u>(108,765)</u>
---	------------------

Total revenue and other funding sources of governmental activities in the Statement of Activities	<u><u>\$ 12,997,425</u></u>
---	-----------------------------

Total Expenditures and Other Uses Reported in Governmental Funds

Total Expenditures and other uses reported in governmental funds	\$12,384,389
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	2,271
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$711,210 did not exceed capital expenditures, net of trades, of \$1,214,444.	(503,234)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.	(1,111,322)
Elimination of interfund expenditures from governmental funds: Interfund Transfers Out	(108,765)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The net interest reported in the Statement of Activities is the result of	(4,023)
Net Other Post Employment Obligation	(1,453)
(Increases) decreases in proportionate share of net pension asset/liability in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.	<u>407,715</u>
Total expenses and other uses of governmental activities	<u>\$11,065,578</u>

NOTE 3 -- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING

1. Budget Policies

The budget policies are as follows:

a. General Fund and School Lunch Fund

- i. The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Lunch Fund.

- ii. The voters within the School District approved the proposed appropriation budget for the General Fund.
- iii. Appropriations are adopted at the program line item level.
- iv. Appropriations established by the adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). Supplemental appropriations may occur subject to legal restrictions, if the board approves them because of a need that exists which was not determined at the time the budget was adopted.
- v. The Board of Education approves transfers among budgetary line items as deemed necessary.
- vi. The New York State Uniform System of Accounts requires that fixed budgetary controls be used for all governmental fund types.
- vii. Budgets are established and used for the individual capital project expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until completion of the projects.

b. Special Aid Fund

Individual budgets are all adopted based on each federal, state and local grant award. Transfers among budgetary line items are made as deemed necessary after approval by the grantor agency. Appropriations lapse at the end of the grant period versus the School District's fiscal year end.

2. Budget Basis of Accounting

Budgets are adopted annually on a legally prescribed basis. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

3. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

B. DEFICIT FUND BALANCES

Capital fund has a deficit fund balance at June 30, 2021 due to ongoing capital projects.

C. OVEREXPENDED LINE ITEMS

There were no overexpended budget line items for the year.

NOTE 4 – CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, AND INTEREST RATE RISKS

A. CASH AND CASH EQUIVALENTS

The District's investment policies are governed by New York State statutes. District monies must be deposited in FDIC-insured commercial bank or trust companies located with the State. The school

board is authorized to use demand deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligation of New York State or its localities.

Collateral is required for demand deposits and time deposits and certificates of deposit at 100 percent of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

a. Deposits

The table presented below is designed to disclose the level of custody credit risk assumed by the District upon how its deposits were insured or secured with collateral and June 30, 2021. The categories of credit risk are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the District or by its agent in the District’s name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent in the District’s name.

Category 3 – Uninsured and uncollateralized.

<u>Type of Deposit</u>	<u>Total</u>		<u>Custody Credit Risk Category</u>			<u>Total Carrying Value</u>
	<u>Bank Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>		
Demand deposit	\$ 283,746	250,500	33,246	-	124,272	
Savings	4,882,773	250,000	4,632,773	-	4,882,773	
Cash on hand	-	-	-	-	140	
	<u>\$ 5,166,519</u>	<u>500,500</u>	<u>4,666,019</u>	<u>-</u>	<u>5,007,185</u>	

Reconciliation to the Statement of Net Position / Governmental and Fiduciary

Unrestricted cash - primary government	\$ 1,584,813
Unrestricted cash - Private Purpose Trust	14,280
Restricted cash - Private Purpose Trust	63,828
Restricted cash - primary government	3,313,028
Restricted cash - Custodial Fund	31,236
Total deposits	<u>\$ 5,007,185</u>

B. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments represents cash, cash equivalents, and investments where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and investments as of year-end includes the following:

Governmental Funds	Amount	Purpose
Major:		
General Fund	\$ 359,209	Reserve for Employee Benefits
General Fund	839,829	Reserve for Retirement Contributions
General Fund	70,000	Restricted for TRS
General Fund	156,155	Reserve for Unemployment
General Fund	44,628	Reserve for Property Loss and Liability
General Fund	286,200	Reserve for Insurance
General Fund	1,424,209	Reserve for Capital
Non-Major:		
Debt Service	<u>132,798</u>	Reserve for Debt
Total	<u>3,313,028</u>	
Fiduciary Funds:		
Custodial Fund	31,236	Reserve for Activities
Private-Purpose Trusts	<u>63,828</u>	Reserve for Scholarships
Total	<u>95,064</u>	
Restricted Cash and Investments	<u><u>\$ 3,408,092</u></u>	

NOTE 5 – RECEIVABLES

Receivables at June 30, 2021 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

Governmental Funds	Description	Amount
Major:		
General	Accounts Receivable	\$ 15,734
	State and Federal Aid	351,534
	BOCES Aid	312,951
Special Aid Fund	State and Federal Aid	<u>352,113</u>
		1,032,332
Non-Major:		
School Lunch Fund	Accounts Receivable	2,581
School Lunch Fund	State and Federal Aid	<u>29,972</u>
	Total	<u><u>\$ 1,064,885</u></u>

NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 7/1/2020	Additions	Deletions	Transfers	Balance 6/30/2021
Nondepreciable:					
Land	\$ 17,207	-	-	-	17,207
Construction in Progress	2,633,133	-	-	(2,633,133)	-
Depreciable:					
Buildings	21,203,834	1,214,443	-	2,633,133	25,051,410
Equipment	2,886,243	-	(150,352)	-	2,735,891
Subtotal	26,740,417	1,214,443	(150,352)	-	27,804,508
Less: Accumulated Depreciation	(9,707,877)	(711,210)	148,544	-	(10,270,543)
Net Capital Assets	<u>\$ 17,032,540</u>	<u>503,233</u>	<u>(1,808)</u>	<u>-</u>	<u>17,533,965</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 28,448
Instruction	490,735
Pupil Transportation	177,803
Cost of Sales	14,224
Total	<u>\$ 711,210</u>

NOTE 7 – LIABILITIES

A. PENSION PLANS AND POST-EMPLOYMENT BENEFITS

1. General Information

The Forestville Central School District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). These are cost-sharing multiple-employer, public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

2. Provisions and Administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employee contributions, and benefits to employees. Once a public employer elects to participate in the system, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The District also participated in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York, 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

3. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31.

The School District is required to contribute at an actuarially determined rate. The required and actual contributions for the current year and two preceding years were:

Year	ERS	TRS
2021	\$ 201,545	347,060
2020	207,452	435,673
2019	209,385	383,727

The School District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

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

At June 30, 2021, the District reported the following asset/ (liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/ (liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset/ (liability) used to calculate the net pension asset/ (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/ (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	April 1, 2020	June 30, 2019
Net Pension Asset (Liability)	(4,687)	(633,313)
Districts Portion of the Plan's Total Net Pension Asset (Liability)	0.0047071%	0.022919%

For the year ended June 30, 2021, the District's recognized pension expense of \$128,734 for ERS and pension expense of \$865,080 for TRS. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Resources</u>		<u>Deferred Inflows Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 57,242	554,909	-	32,456
Changes of Assumptions	861,797	800,994	16,254	285,512
Net difference between projected and actual earnings on pension investments	-	413,609	1,346,396	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	57,146	74,281	20,587	20,848
District's contributions subsequent to the measurement date	64,311	375,114	-	-
Total	<u>\$ 1,040,496</u>	<u>2,218,907</u>	<u>1,383,237</u>	<u>338,816</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ -	259,128
2022	(70,389)	510,442
2023	(19,504)	419,433
2024	(63,170)	260,682
2025	(253,989)	21,033
Thereafter	-	34,259

5. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following significant actuarial assumptions:

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Actuarial Valuation Date	April 1, 2020	June 30, 2019
Interest Rate	5.90%	7.10%
Salary Scale	4.40%	1.90% - 4.72%
Decrement Tables	April 1, 2015 - March 31, 2020 ERS' Experience	July 1, 2009 - June 30, 2014 TRS' Experience
Inflation Rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019 for June 30, 2020, applied on a generational basis. Active members' mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

Measurement Date	ERS		TRS	
	March 31, 2021		June 30, 2020	
	<u>Target Allocation</u>	<u>Rate of Return</u>	<u>Target Allocation</u>	<u>Rate of Return</u>
Asset Type:				
Domestic Equity	32%	4.05%	33%	7.10%
International Equity	15%	6.30%	16%	7.70%
Global Equity	0%	0.00%	4%	7.40%
Real Estate	9%	4.95%	11%	6.80%
Domestic Fixed Income Securities	0%	0.00%	16%	1.80%
Absolute Return Strategy Investment	0%	0.00%	0%	0.00%
Opportunistic Funds	3%	4.50%	0%	0.00%
Credit	4%	3.63%	0%	0.00%
Real Assets	3%	5.95%	0%	0.00%
Fixed Income	23%	0.00%	0%	0.00%
Private Equity	10%	6.75%	8%	10.40%
Global Fixed Income Securities	0%	0.00%	2%	1.00%
High-Yield Fixed Income Securities	0%	0.00%	1%	3.90%
Real Estate Debt	0%	0.00%	7%	3.60%
Private Debt	0%	0.00%	1%	5.20%
Mortgages	0%	0.00%	0%	0.00%
Short-Term	0%	0.00%	0%	0.00%
Cash	1%	0.50%	1%	0.70%
Inflation-Indexed Bonds	0%	0.00%	0%	0.00%
	<u>100%</u>		<u>100%</u>	

6. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 6.1% for TRS) or 1-percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

		ERS		
		1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$	1,300,943	4,687	(1,190,764)

		TRS		
		1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$	4,000,422	633,313	(2,192,544)

8. Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective measurement dates, were as follows:

	(Dollars in Thousands)	
	TRS June 30, 2020	ERS March 31, 2021
Measurement date		
Employers' total pension liability	\$ 123,242,776	220,680,157
Plan fiduciary net position	<u>120,479,505</u>	<u>220,580,583</u>
Employers' net pension asset/(liability)	<u>\$ 2,763,271</u>	<u>99,574</u>
Ratio of plan fiduciary net position to the employers' total pension liability	97.8%	100.0%

9. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$64,312. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as

reported to the TRS System. Accrued retirement contributions as of June 30, 2021, amounted to \$375,114.

B. INDEBTEDNESS

1. Short-Term Debt

The District issues bond anticipation notes to finance the purchase of transportation equipment and capital improvements projects. The details of the short-term debt transactions for the year ended June 30, 2021 are summarized below:

	2020 BUS BAN	2020 EPC BAN	2018 CAPITAL PROJECT BAN	2018 CAPITAL PROJECT BAN	2021 BUS BAN
Maturity	8/15/2020	7/8/2020	7/8/2020	7/8/2020	8/12/2021
Interest rate	1.69%	1.55%	1.55%	1.89%	1.25%
Beginning Balance	\$ 424,000	535,000	1,195,000	400,000	-
Issued	-	-	-	-	266,500
Redeemed	(424,000)	(535,000)	(1,195,000)	(400,000)	-
Refinanced	-	-	-	-	-
Ending Balance	\$ -	-	-	-	266,500

Total interest paid on the BANs was \$77,001 as of June 30, 2021. This payment was recorded in the general fund.

The General Fund is typically used to liquidate short-term obligations and reports expenditure for the redeemed debt and related interest.

2. Long-Term Debt

a. Long-Term Debt Interest

Interest paid on long-term indebtedness amounted to \$140,732. This payment was recorded in the General Fund.

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2021, are summarized as follows:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021	Amounts Due within one Year
Serial Bonds	\$ 5,250,000	2,900,000	(890,000)	7,260,000	1,095,000
Compensated Absences	541,794	544,062	(541,794)	544,062	108,812
Energy Performance Contract	166,796	-	(63,822)	102,974	67,268
Post Employment Obligations	1,635,527	-	(206,879)	1,428,648	-
Net Pension Liability - ERS	1,259,203	-	(1,254,516)	4,687	-
Net Pension Liability/(Asset) - TRS	(607,769)	1,241,082	-	633,313	-
	<u>\$ 8,245,551</u>	<u>4,685,144</u>	<u>(2,957,011)</u>	<u>9,973,684</u>	<u>1,271,080</u>

Note that the TRS amount was classified as an asset at June 30, 2020 and, due to the performance of the investment markets, was reclassified as a liability at June 30, 2021.

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

The General Fund is typically used to liquidate long-term obligations.

c. Maturity

i. The following is a summary of maturity of indebtedness:

Description of Issue	Issue Date	Final Maturity	Average Interest Rate	Outstanding at 6/30/2021
Energy Performance Contract	2011	2023	4.85%	\$ 102,974
Serial Bonds	2013	2025	2.00%-2.75%	2,930,000
Serial Bonds	2018	2033	3.10%-3.25%	1,430,000
Serial Bonds	2021	2036	1.00%-2.00%	2,900,000
Total				<u>\$ 7,362,974</u>

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

Fiscal Year End June 30,	Principal	Interest
2022	\$ 1,162,268	174,112
2023	1,160,706	143,296
2024	1,155,000	117,094
2025	770,000	89,638
2026	320,000	70,000
2027-2031	1,740,000	230,100
2032-2036	1,055,000	43,550
	<u>\$ 7,362,974</u>	<u>867,790</u>

NOTE 8 – INTERFUND TRANSACTIONS

Interfund balances as of June 30, 2021, were as follows:

	Due From Other Funds	Due to Other Funds	Interfund Revenues	Interfund Expenditures
Governmental Funds				
Major:				
General Fund	\$ 950,457	475,663	-	108,765
Special Aid	102,877	348,681	8,765	-
Capital Projects	200,700	603,123	100,000	-
Non-Major:				
School Lunch	131,218	-	-	-
Debt Service	41,509	-	-	-
	<u>\$ 1,426,761</u>	<u>1,427,467</u>	<u>108,765</u>	<u>108,765</u>

As discussed in Note II, eliminations have been made for amounts due to and due from other funds and for interfund revenues and expenditures within the same fund type.

NOTE 9 – RISK MANAGEMENT

1. General Information

The Forestville Central School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

2. Medical Health Insurance Plan

The Forestville Central School District incurs costs related to an employee health insurance plan sponsored by Chautauqua County School Districts' consortium and its component districts. The plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the plan do not have a minimum requirement for withdrawal. A member may withdraw from the plan by informing the plan administrator 30 days prior to withdrawal. Plan members include 19 districts, with Forestville Central School District bearing a 2 percent share of the plan's assets and claims liabilities. Plan members are subject to a

supplemental assessment in the event of deficiencies. In the event the plan's assets were exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. During the year ended June 30, 2021, Forestville Central School District incurred premiums or contribution expenditures totaling \$1,222,695. Payments of claims and claim adjustment expenses attributable to insured events of the current fiscal year totaled \$54,572,461 for the total consortium, which has a fund balance of \$44,048,872.

3. Workers' Compensation

Forestville Central School District participates in a risk-sharing pool, Erie II Area Schools, Self-Funded, Workers' Compensation, to insure Workers' Compensation claims. This is a public-entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. For the year ended June 30, 2021, there were no claims paid on behalf of the District. At June 30, 2021, the District did not recognize a liability for unpaid, unasserted claims, if any, as they would be deemed immaterial.

4. Unemployment Insurance

The District provides unemployment insurance through direct billings from the New York State Insurance Fund. For the year ended June 30, 2021, the District realized an unemployment insurance credit in the amount of \$3,263 in unemployment insurance benefits. At June 30, 2021, the District did not recognize a liability for unpaid, unasserted claims, if any, as these would be deemed immaterial.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS - GASB STATEMENT NO. 75

Postemployment (health insurance) benefits:

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At June 30, 2021, the following employees were covered by the benefit terms:

Active employees not eligible to retire	68
Active employees eligible to retire	34
Retired employees and surviving spouses	14
Retiree spouses	<u>9</u>
Total	125

B. Total OPEB Liability

The District's total OPEB liability of \$1,428,648 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates – based on the National Health Expenditure Projections 2021-2028 for short term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resources Model v2021_b (updated September, 2020). CPI inflation rates are based on the Livingston Real GDP Survey for June, 2020, Long-Term (10-year) Forecast mean rates. Real GDP rates are based on median rates from OECD 2022-2060 GDP projections, published 2020.

Inflation (CPI) for years 2030 +:	2.11%
Real GDP (per capita) for years 2030 +:	1.93%
Excess medical cost growth for years 2030 +	1.10%
Expected health share of GDP in 2030:	20.30%
Share of GDP above which cost growth is assumed to meet resistance:	25.00%
Year after which medical costs are limited to rate of growth in GDP	2075

Salary increases – 3.11%

Mortality – Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, distinct for Teachers, General, and Safety, without separate Contingent Survivor mortality.

Discount rate – 2.27% based on a blending of the investment rate of return and the long-term bond rate using expected plan benefit payments.

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 1,635,547
Changes for the year:	
Service cost	65,118
Interest	40,992
Differences between expected and actual experience	(300,722)
Changes in assumptions or other inputs	35,465
Benefit payments	<u>(47,752)</u>
Balance at June 30, 2021	<u>\$ 1,428,648</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27 percent) or 1 percentage point higher (3.27 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,541,706	1,428,648	1,323,427

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (3.00%-3.08% percent) or 1 percentage point higher (5.00%-5.08% percent) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,269,151	1,428,648	1,615,862

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$46,300. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ -	231,538
Changes of assumption or other inputs	42,461	-
Total	<u>\$ 42,461</u>	<u>231,538</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ (136,026)
2023	<u>(53,051)</u>
Total	<u>\$ (189,077)</u>

NOTE 11 – COMMITMENTS AND CONTINGENCIES

1. Federal and State Grants

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

2. Litigation

A review of Forestville Central School District by legal counsel indicated that they were aware of no asserted or unasserted claims against the District as of June 30, 2021.

3. Compensated Absences

The District accrued a liability for vested and accumulating non-vested sick leave and retirement benefits in the amount of \$544,062 at June 30, 2021.

The District has included a liability for accumulating, non-vested sick leave on the basis of the percentage of probability that those amounts will become vested. This percentage was applied based on historical vesting of certain employee groups.

4. Capital Improvements Projects

The District received approval from New York State for a Bullet Aid project in the amount of \$100,000 for various District improvements. This project was fully expended by June 30, 2021.

During the year ended June 30, 2018, the voters approved a project in the amount of \$3,080,000 for various District Improvements. This project will be funded by use of the existing capital reserve in the amount of \$669,799 and the balance of \$2,410,201 to be funded by the tax levy. The District has expended a total of \$3,032,208 on this project at June 30, 2021.

5. Energy Performance Contract 2011

On January 20, 2011, the District entered into an Energy Performance Contract Municipal Lease/Purchase Agreement with Real Lease, Inc.

This agreement provided for the District to lease certain energy conservation improvements and equipment. This includes upgrades to the lighting in the gym and replacement of the existing hot water boilers, including all piping, burners, controls, vent piping, electrical and miscellaneous accessories.

An escrow fund was established by the Lessor in the amount of \$603,768 for the execution of this contract with M & T Bank as Escrow Agent. The lessee is obligated to make rental payments of \$17,840 per quarter which include principal and interest at a rate of 4.85 percent.

The project was fully expended at June 30, 2012 and was capitalized and is being depreciated.

The lease liability has been recorded as a long-term obligation at June 30, 2021.

6. Energy Performance Contract 2020

On November 13, 2019 the District entered into an energy performance contract with Trane US, Inc.

The project is to include lighting upgrades, building envelope improvements, variable frequency drives, and plug load controllers.

The total project cost was \$715,509 as was fully expended by the end of June, 2021.

NOTE 12 – DONOR-RELATED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of scholarship awards.

Donor-restricted endowments are reported at fair value. Earnings on the endowments are available for annual scholarship awards.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District. These funds are recorded in the Fiduciary Fund - Private Purpose Trust.

NOTE 13 – ADDITIONAL DISCLOSURES

1. Budget Modifications

The 2020-2021 operating budget is summarized as follows:

Original Adopted Budget:	\$	12,872,494
Budget Revisions		-
June 30, 2020 Carryover Encumbrances		821
Revised Budget	\$	<u>12,873,315</u>

2. Tax Abatements

The District, through the County of Chautauqua Industrial Development Agency, has a payment in lieu of taxes ("PILOT") agreement in place with a local enterprise. The District collect \$142,365 in PILOT payments and abated \$1,419,426 in property taxes through this agreement.

3. Subsequent Events

The management of Forestville Central School District has evaluated subsequent events through October 1, 2021 the date on which the financial statements were available to be issued.

NOTE 14 – COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses.

The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates. It is unknown how long these conditions will last and what the complete financial effect will be to the District.

THIS PAGE LEFT INTENTIONALLY BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE LEFT INTENTIONALLY BLANK

**FORESTVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
LAST FOUR FISCAL YEARS ***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
MEASUREMENT DATE	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
TOTAL OPEB LIABILITY	\$ 1,428,648	1,635,547	1,718,982	1,330,767
SERVICE COST	65,118	61,947	51,242	47,321
INTEREST	40,992	59,367	47,977	47,630
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	(300,722)	(255,521)	335,274	10,144
CHANGES OF ASSUMPTIONS OR OTHER INPUTS	35,465	105,912	6,720	19,559
BENEFIT PAYMENTS	<u>(47,752)</u>	<u>(55,140)</u>	<u>(52,998)</u>	<u>(50,970)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(206,899)	(83,435)	388,215	73,684
TOTAL OPEB LIABILITY - BEGINNING	<u>1,635,547</u>	<u>1,718,982</u>	<u>1,330,767</u>	<u>1,257,083</u>
TOTAL OPEB LIABILITY - ENDING	\$ 1,428,648	1,635,547	1,718,982	1,330,767
COVERED PAYROLL	<u>\$ 5,217,446</u>	<u>5,287,415</u>	<u>5,115,533</u>	<u>5,115,533</u>
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	27.38%	30.93%	33.60%	26.01%

* 10 years of historical information is not available. An additional year of historical information will be added each year until 10 years of historical data is available.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)		FINAL BUDGET VARIANCE WITH BUDGETARY ACTUAL
REVENUES					
LOCAL SOURCES:					
REAL PROPERTY TAXES	\$ 4,037,224	4,037,224	4,037,136		(88)
REAL PROPERTY TAX ITEMS	6,500	6,500	8,518		2,018
CHARGES FOR SERVICES	4,200	4,200	14,211		10,011
USE OF MONEY AND PROPERTY	9,000	9,000	8,341		(659)
SALE OF PROPERTY & COMPENSATION FOR LOSS	-	-	51,040		51,040
MISCELLANEOUS	237,135	237,956	238,032		76
INTERFUND REVENUE	-	-	-		-
STATE SOURCES	7,435,527	7,300,399	7,529,760		229,361
FEDERAL SOURCES	-	135,128	135,128		-
MEDICAID REIMBURSEMENT	-	-	26,730		26,730
TOTAL REVENUES	<u>11,729,586</u>	<u>11,730,407</u>	<u>12,048,896</u>		<u>318,489</u>
OTHER FINANCING SOURCES					
INTERFUND TRANSFERS IN	<u>50,000</u>	<u>50,000</u>	<u>-</u>		<u>50,000</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>11,779,586</u>	<u>11,780,407</u>	<u>12,048,896</u>		<u>368,489</u>
APPROPRIATED FUND BALANCE	<u>1,092,908</u>	<u>1,092,908</u>			
TOTAL REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE	<u>\$ 12,872,494</u>	<u>12,873,315</u>			
EXPENDITURES					
GENERAL SUPPORT					
BOARD OF EDUCATION	\$ 25,253	25,253	16,968	-	8,285
CENTRAL ADMINISTRATION	204,409	204,409	191,896	305	12,208
FINANCE	226,015	242,952	202,667	8,000	32,285
STAFF	51,366	53,279	31,559	-	21,720
CENTRAL SERVICES	987,493	1,015,755	756,920	5,028	253,807
SPECIAL ITEMS	115,011	155,374	134,608	-	20,766
TOTAL GENERAL SUPPORT	<u>1,609,547</u>	<u>1,697,022</u>	<u>1,334,618</u>	<u>13,333</u>	<u>349,071</u>
INSTRUCTION					
ADMINISTRATION & IMPROVEMENT	401,669	419,249	360,025	-	59,224
TEACHING - REGULAR SCHOOL	3,272,145	3,176,564	2,642,246	10,937	523,381
STUDENTS WITH DISABILITIES	1,681,930	1,589,743	1,437,078	3,907	148,758
OCCUPATIONAL EDUCATION	285,000	320,000	285,000	-	35,000
INSTRUCTIONAL MEDIA	197,571	238,348	227,420	1,250	9,678
PUPIL SERVICES	397,256	394,339	274,024	169	120,146
TOTAL INSTRUCTION	<u>6,235,571</u>	<u>6,138,243</u>	<u>5,225,793</u>	<u>16,263</u>	<u>896,187</u>
PUPIL TRANSPORTATION	865,718	865,718	485,133	-	380,585
COMMUNITY SERVICES	77,708	77,708	-	-	77,708
EMPLOYEE BENEFITS	2,607,549	2,597,223	1,936,876	-	660,347
DEBT SERVICE					
PRINCIPAL	1,111,322	1,111,322	1,111,322	-	-
INTEREST	197,369	218,369	217,733	-	636
TOTAL EXPENDITURES	<u>12,704,784</u>	<u>12,705,605</u>	<u>10,311,475</u>	<u>29,596</u>	<u>2,364,534</u>
OTHER FINANCING USES					
INTERFUND TRANSFERS OUT	<u>167,710</u>	<u>167,710</u>	<u>108,765</u>	<u>-</u>	<u>58,945</u>
TOTAL OTHER FINANCING USES	<u>167,710</u>	<u>167,710</u>	<u>108,765</u>	<u>-</u>	<u>58,945</u>
TOTAL EXPENDITURES AND OTHER USES	<u>12,872,494</u>	<u>12,873,315</u>	<u>10,420,240</u>	<u>29,596</u>	<u>2,423,479</u>
NET CHANGE IN FUND BALANCES	-	-	1,628,656		
FUND BALANCE - BEGINNING	<u>3,350,315</u>	<u>3,350,315</u>	<u>3,350,315</u>		
FUND BALANCE - ENDING	<u>\$ 3,350,315</u>	<u>3,350,315</u>	<u>4,978,971</u>		

See paragraph on supplementary schedules included in independent auditors' report.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
LAST SEVEN FISCAL YEARS ***

	2021	2020	2019	2018	2017	2016	2015
NYSERS PENSION PLAN							
DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY	0.0047071%	0.0047552%	0.0046931%	0.0052795%	0.0055939%	0.0044789%	0.0050591%
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	\$ 4,687	1,259,203	332,521	170,393	525,616	718,884	170,907
DISTRICT'S COVERED-EMPLOYEE PAYROLL	1,643,337	1,454,644	1,442,939	1,611,559	1,496,199	1,708,581	1,598,416
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL	0.29%	86.56%	23.04%	10.57%	35.13%	42.07%	10.69%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	99.95%	86.39%	96.27%	98.24%	94.70%	97.90%	97.90%
NYSTRS PENSION PLAN							
DISTRICT'S PROPORTION OF THE NET PENSION ASSET (LIABILITY)	0.0229190%	0.0233940%	0.0240380%	0.0235980%	0.0235020%	0.0236420%	0.0247140%
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)	\$ (633,313)	607,769	434,677	179,370	(251,719)	2,455,678	2,752,998
DISTRICT'S COVERED-EMPLOYEE PAYROLL	3,716,826	4,260,655	3,915,582	3,915,502	3,739,548	3,626,633	3,551,392
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL	-17.04%	14.26%	11.10%	4.58%	-6.73%	67.71%	77.52%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	97.80%	102.17%	101.53%	100.66%	99.01%	97.90%	111.48%

10 YEARS OF HISTORICAL INFORMATION IS NOT AVAILABLE. AN ADDITIONAL YEAR OF HISTORICAL INFORMATION WILL BE ADDED EACH YEAR UNTIL 10 YEARS OF HISTORICAL DATA IS AVAILABLE.

See paragraph on supplementary schedules included in independent auditors' report.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST SEVEN FISCAL YEARS ***

	2021	2020	2019	2018	2017	2016	2015
NYSLRS PENSION PLAN							
STATUTORILY REQUIRED CONTRIBUTIONS	\$ 375,114	207,452	209,385	226,989	224,825	177,182	284,867
CONTRIBUTIONS IN RELATION TO STATUTORILY REQUIRED CONTRIBUTIONS	<u>375,114</u>	<u>207,452</u>	<u>209,385</u>	<u>226,989</u>	<u>224,825</u>	<u>177,182</u>	<u>284,867</u>
CONTRIBUTION DEFICIENCY (EXCESS):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMPLOYER'S COVERED-EMPLOYEE PAYROLL	1,643,337	1,454,644	1,442,939	1,611,559	1,496,199	1,708,581	1,598,416
CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL	22.83%	14.26%	14.51%	14.09%	15.03%	10.37%	17.82%
NYSTRS PENSION PLAN							
STATUTORILY REQUIRED CONTRIBUTIONS	\$ 257,245	414,688	383,727	438,275	498,061	480,892	614,040
CONTRIBUTIONS IN RELATION TO STATUTORILY REQUIRED CONTRIBUTIONS	<u>257,245</u>	<u>414,688</u>	<u>383,727</u>	<u>438,275</u>	<u>498,061</u>	<u>480,892</u>	<u>614,040</u>
CONTRIBUTION DEFICIENCY (EXCESS):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EMPLOYER'S COVERED-EMPLOYEE PAYROLL	3,716,826	4,260,655	3,915,582	3,915,502	3,739,548	3,626,633	3,551,392
CONTRIBUTIONS AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL	6.92%	9.73%	9.80%	11.19%	13.32%	13.26%	17.29%

10 YEARS OF HISTORICAL INFORMATION IS NOT AVAILABLE. AN ADDITIONAL YEAR OF HISTORICAL INFORMATION WILL BE ADDED EACH YEAR UNTIL 1 YEARS OF HISTORICAL DATA IS AVAILABLE

SUPPLEMENTARY INFORMATION

THIS PAGE LEFT INTENTIONALLY BLANK

**FORESTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

ADOPTED BUDGET	\$ 12,872,494
ADD: PRIOR YEAR'S ENCUMBRANCES	821
BUDGET REVISIONS	<u>-</u>
FINAL BUDGET	<u>\$ 12,873,315</u>
NEXT YEAR'S BUDGET IS A VOTER-APPROVED BUDGET	<u>13,028,780</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 VOTER APPROVED EXPENDITURE BUDGET	
MAXIMUM ALLOWED (4% OF 2021-22 BUDGET)	<u>521,151</u>
GENERAL FUND FUND BALANCE SUBJECT TO SECTION 1318 OF REAL PROPERTY TAX LAW	
UNRESTRICTED FUND BALANCE:	
ASSIGNED FUND BALANCE	331,320
UNASSIGNED FUND BALANCE	<u>516,964</u>
TOTAL UNRESTRICTED FUND BALANCE	<u>848,284</u>
LESS:	
APPROPRIATED FUND BALANCE	301,724
ENCUMBRANCES INCLUDED IN COMMITTED AND ASSIGNED FUND BALANCE	<u>29,596</u>
TOTAL ADJUSTMENTS	<u>331,320</u>
GENERAL FUND FUND BALANCE SUBJECT TO SECTION 1318 OF REAL PROPERTY TAX LAW	<u>\$ 516,964</u>
ACTUAL PERCENTAGE	3.97%

See paragraph on supplementary schedules included in independent auditors' report.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021**

	<u>DEBT SERVICE FUND</u>	<u>SCHOOL LUNCH FUND</u>	<u>TOTAL NON-MAJOR FUNDS</u>
ASSETS			
CASH AND CASH EQUIVALENTS:			
UNRESTRICTED CASH	\$ -	803	803
RESTRICTED CASH	132,798	-	132,798
RECEIVABLES:			
ACCOUNTS RECEIVABLE, NET	-	2,581	2,581
STATE AND FEDERAL AID RECEIVABLE	-	29,972	29,972
DUE FROM OTHER FUNDS	41,509	131,218	172,727
INVENTORIES	-	9,957	9,957
	<u>174,307</u>	<u>174,531</u>	<u>348,838</u>
TOTAL ASSETS	174,307	174,531	348,838
LIABILITIES			
PAYABLES:			
ACCRUED LIABILITIES	-	5,580	5,580
DUE TO OTHER GOVERNMENTS	-	111	111
DUE TO EMPLOYEES' RETIREMENT SYSTEM	-	6,613	6,613
DEFERRED REVENUE	-	721	721
	<u>-</u>	<u>13,025</u>	<u>13,025</u>
TOTAL LIABILITIES	-	13,025	13,025
FUND BALANCES			
NONSPENDABLE:			
INVENTORY	-	9,957	9,957
RESTRICTED FOR:			
DEBT SERVICE	174,307	-	174,307
ASSIGNED	-	151,549	151,549
	<u>174,307</u>	<u>161,506</u>	<u>335,813</u>
TOTAL FUND BALANCES (DEFICIT)	174,307	161,506	335,813
TOTAL LIABILITIES AND FUND BALANCES	\$ 174,307	174,531	348,838

See paragraph on supplementary schedule included in independent auditors' report.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

	DEBT SERVICE FUND	SCHOOL LUNCH FUND	TOTAL NON-MAJOR FUNDS
REVENUES			
USE OF MONEY AND PROPERTY	\$ 138,322	-	138,322
MISCELLANEOUS	-	96	96
STATE SOURCES	-	1,015	1,015
FEDERAL SOURCES	-	240,594	240,594
SALES	-	3,298	3,298
	138,322	245,003	383,325
EXPENDITURES			
GENERAL SUPPORT	-	79,301	79,301
EMPLOYEE BENEFITS	-	33,996	33,996
COST OF SALES	-	60,631	60,631
	-	173,928	173,928
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	138,322	71,075	209,397
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	138,322	71,075	209,397
FUND BALANCE, BEGINNING OF YEAR	35,985	90,431	126,416
FUND BALANCE, END OF YEAR	\$ 174,307	161,506	335,813

See paragraph on supplementary schedules included in independent auditors' report.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2021**

CAPITAL ASSETS, NET		\$ 17,533,965
DEDUCT:		
BOND ANTICIPATION NOTE PAYABLES	266,500	
SHORT-TERM PORTION OF BONDS PAYABLE	1,095,000	
LONG-TERM PORTION OF BONDS PAYABLE	6,165,000	
SHORT-TERM PORTION OF ENERGY PERFORMANCE CONTRACT PAYABLE	67,268	
LONG-TERM PORTION OF ENERGY PERFORMANCE CONTRACT PAYABLE	<u>35,706</u>	
		<u>7,629,474</u>
NET INVESTMENT IN CAPITAL ASSETS		<u>\$ 9,904,491</u>

See paragraph on supplementary schedules included in independent auditors' report.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

PROJECT TITLE	EXPENDITURES					METHODS OF FINANCING				FUND BALANCE 6/30/2021	
	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	PRIOR YEARS	CURRENT YEAR	TOTAL	UNEXPENDED BALANCE	PROCEEDS OF OBLIGATIONS	LOCAL SOURCES	STATE/FEDERAL AID		TOTAL
Capital Project 2018	\$ 3,080,000	3,080,000	2,239,744	792,464	3,032,208	47,792	1,595,000	1,284,799	-	2,879,799	(152,409)
Capital Project 2014 Phase II	290,000	290,000	222,746	-	222,746	67,254	-	-	223,446	223,446	700
Capital Outlay 2021	100,000	100,000	-	100,000	100,000	-	-	100,000	-	100,000	-
Energy Performance Contract 2020	715,509	715,509	393,530	321,979	715,509	-	535,000	155,000	-	690,000	(25,509)
2020 Purchase of Buses	135,000	135,000	122,196	-	122,196	12,804	14,196	1,272	-	15,468	(106,728)
2019 Purchase of Buses	71,000	71,000	71,000	-	71,000	-	29,000	-	-	29,000	(42,000)
2018 Purchase of Buses	205,000	205,000	205,000	-	205,000	-	123,000	-	-	123,000	(82,000)
2017 Purchase of Buses	184,000	184,000	184,000	-	184,000	-	149,500	-	-	149,500	(34,500)
	\$ 4,780,509	4,780,509	3,438,216	1,214,443	4,652,659	127,850	2,445,696	1,541,071	223,446	4,210,213	(442,446)

THIS PAGE LEFT INTENTIONALLY BLANK

INTERNAL CONTROL AND COMPLIANCE

THIS PAGE LEFT INTENTIONALLY BLANK



Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Julie L. Jagoda-Booth, CPA
Kathryn A. Larracuente, CPA
Christopher M. Zera, CPA

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983

**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
Forestville Central School District
Forestville, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Forestville Central School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Forestville Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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

R.A. Mercer & Co., P.C.

R.A. Mercer & Co., P.C.

West Seneca, New York
October 1, 2021

EXTRACLASSROOM ACTIVITY FUND

THIS PAGE LEFT INTENTIONALLY BLANK



Kenneth S. Frank, CPA
Roger J. Lis, Jr. CPA
Julie L. Jagoda-Booth, CPA
Kathryn A. Larracuente, CPA
Christopher M. Zera

R. A. MERCER & CO., P.C.
Certified Public Accountants
290 Center Road
West Seneca, New York 14224
Phone 716-675-4270 Fax 716-675-4272
www.ramercercpa.com

Raymond A. Mercer, CPA 1931-1983

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Forestville Central School District
Forestville, New York

We have audited the accompanying statement of assets, liabilities, and fund balance – cash basis and statement of cash receipts and disbursements of the Extraclassroom Activity Fund, a component unit of the Forestville Central School District, as of and for the year ended June 30, 2021.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The records of the Extraclassroom Activity Fund of the Forestville Central School District were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded. As described in Note I, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the recorded cash transactions of the Extraclassroom Activity Fund of the Forestville Central School District, as of June 30, 2021, and the revenue it received and expenditures it paid for the year then ended in accordance with the basis of accounting as described in Note I.

Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

R. A. MERCER & CO., P.C.

R.A. Mercer & Co., P.C.

West Seneca, New York
October 1, 2021

**FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
EXTRACLASROOM ACTIVITY FUND
AS OF JUNE 30, 2021**

ASSETS

CASH - CHECKING	<u>\$ 31,236</u>
TOTAL ASSETS	<u><u>31,236</u></u>

LIABILITIES

SALES TAX PAYABLE	<u>61</u>
TOTAL LIABILITIES	61

FUND BALANCE	<u>31,175</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 31,236</u></u>

See accompanying note to extraclassroom activity fund financial statements.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
EXTRACLASROOM ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

EXTRACLASROOM ACCOUNTS	BALANCES 7/1/2020	TOTAL RECEIPTS	TOTAL DISBURSEMENTS	BALANCES 6/30/2021
CLASS OF 2020	\$ 2,172	-	2,172	-
CLASS OF 2021	4,849	500	3,699	1,650
CLASS OF 2022	3,624	-	-	3,624
CLASS OF 2023	2,719	72	-	2,791
CLASS OF 2024	834	-	-	834
CLASS OF 2025	331	-	-	331
HONOR SOCIETY	29	-	-	29
BAND	6,227	674	-	6,901
ECHO YEARBOOK	1,366	3,054	4,386	34
STUDENT COUNCIL	3,043	2,097	100	5,040
MARATHON CLUB	1,093	-	-	1,093
SPANISH CLUB	3,953	-	280	3,673
CHORUS	2,285	-	-	2,285
VARSITY CLUB	714	-	-	714
STAGE CREW CLUB	1,026	-	-	1,026
TECHNOLOGY	1,150	-	-	1,150
TOTALS	\$ 35,415	6,397	10,637	31,175

**FORESTVILLE CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are not considered part of the reporting entity of the Forestville Central School District. Consequently, such transactions are not included in the financial statement of the District. However, cash balances of \$31,236 are included in the Custodial Fund as restricted cash, with a corresponding amount recorded as a liability in the fund.

The accounts of the Extracurricular Activity Funds of the Forestville Central School District are maintained on a cash basis, and the statement of cash receipts and cash disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statements. This method of accounting is not in accordance with accounting principles generally accepted in the United States of America.