

FORESTVILLE CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

FORESTVILLE CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In 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, 2023 and the respective changes in financial position, and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:



- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 September 26, 2023 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 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
September 26, 2023

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**FORESTVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023. 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 \$17,893,723 (net position) for the fiscal year reported.

Total net position is comprised of the following:

1. Net Investment in Capital Assets of \$13,371,310 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 \$4,543,135 is restricted by constraints imposed from outside the District such as debt covenants, grantors, laws, or regulations.
3. Unrestricted net position of negative \$20,722 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 \$10,498,989. Bonds payable total \$5,040,000, of which \$1,155,000 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			
	2023	2022	Amount of Change
Assets:			
Current and other assets	\$ 6,495,869	7,987,403	(1,491,534)
Capital assets	18,817,887	16,918,723	1,899,164
Net pension asset	-	4,150,798	(4,150,798)
Total assets	25,313,756	29,056,924	(3,743,168)
Deferred outflows of resources:			
Pensions and other post employment benefits	3,078,956	2,984,877	94,079
Total deferred outflows of resources	3,078,956	2,984,877	94,079
Liabilities:			
Current liabilities	3,021,487	2,587,047	434,440
Non-current liabilities	7,118,797	6,825,151	293,646
Total liabilities	10,140,284	9,412,198	728,086
Deferred inflows of resources			
Pensions and other post employment benefits	358,705	5,581,870	(5,223,165)
Total deferred inflows of resources	358,705	5,581,870	(5,223,165)
Net position:			
Net investment in capital assets	13,371,310	10,338,988	3,032,322
Restricted	4,543,135	4,492,124	51,011
Unrestricted	(20,722)	2,216,621	(2,237,343)
Total net position	\$ 17,893,723	17,047,733	845,990

The District's net position at fiscal year-end 2023 is \$17,893,723. This is an increase of \$845,990 from a net position of \$17,047,733 at fiscal year-end 2022.

The Net Investment in Capital Assets amount represents 75 percent of the District's total net position.

Resources that are subject to restrictions on how they may be utilized represent 25 percent of the District's net position. These restrictions are for Debt Service, Capital Project, and other requirements.

The remaining category of net position, comprising an immaterial amount of the District's net position, represents unrestricted net position.

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

Governmental Activities

	2023	2022	Amount of Change
Revenues			
Real property taxes and tax items	\$ 4,039,234	4,098,430	(59,196)
Other	252,577	282,205	(29,628)
State sources	8,101,860	8,152,692	(50,832)
Medicaid reimbursement	40,969	86,860	(45,891)
Federal sources	1,381,622	1,231,412	150,210
Sales	54,614	8,364	46,250
Total revenues	13,870,876	13,859,963	10,913
Expenses			
General support	2,312,669	1,692,117	620,552
Instruction	8,974,451	7,577,950	1,396,501
Pupil transportation	1,404,557	993,344	411,213
Census	2,294	2,203	91
Interest	124,579	166,122	(41,543)
Cost of sales	206,336	149,972	56,364
Total expenses	13,024,886	10,581,708	2,443,178
Change in net position	845,990	3,278,255	(2,432,265)
Beginning net position	17,047,733	13,769,478	3,278,255
Net position at end of year	\$ 17,893,723	17,047,733	845,990

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 29 and 30 percent of the District's total governmental revenues in 2023 and 2022 respectively, while state aid provided 58 percent and 58 percent of the District's total governmental revenues in 2023 and 2022 respectively. Total governmental revenues increased \$10,913 from 2022 to 2023.

The total governmental activities cost \$13,024,886 for this year. Of this amount, Instruction, with \$8,974,451, was the largest operating service cost at 69 percent and 72 percent of total cost of services in fiscal years ended 2023 and 2022 respectively. General Support cost was 18 percent and 16 percent of the total for 2023 and 2022 respectively. 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 11 percent 9 percent of the total cost at \$1,404,557 and \$993,344 for the years ended June 30, 2023 and 2022 respectively, an increase of \$411,213, and Debt Interest, which totaled \$124,579 and \$166,122, representing 1 percent of the total cost for the years ended June 30, 2023 and 2022. 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, \$733,922 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 \$4,725,314. The General Fund reported a fund balance of \$6,917,906 of which approximately \$1,925,667 is unassigned, indicating availability for continuing District service requirements. Restricted fund balances include: \$182,138 restricted for debt service, \$231,620 for unemployment, other insurance reserves of \$304,523, \$70,381 for other property loss, \$484,420 for employee benefits, \$153,653 for TRS reserve, and \$918,805 for retirement contributions. There are capital reserves of \$2,197,595. Non-spendable fund balance includes \$1,723 for inventories. Fund Balance has been assigned to the School lunch fund in the amount of \$301,241. Fund balance has also been assigned for encumbrances totaling \$129,518. The amount of \$501,724 has been assigned to reduce taxes for the subsequent year.

The total ending fund balances of governmental funds show an increase of \$432,383 for the General Fund and a net decrease of \$2,356,903 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. Additionally, in the Capital Projects fund, the District expended \$2,148,016 for the 2023 Capital Improvement Project. These costs were expensed when incurred under governmental fund accounting principles, thereby reducing the fund balance of the Capital Projects fund significantly. These costs are capitalized and shown as construction in progress on the government-wide Statement of Net Position.

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 2023 was \$13,768,995. This was an increase of \$710,620 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, 2023, was \$18,817,887, an overall increase of \$1,899,164 from what was reported at June 30, 2022. The District recorded \$733,922 in depreciation expense for fiscal year 2023. Capital assets are detailed as follows:

**Capital Assets,
Net of Accumulated Depreciation
As of June 30, 2023 and 2022**

Governmental Activities			Amount of
	2023	2022	Change
Nondepreciable asseets:			
Land	\$ 17,207	17,207	-
Construction in progress	2,148,016	-	2,148,016
Depreciable assets:			
Buildings	25,251,410	25,151,410	100,000
Machinery and equipment	2,952,087	2,628,808	323,279
Accumulated depreciation	(11,550,833)	(10,878,702)	(672,131)
Capital assets, net	<u>\$ 18,817,887</u>	<u>16,918,723</u>	<u>1,899,164</u>

Long-Term Liabilities

Total outstanding bond debt at June 30, 2022, was \$6,165,000. At the end of fiscal year 2023, the District had total bond debt outstanding of \$5,040,000. This obligation is backed by the full faith and credit of the Forestville Central School District.

The District also had a long-term liability outstanding at June 30, 2022 in the amount of \$17,853 for an Energy Performance Contract entered into in January, 2011. This liability was paid in full during the year ended June 30, 2023.

The District records liabilities on its government-wide financial statements for its proportionate share of the actuarially calculated other post-employment benefits ("OPEB") liability, the New York State Employees' Retirement System ("NYSERS") liability, and the New York State Teachers' Retirement System ("NYSTRS") liability. The District's OPEB liability decreased during the year by \$39,321 from \$1,395,341 to \$1,356,020. Due to the performance of the security markets, the District's share of its NYSERS and NYSTRS liabilities increased during the year ended June 30, 2023 by \$1,469,708 and \$4,207,519 respectively.

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.

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.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023**

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
CASH AND CASH EQUIVALENTS	
UNRESTRICTED	\$ 779,967
RESTRICTED	4,543,042
RECEIVABLES	
ACCOUNTS RECEIVABLE, NET	6,239
STATE AND FEDERAL AID RECEIVABLE, NET	903,141
DUE FROM OTHER GOVERNMENTS	260,158
OTHER MISCELLANEOUS ASSETS	1,599
INVENTORY	1,723
CAPITAL ASSETS, NET	18,817,887
TOTAL ASSETS	25,313,756
<u>DEFERRED OUTFLOW OF RESOURCES</u>	
PENSIONS AND POSTEMPLOYMENT OBLIGATIONS	3,078,956
TOTAL DEFERRED OUTFLOW OF RESOURCES	3,078,956
<u>LIABILITIES</u>	
PAYABLES	
ACCOUNTS PAYABLE	648,988
ACCRUED LIABILITIES	230,635
DUE TO OTHER GOVERNMENTS	18
DUE TO TEACHERS' RETIREMENT SYSTEM	435,725
DUE TO EMPLOYEES' RETIREMENT SYSTEM	56,436
UNEARNED REVENUE	271
NOTES PAYABLE	
BOND ANTICIPATION	406,577
LONG-TERM LIABILITIES	
DUE AND PAYABLE WITHIN ONE YEAR	
COMPENSATED ABSENCES	87,837
BONDS PAYABLE	1,155,000
DUE AND PAYABLE AFTER ONE YEAR	
COMPENSATED ABSENCES	351,348
BONDS PAYABLE	3,885,000
ACCRUED POST EMPLOYMENT OBLIGATIONS	1,356,020
NET PENSION LIABILITY	1,526,429
TOTAL LIABILITIES	10,140,284
<u>DEFERRED INFLOW OF RESOURCES</u>	
PENSIONS AND POSTEMPLOYMENT OBLIGATIONS	358,705
TOTAL DEFERRED INFLOW OF RESOURCES	358,705
<u>NET POSITION</u>	
NET INVESTMENT IN CAPITAL ASSETS	13,371,310
RESTRICTED	4,543,135
UNRESTRICTED	(20,722)
TOTAL NET POSITION	\$ 17,893,723

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, 2023

<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	\$ 2,312,669	-	-	(2,312,669)
INSTRUCTION	8,974,451	5,399	1,165,474	(7,803,578)
PUPIL TRANSPORTATION	1,404,557	-	-	(1,404,557)
CENSUS	2,294	-	-	(2,294)
COST OF SALES	206,336	54,614	216,148	64,426
DEBT SERVICE	124,579	-	-	(124,579)
TOTAL GOVERNMENTAL ACTIVITIES	<u>13,024,886</u>	<u>60,013</u>	<u>1,381,622</u>	<u>(11,583,251)</u>
GENERAL REVENUES:				
REAL PROPERTY TAXES AND TAX ITEMS				4,039,234
SALE OF PROPERTY AND COMPENSATION FOR LOSS				22,988
USE OF MONEY AND PROPERTY				49,763
MISCELLANEOUS				174,427
MEDICAID REIMBURSEMENT				40,969
STATE SOURCES				8,101,860
TOTAL GENERAL REVENUES				<u>12,429,241</u>
CHANGE IN NET POSITION				845,990
TOTAL NET POSITION - BEGINNING OF YEAR				<u>17,047,733</u>
TOTAL NET POSITION - END OF YEAR				<u>\$ 17,893,723</u>

See accompanying notes to the financial statements.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023**

	GENERAL FUND	CAPITAL PROJECTS FUND	SPECIAL AID FUND	NON- MAJOR FUNDS	TOTAL
ASSETS					
CASH AND CASH EQUIVALENTS:					
UNRESTRICTED CASH	\$ 475,713	5,596	-	298,658	779,967
RESTRICTED CASH	4,360,997	-	-	182,045	4,543,042
RECEIVABLES:					
ACCOUNTS RECEIVABLE, NET	2,734	-	-	3,505	6,239
STATE AND FEDERAL AID RECEIVABLE, NET	113,025	-	781,956	8,160	903,141
DUE FROM OTHER FUNDS	2,132,047	-	-	93	2,132,140
DUE FROM OTHER GOVERNMENTS	260,158	-	-	-	260,158
OTHER MISCELLANEOUS ASSETS	-	1,599	-	-	1,599
INVENTORIES - SUPPLIES AND MATERIALS	-	-	-	1,723	1,723
TOTAL ASSETS	7,344,674	7,195	781,956	494,184	8,628,009
LIABILITIES					
PAYABLES:					
ACCOUNTS PAYABLE	53,114	587,213	8,661	-	648,988
ACCRUED LIABILITIES	103,255	-	118,440	845	222,540
DUE TO OTHER FUNDS	-	1,691,099	440,525	516	2,132,140
DUE TO OTHER GOVERNMENTS	-	-	-	18	18
DUE TO TEACHERS' RETIREMENT SYSTEM	231,624	-	204,101	-	435,725
DUE TO EMPLOYEES' RETIREMENT SYSTEM	38,775	-	9,958	7,703	56,436
UNEARNED REVENUE	-	-	271	-	271
NOTES PAYABLE:					
BOND ANTICIPATION NOTES PAYABLE	-	406,577	-	-	406,577
TOTAL LIABILITIES	426,768	2,684,889	781,956	9,082	3,902,695
FUND BALANCES					
NONSPENDABLE:					
INVENTORY	-	-	-	1,723	1,723
RESTRICTED FOR:					
DEBT SERVICE	-	-	-	182,138	182,138
EMPLOYEE BENEFITS	484,420	-	-	-	484,420
RETIREMENT CONTRIBUTIONS	918,805	-	-	-	918,805
TRS RESERVE	153,653	-	-	-	153,653
UNEMPLOYMENT INSURANCE	231,620	-	-	-	231,620
PROPERTY LOSS & LIABILITY	70,381	-	-	-	70,381
INSURANCE	304,523	-	-	-	304,523
CAPITAL	2,197,595	-	-	-	2,197,595
ASSIGNED TO:					
APPROPRIATED FUND BALANCE	501,724	-	-	-	501,724
UNAPPROPRIATED FUND BALANCE	-	-	-	301,241	301,241
ENCUMBRANCES	129,518	-	-	-	129,518
UNASSIGNED:					
UNASSIGNED FUND BALANCE (DEFICIT)	1,925,667	(2,677,694)	-	-	(752,027)
TOTAL FUND BALANCES	6,917,906	(2,677,694)	-	485,102	4,725,314
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,344,674	7,195	781,956	494,184	8,628,009

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, 2023

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position
ASSETS				
CASH AND CASH EQUIVALENTS:				
UNRESTRICTED CASH	\$ 779,967	-	-	779,967
RESTRICTED CASH	4,543,042	-	-	4,543,042
RECEIVABLES:				
ACCOUNTS RECEIVABLE, NET	6,239	-	-	6,239
STATE AND FEDERAL AID RECEIVABLE, NET	903,141	-	-	903,141
DUE FROM OTHER FUNDS	2,132,140	-	(2,132,140)	-
DUE FROM OTHER GOVERNMENTS	260,158	-	-	260,158
OTHER MISCELLANEOUS ASSETS	1,599	-	-	1,599
INVENTORIES - SUPPLIES AND MATERIALS	1,723	-	-	1,723
CAPITAL ASSETS, NET	-	18,817,887	-	18,817,887
TOTAL ASSETS	8,628,009	18,817,887	(2,132,140)	25,313,756
DEFERRED OUTFLOWS OF RESOURCES				
DEFERRED OUTFLOWS - TRS	-	2,290,577	-	2,290,577
DEFERRED OUTFLOWS - ERS	-	786,296	-	786,296
DEFERRED OUTFLOWS - OPEB	-	2,083	-	2,083
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	3,078,956	-	3,078,956
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	8,628,009	21,896,843	(2,132,140)	28,392,712
LIABILITIES				
PAYABLES:				
ACCOUNTS PAYABLE	648,988	-	-	648,988
ACCRUED LIABILITIES	222,540	8,095	-	230,635
DUE TO OTHER FUNDS	2,132,140	-	(2,132,140)	-
DUE TO OTHER GOVERNMENTS	18	-	-	18
DUE TO TEACHERS' RETIREMENT SYSTEM	435,725	-	-	435,725
DUE TO EMPLOYEES' RETIREMENT SYSTEM	56,436	-	-	56,436
UNEARNED REVENUE	271	-	-	271
NOTES PAYABLE:				
BOND ANTICIPATION NOTES PAYABLE	406,577	-	-	406,577
LONG-TERM LIABILITIES				
DUE WITHIN ONE YEAR				
COMPENSATED ABSENCES	-	87,837	-	87,837
BONDS PAYABLE	-	1,155,000	-	1,155,000
DUE AFTER ONE YEAR				
COMPENSATED ABSENCES	-	351,348	-	351,348
ACCRUED POST-EMPLOYMENT OBLIGATIONS	-	1,356,020	-	1,356,020
BONDS PAYABLE	-	3,885,000	-	3,885,000
NET PENSION LIABILITY	-	1,526,429	-	1,526,429
TOTAL LIABILITIES	3,902,695	8,369,729	(2,132,140)	10,140,284
DEFERRED INFLOWS OF RESOURCES				
DEFERRED INFLOWS - TRS	-	184,757	-	184,757
DEFERRED INFLOWS - ERS	-	66,054	-	66,054
DEFERRED INFLOWS - OPEB	-	107,894	-	107,894
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	358,705	-	358,705
FUND BALANCE / NET POSITION				
TOTAL FUND BALANCE / NET POSITION	4,725,314	13,168,409	-	17,893,723
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES / NET POSITION	\$ 8,628,009	21,896,843	(2,132,140)	28,392,712

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, 2023

	GENERAL FUND	CAPITAL PROJECTS FUND	SPECIAL AID FUND	NON- MAJOR FUNDS	TOTAL	ADJUSTMENTS	STATEMENT OF ACTIVITIES
REVENUES							
REAL PROPERTY TAXES AND TAX ITEMS	\$ 4,039,234	-	-	-	4,039,234	-	4,039,234
CHARGES FOR SERVICES	5,399	-	-	-	5,399	-	5,399
USE OF MONEY AND PROPERTY	38,496	348	-	10,919	49,763	-	49,763
SALE OF PROPERTY AND COMPENSATION FOR LOSS	24,880	-	-	-	24,880	(1,892)	22,988
MISCELLANEOUS	174,395	-	-	32	174,427	-	174,427
STATE SOURCES	7,915,198	-	157,866	28,796	8,101,860	-	8,101,860
MEDICAID REIMBURSEMENT	40,969	-	-	-	40,969	-	40,969
FEDERAL SOURCES	-	-	1,165,474	218,148	1,381,622	-	1,381,622
SALES	-	-	-	54,614	54,614	-	54,614
TOTAL REVENUES	12,238,571	348	1,323,340	310,509	13,872,768	(1,892)	13,870,876
EXPENDITURES							
GENERAL SUPPORT	1,715,561	-	21,579	145,847	1,882,987	429,682	2,312,669
INSTRUCTION	5,532,852	-	1,134,347	-	6,667,199	2,307,252	8,974,451
PUPIL TRANSPORTATION	873,668	-	39,460	-	913,128	491,429	1,404,557
CENSUS	2,294	-	-	-	2,294	-	2,294
EMPLOYEE BENEFITS	2,113,212	-	145,164	39,742	2,298,118	(2,298,118)	-
CAPITAL OUTLAY	-	2,634,978	-	-	2,634,978	(2,634,978)	-
DEBT SERVICE:							
PRINCIPAL	1,275,735	-	-	-	1,275,735	(1,275,735)	-
INTEREST	125,656	-	-	-	125,656	(1,077)	124,579
COST OF SALES	-	-	-	130,075	130,075	76,261	206,336
TOTAL EXPENDITURES/EXPENSES	11,638,978	2,634,978	1,340,550	315,664	15,930,170	(2,905,284)	13,024,886
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	599,593	(2,634,630)	(17,210)	(5,155)	(2,057,402)	2,903,392	845,990
OTHER FINANCING SOURCES AND (USES)							
INTERFUND TRANSFERS IN	-	150,000	17,210	-	167,210	(167,210)	-
INTERFUNDS TRANSFERS OUT	(167,210)	-	-	-	(167,210)	167,210	-
BAN REDEEMED FROM APPROPRIATIONS	-	132,882	-	-	132,882	(132,882)	-
TOTAL OTHER FINANCING SOURCES (USES)	(167,210)	282,882	17,210	-	132,882	(132,882)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	432,383	(2,351,748)	-	(5,155)	(1,924,520)	2,770,510	845,990
CHANGE IN NET POSITION	432,383	(2,351,748)	-	(5,155)	(1,924,520)	2,770,510	845,990
FUND BALANCES/NET POSITION							
BEGINNING OF YEAR	6,485,523	(325,946)	-	490,257	6,649,834	10,397,899	17,047,733
END OF YEAR	\$ 6,917,906	(2,677,694)	-	485,102	4,725,314	13,168,409	17,893,723

See accompanying notes to the financial statements.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2023**

	<u>CUSTODIAL</u>	<u>PRIVATE PURPOSE TRUSTS</u>
ASSETS		
UNRESTRICTED CASH	\$ -	2,995
RESTRICTED CASH	42,815	74,785
TOTAL ASSETS	<u>42,815</u>	<u>77,780</u>
LIABILITIES		
EXTRACLASSROOM ACTIVITY BALANCES	42,815	-
TOTAL LIABILITIES	<u>42,815</u>	<u>-</u>
NET POSITION		
HELD IN TRUST FOR:		
ENDOWMENT SCHOLARSHIPS	-	77,780
TOTAL NET POSITION	<u>-</u>	<u>77,780</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 42,815</u>	<u>77,780</u>

**FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	PRIVATE PURPOSE TRUSTS
ADDITIONS	
GIFTS AND CONTRIBUTIONS	\$ 2,995
INVESTMENT EARNINGS	783
DEDUCTIONS	
SCHOLARSHIPS AND AWARDS	<u>3,650</u>
CHANGE IN NET POSITION	128
NET POSITION - BEGINNING OF YEAR	<u>77,652</u>
NET POSITION - END OF YEAR	<u><u>\$ 77,780</u></u>

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**FORESTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023, the Forestville Central School District was billed \$1,737,539 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 1, 2022 to November 1, 2022.

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 \$1,723.

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	\$	484,420
Retirement Contributions		918,805
TRS Reserve		153,653
Unemployment		231,620
Property Loss and Liability		70,381
Insurance		304,523
Capital		2,197,595
Debt Service Fund:		<u>182,138</u>
Total Restricted Fund Balance:	\$	<u>4,543,135</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, 2023.

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	\$ 501,724
Board of Education	130
Chief School Administrator	655
Purchasing	117
Operation of Plant	18,569
Maintenance of Plant	10,783
Supervision - Regular Schools	520
Teaching - Regular School	5,706
Students with Disabilities	10,609
Computer Assisted Instruction	270
Co-Curricular Activities - Regular School	3,130
District Transportation Services	1,211
Garage Building	5
Teachers' Retirement	374
Social Security	279
Debt Service	77,160
School Lunch Fund:	<u>301,241</u>
Total Assigned Fund Balance	<u>\$ 932,483</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 above the 4% limitation at June 30, 2023.

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, 2023, the District implemented the following new statements issued by GASB:

- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Arrangement
- GASB Statement No. 96, Subscription Based Information Technology Arrangements
- GASB Statement No. 98 – The Annual Comprehensive Financial Report
- GASB Statement No. 99, Omnibus 2022

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. 100 – Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62 effective for the year ending June 30, 2024; GASB Statement No. 101 – Compensated Absences effective for the year ending June 30, 2025.

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	\$	30,368,720
Accumulated Depreciation		11,550,833
	\$	<u>18,817,887</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	\$ 87,837	351,348	439,185
Bonds Payable	1,155,000	3,885,000	5,040,000
Net Pension Liability	-	1,526,429	1,526,429
Post Employment Obligations	-	1,356,020	1,356,020
	<u>\$ 1,242,837</u>	<u>7,118,797</u>	<u>8,361,634</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 \$1,077.

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	\$ 2,132,047	-
Special Aid Fund	-	440,525
School Lunch Fund	-	516
Debt Service	93	-
Capital Fund	-	1,691,099
	<u>\$ 2,132,140</u>	<u>2,132,140</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	\$ 14,172,860
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.	(132,882)
Elimination of interfund revenue from governmental funds:	
Interfund Transfers In	<u>(167,210)</u>
Total revenue and other funding sources of governmental activities in the Statement of Activities	<u>\$ 13,870,876</u>

Total Expenditures and Other Uses Reported in Governmental Funds

Total Expenditures and other uses reported in governmental funds	\$16,097,380
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).	(48,079)
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 \$733,922 did not exceed capital expenditures of \$2,634,978.	(1,901,056)
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.	(1,275,735)
Elimination of interfund expenditures from governmental funds: Interfund Transfers Out	(167,210)
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	(1,077)
Net Other Post Employment Obligation	(28,008)
(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>348,671</u>
Total expenses and other uses of governmental activities	<u>\$13,024,886</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, 2023 due to ongoing capital projects.

C. OVEREXPENDED LINE ITEMS

The District had overexpended budget line items for the "central administration" item.

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, 2023. 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.

Type of Deposit	Total	Custody Credit Risk Category			Total
	Bank Balance	1	2	3	Carrying Value
Demand deposit	\$ 1,606,942	250,500	1,356,442	-	1,559,801
Savings	3,883,703	281,762	3,601,941	-	3,883,703
Cash on hand	-	-	-	-	100
	<u>\$ 5,490,645</u>	<u>532,262</u>	<u>4,958,383</u>	<u>-</u>	<u>5,443,604</u>

Reconciliation to the Statement of Net Position / Governmental and Fiduciary

Unrestricted cash - primary government	\$ 779,967
Unrestricted cash - Private Purpose Trust	2,995
Restricted cash - Private Purpose Trust	74,785
Restricted cash - primary government	4,543,042
Restricted cash - Custodial Fund	<u>42,815</u>
Total deposits	<u>\$ 5,443,604</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:

<u>Governmental Funds</u>	<u>Amount</u>	<u>Purpose</u>
Major:		
General Fund	\$ 484,420	Reserve for Employee Benefits
General Fund	918,805	Reserve for Retirement Contributions
General Fund	153,653	Restricted for TRS
General Fund	231,620	Reserve for Unemployment
General Fund	70,381	Reserve for Property Loss and Liability
General Fund	304,523	Reserve for Insurance
General Fund	2,197,595	Reserve for Capital
Non-Major:		
Debt Service	<u>182,045</u>	Reserve for Debt
Total	<u>4,543,042</u>	
Fiduciary Funds:		
Custodial Fund	42,815	Reserve for Activities
Private-Purpose Trusts	<u>74,785</u>	Reserve for Scholarships
Total	<u>117,600</u>	
Restricted Cash and Investments	<u>\$ 4,660,642</u>	

NOTE 5 – RECEIVABLES

Receivables at June 30, 2023 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<u>Governmental Funds</u>	<u>Description</u>	<u>Amount</u>
Major:		
General	Accounts Receivable	\$ 2,734
	State and Federal Aid	113,025
	BOCES Aid	260,158
Special Aid Fund	State and Federal Aid	<u>781,956</u>
		1,157,873
Non-Major:		
School Lunch Fund	Accounts Receivable	3,505
School Lunch Fund	State and Federal Aid	<u>8,160</u>
Total		<u>\$ 1,169,538</u>

NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Nondepreciable:				
Land	\$ 17,207	-	-	17,207
Construction in Progress	-	2,148,016	-	2,148,016
Depreciable:				
Buildings	25,151,410	100,000	-	25,251,410
Equipment	2,628,808	386,962	(63,683)	2,952,087
Subtotal	27,797,425	2,634,978	(63,683)	30,368,720
Less: Accumulated Depreciation	(10,878,702)	(733,922)	61,791	(11,550,833)
Net Capital Assets	<u>\$ 16,918,723</u>	<u>1,901,056</u>	<u>(1,892)</u>	<u>18,817,887</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 29,357
Instruction	506,406
Pupil Transportation	183,481
Cost of Sales	14,678
Total	<u>\$ 733,922</u>

During the year ended June 30, 2023, the District began its “2023 Capital Project.” This project was approved with an initial budget of \$8,475,000 and will involve improvements of the overall buildings and grounds of the District including upgrades to its heating, ventilation, and air conditioning systems, improvements to roofs on District buildings, improvements to the buildings’ plumbing and electrical systems and other substantial architectural and engineering related improvements. Costs of \$2,148,016 were incurred during the year ended June 30, 2023 and were recorded as “construction in progress” on the government-wide Statement of Net Position. Upon completion of the project, these costs will be added to the District’s capital asset listing and depreciated in accordance with the District depreciation policies.

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
2023	\$ 151,430	351,780
2022	164,970	342,440
2021	201,545	347,060

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, 2023, 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, 2023 for ERS and June 30, 2022 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.

	ERS	TRS
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Net Pension Liability (Asset)	\$ 1,113,658	412,771
Districts Portion of the Plan's Total Net Pension Asset (Liability)	0.0051933%	0.021511%

For the year ended June 30, 2023, the District's recognized pension expense of \$406,124 for ERS and \$543,401 for TRS. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources		Deferred Inflows Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 118,613	432,532	31,276	8,271
Changes of Assumptions	540,864	800,706	5,978	166,276
Net difference between projected and actual earnings on pension investments	-	533,339	6,543	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	70,044	88,275	22,257	10,210
District's contributions subsequent to the measurement date	56,775	435,725	-	-
Total	<u>\$ 786,296</u>	<u>2,290,577</u>	<u>66,054</u>	<u>184,757</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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	ERS	TRS
2023	\$ -	326,138
2024	163,313	177,020
2025	(46,702)	(47,757)
2026	234,128	1,063,267
2027	312,728	142,959
Thereafter	-	8,468

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, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Interest Rate	5.90%	6.95%
Salary Scale	4.4%, indexed by service	4.4%, indexed by service
Decrement Tables	Based upon FY 2016-2020 experience.	Based upon FY 2015-2020 experience.
Inflation Rate	2.70%	2.70%

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-2020 for June 30, 2022, applied on a generational basis. Active members' mortality rates are based on plan member experience with adjustments for mortality improvements based on Scale MP-2020 starting as of June 30, 2022.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation, with update procedures used to roll forward the total pension liability to March 31, 2023, were 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, 2021 valuation, with update procedures used to roll forward the total pension liability to June 30, 2022, were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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, 2023		June 30, 2022	
	Target Allocation	Rate of Return	Target Allocation	Rate of Return
Asset Type:				
Domestic Equity	32.00%	4.30%	32.00%	3.30%
International Equity	15.00%	6.85%	15.00%	5.85%
Real Estate	9.00%	4.60%	9.00%	5.00%
Opportunistic/Absolute Return Strategy	3.00%	5.38%	3.00%	4.10%
Credit	4.00%	5.43%	4.00%	3.78%
Real Assets	3.00%	5.84%	3.00%	5.58%
Fixed Income	23.00%	1.50%	23.00%	0.00%
Private Equity	10.00%	7.50%	10.00%	6.50%
Cash	1.00%	0.00%	1.00%	-1.00%
	<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 6.95% 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 6.95% 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 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% 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)	\$	2,691,234	1,113,658	(204,590)
		TRS		
		1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$	3,805,941	412,771	(2,440,863)

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:

Measurement date	(Dollars in Thousands)	
	TRS	ERS
	June 30, 2022	March 31, 2023
Employers' total pension liability	\$ 133,883,474	232,627,259
Plan fiduciary net position	<u>131,964,582</u>	<u>211,183,223</u>
Employers' net pension asset/(liability)	<u>\$ (1,918,892)</u>	<u>(21,444,036)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	98.57%	90.78%

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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$56,436. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023, amounted to \$435,725.

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, 2023 are summarized below:

	2021 BUS BAN	2022 BUS BAN	2023 BUS BAN
Maturity	8/12/2021	8/11/2022	8/10/2023
Interest rate	1.25%	1.25%	3.00%
Beginning Balance	\$ 150,000	246,882	-
Issued	-	-	406,577
Redeemed	(82,000)	(50,882)	-
Refinanced	(68,000)	(196,000)	-
Ending Balance	<u>\$ -</u>	<u>-</u>	<u>406,577</u>

Total interest paid on the BANs was \$2,650 as of June 30, 2023. 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 \$125,656. These payments were recorded in the General Fund.

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2023, are summarized as follows:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023	Amounts Due within one Year
Serial Bonds	\$ 6,165,000	-	(1,125,000)	5,040,000	1,155,000
Compensated Absences	487,263	-	(48,078)	439,185	87,837
Energy Performance Contract	17,853	-	(17,853)	-	-
Post Employment Obligations	1,395,341	113,289	(152,610)	1,356,020	-
Net Pension Liability/(Asset) - ERS	-	1,113,658	-	1,113,658	-
Net Pension Liability/(Asset) - TRS	-	412,771	-	412,771	-
	<u>\$ 8,065,457</u>	<u>1,639,718</u>	<u>(1,343,541)</u>	<u>8,361,634</u>	<u>1,242,837</u>

Note that the ERS and TRS amounts were classified as a assets at June 30, 2022 but were reclassified as liabilities at June 30, 2023 due to the actuarial valuations amount reported.

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 6/30/2023
Serial Bonds	2013	2025	2.00%-2.75%	\$ 1,300,000
Serial Bonds	2018	2033	3.10%-3.25%	1,205,000
Serial Bonds	2021	2036	1.00%-2.00%	2,535,000
Total				<u>\$ 5,040,000</u>

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

Fiscal Year End June 30,	Principal	Interest
2024	\$ 1,155,000	117,094
2025	770,000	89,638
2026	320,000	70,000
2027	330,000	62,300
2028	335,000	54,400
2029-2033	1,655,000	146,700
2034-2036	475,000	10,250
	<u>\$ 5,040,000</u>	<u>550,382</u>

NOTE 8 – INTERFUND TRANSACTIONS

Interfund balances as of June 30, 2023, were as follows:

	Due From Other Funds	Due to Other Funds	Interfund Revenues	Interfund Expenditures
Governmental Funds				
Major:				
General Fund	\$ 2,132,047	-	-	167,210
Special Aid	-	440,525	17,210	-
Capital Projects	-	1,691,099	150,000	-
Non-Major:				
School Lunch	-	516	-	-
Debt Service	93	-	-	-
	<u>\$ 2,132,140</u>	<u>2,132,140</u>	<u>167,210</u>	<u>167,210</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, 2023, Forestville Central School District incurred premiums or contribution expenditures totaling \$1,405,915. Payments of claims and claim adjustment expenses attributable to insured events of the current fiscal year totaled \$50,527,423 for the total consortium, which has a fund balance of \$45,665,874.

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. During the year ended June 30, 2023, the District paid \$38,013 of premiums from the General Fund. At June 30, 2023, 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, 2023, the District paid \$9,139 in unemployment insurance benefits. At June 30, 2023, 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, 2023, the following employees were covered by the benefit terms:

Active employees not eligible to retire	69
Active employees eligible to retire	31
Retired employees and surviving spouses	17
Retiree spouses	7
Total	124

B. Total OPEB Liability

The District's total OPEB liability of \$1,356,020 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2023 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 2014-2030 for short term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resources Model v2022 version 4f (updated October 16, 2022). CPI inflation rates are based on the Livingston Real GDP Survey for June, 2022, Long-Term (10-year) Forecast mean rates. Real GDP rates are based on median rates from OECD 2023-2060 GDP projections, published 2022.

Inflation (CPI) for years 2032 +:	2.53%
Real GDP (per capita) for years 2032 +:	1.43%
Excess medical cost growth for years 2032 +	0.80%
Expected health share of GDP in 2032:	19.80%
Share of GDP above which cost growth is assumed to meet resistance:	19.00%
Year after which medical costs are limited to rate of growth in GDP	2075

Salary increases – 3.53%

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

Discount rate – 3.78% 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, 2022	\$ 1,395,341
Changes for the year:	
Service cost	73,202
Interest	40,087
Differences between expected and actual experience	(58,599)
Changes in assumptions or other inputs	(41,978)
Benefit payments	<u>(52,033)</u>
Balance at June 30, 2023	<u>\$ 1,356,020</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 (2.78 percent) or 1 percentage point higher (4.78 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 1,458,327	1,356,020	1,261,366

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 (4.50%-3.00% percent) or 1 percentage point higher (6.50%-5.00% percent) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 1,217,788	1,356,020	1,516,408

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$24,025. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 2,083	51,705
Changes of assumption or other inputs	-	56,189
Total	<u>\$ 2,083</u>	<u>107,894</u>

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

Year Ending June 30,	Amount
2024	\$ (28,900)
2025	(11,833)
2026	(11,833)
2027	(11,833)
2028	(11,833)
Thereafter	(29,579)
Total	<u>\$ (105,811)</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, 2023.

3. Compensated Absences

The District accrued a liability for vested and accumulating non-vested sick leave and retirement benefits in the amount of \$439,185 at June 30, 2023.

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, 2023.

On May 17, 2022, the voters approved a project in the amount of \$8,475,000 for various District improvements, predominantly for alterations, renovations, and improvements to the District's school building and associated facilities, site improvements for various school purposes, improvements and renovations to the heating and ventilation systems, roof replacement,

interior renovations, and other technology and energy saving improvements to District property (“the 2023 Capital Project”). The District will fund this project through the use of the existing capital reserve in the amount of \$750,000. The balance of \$7,725,000 will be funded by the issuance of a bond anticipation note. This note, which was issued subsequent to year end, will ultimately be converted into a long-term bond.

5. Energy Performance Contract 2011

On January 20, 2011, the District entered into an Energy Performance Contract Municipal purchase agreement with Real Lease, Inc.

This agreement provided for the District to make long-term debt payments for 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 seller in the amount of \$603,768 for the execution of this contract with M & T Bank as Escrow Agent. The District is obligated to make 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 long-term liability was fully paid off as of June 30, 2023.

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 2022-2023 operating budget is summarized as follows:

Original Adopted Budget:	\$	13,508,762
Carryover of Prior Year Encumbrances		260,233
Revised Budget	\$	<u>13,768,995</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 collected \$142,365 in PILOT payments and abated approximately \$1.5 million in property taxes through this agreement during the year ended June 30, 2023.

3. Subsequent Events

The management of Forestville Central School District has evaluated subsequent events through September 26, 2023 the date on which the financial statements were available to be issued.

On July 5, 2023, the District closed on a \$7,610,000 bond anticipation note ("BAN"). The proceeds of this BAN will be used to finance the continuing costs of the District's 2023 capital project. The District plans to work with its' bond counsel to roll this BAN into a long-term bond in the near future.

REQUIRED SUPPLEMENTARY INFORMATION

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

MEASUREMENT DATE	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
\$	<u>1,356,020</u>	<u>1,395,341</u>	<u>1,428,648</u>	<u>1,635,547</u>	<u>1,718,982</u>	<u>1,330,767</u>
SERVICE COST	73,202	53,655	65,118	61,947	51,242	47,321
INTEREST	40,087	32,432	40,992	59,367	47,977	47,630
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY						
CHANGES OF ASSUMPTIONS OR OTHER INPUTS						
BENEFIT PAYMENTS	(58,599)	8,037	(300,722)	(255,521)	335,274	10,144
	(41,978)	(73,864)	35,465	105,912	6,720	19,559
	<u>(52,033)</u>	<u>(53,567)</u>	<u>(47,752)</u>	<u>(55,140)</u>	<u>(52,998)</u>	<u>(50,970)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(39,321)	(33,307)	(206,899)	(83,435)	388,215	73,684
TOTAL OPEB LIABILITY - BEGINNING	<u>1,395,341</u>	<u>1,428,648</u>	<u>1,635,547</u>	<u>1,718,982</u>	<u>1,330,767</u>	<u>1,257,083</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 1,356,020</u>	<u>1,395,341</u>	<u>1,428,648</u>	<u>1,635,547</u>	<u>1,718,982</u>	<u>1,330,767</u>
COVERED PAYROLL	\$ 5,420,420	5,240,159	5,217,446	5,287,415	5,115,533	5,115,533
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	25.02%	26.63%	27.38%	30.93%	33.60%	26.01%

Notes to schedule:
Changes of assumptions: changes of assumptions and other inputs reflect the effects of the discount rate each period. The following are the discount rates used in each period:

2018	2.83%
2019	2.27%
2020	2.48%
2021	3.44%
2022	3.61%
2023	3.78%

* 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, 2023**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)		FINAL BUDGET VARIANCE WITH BUDGETARY ACTUAL
REVENUES					
LOCAL SOURCES:					
REAL PROPERTY TAXES	\$ 4,029,844	4,029,844	4,039,234		9,390
REAL PROPERTY TAX ITEMS	6,500	6,500	-		(6,500)
CHARGES FOR SERVICES	4,200	4,200	5,399		1,199
USE OF MONEY AND PROPERTY	8,000	8,000	38,496		30,496
SALE OF PROPERTY & COMPENSATION FOR LOSS	1,050	1,050	24,880		23,830
MISCELLANEOUS	237,867	237,865	174,395		(63,470)
STATE SOURCES	7,974,866	7,974,866	7,915,198		(59,668)
FEDERAL SOURCES	-	-	-		-
MEDICAID REIMBURSEMENT	-	-	40,969		40,969
TOTAL REVENUES	<u>12,262,327</u>	<u>12,262,325</u>	<u>12,238,571</u>		<u>(23,754)</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>12,312,327</u>	<u>12,312,325</u>	<u>12,238,571</u>		<u>(73,754)</u>
APPROPRIATED FUND BALANCE	<u>-</u>	<u>-</u>			
TOTAL REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE	<u>\$ 12,312,327</u>	<u>12,312,325</u>			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	YEAR-END ENCUMBRANCES	FINAL BUDGET VARIANCE WITH BUDGETARY ACTUAL AND ENCUMBRANCES
EXPENDITURES					
GENERAL SUPPORT					
BOARD OF EDUCATION	\$ 26,411	27,825	22,425	130	5,270
CENTRAL ADMINISTRATION	208,200	208,544	226,086	655	(18,197)
FINANCE	224,162	246,132	229,759	117	16,256
STAFF	51,366	53,982	40,063	-	13,919
CENTRAL SERVICES	963,282	1,105,544	1,046,518	29,352	29,674
SPECIAL ITEMS	144,666	157,941	150,710	-	7,231
TOTAL GENERAL SUPPORT	<u>1,618,087</u>	<u>1,799,968</u>	<u>1,715,561</u>	<u>30,254</u>	<u>54,153</u>
INSTRUCTION					
ADMINISTRATION & IMPROVEMENT	436,494	469,698	404,321	524	64,853
TEACHING - REGULAR SCHOOL	3,562,715	3,462,432	2,909,819	5,706	546,907
STUDENTS WITH DISABILITIES	1,660,019	1,596,152	1,183,206	10,610	402,336
OCCUPATIONAL EDUCATION	285,000	365,164	365,164	-	-
INSTRUCTIONAL MEDIA	220,945	279,771	262,070	270	17,431
PUPIL SERVICES	409,534	416,834	408,272	3,130	5,432
TOTAL INSTRUCTION	<u>6,574,707</u>	<u>6,590,051</u>	<u>5,532,852</u>	<u>20,240</u>	<u>1,036,959</u>
PUPIL TRANSPORTATION	932,064	939,670	873,668	1,211	64,791
CENSUS	3,152	8,446	2,294	-	6,152
EMPLOYEE BENEFITS	2,741,232	2,731,840	2,113,212	653	617,975
DEBT SERVICE					
PRINCIPAL	1,292,866	1,344,966	1,275,735	70,662	(1,431)
INTEREST	144,444	151,844	125,656	6,498	19,690
TOTAL EXPENDITURES	<u>13,306,552</u>	<u>13,566,785</u>	<u>11,638,978</u>	<u>129,518</u>	<u>1,798,289</u>
OTHER FINANCING USES					
INTERFUND TRANSFERS OUT	<u>202,210</u>	<u>202,210</u>	<u>167,210</u>	<u>-</u>	<u>35,000</u>
TOTAL OTHER FINANCING USES	<u>202,210</u>	<u>202,210</u>	<u>167,210</u>	<u>-</u>	<u>35,000</u>
TOTAL EXPENDITURES AND OTHER USES	<u>13,508,762</u>	<u>13,768,995</u>	<u>11,806,188</u>	<u>129,518</u>	<u>1,833,289</u>
NET CHANGE IN FUND BALANCES	<u>(1,196,435)</u>	<u>(1,456,670)</u>	<u>432,383</u>		
FUND BALANCE - BEGINNING	<u>6,485,523</u>	<u>6,485,523</u>	<u>6,485,523</u>		
FUND BALANCE - ENDING	<u>\$ 5,289,088</u>	<u>5,028,853</u>	<u>6,917,906</u>		

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
NYSERS PENSION PLAN									
DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY	0.0051933%	0.0043556%	0.0047071%	0.0047552%	0.0046931%	0.0052795%	0.0055939%	0.0044789%	0.0050591%
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	\$ 1,113,658	(356,050)	4,687	1,259,203	332,521	170,393	525,616	718,884	170,907
DISTRICT'S COVERED-EMPLOYEE PAYROLL	1,740,577	1,410,087	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	63.98%	-25.25%	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	90.78%	103.65%	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)	0.0215110%	0.0218980%	0.0229190%	0.0233940%	0.0240380%	0.0235980%	0.0235020%	0.0236420%	0.0247140%
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)	\$ 412,771	3,794,748	(633,313)	607,769	434,677	179,370	(251,719)	2,455,678	2,752,998
DISTRICT'S COVERED-EMPLOYEE PAYROLL	3,939,509	3,810,715	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	10.48%	99.58%	-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	98.60%	113.20%	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.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
NYSLRS PENSION PLAN									
STATUTORILY REQUIRED CONTRIBUTIONS	\$ 225,743	160,120	257,245	207,452	209,385	226,989	224,825	177,182	284,867
CONTRIBUTIONS IN RELATION TO STATUTORILY REQUIRED CONTRIBUTIONS	<u>225,743</u>	<u>160,120</u>	<u>257,245</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)	-	-	-	-	-	-	-	-	-
EMPLOYER'S COVERED-EMPLOYEE PAYROLL	1,740,577	1,410,087	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	12.97%	11.36%	15.65%	14.26%	14.51%	14.09%	15.03%	10.37%	17.82%
NYSTRS PENSION PLAN									
STATUTORILY REQUIRED CONTRIBUTIONS	\$ 435,725	399,916	375,114	414,688	383,727	438,275	498,061	480,892	614,040
CONTRIBUTIONS IN RELATION TO STATUTORILY REQUIRED CONTRIBUTIONS	<u>435,725</u>	<u>399,916</u>	<u>375,114</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)	-	-	-	-	-	-	-	-	-
EMPLOYER'S COVERED-EMPLOYEE PAYROLL	3,939,509	3,810,715	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	11.06%	10.49%	10.09%	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 10 YEARS OF HISTORICAL DATA IS AVAILABLE.

SUPPLEMENTARY INFORMATION

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**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, 2023**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

ADOPTED BUDGET	\$ 13,508,762
ADD: PRIOR YEAR'S ENCUMBRANCES	260,233
FINAL BUDGET	<u>\$ 13,768,995</u>
NEXT YEAR'S BUDGET IS A VOTER-APPROVED BUDGET	<u>13,643,847</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 VOTER APPROVED EXPENDITURE BUDGET MAXIMUM ALLOWED (4% OF 2023-24 BUDGET)	<u>545,754</u>
GENERAL FUND FUND BALANCE SUBJECT TO SECTION 1318 OF REAL PROPERTY TAX LAW	
UNRESTRICTED FUND BALANCE:	
ASSIGNED FUND BALANCE	631,242
UNASSIGNED FUND BALANCE	<u>1,925,667</u>
TOTAL UNRESTRICTED FUND BALANCE	<u>2,556,909</u>
LESS:	
APPROPRIATED FUND BALANCE	501,724
ENCUMBRANCES INCLUDED IN COMMITTED AND ASSIGNED FUND BALANCE	<u>129,518</u>
TOTAL ADJUSTMENTS	<u>631,242</u>
GENERAL FUND FUND BALANCE SUBJECT TO SECTION 1318 OF REAL PROPERTY TAX LAW	<u>\$ 1,925,667</u>
ACTUAL PERCENTAGE	14.11%

**FORESTVILLE CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023**

	DEBT SERVICE FUND	SCHOOL LUNCH FUND	TOTAL NON-MAJOR FUNDS
ASSETS			
CASH AND CASH EQUIVALENTS:			
UNRESTRICTED CASH	\$ -	298,658	298,658
RESTRICTED CASH	182,045	-	182,045
RECEIVABLES:			
ACCOUNTS RECEIVABLE, NET	-	3,505	3,505
STATE AND FEDERAL AID RECEIVABLE	-	8,160	8,160
DUE FROM OTHER FUNDS	93	-	93
INVENTORIES	-	1,723	1,723
TOTAL ASSETS	182,138	312,046	494,184
LIABILITIES			
PAYABLES:			
ACCRUED LIABILITIES	-	845	845
DUE TO OTHER FUNDS	-	516	516
DUE TO OTHER GOVERNMENTS	-	18	18
DUE TO EMPLOYEES' RETIREMENT SYSTEM	-	7,703	7,703
TOTAL LIABILITIES	-	9,082	9,082
FUND BALANCES			
NONSPENDABLE:			
INVENTORY	-	1,723	1,723
RESTRICTED FOR:			
DEBT SERVICE	182,138	-	182,138
ASSIGNED	-	301,241	301,241
TOTAL FUND BALANCES (DEFICIT)	182,138	302,964	485,102
TOTAL LIABILITIES AND FUND BALANCES	\$ 182,138	312,046	494,184

**FORESTVILLE CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	DEBT SERVICE FUND	SCHOOL LUNCH FUND	TOTAL NON-MAJOR FUNDS
REVENUES			
USE OF MONEY AND PROPERTY	\$ 7,142	3,777	10,919
MISCELLANEOUS	-	32	32
STATE SOURCES	-	28,796	28,796
FEDERAL SOURCES	-	216,148	216,148
SALES	-	54,614	54,614
TOTAL REVENUES	7,142	303,367	310,509
EXPENDITURES			
GENERAL SUPPORT	-	145,847	145,847
EMPLOYEE BENEFITS	-	39,742	39,742
COST OF SALES	-	130,075	130,075
TOTAL EXPENDITURES	-	315,664	315,664
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,142	(12,297)	(5,155)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	7,142	(12,297)	(5,155)
FUND BALANCE, BEGINNING OF YEAR	174,996	315,261	490,257
FUND BALANCE, END OF YEAR	\$ 182,138	302,964	485,102

**FORESTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2023**

CAPITAL ASSETS, NET		\$ 18,817,887
DEDUCT:		
BOND ANTICIPATION NOTE PAYABLES	406,577	
SHORT-TERM PORTION OF BONDS PAYABLE	1,155,000	
LONG-TERM PORTION OF BONDS PAYABLE	<u>3,885,000</u>	
		<u>5,446,577</u>
NET INVESTMENT IN CAPITAL ASSETS		<u>\$ 13,371,310</u>

**FORESTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2023**

PROJECT TITLE	EXPENDITURES				METHODS OF FINANCING					FUND BALANCE 6/30/2023	
	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	3,032,208	-	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
Energy Performance Contract 2020	715,509	715,509	715,509	-	715,509	-	535,000	155,000	-	690,000	(25,509)
2020 Purchase of Buses	135,000	135,000	122,196	-	122,196	12,804	105,425	1,273	-	106,698	(15,498)
2019 Purchase of Buses	71,000	71,000	71,000	-	71,000	-	71,000	-	-	71,000	-
2023 Purchase of Buses	406,577	406,577	-	386,961	386,961	19,616	-	-	-	-	(386,961)
Capital Outlay 2023	100,000	100,000	-	100,000	100,000	-	-	-	100,000	100,000	-
Capital Project 2023	8,475,000	8,475,000	-	2,148,017	2,148,017	6,326,983	-	50,000	-	50,000	(2,098,017)
	\$ 4,291,509	13,273,086	4,163,659	2,634,978	6,798,637	6,474,449	2,306,425	1,491,072	323,446	4,120,943	(2,677,694)

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FEDERAL AWARDS INFORMATION

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**FORESTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor / Pass-Through Grantor / Program Title	Assistance Listing Number	Grantor Number	Expenditures	Pass-Through to Subrecipients
U.S. Department of Education				
Passed through New York Education Department:				
Title I - Grants to Local Educational Agencies	84.010	0021-23-0370	\$ 118,947	-
Title II - Supporting Effective Instruction State Grants	84.367	0147-23-0370	15,274	-
Title IV - Student Support and Academic Enrichment Grant	84.424	0204-23-0370	10,000	-
IDEA Part B Section 611	84.027	0032-23-0108	128,775	-
IDEA Part B Section 619	84.173	0033-23-0108	2,415	-
CRRSA GEER 2	84.425C	5896-21-0370	5,237	-
CRRSA ARP ESSER 2	84.425D	5891-21-0370	159,092	-
ARP ESSER 3	84.425U	5580-21-0370	413,073	-
ARP ESSER - After School	84.425U	5883-21-0370	50,511	-
ARP ESSER - Learning Loss	84.425U	5884-21-0370	225,017	-
ARP ESSER - Summer School	84.425U	5884-21-0370	27,840	-
Total U.S. Department of Education			1,156,181	-
U.S. Department of Agriculture				
Passed through New York State Education Department:				
Child Nutrition Cluster				
Federal Summer School Food Service Program	10.559	N/A	# 4,863	-
National School Lunch Program	10.555	N/A	211,285	-
Total Child Nutrition Cluster			216,148	-
Farm to School Grant	10.575	N/A	4,868	-
Child Nutrition Equipment Assistance	10.579	N/A	4,425	-
Total U.S. Department of Agriculture			225,441	-
Total Expenditures of Federal Awards			\$ 1,381,622	-

* : Major program.

: CARES Act funding.

See accompanying notes.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Forestville Central School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Forestville Central School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Forestville Central School District. The following notes were identified on the Schedule:

- A.) Includes all federal award programs of the Forestville Central School District.
- B.) Source: Federal Assistance Listing Numbers.
- C.) Pass-through entity identifying numbers are presented where available.
- D.) Prepared under accounting principles generally accepted in the United States of America and includes all federal programs.

2. BASIS OF ACCOUNTING

The District used the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

3. INDIRECT COSTS

The District does not use the 10% de minimum indirect cost rate introduced by the Uniform Guidance.

4. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements (termed a "non-monetary program.") During the year ended June 30, 2023, the District used \$20,578 worth of commodities.



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

To the Board of Education
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, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated September 26, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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
September 26, 2023



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Forestville Central School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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



In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

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

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

West Seneca, New York
September 26, 2023

**FORESTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ___x___ no

Significant deficiency(ies) identified? _____ yes ___x___ none reported

Noncompliance material to financial statements noted? _____ yes ___x___ no

Federal Awards

Internal control over major programs;

Material weakness(es) identified? _____ yes ___x___ no

Significant deficiency(ies) identified? _____ yes ___x___ none reported

Type of auditors report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes ___x___ no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
----------------------------------	---

84.425	Education Stabilization Fund
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Dollar threshold used to distinguish between type A and type B programs: **\$ 750,000**

Auditee qualified as low-risk auditee? _____yes ___x___ no

Section II – Financial Statement Findings

No financial statement finding for the year ended June 30, 2023.

Section III – Federal Award Findings and Questioned Costs

No findings and questioned costs for the year ended June 30, 2023.

**FORESTVILLE CENTRAL SCHOOL DISTRICT
SUMMARY OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

There were no findings or questioned costs with regard to the prior year financial statements dated June 30, 2022.

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EXTRACLASSROOM ACTIVITY FUND

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 (the “District”), as of and for the year ended June 30, 2023.

In our opinion, except for the possible effect 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 District as of June 30, 2023 arising from the revenue it received and expenditures it paid, for the year then ended, in accordance with the basis of accounting as described in Note 1.

Basis for Qualified Opinion

The records of the Extraclassroom Activity Fund of the District were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded. As described in Note 1, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Basis of Accounting

The District's policy is to prepare the financial statements of the Extraclassroom Activity Fund on the basis of receipts and disbursements as explained in Note 1 to the financial statements. Accordingly, the accompanying statement of receipts and disbursements is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

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

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

West Seneca, New York
September 26, 2023

**FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
EXTRACLASROOM ACTIVITY FUND
AS OF JUNE 30, 2023**

ASSETS

CASH - CHECKING	<u>\$ 42,815</u>
TOTAL ASSETS	<u><u>42,815</u></u>

LIABILITIES

SALES TAX PAYABLE	<u>1,616</u>
TOTAL LIABILITIES	1,616

FUND BALANCE	<u>41,199</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 42,815</u></u>

**FORESTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
EXTRACLASSROOM ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

EXTRACLASSROOM ACCOUNTS	BALANCES 7/1/2022	TOTAL RECEIPTS	TOTAL DISBURSEMENTS	BALANCES 6/30/2023
CLASS OF 2023	\$ 5,588	17,608	23,196	-
CLASS OF 2024	834	12,279	10,394	2,719
CLASS OF 2025	1,378	3,037	1,887	2,528
CLASS OF 2026	-	1,665	640	1,025
CLASS OF 2027	-	2,698	2,051	647
CLASS OF 2028	-	2,189	1,361	828
TRAP CLUB	9,103	12,051	12,688	8,466
HONOR SOCIETY	29	1,505	1,300	234
BAND	8,975	2,260	2,084	9,151
ECHO YEARBOOK	200	2,283	1,844	639
KEY CLUB	-	462	358	104
STUDENT COUNCIL	2,736	4,446	3,298	3,884
MARATHON CLUB	1,093	-	1,093	-
SPANISH CLUB	6,716	8,956	7,588	8,084
CHORUS	1,023	180	180	1,023
VARSITY CLUB	1,241	610	1,076	775
STAGE CREW CLUB	46	-	-	46
TECHNOLOGY	1,150	-	104	1,046
TOTALS	\$ <u>40,112</u>	<u>72,229</u>	<u>71,142</u>	<u>41,199</u>

**FORESTVILLE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

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 \$42,815 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.