

**FORBES ROAD SCHOOL DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of School Directors  
Forbes Road School District  
Waterfall, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Forbes Road School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of Forbes Road School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As disclosed in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as of July 1, 2017. The District expanded its note disclosures and required supplementary information related to its other-post employment benefit plans. Our opinion is not modified with this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-11 and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 with management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Forbes Road School District's basic financial statements. The Schedule of Changes in Student Group Balances - Fiduciary Fund Type - Student Activity Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Changes in Student Group Balances - Fiduciary Fund Type - Student Activity Fund 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting or 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 Schedule of Changes in Student Group Balances - Fiduciary Fund Type - Student Activity Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Chambersburg, Pennsylvania  
January 2, 2019

**FORBES ROAD SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2018**

The discussion and analysis of Forbes Road School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Management's Discussion & Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in GASB's Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in MD&A.

**Financial Highlights**

**Property Taxes**

The District's real estate tax rate for the 2017-2018 fiscal year was 35.042 mills (\$35.04 per \$1,000 assessed valuation) which took effect with the July 2017 tax levy. There was no increase in the real estate tax rate from the 2016-2017 fiscal year. The total assessed valuation on which the July 2017 real estate tax levy was based was \$68,447,900.

**Property Tax Reduction Allocation**

During the 2017-2018 fiscal year, the District used \$171,167 of state property tax reduction funds, received from the Commonwealth of Pennsylvania under the provisions of the Taxpayer Relief Act (Act 1 of 2006), to reduce property tax bills for approved homestead/farmstead properties within the District.

**Food Service Fund**

For the year ended June 30, 2018, the Food Service Fund showed a net loss before transfers of \$112,664. This was a \$38,025 decrease in the net loss before transfers as compared to the 2016-2017 fiscal year. During the current fiscal year, the General Fund transferred \$185,962 to the Food Service Fund, which was \$112,594 more than the amount transferred in the prior fiscal year.

**Table A-1** summarizes the major features of the District’s financial statements, including the portions of the District the statements cover and the types of information the statements contain. The remainder of the overview section of MD&A explains the structure and contents of the statements.

**Table A-1  
Major Features of Forbes Road School District’s  
Government-Wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Entire District (except fiduciary funds)	Activities of the District <b>that are not proprietary or fiduciary</b> , such as education, administration and community services	Activities the District operates similar to private business- <b>Food Service</b>	Activities in which the District is the trustee or agent for another party’s resources - <b>Activity and Scholarship Funds</b>
<b>Required Financial Information</b>	Statement of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position  Statement of Revenues, Expenses, and Changes in Net Position  Statement of Cash Flows	Statement of Fiduciary Net Position  Statement of Changes in Fiduciary Net Position
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic-resources focus	Modified-accrual accounting and current financial-resources focus	Accrual accounting and economic-resources focus	Accrual accounting and economic-resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

## Overview of Financial Statements

### Government-Wide Statements

The government-wide statements report information about Forbes Road School District, as a whole, using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenditures are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position, the difference between the District's total assets and deferred outflows of resources less total liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position is an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, additional non-financial factors, such as changes in the District's property-tax base and the performances of students, must be considered.

The government-wide financial statements of the District are divided into two categories:

- **Governmental Activities** - All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and Federal subsidies and grants finance most of these activities.
- **Business-Type Activities** - The District operates a food-service program and charges fees to students, staff and visitors to cover the cost of the food-service operation.

### Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required by state law or by bond requirements.

**Governmental Funds** - Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using the modified-accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental-fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental-fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Funds** - These funds are used to account for the District's activities that are similar to business operations in the private sector, or where the reporting focuses on determining net income, financial position, changes in financial position, and where a significant portion of funding comes through user charges. When the District charges customers for services it provides, whether to outside customers or to other units in the District, these services are generally reported in proprietary funds. The Food Service fund is the District's only proprietary fund and corresponds to the business-type activities reported in the government-wide statements.

**Fiduciary Funds** - The District is the trustee, or fiduciary, for several scholarship and student activity funds. All fiduciary activities are reported in a separate column on the Statement of Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance operations.

### Financial Analysis of the District as a Whole

The District's total net position was \$(4,337,578) as of June 30, 2018.

**Table A-2  
As of June 30, 2018 and 2017  
Net Position**

	Governmental Activities		Business-Type Activity		Total		Total Percentage Change 2017-2018
	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	
Current and Other Assets	\$ 5,812,082	\$ 5,926,212	\$ (56,571)	\$ 37,829	\$ 5,755,511	\$ 5,964,041	3.62%
Capital Assets	7,535,254	7,383,364	20,534	12,598	7,555,788	7,395,962	-2.12%
<b>Total Assets</b>	<b>13,347,336</b>	<b>13,309,576</b>	<b>(36,037)</b>	<b>50,427</b>	<b>13,311,299</b>	<b>13,360,003</b>	<b>0.37%</b>
<b>Total Deferred Outflows of Resources</b>	<b>2,031,653</b>	<b>2,405,891</b>	<b>84,431</b>	<b>91,626</b>	<b>2,116,084</b>	<b>2,497,517</b>	<b>18.03%</b>
Current and Other Liabilities	1,022,034	1,176,275	15,626	9,388	1,037,660	1,185,663	14.26%
Long-Term Liabilities	16,863,760	18,104,407	399,527	467,028	17,263,287	18,571,435	7.58%
<b>Total Liabilities</b>	<b>17,885,794</b>	<b>19,280,682</b>	<b>415,153</b>	<b>476,416</b>	<b>18,300,947</b>	<b>19,757,098</b>	<b>7.96%</b>
<b>Total Deferred Inflows of Resources</b>	<b>615,054</b>	<b>424,054</b>	<b>21,946</b>	<b>13,946</b>	<b>637,000</b>	<b>438,000</b>	<b>-31.24%</b>
Net Assets							
Invested in Capital Assets-							
Net of Related Debt	508,945	732,215	20,534	12,598	529,479	744,813	40.67%
Restricted	179,052	166,607	-	-	179,052	166,607	-6.95%
Unrestricted	(3,809,856)	(4,888,091)	(409,239)	(360,907)	(4,219,095)	(5,248,998)	24.41%
<b>Total Net Position</b>	<b>\$ (3,121,859)</b>	<b>\$ (3,989,269)</b>	<b>\$ (388,705)</b>	<b>\$ (348,309)</b>	<b>\$ (3,510,564)</b>	<b>\$ (4,337,578)</b>	<b>23.56%</b>

Most of the District's net position is invested in capital assets (land, buildings and equipment). The remaining net position consists of amounts either unrestricted or restricted for a specific purpose. The restricted balances are amounts set aside to fund future capital purchases or projects planned by the District.

The results of this year's operations, as a whole, are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are presented to determine the final amount of the District's activities that is supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the Commonwealth of Pennsylvania and the local taxes assessed to community taxpayers.

**Table A-3** restates information from the Statement of Activities in a different format.

**Table A-3**  
**Fiscal Year Ended June 30, 2018 and 2017**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activity		Total		Total Percentage Change
	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	2017-2018
<b>Revenues</b>							
Program Revenues							
Charges for Services	\$ 11,404	\$ 10,740	\$ 98,866	\$ 97,029	\$ 110,270	\$ 107,769	-2.27%
Operating Grants & Contributions	1,592,115	1,696,585	134,579	140,006	1,726,694	1,836,591	6.36%
General Revenues							
Property Taxes	2,219,930	2,248,251	-	-	2,219,930	2,248,251	1.28%
Other Taxes	311,046	316,248	-	-	311,046	316,248	1.67%
Grants, Subsidies & Contributions							
Unrestricted	3,013,546	3,026,816	-	-	3,013,546	3,026,816	0.44%
Other	67,798	36,327	157	41	67,955	36,368	-46.48%
Sale of Fixed Assets	(83,630)	(17,955)	(9,064)	(1,248)	(92,694)	(19,203)	100.00%
Transfers	-	-	73,368	185,962	73,368	185,962	153.46%
<b>Total Revenues</b>	<b>7,132,209</b>	<b>7,317,012</b>	<b>297,906</b>	<b>421,790</b>	<b>7,430,115</b>	<b>7,738,802</b>	<b>4.15%</b>
<b>Expenses</b>							
Instruction	3,902,160	4,086,346	-	-	3,902,160	4,086,346	4.72%
Instructional Student Support	557,311	462,712	-	-	557,311	462,712	-16.97%
Administrative & Financial Support	895,909	975,104	-	-	895,909	975,104	8.84%
Operation & Main. of Plant Services	780,762	826,814	-	-	780,762	826,814	5.90%
Pupil Transportation	495,755	499,558	-	-	495,755	499,558	0.77%
Student Activities	122,754	134,290	-	-	122,754	134,290	9.40%
Facilities Construction & Improvement	42,600	16,979	-	-	42,600	16,979	-60.14%
Interest on Long-Term Debt	170,108	160,586	-	-	170,108	160,586	-5.60%
Refund of Prior Year's Receipts	-	-	-	-	-	-	100.00%
Food Service	-	-	375,227	348,492	375,227	348,492	-7.13%
Transfers	73,368	185,962	-	-	73,368	185,962	153.46%
<b>Total Expenses</b>	<b>7,040,727</b>	<b>7,348,351</b>	<b>375,227</b>	<b>348,492</b>	<b>7,415,954</b>	<b>7,696,843</b>	<b>3.79%</b>
<b>Changes in Net Assets</b>	<b>\$ 91,482</b>	<b>\$ (31,339)</b>	<b>\$ (77,321)</b>	<b>\$ 73,298</b>	<b>\$ 14,161</b>	<b>\$ 41,959</b>	<b>196.30%</b>

The tables below present the expenses of both the Governmental Activities and Business-Type Activities of the District.

**Table A-4** presents the District's largest functions - instructional programs, instructional student support, administration, operation and maintenance of facilities, pupil transportation, student activities, facilities construction and improvements, and debt service, and each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**Table A-4**  
**Fiscal Year Ended June 30, 2018 and 2017**  
**Governmental Activities**

Functions/Programs	Total Cost of Services		Net Cost of Services	
	6/30/2017	6/30/2018	6/30/2017	6/30/2018
Instruction	\$ 3,902,160	4,086,346	\$ 2,935,201	\$ 3,031,913
Instructional Student Support	557,311	462,712	490,382	383,267
Administration	895,909	975,104	789,131	846,084
Operation & Maintenance	780,762	826,814	836,974	766,616
Pupil Transportation	495,755	499,558	156,547	187,908
Student Activities	122,754	134,290	93,227	102,314
Facilities Construction & Improvement	42,600	16,979	41,950	14,509
Interest on Long-Term Debt	170,108	160,586	20,428	122,453
Refund of Prior Year's Receipts	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 6,967,359</b>	<b>\$ 7,162,389</b>	<b>\$ 5,363,840</b>	<b>\$ 5,455,064</b>
Less Unrestricted Grants, Subsidies & Contributions			(3,013,546)	(3,026,816)
<b>Total Needs For Taxes, Grants &amp; Other Revenues</b>			<b>\$ 2,350,294</b>	<b>\$ 2,428,248</b>

**Table A-5** reflects the activities of the food service program, the only business-type activity of the District.

**Table A-5**  
**Fiscal Year Ended June 30, 2018 and 2017**  
**Business-Type Activities**

Functions/Programs	Total Cost of Services		Net Cost of Services	
	6/30/2017	6/30/2018	6/30/2017	6/30/2018
Food Services	\$ 375,227	\$ 348,492	\$ (141,782)	\$ (111,457)
Add: Investment Earnings			16	41
Rebates			141	-
Sale of Fixed Assets			(9,064)	(1,248)
Transfers In			73,368	185,962
<b>Total Business-Type Activities</b>			<b>\$ (77,321)</b>	<b>\$ 73,298</b>

The Statement of Revenues, Expenses and Changes in Net Position for this proprietary fund will further detail the actual results of operations.

### The District's Funds

At June 30, 2018, the District's governmental funds reported a combined fund balance of \$4,905,091 which reflects a decrease of \$22,223 from June 30, 2017. Total net position in governmental activities is \$(3,989,269).

### General Fund Budget

During the fiscal year, the Board of School Directors did not authorize any budget transfers. Therefore, the Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund reports the original and final budget amounts in the same column.

### Capital Asset and Debt Administration

#### Capital Assets

At June 30, 2018, the District had \$7,395,962 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This compares to \$7,555,788 at June 30, 2017. Major capital asset activity during the current year included capital purchases of \$127,500 and depreciation expense of \$268,123.

**Table A-6**  
**Fiscal Year Ended June 30, 2018 and 2017**  
**Capital Assets - Net of Accumulated Depreciation**

	Governmental Activities		Business-Type Activity		Total		Total Percentage Change 2017-2018
	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	
Land & Site Improvements	\$ 132,308	\$ 117,000	\$ -	\$ -	\$ 132,308	\$ 117,000	-11.57%
Buildings & Improvements	7,224,748	7,031,688	-	-	7,224,748	7,031,688	-2.67%
Furniture & Equipment	178,198	234,676	20,534	12,598	198,732	247,274	24.43%
	<u>\$ 7,535,254</u>	<u>\$ 7,383,364</u>	<u>\$ 20,534</u>	<u>\$ 12,598</u>	<u>\$ 7,555,788</u>	<u>\$ 7,395,962</u>	-2.12%

### Debt Administration

As of July 1, 2017, the District had total outstanding bond and note principal of \$7,026,000. During the year, the District made payments against principal of \$375,000, resulting in outstanding debt as of June 30, 2018, of \$6,651,000.

**Table A-7**  
**Fiscal Year Ended June 30, 2018 and 2017**  
**Outstanding Debt**

	Governmental Activities		Business-Type Activity		Total		Total Percentage Change 2017-2018
	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	
General Obligation Note Series of 2002	\$ 6,516,000	\$ 6,306,000	\$ -	\$ -	\$ 6,516,000	\$ 6,306,000	-3.22%
General Obligation Bonds Series of 2010	510,000	345,000	-	-	510,000	345,000	-32.35%
	<u>\$ 7,026,000</u>	<u>\$ 6,651,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,026,000</u>	<u>\$ 6,651,000</u>	-5.34%

Other obligations include accrued sick and personal leave for specific employees of the District, pension and other post-employment benefits. More detailed information about our long-term liabilities is included in Notes to the Financial Statements.

A four-year, percentage comparison of revenues and expenditures for the General Fund follows:

**Table A-8**  
**Revenues and Expenditures**

	2014-2015	2015-2016	2016-2017	2017-2018
Local Revenues	36.41%	37.05%	36.93%	36.54%
State Revenues	61.15%	61.60%	61.29%	61.06%
Federal Revenues	2.44%	1.35%	1.78%	2.38%
Instructional	54.31%	53.47%	52.36%	52.73%
Support Services	35.26%	36.82%	38.27%	38.07%
Non-Instructional/Community	1.89%	1.59%	1.62%	1.70%
Debt Service	8.54%	8.12%	7.75%	7.48%

### Contacting the District's Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Tammy Fraker, District Secretary/Co-Business Manager, Forbes Road School District, 159 Red Bird Drive, Waterfall, PA 16689.

**FORBES ROAD SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**June 30, 2018**

	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 4,975,329	\$ 35,303	\$ 5,010,632
Investments	166,607	-	166,607
Receivables			
Taxes - net allowance for uncollectible	285,473	-	285,473
Federal subsidies	178,137	-	178,137
State subsidies	312,992	-	312,992
Other	320	-	320
Due from other governments	7,077	-	7,077
Inventories	-	2,223	2,223
Internal balances	(303)	303	-
Prepaid bond insurance - net	580	-	580
Capital assets			
Land and construction-in-progress	6,500	-	6,500
Other capital assets, net of depreciation	7,376,864	12,598	7,389,462
Total capital assets	7,383,364	12,598	7,395,962
<b>Total assets</b>	<b>13,309,576</b>	<b>50,427</b>	<b>13,360,003</b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts on refunding debt - net	1,488	-	1,488
Deferred amounts on pension liability	1,867,569	70,431	1,938,000
Deferred amounts on OPEB liabilities	536,834	21,195	558,029
<b>Total deferred outflows of resources</b>	<b>2,405,891</b>	<b>91,626</b>	<b>2,497,517</b>
<b>Total assets and deferred     outflows of resources</b>	<b>\$ 15,715,467</b>	<b>\$ 142,053</b>	<b>\$ 15,857,520</b>

See Notes to Financial Statements.

	Governmental Activities	Business-Type Activity	Total
<b>Liabilities</b>			
Accounts payable	\$ 174,928	\$ 5,625	\$ 180,553
Accrued expenses			
Salaries and benefits	507,777	201	507,978
Payroll withholdings	97,984	-	97,984
Interest payable	5,576	-	5,576
Unearned revenue	4,010	3,562	7,572
Long-term liabilities			
Due within one year	386,000	-	386,000
Due in more than one year	6,363,550	13,969	6,377,519
Net pension liability	9,894,272	378,728	10,273,000
OPEB liabilities	1,846,585	74,331	1,920,916
Total long-term liabilities	18,490,407	467,028	18,957,435
<b>Total liabilities</b>	19,280,682	476,416	19,757,098
<b>Deferred Inflows of Resources</b>			
Deferred amounts on pension liability	404,054	12,946	417,000
Deferred amounts on OPEB liabilities	20,000	1,000	21,000
<b>Total deferred inflows of resources</b>	424,054	13,946	438,000
<b>Net Position</b>			
Net investment in capital assets	732,215	12,598	744,813
Restricted for capital projects	166,607	-	166,607
Unrestricted	(4,888,091)	(360,907)	(5,248,998)
<b>Total net position</b>	(3,989,269)	(348,309)	(4,337,578)
<b>Total liabilities, deferred inflows of resources and net position</b>	\$ 15,715,467	\$ 142,053	\$ 15,857,520

**FORBES ROAD SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
<b>Governmental Activities</b>							
Instruction	\$ 4,086,346	\$ -	\$ 1,054,433	\$ -	\$ (3,031,913)	\$ -	\$ (3,031,913)
Instructional student support	462,712	-	79,445	-	(383,267)	-	(383,267)
Administration and financial support	975,104	-	129,020	-	(846,084)	-	(846,084)
Operation and maintenance of plant services	826,814	1,130	59,068	-	(766,616)	-	(766,616)
Pupil transportation	499,558	-	311,650	-	(187,908)	-	(187,908)
Student activities	134,290	9,610	22,366	-	(102,314)	-	(102,314)
Facilities acquisition, construction and improvement services	16,979	-	2,470	-	(14,509)	-	(14,509)
Interest on long-term debt	160,586	-	38,133	-	(122,453)	-	(122,453)
<b>Total governmental activities</b>	<b>7,162,389</b>	<b>10,740</b>	<b>1,696,585</b>	<b>-</b>	<b>(5,455,064)</b>	<b>-</b>	<b>(5,455,064)</b>
<b>Business-Type Activity</b>							
Food service	348,492	97,029	140,006	-	-	(111,457)	(111,457)
<b>Total school district</b>	<b>\$ 7,510,881</b>	<b>\$ 107,769</b>	<b>\$ 1,836,591</b>	<b>\$ -</b>	<b>\$ (5,455,064)</b>	<b>\$ (111,457)</b>	<b>\$ (5,566,521)</b>
<b>General Revenues and Transfers:</b>							
Property taxes, levied for general purposes, net					\$ 2,248,251	\$ -	\$ 2,248,251
Public utility, realty transfer, earned income, and per capita taxes for general purposes, net					316,248	-	316,248
Grants, subsidies and contributions, not restricted					3,026,816	-	3,026,816
Investment earnings					18,895	41	18,936
Miscellaneous income					17,432	-	17,432
Sale of fixed assets					(17,955)	(1,248)	(19,203)
Transfers					(185,962)	185,962	-
<b>Total general revenues and transfers</b>					<b>5,423,725</b>	<b>184,755</b>	<b>5,608,480</b>
<b>Changes in net position</b>					<b>(31,339)</b>	<b>73,298</b>	<b>41,959</b>
<b>Net Position - July 1, 2017 (as originally reported)</b>					<b>(3,121,859)</b>	<b>(388,705)</b>	<b>(3,510,564)</b>
<b>Prior period adjustment (See Note 1)</b>					<b>(836,071)</b>	<b>(32,902)</b>	<b>(868,973)</b>
<b>Net Position - July 1, 2017 (as restated)</b>					<b>(3,957,930)</b>	<b>(421,607)</b>	<b>(4,379,537)</b>
<b>Net Position - June 30, 2018</b>					<b>\$ (3,989,269)</b>	<b>\$ (348,309)</b>	<b>\$ (4,337,578)</b>

See Notes to Financial Statements.

**FORBES ROAD SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2018**

	General	Non-Major Capital Projects	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 4,975,329	\$ -	\$ 4,975,329
Investments	-	166,607	166,607
Receivables			
Taxes - net of allowance for uncollectibles	285,473	-	285,473
Federal subsidies	178,137	-	178,137
State subsidies	312,992	-	312,992
Intergovernmental	7,077	-	7,077
Other	320	-	320
Due from (to) other funds	(303)	-	(303)
<b>Total assets</b>	<b>\$ 5,759,025</b>	<b>\$ 166,607</b>	<b>\$ 5,925,632</b>
<b>Liabilities</b>			
Accounts payable	\$ 174,928	\$ -	\$ 174,928
Accrued expenses			
Salaries and benefits	507,777	-	507,777
Payroll withholdings	97,984	-	97,984
Unearned revenue	4,010	-	4,010
<b>Total liabilities</b>	<b>784,699</b>	<b>-</b>	<b>784,699</b>
<b>Deferred Inflows of Resources</b>			
Delinquent property taxes	235,842	-	235,842
<b>Fund Balances</b>			
Restricted	-	166,607	166,607
Committed	4,220,000	-	4,220,000
Assigned	400,000	-	400,000
Unassigned	118,484	-	118,484
<b>Total fund balances</b>	<b>4,738,484</b>	<b>166,607</b>	<b>4,905,091</b>
<b>Total liabilities, deferred inflows of     resources and fund balances</b>	<b>\$ 5,759,025</b>	<b>\$ 166,607</b>	<b>\$ 5,925,632</b>

See Notes to Financial Statements.

**FORBES ROAD SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2018**

<b>Total fund balances - governmental funds</b>	\$	4,905,091
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, they are not reported as assets in governmental funds. The cost of assets is \$11,737,993 and the accumulated depreciation is \$4,354,629.		7,383,364
Certain taxes receivable are not available soon enough to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in the fund financial statements.		235,842
Governmental funds report insurance premiums paid for bonds as current expenditures. However, in the Statement of Activities, the cost of bond insurance is allocated over the life of the debt issue. The amounts attributable to future periods are reflected as prepaid premiums.		580
Deferred inflows and outflows of resources related to pensions are applicable to future periods, and therefore, they are not reported within the funds. Deferred inflows and outflows related to pensions are as follows (see footnotes for detail):		
Deferred inflows		(404,054)
Deferred outflows		1,867,569
Deferred inflows and outflows of resources related to OPEB are applicable to future periods and, therefore are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnotes for detail):		
Deferred inflows		(20,000)
Deferred outflows		536,834
Long-term liabilities, including bonds payable, compensated absences, net pension liabilities, and other post-employment benefits, are not due and payable in the current period, and therefore, they are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation debt	(6,651,000)	
Unamortized bond premiums	(149)	
Unamortized deferred amount on refunding	1,488	
Accrued interest payable	(5,576)	
Compensated absences	(98,401)	
Net pension liability	(9,894,272)	
OPEB liabilities	(1,846,585)	
		<u>(18,494,495)</u>
<b>Total net position - governmental activities</b>	<b>\$</b>	<b><u>(3,989,269)</u></b>

See Notes to Financial Statements.

**FORBES ROAD SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2018**

	General	Non-Major Capital Projects	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 2,681,472	\$ 4,535	\$ 2,686,007
State appropriations	4,481,450	-	4,481,450
Federal appropriations	175,301	-	175,301
<b>Total revenues</b>	<u>7,338,223</u>	<u>4,535</u>	<u>7,342,758</u>
<b>Expenditures</b>			
Instructional	3,776,569	-	3,776,569
Support services	2,727,090	-	2,727,090
Operation of non-instructional services	122,432	-	122,432
Facilities acquisition, construction and improvement services	-	16,980	16,980
Debt service			
Principal	375,000	-	375,000
Interest	160,672	-	160,672
<b>Total expenditures</b>	<u>7,161,763</u>	<u>16,980</u>	<u>7,178,743</u>
<b>Excess (deficiency) of revenues over expenditures</b>	176,460	(12,445)	164,015
<b>Other Financing Sources (Uses)</b>			
Refund of prior year expenditures	(276)	-	(276)
Interfund transfers	(185,962)	-	(185,962)
<b>Total other financing uses - net</b>	<u>(186,238)</u>	<u>-</u>	<u>(186,238)</u>
<b>Net changes in fund balances</b>	(9,778)	(12,445)	(22,223)
Fund Balances - July 1, 2017	4,748,262	179,052	4,927,314
Fund Balances - June 30, 2018	<u>\$ 4,738,484</u>	<u>\$ 166,607</u>	<u>\$ 4,905,091</u>

See Notes to Financial Statements.

**FORBES ROAD SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2018**

<b>Net change in fund balances - governmental funds</b>	\$	(22,223)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those outlays is allocated over the assets' useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.</p>		
Capital outlays	127,500	
Less net book value of disposed assets	(17,955)	
Less depreciation expense	<u>(261,435)</u>	(151,890)
<p>Because some delinquent taxes will not be collected until several months after the District's fiscal year-end, they are not considered as "available" revenues in the governmental funds. Unavailable tax revenue decreased by this amount during the fiscal year.</p>		
		(7,788)
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in interest accrued reflected in the Statement of Activities is shown here.</p>		
		1,522
<p>Governmental funds report District pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.</p>		
District pension and OPEB contributions (PSERS)		826,000
Cost of benefits earned - net of employee contributions (PSERS)		(979,000)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, they are not reported as expenditures in governmental funds.</p>		
Change in compensated absences	27,897	
Change in other post-employment benefits (District's Plan)	(98,799)	
Change in bond insurance costs	<u>(622)</u>	(71,524)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Repayment of long-term debt	375,000	
Amortization of deferred amounts on refunding debt	(1,596)	
Amortization of bond premiums	<u>160</u>	<u>373,564</u>
<b>Changes in net position - governmental activities</b>	<b>\$</b>	<b><u><u>(31,339)</u></u></b>

See Notes to Financial Statements.

**FORBES ROAD SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>			
<b>Local sources</b>			
Real estate taxes	\$ 2,010,878	\$ 2,001,930	\$ (8,948)
Public utility realty tax	3,300	2,543	(757)
Payments in lieu of taxes	15,000	23,749	8,749
Per capita taxes	14,000	12,635	(1,365)
Occupation taxes	7,000	6,239	(761)
Earned income tax	200,000	265,455	65,455
Real estate transfer tax	22,000	25,992	3,992
Delinquent real estate taxes	220,000	230,360	10,360
Delinquent per capita taxes	-	2,027	2,027
Delinquent occupation taxes	-	1,358	1,358
Earnings on investments	6,000	16,830	10,830
Pass through revenue from intermediary sources	-	64,180	64,180
Revenue from District activities	-	9,610	9,610
Rentals	1,000	800	(200)
Refunds and other miscellaneous revenue	3,000	17,764	14,764
<b>Total revenue from local sources</b>	<b>2,502,178</b>	<b>2,681,472</b>	<b>179,294</b>
<b>State sources</b>			
Basic education	2,860,000	2,855,649	(4,351)
Driver education	1,000	420	(580)
Special education	290,000	288,012	(1,988)
Transportation	320,000	311,650	(8,350)
Building reimbursement subsidy	150,000	149,854	(146)
Health services	7,000	6,863	(137)
Property tax reduction	172,344	171,167	(1,177)
Ready to learn	75,000	76,499	1,499
Social security reimbursement	105,000	109,201	4,201
Retirement reimbursement	350,000	512,135	162,135
<b>Total revenues from state sources</b>	<b>4,330,344</b>	<b>4,481,450</b>	<b>151,106</b>

(Continued)

**FORBES ROAD SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (Continued)  
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues (Continued)</b>			
Federal sources			
IDEA, Part B	58,000	-	(58,000)
Title I	60,000	86,249	26,249
Title II	25,000	36,077	11,077
Title IV	-	10,000	10,000
Other restricted Federal grants	20,000	42,975	22,975
<b>Total revenues from Federal sources</b>	<b>163,000</b>	<b>175,301</b>	<b>12,301</b>
<b>Total revenues</b>	<b>6,995,522</b>	<b>7,338,223</b>	<b>342,701</b>
Expenditures			
Instructional			
Regular programs	2,745,076	2,895,309	(150,233)
Special programs	302,549	527,409	(224,860)
Vocational educational programs	329,791	269,438	60,353
Other instructional programs	267,207	84,413	182,794
<b>Total instructional</b>	<b>3,644,623</b>	<b>3,776,569</b>	<b>(131,946)</b>
Support Services			
Pupil personnel	155,251	155,570	(319)
Instructional staff	317,626	347,324	(29,698)
Administration	784,369	819,210	(34,841)
Pupil health	78,013	48,446	29,567
Business	67,092	68,904	(1,812)
Operation and maintenance of plant services	827,191	788,078	39,113
Student transportation services	420,000	499,558	(79,558)
Other support services	5,000	-	5,000
<b>Total support services</b>	<b>2,654,542</b>	<b>2,727,090</b>	<b>(72,548)</b>

(Continued)

**FORBES ROAD SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (Continued)  
Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures (Continued)</b>			
Operation of Non-instructional Services			
Student activities	135,750	122,432	13,318
Debt Service	400,000	535,672	(135,672)
<b>Total expenditures</b>	<b>6,834,915</b>	<b>7,161,763</b>	<b>(326,848)</b>
<b>Excess of revenues over expenditures</b>	<b>160,607</b>	<b>176,460</b>	<b>73,853</b>
<b>Other Financing Uses</b>			
Refund of prior year expenditures	-	(276)	(276)
Interfund transfers	(155,789)	(185,962)	(30,173)
<b>Total other financing uses</b>	<b>(155,789)</b>	<b>(186,238)</b>	<b>(30,449)</b>
<b>Net change in fund balance</b>	<b>\$ 4,818</b>	<b>(9,778)</b>	<b>\$ 43,404</b>
Fund Balance - July 1, 2017		4,748,262	
Fund Balance - June 30, 2018		<u>\$ 4,738,484</u>	

See Notes to Financial Statements.

**FORBES ROAD SCHOOL DISTRICT**

**STATEMENT OF NET POSITION -  
 PROPRIETARY FUND - FOOD SERVICE**

**June 30, 2018**

<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 35,303
Inventories	2,223
Due from (to) other funds	303
<b>Total current assets</b>	<u>37,829</u>
Noncurrent Assets	
Furniture and equipment - net	12,598
<b>Total assets</b>	<u>50,427</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts on pension liability	70,431
Deferred amounts on OPEB liabilities	21,195
<b>Total deferred outflows of resources</b>	<u>91,626</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 142,053</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 5,625
Accrued salaries and benefits	201
Unearned revenue	3,562
<b>Total current liabilities</b>	<u>9,388</u>
Noncurrent Liabilities	
Compensated absences	13,969
Net pension and OPEB liabilities	453,059
<b>Total noncurrent liabilities</b>	<u>467,028</u>
<b>Total liabilities</b>	<u>476,416</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts on pension liability	12,946
Deferred amounts on OPEB liabilities	1,000
<b>Total deferred inflows of resources</b>	<u>13,946</u>
<b>NET POSITION</b>	
Invested in capital assets	12,598
Unrestricted	(360,907)
<b>Total net position</b>	<u>(348,309)</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 142,053</u>

See Notes to Financial Statements.

## FORBES ROAD SCHOOL DISTRICT

### STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION - PROPRIETARY FUND - FOOD SERVICE Year Ended June 30, 2018

Operating Revenue	
Food service revenue	\$ 97,029
Operating Expenses	
Labor, taxes and benefits	214,343
Equipment repairs and maintenance	8,427
Supplies	706
Food and milk	101,489
Donated commodities used	14,041
Depreciation	6,688
Dues and fees	2,798
<b>Total operating expenses</b>	<u>348,492</u>
<b>Operating loss</b>	(251,463)
Nonoperating Revenues (Expenses)	
Investment earnings	41
Federal subsidies	101,365
State subsidies	24,600
Value of donated commodities	14,041
Gain (loss) on sale of assets	(1,248)
<b>Total nonoperating revenues</b>	<u>138,799</u>
<b>Loss before transfers</b>	(112,664)
Interfund Transfers	<u>185,962</u>
<b>Change in net position</b>	73,298
Net Position - July 1, 2017 (as originally reported)	(388,705)
Prior period adjustment (See Note 1)	(32,902)
Net Position - July 1, 2017 (as restated)	<u>(421,607)</u>
Net Position - June 30, 2018	<u>\$ (348,309)</u>

See Notes to Financial Statements.

**FORBES ROAD SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND - FOOD SERVICE  
Year Ended June 30, 2018**

<hr/>	
Cash Flows From Operating Activities	
Cash received from meal sales	\$ 89,958
Cash payments for goods and services	(229,014)
Cash payments to employees for services	(199,731)
<b>Net cash used in operating activities</b>	<u>(338,787)</u>
Cash Flows From Noncapital Financing Activities	
Federal subsidies	101,365
State subsidies	24,600
Interfund transfers	185,962
<b>Net cash provided by noncapital financing activities</b>	<u>311,927</u>
Cash Flows From Investing Activities	
<b>Investment earnings</b>	<u>41</u>
<b>Net decrease in cash</b>	(26,819)
Cash:	
July 1, 2017	62,122
June 30, 2018	<u>\$ 35,303</u>
	<u><u>                    </u></u>

(Continued)

**FORBES ROAD SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND - FOOD SERVICE (Continued)  
Year Ended June 30, 2018**

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Reconciliation of Operating Loss to Net Cash Used	
in Operating Activities	
Operating loss	\$ (251,463)
Adjustments to reconcile operating loss to net	
cash used in operating activities	
Depreciation	6,688
Value of donated commodities	14,041
Changes in assets and liabilities:	
(Increase) decrease in:	
Inventories	10,145
Receivables	347
Deferred outflows of resources	(2,696)
(Decrease) increase in:	
Due to other funds	(131,711)
Accounts payable	5,625
Accrued salaries and benefits	(4,792)
Compensated absences	1,480
Net pension and OPEB liabilities	28,620
Unearned revenue	(7,071)
Deferred inflow of resources	(8,000)
<b>Net cash used in operating activities</b>	<u><u>\$ (338,787)</u></u>

See Notes to Financial Statements.

**FORBES ROAD SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**

**June 30, 2018**

	Scholarship Trust Fund	Activity Fund
<b>ASSETS</b>		
Cash	\$ -	\$ 117,769
Investments	2,009	-
Due from other funds	144	-
<b>Total assets</b>	<u>\$ 2,153</u>	<u>\$ 117,769</u>
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ 144
Due to student groups	-	117,625
<b>Total liabilities</b>	<u>-</u>	<u>117,769</u>
<b>NET POSITION</b>		
Fund balances		
Reserved for scholarships	2,153	-
<b>Total liabilities and net position</b>	<u>\$ 2,153</u>	<u>\$ 117,769</u>

See Notes to Financial Statements.

**FORBES ROAD SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
SCHOLARSHIP TRUST FUND  
Year Ended June 30, 2018**

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Additions	
<b>Interest</b>	\$           4
	<hr/>
<b>Change in net position</b>	4
Net Position - July 1, 2017	2,149
Net Position - June 30, 2018	<hr/> <u>\$       2,153</u> <hr/>

See Notes to Financial Statements.

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **Note 1. Summary of Significant Accounting Policies**

Forbes Road School District (District) operates a public-school system which serves students within the northern area of Fulton County, Pennsylvania. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The governing body of the District is a locally-elected, nine-member, Board of Directors.

The financial statements of the Forbes Road School District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body for the establishment of governmental accounting and financial reporting principles. The significant accounting policies of the District are described below:

#### Reporting Entity

The financial statements include only the primary government of Forbes Road School District, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the District's legal entity. These primary government financial statements do not include financial data for the legally separate component unit, which accounting principles generally accepted in the United States of America require to be included as part of the financial reporting entity.

The Governmental Accounting Standards Board defines the criteria used to determine the composition of the reporting entity. The standards require that the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, (c) organizations that are fiscally dependent on the primary government and for which a financial benefit or burden exists, and (d) 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 District is not a component unit of any other entities. Additionally, the District does not exercise oversight responsibility over any other entities, and consequently, no other entities have been included in the accompanying financial statements.

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Reporting Entity (Continued)

The District is affiliated with the Tuscarora Intermediate Unit #11 (TIU#11) along with eight other member school districts. The District is also affiliated with the Fulton County Area Vocational-Technical School (FCAVTS) along with two other member school districts. The member school districts participate in providing oversight responsibility to the TIU#11 and FCAVTS through the following:

- Appointment of Board members who are also Board members of the participating schools
- Approval and funding of operating budgets

Despite the foregoing, the overriding issue is that the volume of participating school districts does not permit Forbes Road School District to exercise “significant influence” over the operations of the TIU#11 and FCAVTS; consequently, these entities are not considered “component units” of the Forbes Road School District in determining the “reporting entity” as defined by the Governmental Accounting Standards Board.

##### Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenue, and other non-exchange revenues, are reported separately from business-type activities, which rely to a significant extent on revenue generated from fees charged to external parties for goods and services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

##### Fund Financial Statements

Separate fund financial statements are provided in the report for all of the governmental, proprietary, and fiduciary funds of the District, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded, regardless of the measurement focus applied.

The government-wide financial statements are reported using the “economic resources” measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) is used as a practical measure of economic resources, and the operating statement includes all transactions and events that increased or decreased net position. Property and equipment are capitalized and depreciated over the assets’ useful lives. Depreciation is charged as an expense against current operations, and accumulated depreciation is reported the Statement of Net Position. Debt obligations are reported in the Statement of Net Position and payments made on debt reduce the related liabilities. This approach differs from the manner in which governmental fund financial statements are prepared; therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the “current financial resources” measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from Federal, state and other grants designated for payment of specific District expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, expenditures related to capital outlay, debt service payments, compensated absences, and claims and judgments, are recorded only when payment is due.

The District complies with accounting principles generally accepted in the United States of America and applies all relevant Governmental Accounting Standards Board pronouncements.

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major governmental fund:

General Fund - The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all financial resources and activities except those legally or administratively required to be in another fund. Revenues are primarily derived from local property, earned income, and per capita taxes, and state and Federal distributions. Many of the more important activities of the District, including instruction, administration of the District and certain non-instructional services are accounted for in this fund.

Additionally, the District reports the following non-major governmental fund:

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital assets (other than those financed by proprietary funds).

Proprietary-type funds are used to account for operations (a) where the intent of the governing body is that the cost of providing goods and services to the general public on a continuing basis should be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the District's proprietary fund consists of charges for providing meals through the District's food service program. Operating expenses include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports the following major proprietary fund:

Food Service Fund - The Food Service Fund is used to account for the revenues and expenses related to the operation of the District's food service program. The District does not attempt to allocate "building-wide costs" to the Food Service Fund. Thus, General Fund expenditures which partially benefit the Food Service Fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized within the Food Service Fund; similarly, the Food Service Fund does not recognize a cost for the building space it occupies (no rental-of-facilities expense).

The District has no non-major proprietary funds to report at June 30, 2018.

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fiduciary fund reporting focuses on net position and changes in net position and is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District in a trustee capacity for individuals, private organizations, or other governments and therefore are not available to support the District's general operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has no pension trust funds or investment trust funds, but reports the following private-purpose trust and agency funds:

Scholarship Fund - This fund accounts for activities of the various scholarship accounts, the sole purpose of which are to provide annual scholarships to particular students as prescribed by donor stipulations.

Student Activity Fund - This fund accounts for the monies authorized by Section 511 of the Public-School Code of 1949 for school publications and organizations. The Student Activity Fund is an agency fund which is separate from other agency funds because of legal requirements.

#### Budgets and Budgetary Accounting

An operating budget is adopted prior to the beginning of each fiscal year for the General Fund on the modified-accrual basis of accounting. The General Fund is the only fund for which a budget is legally required. The Pennsylvania School Code dictates specific procedures relative to adoption of the District's budget and reporting of its financial statements:

- The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District.
- Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board of School Directors.

Legal budgetary control is maintained at the sub-function/major-object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effects of approved budget amendments, if applicable.

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows presented for the proprietary fund, the District considers all highly-liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments: Investments are stated at fair value or at amortized costs, depending on the investment type, consistent with generally accepted accounting principles.

Allowance for Estimated Uncollectible Taxes and Delinquent Property Taxes: The allowance for estimated uncollectible taxes is based upon an historical estimate of delinquent taxes that will not be received within one year of the fiscal year-end. Delinquent property taxes are based upon an historical estimate of delinquent taxes expected to be received within one year of the fiscal year-end.

The portion of taxes which is expected to be received within sixty days of June 30 is recorded as revenue in the current year. The remaining amount of taxes which is expected to be received within one year from June 30 is recorded as delinquent property taxes. All other taxes receivable are written off as estimated uncollectible taxes.

Inventories: Governmental funds record the cost of inventory items as expenditures when purchased. Food Service Fund inventories are presented at the lower of cost or market on a first-in, first-out basis, and are recorded as expenditures when used. A physical inventory of the Food Service Fund's food and supplies was taken as of June 30, 2018. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, valued at cost using the first-in, first-out method. The District has adopted an inventory recordkeeping system which distinguishes between donated and purchased commodities. Accordingly, unearned revenue for donated commodities received, but not used, has been recorded.

Capital Assets and Depreciation: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets with an original unit cost of \$4,000 or greater are capitalized, unless assets are acquired by debt proceeds, in which case the assets must be capitalized. Management considers various factors in the capitalization of assets, including the assets' estimated useful lives, their costs, and the extent to which the assets are components of larger capital projects. All purchased capital assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair market values on the dates of donation. The costs of normal maintenance and repairs that do not add to the values of the assets or materially extend assets' lives are not capitalized. Depreciation is provided for capital assets on the straight-line basis over the estimated useful lives of the assets or groups of assets as determined by management.

Deferred Outflows of Resources - Deferred Amounts on Refunding Debt: The District recognizes the difference between the re-acquisition price and the net carrying amount of the old debt as a deferred outflow and recognizes it as a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources - Pensions: The District recognizes the difference between expected and actual experience, changes in assumptions, net difference between projected and actual investment earnings, changes in proportion, the difference between employer contributions and proportionate share of total contributions, and the contributions subsequent to the measurement date as deferred outflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Deferred Outflows of Resources - Other Post-Employment Benefits: The District recognizes changes in assumptions, net difference between projected and actual investment earnings, benefit payments subsequent to the measurement date and contributions subsequent to the measurement date as deferred outflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Long-Term Obligations: In the government-wide financial statements and proprietary-fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the Statement of Net Position. Bond premiums and discounts, as well as the cost of bond insurance, are deferred and amortized over the lives of the respective issues using the effective-interest method. Bonds payable are reported net of applicable bond premiums or discounts. Bond insurance costs are reported as deferred charges and amortized over the terms of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, and bond-issuance costs as expenditures during the current period. The face amount of the debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences: Under the system of financial accounting and reporting for Pennsylvania School Systems, the District accrues certain accumulated employee benefits, such as unpaid vacation, sick and personal days. Calculation of this amount is determined by the appropriate vacation, sick, personal and retirement lump-sum payments which would be available to employees if they would leave or retire from the District. Accrued benefit days, multiplied by appropriate rates per employment contracts, are reflected as a long-term liability unless retirements are likely within the upcoming fiscal year. The value of future compensated absences is reflected as a liability in the Statement of Net Position.

Other Post-Employment Benefits: In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation. The District participates in two plans the first is a single employer plan administered by the District. The plan provides retiree health, dental, and prescription drug coverage to eligible, retired employees and qualified spouses/beneficiaries. The District has estimated the cost of providing these benefits through an actuarial valuation.

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (Continued)

The District also participates in a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) with PSERS for all eligible retirees who qualify and elect to participate. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of July 1, 2017, the District has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Implementation of GASB No. 75 requires the District to recognize the liability and deferred inflows and outflows of resources resulting from a proportionate share of the net OPEB liability relating to the PSERS Plan and of the total OPEB liability relating to the District's Single Employer Plan as of June 30, 2017. This has resulted in a total decrease in the District's net position of \$868,973 as of July 1, 2017.

The balance of the District's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2018 are as follows:

	Governmental Activities	Business-Type Activity	Total
<b>OPEB Liabilities</b>			
District's Single Employer Plan	\$ 1,439,585	\$ 57,331	\$ 1,496,916
PSERS Cost Sharing Plan	407,000	17,000	424,000
Total	<u>\$ 1,846,585</u>	<u>\$ 74,331</u>	<u>\$ 1,920,916</u>
<b>Deferred Outflows of Resources</b>			
District's Single Employer Plan	\$ 506,834	\$ 20,195	\$ 527,029
PSERS Cost Sharing Plan	30,000	1,000	31,000
Total	<u>\$ 536,834</u>	<u>\$ 21,195</u>	<u>\$ 558,029</u>
<b>Deferred Inflows of Resources</b>			
District's Single Employer Plan	\$ -	\$ -	\$ -
PSERS Cost Sharing Plan	20,000	1,000	21,000
Total	<u>\$ 20,000</u>	<u>\$ 1,000</u>	<u>\$ 21,000</u>

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost Sharing Plan are in Notes 13 and 14, respectively.

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

Interfund Activity: Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts. On fund financial statements, short-term interfund loans are classified as interfund balances. These amounts are eliminated in the Statement of Net Position, except for amounts between governmental and business-type activities, which are presented as internal balances.

Deferred Inflows of Resources - Pensions: The District recognizes the difference between expected and actual experience and changes in proportion as deferred inflows of resources. These amounts are amortized over the average remaining services lives of active and inactive members.

Deferred Inflows of Resources - Other Post-Employment Benefits: The District recognizes the changes in assumptions, changes in proportions and the difference between employer contributions and proportionate share of total contributions as deferred inflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Deferred Inflows of Resources - Delinquent Property Taxes: The District recognizes the property tax revenues when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Those property tax receivables expected to be collected after sixty days after year-end are shown as deferred inflows of resources in the fund financial statements. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

- Non-spendable - includes fund balance amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or laws and regulations of other governments, or amounts constrained by law through constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned - includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

Approval of an official motion at a formal meeting by the Board of School Directors is required to establish, modify, or rescind committed fund balance. The Board of School Directors, the Finance Committee, or the Business Manager have the authority to express intended uses of resources that result in assigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District's policy is to spend resources in the following order:

1. Restricted
2. Unrestricted

Unless the Board of School Directors specifically approves the use of committed resources, or the Board of School Directors or the authorized body or official specifically approves the use of assigned resources, the District's policy is to spend unrestricted resources in the following order:

1. Unassigned
2. Assigned
3. Committed

The District does not have a formal minimum fund balance policy.

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Fund Balance (Continued):

A schedule of the governmental fund balances at June 30, 2018, is as follows:

Fund Balances	General Fund	Capital Projects	Total Governmental Funds
Restricted			
Capital expenditures	\$ -	\$ 166,607	\$ 166,607
Committed			
PSERS retirement rate increases	935,000	-	935,000
Health insurance increases	715,000	-	715,000
Debt service payments	2,570,000	-	2,570,000
Total Committed	<u>4,220,000</u>	<u>-</u>	<u>4,220,000</u>
Assigned			
2017-2018 Budget Deficit	400,000	-	400,000
Unassigned	118,484	-	118,484
Total Fund Balances	<u>\$ 4,738,484</u>	<u>\$ 166,607</u>	<u>\$ 4,905,091</u>

Use of Estimates: Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenue, expenditures/expenses and disclosures.

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 2, 2019, the date the financial statements were available to be issued.

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Deposits and Investments

Section 440.1 of the Public-School Code of 1949 as amended and supplemented by Act 10 of 2016 define allowable investments for school districts, which are summarized as follows:

- United States Treasury Bills
- Short-term obligations of the U.S. Government or its agencies or instrumentalities
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or the National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full-faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full-faith and credit of the political subdivision
- Shares of an investment companies registered under the Investment Company Act of 1940
- Local Government Investment Pools
- Repurchase agreements with respect to U.S. Treasury bills or obligations, participations or other instruments of or guaranteed by the U.S. or any federal agency, instrumentality or U.S. government-sponsored enterprise
- Obligations, participations or other instruments of any federal agency, instrumentality or U.S. government-sponsored enterprise if the debt obligations are rated at least “A” or its equivalent
- Commercial paper issued by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers’ acceptances, if the bankers’ acceptances do not exceed 180 days maturity
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less

The deposit and investment policies of the District adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that violated either state statutes or District policies.

**FORBES ROAD SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Deposits and Investments (Continued)**

Deposits: Custodial-Credit Risk

Custodial-credit risk is the risk that in the event of a bank failure, the District’s investments may not be returned to it. A summary of the District’s deposits at June 30, 2018, are as follows:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	\$ 250,000	\$ 250,000	F&M Trust
Uninsured and collateralized by assets maintained in conformity with Act 72	3,942,710	3,997,414	F&M Trust
	<u>\$ 4,192,710</u>	<u>\$ 4,247,414</u>	

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledgers of the assets.

Investments: Credit Risk

As of June 30, 2018, the District had the following investments:

	Credit Rating	Weighted Average Maturity	Carrying Value
Pennsylvania Local Government Investment Trust (PLGIT) ARM	AAAm	80 days	\$ 166,607
Pennsylvania School District Liquid Asset Fund (PSDLAF) Max Series (PSDMAX)	AAAm	74 days	937,700
			<u>\$ 1,104,307</u>

Portfolio Assets

Certain external pool investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79. The District measures those investments, which include PLGIT and PSDLAF-Max Series, at amortized cost.

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 2. Deposits and Investments (Continued)**

PLGIT/ARM - This fund invests primarily in U.S. Treasury and Federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. Weighted-average portfolio maturity for the fund is expected to be kept at or below 60 days. PLGIT/ARM is a program for the investment of bond proceeds only, consisting of a portfolio of the Trust which operates like a money market fund and individual portfolios of investors. This investment has no minimum initial investment requirement and has a minimum investment period of one day.

PSDMAX - This fund invests in U.S. Treasury obligations, securities issued by the U.S. government, its agencies and instrumentalities, collateralized or government agency LOC-backed bank deposits, and repurchase agreements collateralized by such securities and contracted with highly-rated counterparties. Weighted-average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDLAF does not have limitation or restrictions on withdrawals.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Presently, the investments currently held by the District are valued at amortized cost and are not subject to the fair value categorization disclosures.

#### Weighted-Average Maturity

The weighted-average maturity (WAM) method expresses investment time horizons, the time when investments become due and payable, in years or months, weighted to reflect the dollar-size of individual investments within an investment type. WAMs are computed for each investment type. A portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

#### Interest-Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates.

#### Credit Risk

As indicated above, Section 440.1 of the Public-School Code of 1949, as amended, limits the composition of the District's investments, and the District has no investment policy that would further limit its investment choices.

#### Concentrations of Credit Risk

The District places no limit on the amounts invested in any one issuer. The District's investments in PLGIT and PSDLAF represent 15% and 85%, respectively, of the District's total investments.

**FORBES ROAD SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 3. Taxes Receivable, Deferred Inflows of Resources and Unearned Revenue**

A summary of the taxes receivable and related accounts at June 30, 2018, follows:

	Amount
Uncollected taxes - real estate	\$ 249,567
Uncollected taxes - personal	45,458
Realty transfer taxes	4,504
Earned income taxes	3,175
Allowance for uncollectible taxes	(17,231)
Taxes Receivable - Net	<u>\$ 285,473</u>
Taxes to be collected within 60 days	\$ 49,631
Delinquent property taxes	235,842
Taxes Receivable - Net	<u>\$ 285,473</u>
Deferred Inflows of Resources - General Fund	
Delinquent property taxes	<u>\$ 235,842</u>
Unearned Revenue - Food Service Fund	
Student deposits	\$ 3,500
Donated commodities	62
	<u>\$ 3,562</u>

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 4. Property Taxes

Based upon assessed valuations provided by Fulton County, the tax collector bills and collects property taxes on behalf of the District. The schedule for property taxes levied for 2017-2018 is as follows:

July 1st	tax levy date
Through September 30th	2% discount period
October 1st through November 30th	face payment period
December 1st	10% penalty period
January 15th	lien filing date

The District's tax rate for all purposes in 2017-2018 was 35.042 mills (\$35.04 per \$1,000 assessed valuation). The total assessed valuation for the 2017 tax levy was \$68,447,900. Fulton County Tax Claim Bureau collects delinquent real estate taxes for the District. Current tax collections for the District were approximately 91.01% of the total tax levy.

The District has not entered into any tax abatement agreements as of June 30, 2018.

### Note 5. Interfund Accounts

Individual fund receivable and payable balances at June 30, 2018, are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 303
Food Service Fund	303	-
Scholarship	144	-
Activity	-	144
	<u>\$ 447</u>	<u>\$ 447</u>

All interfund receivable/payable balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances are expected to be repaid.

**FORBES ROAD SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Interfund Accounts (Continued)**

Operating transfer activity between funds at June 30, 2018, is as follows:

	Transfers In	Transfers Out
General	\$ -	\$ 185,962
Food Service	185,962	-
	<u>\$ 185,962</u>	<u>\$ 185,962</u>

Transfers and payments within the District are substantially for purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

**Note 6. Food Service Fund Inventories**

The composition of Food Service Fund inventories at June 30, 2018, is as follows:

	Amount
Materials and supplies	\$ -
Purchased food	2,161
Donated food	62
	<u>\$ 2,223</u>

**FORBES ROAD SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 7. Capital Assets**

Capital asset activity for the year ended June 30, 2018, and a summary of capital asset balances as of June 30, 2018, are as follows:

	Balances July 1, 2017	Increases	Decreases	Balances June 30, 2018
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 6,500	\$ -	\$ -	\$ 6,500
Capital assets, being depreciated				
Site improvements	409,665	-	-	409,665
Buildings and improvements	10,555,009	-	-	10,555,009
Furniture and equipment	670,578	127,500	(31,259)	766,819
Total capital assets, being depreciated	11,635,252	127,500	(31,259)	11,731,493
Less accumulated depreciation				
Site improvements	283,857	15,308	-	299,165
Buildings and improvements	3,330,261	193,060	-	3,523,321
Furniture and equipment	492,380	53,067	(13,304)	532,143
Total accumulated depreciation	4,106,498	261,435	(13,304)	4,354,629
Total capital assets, being depreciated, net	7,528,754	(133,935)	(17,955)	7,376,864
<b>Governmental Activities, Capital Assets - Net</b>	<b>\$ 7,535,254</b>	<b>\$ (133,935)</b>	<b>\$ (17,955)</b>	<b>\$ 7,383,364</b>
<b>Business-Type Activity</b>				
Machinery and equipment	\$ 129,240	\$ -	\$ (1,627)	\$ 127,613
Accumulated depreciation	(108,706)	6,688	(379)	(115,015)
<b>Business-Type Activity, Capital Assets - Net</b>	<b>\$ 20,534</b>	<b>\$ 6,688</b>	<b>\$ (2,006)</b>	<b>\$ 12,598</b>

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Capital Assets (Continued)

Depreciation expense was charged to the functions/programs of the District as follows:

	Amount
Governmental Activities	
Instruction	\$ 165,548
Instructional student support	20,633
Administration and financial support	45,965
Operation and maintenance of plant services	21,043
Student activities	8,246
Total governmental activities	<u>261,435</u>
Business-Type Activity	
Food service	<u>6,688</u>
Total District	<u><u>\$ 268,123</u></u>

### Note 8. Accrued Salaries and Benefits

Accrued salaries and benefits at June 30, 2018, consist of the following:

	Amount
Accrued salaries	\$ 194,826
Retirement	297,718
Social security	14,453
Unemployment compensation	1,002
Workers' compensation	(21)
	<u><u>\$ 507,978</u></u>

Accrued salaries represent teachers' salaries earned during the 2017-2018 school year which will be paid subsequent to June 30, 2018. Accrued retirement represents the Public-School Employees' Retirement System contribution for the second quarter of calendar year 2018, including the portion pertaining to accrued salaries at June 30, 2018. Accrued social security, unemployment compensation and workers' compensation represent the District's liability arising from accrued salaries at June 30, 2018.

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### Note 9. Operating Leases

The District leases 4 copiers under a 60-month operating lease, expiring November 2018. The lease requires monthly payments of \$1,239.

The District leases a phone system under a 60-month operating lease, expiring September 2020. The lease requires monthly payments of \$1,671.

Future minimum lease obligations under non-cancelable operating leases with a term greater than one year are as follows:

Years Ending June 30,	Amount
2019	\$ 26,248
2020	20,052
2021	5,013
Total Minimum Lease Obligations	<u>\$ 51,313</u>

Total rental expense under operating leases for the year ended June 30, 2018, amounted to \$34,923.

#### Note 10. Long-Term Obligations

A summary of the District's long-term obligations as of June 30, 2018, and transactions during the fiscal year then ended follows:

	Balances July 1, 2017	Increase	Decrease	Balances June 30, 2018	Due Within One Year
Governmental Activities					
Bonds and notes payable:					
Series of 2002	\$ 6,516,000	\$ -	\$ 210,000	\$ 6,306,000	\$ 216,000
Series of 2010	510,000	-	165,000	345,000	170,000
	<u>7,026,000</u>	<u>-</u>	<u>375,000</u>	<u>6,651,000</u>	<u>386,000</u>
Net premium (discount) on bonds	309	-	160	149	-
Total bonds and notes payable	<u>7,026,309</u>	<u>-</u>	<u>375,160</u>	<u>6,651,149</u>	<u>386,000</u>
Compensated absences	126,298	-	27,897	98,401	-
Total long-term obligations	<u>\$ 7,152,607</u>	<u>\$ -</u>	<u>\$ 403,057</u>	<u>\$ 6,749,550</u>	<u>\$ 386,000</u>
Business-Type Activity					
Compensated absences	\$ 12,489	\$ 1,480	\$ -	\$ 13,969	\$ -

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### Note 10. Long-Term Obligations (Continued)

General Obligation Note - Series of 2002 - On November 13, 2002, the District issued an \$8,410,000 General Obligation Note. The proceeds were used to finance the costs of acquisition, construction or renovation of certain school facilities. The note is due in annual installments ranging from \$5,000 to \$572,000 through May 25, 2032. The note bears interest at a variable Loan Weekly Rate provided to the Trustee by the Program Administrator with a maximum annual rate of 15%; interest is paid monthly. On June 4, 2013, the District entered into a new agreement to secure a fixed interest rate of 2.217% through May 25, 2023, at which time the interest rate will return to a variable Loan Weekly Rate. The note is secured by the full faith, credit, and taxing power of the District.

General Obligation Bonds - Series of 2010 - On March 19, 2010, the District issued General Obligation Bonds in the principal amount of \$1,680,000. The proceeds were used to currently refund the General Obligation Bonds - Series A of 2004 and pay the costs and expenses related to the issuance of the 2010 bonds. The bonds bear annual interest rates ranging from 1.00% to 3.30%. Interest is payable semi-annually, on March 15 and September 15, and the bonds mature serially in amounts ranging from \$105,000 to \$175,000, through March 15, 2020. The District irrevocably has pledged its full faith, credit, and taxing power as security for the bonds. The payment of principal and interest on these bonds is guaranteed under an insurance policy issued by Assured Guaranty Municipal Corp.

The District is in compliance with all debt covenants of the outstanding debt issues. Those covenants include the following: the District shall include the annual debt service in its budget for the fiscal year, shall appropriate these amounts from its general revenues, and shall punctually cause the payment of the principal and interest of each of the debt obligations.

Future maturities of the long-term debt are as follows:

Years Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 386,000	\$ 137,294	\$ 523,294
2020	397,000	127,293	524,293
2021	413,000	119,530	532,530
2022	426,000	111,046	537,046
2023	439,000	102,295	541,295
2024-2028	2,399,000	418,609	2,817,609
2029-2032	2,191,000	164,596	2,355,596
	<u>\$ 6,651,000</u>	<u>\$ 1,180,663</u>	<u>\$ 7,831,663</u>

All debt-service payments for general obligation notes and bonds are funded by the General Fund. As required by the Pennsylvania Department of Education Financial Accounting and Reporting Manual, debt-issuance costs are reported on the Statement of Revenue, Expenditures and Changes in Fund Balance as Support Services expenditures.

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Long-Term Obligations (Continued)

Compensated Absences - Under the terms of the District's employment policies, any vacation days not used by June 30 will be converted to sick days. In addition, employees are granted sick and personal days per school year, and any unused sick and personal days are permitted to be carried over to future years. Upon retirement from the District, eligible employees are reimbursed for accumulated sick and personal days equal to the number of unused days multiplied by an amount per the employment contract. Certain employees are also offered options regarding retirement incentives as prescribed in the contracts if certain conditions are met. The total liability for sick and personal leave, and retirement incentives at June 30, 2018, has been reflected in the Statement of Net Position.

### Note 11. Capital Lease Obligation

The District has entered into a lease agreement as lessee for financing the acquisition of computer equipment. The lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded as such. Final payment under this lease agreement was paid in the 2017-2018 year.

The assets acquired through the capital lease are as follows:

	Amount
Furniture and equipment	\$ 54,800
Accumulated depreciation	(33,793)
Net assets acquired through the captial lease	<u>\$ 21,007</u>

The present value of future minimum lease payments as of June 30, 2018, is \$-0-.

### Note 12. Defined-Benefit Pension Plan

#### Plan Description

PSERS (System) is a governmental cost-sharing multi-employer defined-benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public-school employees, part-time hourly public-school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Defined-Benefit Pension Plan (Continued)

##### Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

##### Contributions

###### Member Contributions:

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

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 12. Defined-Benefit Pension Plan (Continued)**

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

#### Employer Contributions:

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2018 was 32.57% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The 32.57% rate is composed of a contribution rate of 61.74% for pension benefits and 0.83% for healthcare-insurance premium assistance (OPEB benefits).

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income-aid ratio (as defined in Act 29 of 1994), which is at least one half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2018 was \$831,599, and is equal to the required contribution for the year. For the year ended June 30, 2018, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$525,947.

#### Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability of \$10,273,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2016 to June 30, 2017. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2017, the District's proportion was 0.0208 percent, which was an increase of 0.0005 from its proportion measured as of June 30, 2016.

**FORBES ROAD SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 12. Defined-Benefit Pension Plan (Continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$973,000. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 107,000	\$ 62,000
Changes in assumptions	279,000	-
Net difference between projected and actual investment earnings	238,000	-
Changes in proportions	469,000	346,000
Difference between employer contributions and proportionate share of total contributions	13,000	9,000
Contributions subsequent to the measurement date	832,000	-
	<u>\$ 1,938,000</u>	<u>\$ 417,000</u>

\$832,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2019	\$ 70,000
2020	282,000
2021	326,000
2022	12,000
2023	(1,000)
	<u>\$ 689,000</u>

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Defined-Benefit Pension Plan (Continued)

##### Actuarial Assumptions

The total pension liability as of June 30, 2017, was determined by rolling forward the System's total pension liability as of June 30, 2016 to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurements:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.1%
Fixed income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute return	10.0%	3.4%
Risk parity	10.0%	3.8%
Infrastructure/MLPs	8.0%	4.8%
Real estate	10.0%	3.6%
Alternative investments	15.0%	6.2%
Cash	3.0%	0.6%
Financing (LIBOR)	-20.0%	1.1%
	<u>100%</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017.

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Defined-Benefit Pension Plan (Continued)

#### Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current discount rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 12,645,000	\$ 10,273,000	\$ 8,270,000

#### Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

#### Plan Payables

At June 30, 2018, the District has payables to the PSERS pension plan of \$290,131. This total is composed of staff payroll accruals and the quarterly PSERS payment amount for retirement contributions in the second quarter of 2018.

**FORBES ROAD SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 13. Other Post-Employment Benefits – District’s Single Employer Plan**

Plan Description, Benefit Terms and Funding Policy

The District provides retiree health and dental-care benefits, including prescription drug coverage, to eligible, retired employees and qualified spouses/beneficiaries. This is a single-employer, defined benefit plan administered by the District. The District funds OPEB on a pay-as-you-go basis, and there is no obligation to make contributions in advance of when insurance premiums or claims are due for payment. The District does not maintain or accumulate any assets within a trust in accordance with paragraph 4 of GASB Statement No. 75. The plan description and benefit terms provided by the plan are summarized in the chart below:

Eligibility	Employees who retire from active service
Period of Coverage	Retirees and spouses are covered until Medicare eligibility
Coverage	
Before Medicare eligibility	Medical and dental coverage provided to active employees is continued for eligible retirees, spouses and dependents.
After Medicare eligibility	None
Employer Contributions	Professional Staff members who retire with 30 years of service in the public school system and at least 20 years of service at the Forbes Road School District will be eligible for district-paid medical benefits. Other district employees pay the full premium. Medical premiums for the retiree will be covered on the basis of one year of coverage for each six years of service with the Forbes Road School District, but not longer than eligibility for Medicare benefits.

**FORBES ROAD SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 13. Other Post-Employment Benefits – District’s Single Employer Plan (Continued)**

Employees Covered by Benefit Terms

For the year ended June 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	55
	<u>58</u>

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

At June 30, 2018, the District reported a liability of \$1,496,916 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2017 and was determined by an actuarial valuation as of July 1, 2017. The OPEB liability is composed of the following:

Total OPEB liability, beginning	\$ 958,524
Changes for the year	
Service cost	38,778
Interest	38,065
Differences between expected and actual experience	25,919
Changes of assumptions	526,990
Benefit payments	(91,360)
Net Changes	538,392
Total OPEB liability, ending	<u>\$ 1,496,916</u>

For the year ended June 30, 2018, the District recognized OPEB expense of \$204,241. At June 30, 2018, 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 expected and actual experience	19,947	-
Changes in assumptions	405,564	-
Benefit payments subsequent to the measurement date	101,518	-
	<u>\$ 527,029</u>	<u>\$ -</u>

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 13. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

#### OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, \$101,518 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 127,398
2020	127,398
2021	127,398
2022	43,317
	<u>\$ 425,511</u>

#### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation - Assumed to be 3.00% less than the ultimate healthcare trend rate.
- Salary Increases - An annual rate of 2.50%. Previously none was assumed.
- Discount Rate - 3.00%. Based on 20 Year High-Grade Municipal Rate Index. Previously rate of 4.00% was used.
- Health Care Cost Trend Rate - 7.0% in 2017, 6.0% in 2018, and 5.50% in 2019. Rates gradually decrease from 5.50% in 2019 to 4.70% in 2059 and later based on the Society of Actuaries Long Term Health Cost Trends Model.
- Retirees' Share of Benefit-Related Cost - Retiree and spouse contributions are assumed to remain at the current level.
- Actuarial Cost Method - Entry Age Normal

Mortality rates are separate and assumed preretirement and postretirement. Preretirement is assumed using the rates in the RPH-2014 Employee (Male and Female weighted by headcount) as published by the Society of Actuaries. Postretirement is assumed using the rates in the RPH-2014 Healthy Annuitant (Male and Female weighed by headcount) as published by the Society of Actuaries.

Incorporated into the table are rates projected generationally by the Scale MP-2016 (Male and Female) as published by the Society of Actuaries to reflect mortality improvement.

**FORBES ROAD SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 13. Other Post-Employment Benefits – District’s Single Employer Plan (Continued)**

Sensitivity of the District’s Total OPEB Liability to Changes in Discount Rate

The following presents the total OPEB liability of the District calculated using the discount rate of 3.00%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.00%) or one percentage point higher (4.00%) than the current rate:

	1% Decrease 2.00%	Current Discount Rate 3.00%	1% Increase 4.00%
Total OPEB liability	\$ 1,626,066	\$ 1,496,916	\$ 1,383,427

The discount rate used to measure the total OPEB liability decreased from 4.00% as of July 1, 2014 to 4.00% as of July 1, 2017.

Sensitivity of the District’s Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District calculated using the health care cost trend rates of (5.50% in 2017 decreasing to 4.70% in 2059), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 1,344,521	\$ 1,496,916	\$ 1,667,662

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 14. Other Post-Employment Benefits - PSERS Cost Sharing Plan**

##### System Administration:

The administrative staff of the Pennsylvania Public School Employees' Retirement System (PSERS or the System) administers a defined benefit pension plan, and two postemployment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The System is a governmental cost-sharing, multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania (Commonwealth). The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

The control and management of the System, including the investment of its assets is vested in the Board of Trustees (Board). The Commonwealth's General Assembly has the authority to amend the benefit terms of the System by passing bills in the Senate and House of Representatives and sending them to the Governor for approval.

##### Plan Description and Benefits Provided - Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2017, there were no assumed future benefit increases to participating eligible retirees.

##### Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 14. Other Post-Employment Benefits – PSERS Cost Sharing Plan (Continued)

#### Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2018, was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$21,746 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$424,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2016 to June 30, 2017. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2017, the District's proportion was 0.0208 percent, which was an increase of 0.0005 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$20,000. At June 30, 2018, 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
Changes in assumptions	\$ -	\$ 20,000
Changes in proportion	9,000	-
Difference between employer contributions and proportionate share of total contributions	-	1,000
Contributions subsequent to the measurement date	22,000	-
	<u>\$ 31,000</u>	<u>\$ 21,000</u>

**FORBES ROAD SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 14. Other Post-Employment Benefits – PSERS Cost Sharing Plan (Continued)**

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources and Related to OPEB (Continued)

\$22,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (2,000)
2020	(2,000)
2021	(2,000)
2022	(2,000)
2023	(3,000)
Thereafter	(1,000)
	<u>\$ (12,000)</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2017, was determined by rolling forward the System’s Total OPEB Liability as of June 30, 2016 to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 3.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre-age 65 at 50%
  - Eligible retirees will elect to participate Post-age 65 at 70%

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 14. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

#### Actuarial Assumptions (Continued):

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2015, determined the employer contribution rate for fiscal year 2017.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

#### Investments

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	76.4%	0.6%
Fixed Income	23.6%	1.5%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class of June 30, 2017.

**FORBES ROAD SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 14. Other Post-Employment Benefits – PSERS Cost Sharing Plan (Continued)**

Discount Rate

The discount rate used to measure the Total OPEB Liability was 3.13%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 3.13% which represents the S&P 20-year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability.

Change in Actuarial Assumptions

The discount rate used to measure the total OPEB liability increased from 2.71% as of June 30, 2016 to 3.13% as of June 30, 2017.

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB liability, calculated using the discount rate of 3.13%, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13%) or 1-percentage-point higher (4.13%) than the current discount rate:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
District's proportionate share of the net OPEB liability	\$ 482,000	\$ 424,000	\$ 376,000

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 8%) that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 424,000	\$ 424,000	\$ 424,000

## FORBES ROAD SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 14. Other Post-Employment Benefits – PSERS Cost Sharing Plan (Continued)**

##### OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

##### Plan Payables

At June 30, 2018, the District has payables to the OPEB plan of \$7,580.

#### **Note 15. Risk Management**

Forbes Road School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, and errors or omissions. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

#### **Note 16. Tuscarora Intermediate Unit Capital Insurance Trust**

Forbes Road School District participates in the Tuscarora Intermediate Unit Capital Insurance Trust (TIUCIT), a public entity risk pool, which was established to purchase medical, dental, and vision insurance coverages for a group of local education agencies. TIUCIT self-insures health, dental, and vision coverages, using a stop loss insurance to limit risk related to major medical claims. Premiums charged in excess of claims paid and administrative costs are retained in a Premium Stabilization Fund which will be used to pay settlement charges and offset increases to the cost of coverage. Since charges are currently being levied to, and paid by, Forbes Road School District, no receivable or payable to the TIUCIT has been reflected in these financial statements. As a result, Forbes Road School District has expensed all premiums paid through June 30, 2018.

#### **Note 17. Joint Ventures**

Forbes Road School District is a member of the Tuscarora Intermediate Unit #11. Through this membership, the District is able to secure various special services, including special education, curriculum development, and certain internal-service functions. The District paid approximately \$93,887 as its share to the Tuscarora Intermediate Unit #11 during 2017-2018. Complete financial statements for the Tuscarora Intermediate Unit #11 can be obtained from the administrative offices at 2527 US Highway 522 South, McVeytown, PA 17051.

# FORBES ROAD SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 17. Joint Ventures (Continued)

Forbes Road School District is served by the Fulton County Area Vocational-Technical School. Students of the District are offered courses and curriculums at the Vo-Tech that are related to various technical training fields. Costs of the Vo-Tech are shared with other local Districts. Forbes Road School District paid approximately \$138,280 as its share to the Vo-Tech during 2017-2018. Any excess revenues over expenditures in a fiscal year is reported as unearned revenue of the Vo-Tech and will be returned to the member districts either through payment by check or by using a portion of unearned revenue in a future year's budget to reduce the tuition due from the member districts. Complete financial statements for the Vo-Tech can be obtained from the administrative office at 145 East Cherry Street, McConnellsburg, PA 17233.

### Note 18. Related Party Transactions

The District sometimes does business with vendors which are affiliated with Forbes Road School District board members and management. During the year ended June 30, 2018, the District had the following related party transaction:

	Amount
Bolinger Busing	\$ 133,754

Hustontown-Forbes Road Alumni Association Foundation (Foundation) is also a related party of the District. The Foundation is governed by its own board, and its purpose is to provide benefit to students through scholarship programs and the District for other related educational activities.

### Note 19. Commitments and Contingencies

#### General Obligation Notes - 2002 Series Interest Rate Management Plan

On November 13, 2002, the District issued General Obligation Notes to the Delaware Valley Regional Financing Authority (Del Val) in the amount of \$8,410,000 for the purpose of construction of a new junior/senior high school and the payment of the costs of issuance of the 2002 notes. Del Val, as a financing authority, issues local government revenue bonds to provide loans for local government units.

Del Val enters into interest-rate swaps in order to reduce the costs of the participants in the Loan Program and to enhance the ability of those in the Loan Program to manage their interest-rate risk. These swaps carry the basic risks including, basis risk, termination risk, credit risk, and market-access risk. As a participant in the Loan Program, the District could be adversely affected by the implications of Del Val's compliance with the terms of these swap agreements through additional costs which are not estimable at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FORBES ROAD SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

<b>Years Ended June 30,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.0208%	0.0203%	0.0192%	0.0207%
District's proportionate share of the net pension liability	<u>\$ 10,273,000</u>	<u>\$ 10,060,000</u>	<u>\$ 8,317,000</u>	<u>\$ 8,193,000</u>
District's covered payroll	<u>\$ 2,767,776</u>	<u>\$ 2,623,197</u>	<u>\$ 2,465,506</u>	<u>\$ 2,636,515</u>
District's proportionate share of net pension liability as a percentage of its covered payroll	371.16%	383.50%	337.33%	310.75%
Plan fiduciary net position as a percentage of the total pension liability	51.84%	50.14%	54.36%	57.24%

Because 2015 was the year of transition for GASB Statement No. 68, requirements of GASB No. 68 have been implemented prospectively; therefore, the above illustration does not reflect similar information for years preceding 2015.

**FORBES ROAD SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS**

<b>Years Ended June 30,</b>	2018	2017	2016	2015
Contractually required contribution	\$ 831,599	\$ 787,181	\$ 659,595	\$ 492,497
Contributions in relation to the contractually required contribution	(831,599)	(787,181)	(659,595)	(492,497)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,631,433	\$ 2,770,926	\$ 2,623,797	\$ 2,465,506
Contributions as a percentage of covered payroll	31.60%	28.41%	25.14%	19.98%

Because 2015 was the year of transition for GASB Statement No. 68, requirements of GASB No. 68 have been implemented prospectively; therefore, the above illustration does not reflect similar information for years preceding 2015.

**FORBES ROAD SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -  
DISTRICT'S SINGLE EMPLOYER PLAN**

**Year Ended June 30, 2018**

<b>Total OPEB Liability</b>	
Service cost	\$ 38,778
Interest	38,065
Changes in assumptions	526,990
Differences between expected and actual experience	25,919
Benefit payments	(91,360)
<b>Net changes in total OPEB liability</b>	<b>538,392</b>
<b>Total OPEB liability - beginning</b>	<b>958,524</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,496,916</b>
<b>District's covered payroll</b>	<b>\$ 2,258,193</b>
<b>Total OPEB liability as a percentage of covered payroll</b>	<b>66.29%</b>

**Notes to Schedule:**

Changes of Assumptions: The discount rate changed from 4.00% to 3.00%. The trend assumption was updated. The salary rate increase assumption changed from 0.0% to 2.5%. Assumptions for mortality were updated based on new RPH tables.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

**FORBES ROAD SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -  
PSERS COST SHARING PLAN**

**Year Ended June 30, 2018**

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District's proportion of the net OPEB liability	0.0208%
District's proportionate share of the net OPEB liability	<u>\$ 424,000</u>
District's covered payroll	<u>\$ 2,767,776</u>
District's proportionate share of net OPEB liability as a percentage of its covered payroll	15.32%
Plan fiduciary net position as a percentage of the total OPEB liability	5.73%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

**FORBES ROAD SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS - PSERS COST SHARING PLAN  
Year Ended June 30, 2018**

Contractually required contribution	\$ 21,746
Contributions in relation to the contractually required contribution	(21,746)
Contribution deficiency (excess)	<u>\$ -</u>
District's covered payroll	<u>\$ 2,631,433</u>
Contributions as a percentage of covered payroll	0.83%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

**SUPPLEMENTARY INFORMATION**

**FORBES ROAD SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN STUDENT GROUP BALANCES - FIDUCIARY FUND TYPE -  
STUDENT ACTIVITY FUND**

**Year Ended June 30, 2018**

	Balance				Balance
	July 1, 2017	Receipts	Disbursements		June 30, 2018
Art elective	\$ 65	\$ -	\$ -		\$ 65
AD food stand	8,161	466	4,216		4,411
Athletic association	6,142	11,681	11,004		6,819
Band Front	1,288	547	555		1,280
Baseball team	428	-	-		428
Boys' basketball	1,168	2,562	3,434		296
Cheerleaders	564	285	321		528
Chorus	50	-	-		50
Class of 2016	345	-	-		345
Class of 2017	114	-	-		114
Class of 2018	17,585	23,425	38,207		2,803
Class of 2019	8,901	9,443	5,118		13,226
Class of 2020	6,654	15,686	9,659		12,681
Class of 2021	2,177	2,577	1,471		3,283
Class of 2022	1,402	4,016	2,762		2,656
Class of 2024	-	190	-		190
Drama club	5,597	17,435	21,295		1,737
Elementary activity	12,121	16,358	13,558		14,921
Elementary boys basketball	5,781	1,381	1,730		5,432
Elementary Girls basketball	1,875	1,761	1,093		2,543
Elementary library	2,042	7,474	8,443		1,073
Elementary student council	4,367	3	740		3,630
FBLA	954	1,561	1,188		1,327
FFA	1,011	15,682	16,240		453
FCCLA	86	1,985	1,715		356
Forbes Road Math Club	6	-	-		6
Girls' basketball	547	-	297		250
Junior High Boys BB	-	5,202	4,322		880

(Continued)

**FORBES ROAD SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN STUDENT GROUP BALANCES - FIDUCIARY FUND TYPE -  
STUDENT ACTIVITY FUND (Continued)**

**Year Ended June 30, 2018**

	Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
Library club	2,596	45	-	2,641
National Honor Society	2,239	95	94	2,240
Newspaper club	758	1	-	759
P.E./Athletic supplies	1,998	1	-	1,999
Recorder fund	40	-	-	40
Robin Feight Memorial	-	4,153	500	3,653
SADD	1,533	1	-	1,534
Ski Club	32	-	-	32
Softball team	104	2,556	933	1,727
Soccer	65	-	-	65
Student band	1,209	402	301	1,310
Student body	10,575	144	-	10,719
Student council	1,468	3,684	3,357	1,795
Yearbook	10,134	4,051	6,857	7,328
<b>Total</b>	<b>\$ 122,182</b>	<b>\$ 154,852</b>	<b>\$ 159,410</b>	<b>\$ 117,625</b>