

**REPORT ON
STROUDSBURG AREA SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2017**

STROUDSBURG AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2017

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INTRODUCTORY SECTION

Members of the Board
Stroudsburg Area School District
123 Linden Street
Stroudsburg, PA 18360

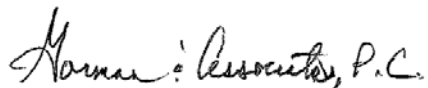
We have performed the Single Audit of the Stroudsburg Area School District for the fiscal year ended June 30, 2017, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniform Guidance, explained above, and our report thereon.

As part of our report, we have enclosed our management letter.

Respectfully submitted,



December 6, 2017

Board of School Directors
Dr. Cosmas C. Curry, Superintendent
Stroudsburg Area School District
123 Linden Street
Stroudsburg, PA 18360

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Stroudsburg Area School District for the year ended June 30, 2017, and have issued our report thereon dated December 6, 2017.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether your financial statements are fairly presented, in all material respects, in conformity with the U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities, including having compensating controls in place to ensure our preparation of your financial statements and note disclosures are not materially misstated.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matter on July 12, 2017.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Stroudsburg Area School District are described in the notes to the financial statements. No new accounting policies were adopted during this past year and the existing policies were properly applied. We did not discover any transactions entered into by the District that lacked authoritative guidance or consensus. In addition, there are no significant transactions affecting the financial statements that have been recognized incorrectly in the wrong year.

Accounting estimates, which are part of the significant accounting policies, are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events may differ significantly from those expected. The most sensitive estimates affecting the financial statements was depreciation taken on capital assets based upon the estimated useful life of each asset and calculated on the straight-line basis of depreciation, the actuary's estimates on Other Post-Employment Benefits and the net pension liability. We have evaluated the factors and assumptions used to develop these estimates and have determined the estimates to be reasonable in relation to the financial statements taken as a whole.

We wish to inform you that the disclosures in your financial statements are neutral, consistent, and clear. From time to time, certain disclosures are more sensitive than others due to their significance to financial statement users. The most sensitive disclosures involve capital assets, long-term debt, and net pension liability.

We have requested certain representations from management that are included in the management representation letter provided to us on December 6, 2017. We advise the governing body to request this letter from management for their review. In conjunction with their representation, we wish to inform you we did not encounter any significant difficulties in dealing with management and had no disagreements with your management. To our knowledge, management did not find a need to converse with any other independent accountant on any related accounting or auditing issue.

In addition, the representation letter provided to us, by management, confirmed there were no uncorrected misstatements. Management has recorded all of our adjusting journal entries, and has agreed to the conversion entries necessary to convert governmental funds and proprietary funds to governmental activities and business-type activities, respectively.

In accordance with auditing standards, generally accepted in the United States of America, we have acquired a sufficient understanding of the District and its environment, including its internal control, to assess the risk of material misstatements of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures that were necessary to express an opinion on the 2016-17 basic financial statements.

Our consideration of the District's internal control components was not designed for the purpose of making detailed recommendations and would not necessarily disclose all significant deficiencies within the components. Our audit procedures have been appropriately adjusted to compensate for any observed significant deficiencies. The following three paragraphs define the three different types of deficiencies that can occur:

A control deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

As the primary purpose of our audit is to form an opinion on the basic financial statements, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against errors and fraud which audit procedures may not disclose. The objective of internal control over financial reporting is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and that financial records are reliable for preparing financial statements in accordance with generally accepted accounting principles and for maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the related benefits; to operationalize this concept, management is required to formulate estimates and judgments of the cost/benefit ratios of alternative controls.

There are inherent limitations that should be recognized in considering the potential effectiveness of internal control over financial reporting. Errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, fatigue, and other personnel factors. Control procedures whose effectiveness depends upon the segregation of duties can be circumvented by collusion or by management. What's more, any projection of internal control evaluations to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or due to the deterioration of the degree of compliance with control procedures.

As an adjunct to our audit, we remained alert throughout for opportunities to enhance internal controls and operating efficiency. These matters were discussed with management as the audit progressed and have subsequently been reviewed in detail to formulate practical recommendations. We wish to thank your staff for their courtesies and cooperation, which facilitated the efficient performance of audit procedures. The remainder of this letter will explain any internal control deficiencies discovered during the audit, other auditor recommendations, and other information pertinent to the District.

A control deficiency is determined to be considered a material weakness or significant deficiency based upon the magnitude of the problem as it pertains to a particular opinion unit. In other words, what is considered a significant deficiency in one fund may only be a control deficiency in another fund of greater size.

The following section in this government/management letter is separated by categories based on importance, with any material weaknesses or significant deficiencies listed in the beginning:

CONTROL DEFICIENCIES

Activity Fund – Deposits

During our testing of subsequent receipts at the Junior High School, we discovered deposits made on October 10, 2017 that did not have proper documentation to support the receipts deposited. The School had a spreadsheet accompanied the deposit slip showing a vague description, e.g. deposit and student body.

We would like to suggest the spreadsheet include the name of the person or persons submitting the receipts, the specific purpose and student club involved in receiving the money, and the date received.

Activity Fund – Disbursements

As reported in our prior year management letters, during our review of invoices paid from the student clubs, we discovered no student approval on any invoices paid in the Junior High School and Middle School student clubs. The only signatures on the invoices are from the director of student activities, while the student representative and principal signature lines were left blank. This is a violation of PA regulations associated with student club approvals for disbursing student monies.

We recommend management ensure all invoices paid in these student clubs are approved by the student officers for each respective club.

In addition, during our sampling of costs paid by each student club at the Middle School, we discovered a number of items paid by student clubs that we recommend management investigate the validity of paying these costs from a Student Club vs the General Fund:

1. Middle School – Check no. 1409 for \$2,105.00, was used to purchase outdoor benches from Belson Outdoors.
2. Middle School – Check no. 1428 for \$1,180.00, was used to purchase books for Homeroom Special Ed., from Scholastic.
3. Middle School – Check no. 1435 for \$4,440.00, was used to purchase calculators from School Mart.

OTHER INFORMATION

Activity Funds

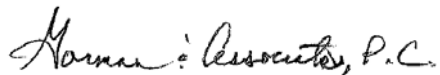
GASB Statement No. 84 on Fiduciary Activities becomes effective for the 2019-20 fiscal year. Since this date is a few years away, you might wonder why we are bringing it to your attention now. The reason is to provide the District ample time to change their recordkeeping on Student Clubs. When this Statement goes into effect, the Student Clubs will be considered Custodial Funds and there will be two financial statements: Statement of Net Position and Statement of Changes in Net Position. To make this easier think of a balance sheet and income statement.

Currently, most Districts report their disbursements as Deletions by School without breaking the disbursements into categories similar to the Food Service Fund. Receipts are reported as Additions without breaking out the categories of receipts. This new Statement will require management to separate receipts into revenue categories and disbursements into expense categories.

We wanted to give our clients ample time to revise their recordkeeping and computer systems to accommodate these changes.

This letter is required by our standards and has been combined with, what we previously referred to as the management letter. The intent of this letter is to communicate with those charged with governance on matters pertaining to the audit and includes information that we believe can help you correct or improve operating efficiency, under the limitations of staff availability, within the School District.

Respectively submitted,



December 6, 2017

REPORT DISTRIBUTION LIST

The Stroudsburg Area School District has distributed copies of the Single Audit Act Package to the following:

ONE COPY TO:
(Electronically Submitted)

BUREAU OF THE CENSUS
DATA PREPARATION DIVISION

ONE COPY TO:
(Electronically Submitted)

COMMONWEALTH OF PENNSYLVANIA
BUREAU OF AUDITS

ONE COPY TO :

COLONIAL INTERMEDIATE UNIT #20
6 DANFORTH DRIVE
EASTON, PA 18045

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Stroudsburg Area School District
123 Linden Street
Stroudsburg, PA 18360

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the general fund budgetary comparison statement of the Stroudsburg Area School District, as of and for the year ended June 30, 2017, 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 error or fraud.

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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the general fund budgetary comparison statement of the Stroudsburg Area School District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2-G to the financial statements, effective July 1, 2016, the Stroudsburg Area School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures, Governmental Accounting Standards Board Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Plans, Governmental Accounting Standards Board Statement No. 80, Blending Requirements for Certain Component Units, and Governmental Accounting Standards Board Statement No. 82, An amendment of GASB Statements Nos. 67, 68, and 73.

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 10-21, the Schedule of Funding Progress-OPEB, the Schedule of the District's Proportionate Share of Net Pension Liability and Schedule of District Contributions-Pensions, on pages 82-84, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stroudsburg Area School District's basic financial statements. The *combining and individual fund statements and schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual fund financial statements, schedules, and the schedule of expenditures of federal award, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards*, are the responsibility of management and were derived from and related to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, *the combining and individual fund financial statements, schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards* are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2017, on our consideration of the Stroudsburg Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stroudsburg Area School District's internal control over financial reporting and compliance.

Respectfully submitted,



December 6, 2017

**Stroudsburg Area School District
Management's Discussion and Analysis**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
June 30, 2017**

The discussion and analysis of Stroudsburg Area School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

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

A. FINANCIAL HIGHLIGHTS

The main focus in preparing the 2016-2017 Budget was to improve student proficiency levels while not increasing staff levels or additional programs. In the budgeting process, the Board of School Directors agreed to maintain the current level of taxes at 1.5736 to 163.30 mills (\$1.6330 per \$1,000 of assessed value) to our taxpayers, to prepare for the future rate increases in retirement and healthcare. The major contributing factor to this budget's decreased expenditures of 2.22% from the prior year's budget was due to the reduction in staff.

The District's overall financial position as of June 30, 2017 shows an increase in total net position of \$12,459,510, for governmental activities primarily due to the increase in deferred inflows of resources for the year 2016-2017. In the Fund Financial Statements the General Fund reported an increase in fund balance of \$10,712,391. The district had expenditures under projections, but also received some unexpected one time Plan Con Rental Subsidy and an Educational Assistance Grant from State sources.

**Stroudsburg Area School District
Management's Discussion and Analysis**

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Stroudsburg Area School District as a financial whole, or as an entire operating entity.

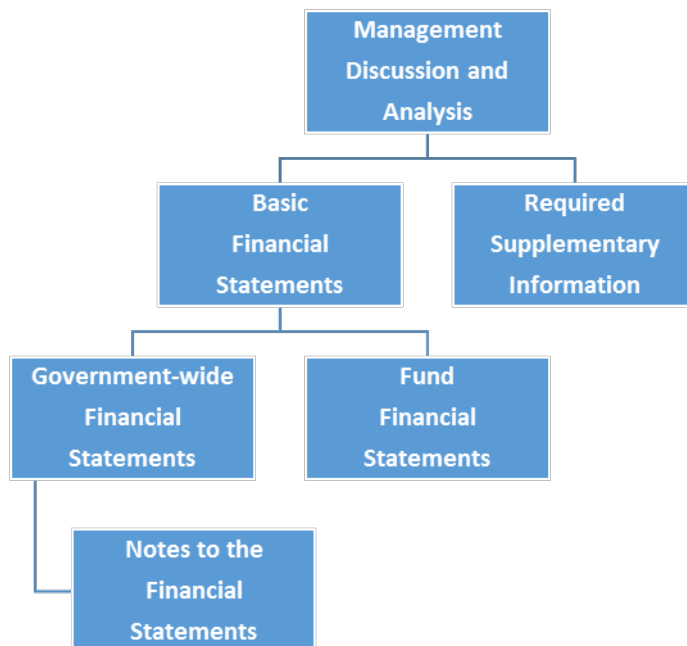
The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented as a total in a single column. For Stroudsburg Area School District, the General Fund is the most significant fund.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1
Required Components of Stroudsburg Area School District's Financial Report



**Stroudsburg Area School District
Management's Discussion and Analysis**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2
Major Features of Stroudsburg Area School District's
Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else's resources – Scholarship, Activity and Other Employee Benefit Trust Funds
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	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
Accounting basis and measurement focus	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
Type of asset/liability information	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 financial and capital, short-term and long-term
Type of inflow-outflow information	All revenues and expenses during 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 year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**Stroudsburg Area School District
Management's Discussion and Analysis**

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

The government-wide statements report information about the 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, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses 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 they have changed. Net position, is the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

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

To assess the overall health of the District, you need to consider additional factors, such as the increasing property tax base, outlook for future growth, strength of financial policies and planning, and student performance and achievement.

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 operation and charges fees to staff, students and visitors to help it cover the costs 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 and 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 an accounting method called modified accrual 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.

**Stroudsburg Area School District
Management's Discussion and Analysis**

Proprietary funds - These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding 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 proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds - The District is the trustee, or fiduciary, for some scholarship funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statement because the District cannot use these assets to finance its operations.

A. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was (\$125,103,558) at June 30, 2017.

**Table A-1
Fiscal Year ended June 30, 2017
Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 41,132,903	\$ 28,034,853	\$ 1,202,044	\$ 932,938	\$ 42,334,947	\$ 28,967,791
Non-Current Assets	124,884,572	128,719,525	547,645	496,879	125,432,217	129,216,404
Deferred Outflows of Resources	28,266,755	10,930,150	-	-	28,266,755	10,930,150
Total Assets & Deferred Outflow of Resources	\$ 194,284,230	\$ 167,684,528	\$ 1,749,689	\$ 1,429,817	\$ 196,033,919	\$ 169,114,345
Current and other liabilities	\$ 20,786,652	\$ 19,929,862	\$ 184,490	\$ 106,627	\$ 20,971,142	\$ 20,036,489
Long-term liabilities	294,686,468	284,229,904	-	-	294,686,468	284,229,904
Deferred Inflows of Resources	5,479,867	2,653,029	-	-	5,479,867	2,653,029
Total Liabilities & Deferred Inflow of Resources	\$ 320,952,987	\$ 306,812,795	\$ 184,490	\$ 106,627	\$ 321,137,477	\$ 306,919,422
<u>Net Position</u>						
Net Investment in Capital Assets	\$ -	\$ -	\$ 547,645	\$ 496,879	\$ 547,645	\$ 496,879
Restricted	2,502,810	502,771	-	-	2,502,810	502,771
Unrestricted	(129,171,567)	(139,631,038)	1,017,554	826,311	(128,154,013)	(138,804,727)
Total Net Position	\$ (126,668,757)	\$ (139,128,267)	\$ 1,565,199	\$ 1,323,190	\$ (125,103,558)	\$ (137,805,077)

**Stroudsburg Area School District
Management's Discussion and Analysis**

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 represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see our total revenues for the year.

Table A-2
Fiscal Year ended June 30, 2017
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
REVENUES						
<i>Program revenues:</i>						
Charges for services	\$ 47,649	\$ 39,065	\$ 954,590	\$ 930,292	\$ 1,002,239	\$ 969,357
Operating grants and contributions	17,531,849	15,439,885	1,485,300	1,411,264	19,017,149	16,851,149
Capital grants and contributions	6,918,304	1,978,396	-	-	6,918,304	1,978,396
<i>General revenues:</i>						
Property taxes	66,965,610	64,396,215	-	-	66,965,610	64,396,215
Other taxes	4,237,770	3,967,213	-	-	4,237,770	3,967,213
Grants, subsidies and contributions, unrestricted	16,380,341	15,794,204	-	-	16,380,341	15,794,204
Other	481,739	247,038	4,100	3,700	485,839	250,738
TOTAL REVENUES	\$ 112,563,262	\$ 101,862,016	\$ 2,443,990	\$ 2,345,256	\$ 115,007,252	\$ 104,207,272
EXPENSES						
Instruction	60,970,290	60,903,427	-	-	60,970,290	60,903,427
Instructional student support	6,230,185	6,743,945	-	-	6,230,185	6,743,945
Administrative and financial support	7,885,423	8,180,652	-	-	7,885,423	8,180,652
Operation and maintenance of plant	9,721,788	9,537,703	-	-	9,721,788	9,537,703
Pupil transportation	4,963,420	4,951,022	-	-	4,963,420	4,951,022
Student activities	1,345,261	1,198,711	-	-	1,345,261	1,198,711
Community services	13,683	10,499	-	-	13,683	10,499
Interest on long-term debt	5,414,834	5,795,452	-	-	5,414,834	5,795,452
Unallocated depreciation expense	3,558,868	2,485,895	-	-	3,558,868	2,485,895
Food Services	-	-	2,201,981	2,113,379	2,201,981	2,113,379
TOTAL EXPENSES	100,103,752	99,807,306	2,201,981	2,113,379	102,305,733	101,920,685
Increase (decrease) in net position	\$ 12,459,510	\$ 2,054,710	\$ 242,009	\$ 231,877	\$ 12,701,519	\$ 2,286,587

Net Position for Governmental Activities increased \$12,459,510 in 2016-17. This was caused primarily by the higher than anticipated revenues and lower overall expenditures. The Food Service operations for 2016-17 resulted in an increase in net position of \$242,009. Consistent federal and state reimbursements as part of the free and reduced lunch program and expenditures remaining fairly steady contributed to the increase.

**Stroudsburg Area School District
Management's Discussion and Analysis**

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

Table A-3 shows the District's eight largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, and food service along with each program's net cost (total cost less revenues generated by the activity). 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-3
Fiscal Year ended June 30, 2017
Governmental Activities

<u>Functions/Programs</u>	Total Cost of Services		Net Costs of Services	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 60,970,290	\$ 60,903,427	\$ 47,697,252	\$ 49,493,951
Instructional Student Support	6,230,185	6,743,945	5,474,348	6,041,107
Administrative	7,885,423	8,180,652	7,173,206	7,559,984
Operation and Maintenance	9,721,788	9,537,703	8,968,499	8,848,245
Pupil Transportation	4,963,420	4,951,022	3,029,615	3,022,675
Student Activities	1,345,261	1,198,711	1,207,632	1,081,047
Community Services	13,683	10,499	-	-
Interest on Long-Term Debt	5,414,834	5,795,452	(1,503,470)	3,817,056
Unallocated depreciation expense	3,558,868	2,485,895	3,558,868	2,485,895
Total governmental activities	\$ 100,103,752	\$ 99,807,306	\$ 75,605,950	\$ 82,349,960
Less: Unrestricted Grants, Subsidies			16,380,341	15,794,204
Total needs from local taxes and other revenues			\$ 59,225,609	\$ 66,555,756

**Stroudsburg Area School District
Management's Discussion and Analysis**

Table A-4 reflects the activities of the Food Service program, the only Business-type activity of the District.

Table A-4
Fiscal Year ended June 30, 2017

Functions/Programs	Total Cost of Services		Net Costs of Services	
	2017	2016	2017	2016
Food Services	<u>\$ 2,201,981</u>	<u>\$ 2,113,379</u>	\$ 237,909	\$ 228,177
Investment Earnings			2,297	61
Other Revenue			1,803	3,639
Total business-type activities			<u>\$ 242,009</u>	<u>\$ 231,877</u>

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

THE DISTRICT FUNDS

At June 30, 2017, the District's governmental funds reported a combined fund balance of \$25,346,830 which is an increase of \$12,398,580 over 2015-16. The primary reasons for this change are:

General Fund:

Total revenues recorded in the General Fund increased by \$ 9,830,233 or 9.50% during this year. Revenues received from local sources, such as property taxes, continue to account for most of the District's Revenues generating \$72,055,851 or approximately 64.20% of total revenues of which \$ 2,261,761 was an increase from the 2015-16 year. State revenue sources saw an increase of \$ 7,390,169 or 25.50%. This was primarily due to \$ 4,935,654 received for rental and sinking fund payments (Plan Con) greater than 2015-16, a \$ 1,000,000 one-time Educational Access Grant to maintain programs and Basic and Special Educational subsidies higher. Total expenditures recorded in the General Fund for 2016-17 decreased by \$982,636 or .98%. Overall, this year's activities in the General Fund resulted in a increase of \$ 10,712,391 to fund balance. Fund balance at year-end totaled \$22,219,332.

Capital Reserve Fund:

The District established this fund in 2015 for unexpected and proposed capital projects. There were \$5,568 in expenditures for the fiscal year, a \$2,000,000 transfer from the General Fund, and interest earnings of \$5,607. Fund balance at year-end totaled \$2,502,810.

Capital Project:

This was created with funds from the 2014 Bond of \$6,200,000 to complete necessary upgrades throughout the district. Total expenditures for 2016-17 represented \$312,944 for roofing upgrade and technology infrastructure throughout the district. Fund balance at year end totaled \$513,687.

**Stroudsburg Area School District
Management's Discussion and Analysis**

Construction Fund:

The district had issued the bond series 2014 totaling \$6,200,000 in proceeds to complete the High Project School Financing and several other upgrades in the district. Total expenditures recorded in the Construction Fund was \$3,702. Fund balance at the end of the year totaled \$111,001.

General Fund Budget

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, after the close of the fiscal year, which is permissible by state law. Transfers between specific categories of expenditures and financing uses occur during the year. A schedule showing the District's original and final budget amounts compared with amounts actually paid is shown in Table A-5.

Table A-5
Fiscal Year ended June 30, 2017
General Fund Budget Comparison

	16/17 Budget	16/17 Final Budget	16/17 Actual	Variance
1100 Regular Instruction	\$ 45,519,256	\$ 43,394,606	\$ 41,884,464	\$ 1,510,142
1200 Special Education	12,743,201	13,949,751	13,865,015	84,736
1300 Vocational Education	1,477,500	1,492,600	1,490,552	2,048
1400 Other Instruction	778,773	376,323	347,312	29,011
1500 Non-Public	800	7,800	7,737	63
1600 Adult Education	-	-	-	-
1700 Community College	-	-	-	-
1800 Pre-Kindergarten	-	29,400	-	29,400
2100 Pupil Services	2,935,454	3,106,675	3,098,312	8,363
2200 Instructional Staff Services	1,520,390	1,588,690	1,442,258	146,432
2300 Administration	6,179,561	6,205,990	5,993,374	212,616
2400 Pupil Health	1,100,867	1,167,867	1,116,341	51,526
2500 Business Services	744,087	844,087	737,904	106,183
2600 Operation & Maintenance	10,089,980	9,794,580	9,384,929	409,651
2700 Pupil Transportation	4,677,891	4,555,791	4,518,445	37,346
2800 Central & Other Support Svcs	794,391	654,691	632,273	22,418
2900 Other Support Services	36,500	36,500	33,444	3,056
3200 Student Activities	1,390,007	1,452,307	1,257,057	195,250
3300 Community Services	-	14,000	13,683	317
4000 Capital Outlay	-	-	-	-
5100 Debt Service	14,434,750	13,751,750	13,732,865	18,885
5200 Transfers	-	2,000,000	2,000,000	-
5900 Budgetary Reserve	-	-	-	-
Grand Total	\$ 104,423,408	\$ 104,423,408	\$ 101,555,965	\$ 2,867,443

**Stroudsburg Area School District
Management's Discussion and Analysis**

CAPITAL ASSET AND DEBT ADMINISTRATION

Table A-6
Governmental and Business Activities
Capital Assets - Net of Depreciation

	<u>2017</u>	<u>2016</u>
Land and Site Improvements	\$ 5,332,338	\$ 5,686,732
Buildings	109,802,111	49,575,030
Furniture & Equipment	4,994,589	6,239,639
Construction in Progress	313,033	63,656,119
Total	<u>\$ 120,442,071</u>	<u>\$ 125,157,520</u>

CAPITAL ASSETS

At June 30, 2017, the District had \$120,442,071 invested in a broad range of capital assets, including land, buildings, furniture and equipment. Year-end totals for Construction in Progress represent roofing work being completed to district buildings.

DEBT ADMINISTRATION

As of June 30, 2017, total outstanding debt amounted to \$133,743,349.

Table A-7
Outstanding Debt

	<u>2017</u>	<u>2016</u>
General Obligation Bonds:		
- Improvement Series of 1998	\$ 15,203,349	\$ 17,136,583
- Series B of 2009	4,005,000	4,580,000
- Series A of 2011	13,690,000	23,670,000
- Series B of 2011	8,150,000	9,680,000
- Series A of 2012	9,975,000	9,980,000
- Series B of 2012	300,000	9,855,000
- Series of 2013	4,245,000	4,430,000
- Series of 2014	6,185,000	6,190,000
General Obligation Notes:		
- Series of 2008	10,005,000	10,718,000
- Series A of 2010	13,500,000	14,100,000
- Series C of 2011	23,180,000	23,595,000
- Series of 2015	5,940,000	6,465,000
- Series of 2016	9,700,000	
- Series of 2017	9,665,000	-
Total	<u>\$ 133,743,349</u>	<u>\$ 140,399,583</u>

**Stroudsburg Area School District
Management's Discussion and Analysis**

Other obligations include accrued vacation pay and sick leave for specific employees of the District. More detailed information about our long-term liabilities is included in the Notes to Basic Financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The district saw a slight increase in enrollment in 2016-17. The district still owns two vacant buildings and continue to advertise to try to sell these properties. This consolidation continues to save money in overall utilities and maintenance while staff were redirected to other district facilities. The budget for 2017-18 was approved with no change to real estate taxes with the surplus to be used to balance. Pension and healthcare costs are anticipated to continue to rise in the future years. The next several years will continue to be a struggle with the ongoing rise in pension obligations while still trying to maintain a well-rounded education for our students.

Table A-8
BUDGETED REVENUES

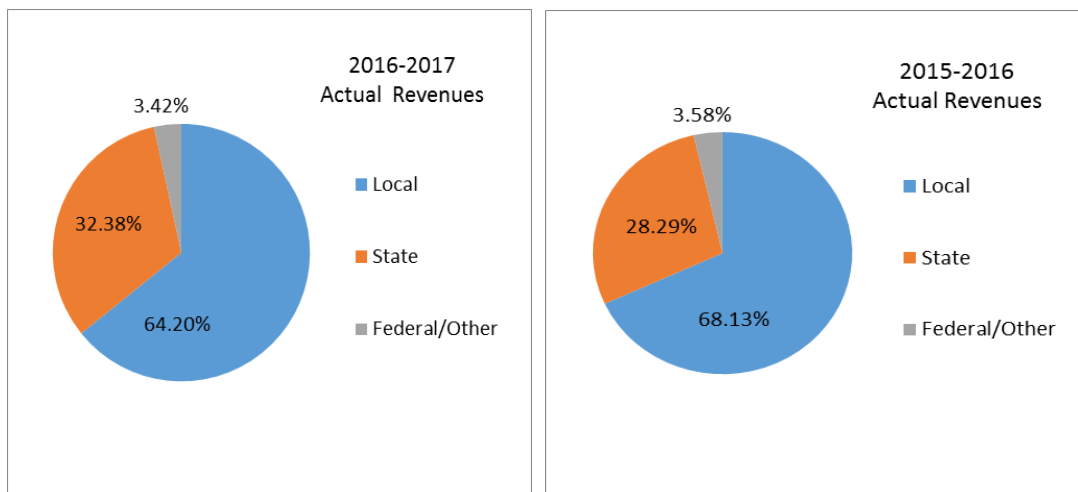
	<u>2016-17</u>	<u>2015-16</u>
Local	\$ 71,201,319	\$ 68,843,277
State	30,077,089	27,723,795
Federal/Other	3,145,000	3,738,985

ACTUAL REVENUES

	<u>2016-17</u>	<u>2015-2016</u>
Local	\$ 72,055,851	\$ 69,704,090
State	36,336,212	28,946,043
Federal/Other	3,840,330	3,662,027

2016-17

2015-16



**Stroudsburg Area School District
Management's Discussion and Analysis**

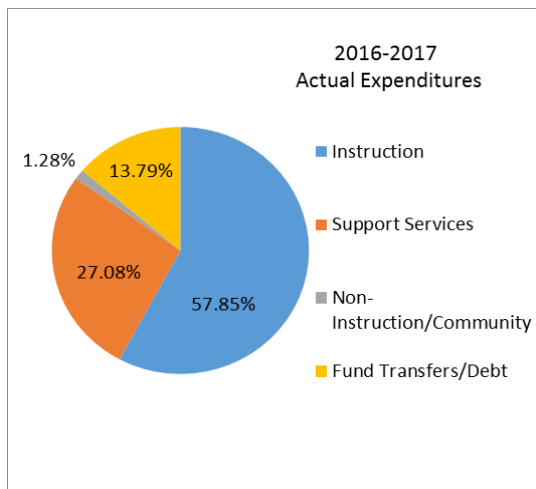
BUDGETED EXPENDITURES

	<u>2016-17</u>	<u>2015-16</u>
Instruction	\$ 60,519,530	\$ 61,863,068
Support Services	28,079,121	29,552,945
Non-Instruction/Community	1,390,007	1,290,155
Fund Transfers/Debt	14,434,750	14,091,454

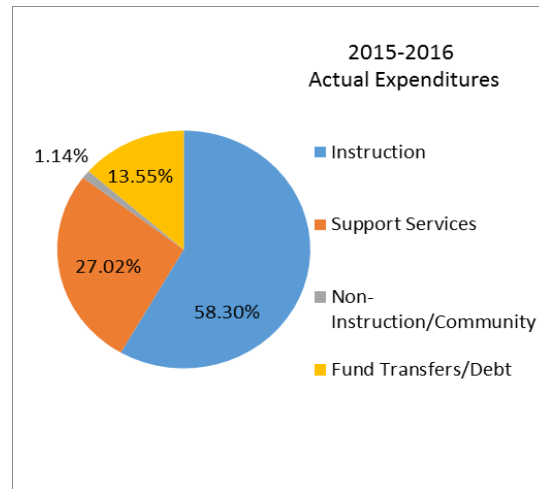
ACTUAL EXPENDITURES

	<u>2016-17</u>	<u>2015-16</u>
Instruction	\$ 57,595,080	\$ 58,611,486
Support Services	26,957,280	27,162,164
Non-Instruction/Community	1,270,740	1,142,645
Fund Transfers/Debt	15,732,865	13,622,306

2016-17



2015-16



CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors 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 Michael Sokoloski, Business Manager/Board Secretary at Stroudsburg Area School District, 123 Linden Street, Stroudsburg, PA 18360, (570) 421-1990.

BASIC FINANCIAL STATEMENTS

Stroudsburg Area School District
Statement of Net Position
As of June 30, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 30,691,872	\$ 1,076,669	\$ 31,768,541
Investments	-	-	-
Receivables, net	6,621,366	-	6,621,366
Internal Balances	-	-	-
Due From Other Governments	3,638,626	87,615	3,726,241
Other Receivables	87,507	-	87,507
Inventories	93,532	37,760	131,292
Prepaid Expenses	-	-	-
Other Current Assets	-	-	-
Total Current Assets	<u>41,132,903</u>	<u>1,202,044</u>	<u>42,334,947</u>
Non-Current Assets			
Restricted Cash and Cash Equivalents	-	-	-
Land	1,262,987	-	1,262,987
Site Improvements (net of depreciation)	4,069,351	-	4,069,351
Building and Bldg. Improvements (net of depreciation)	109,802,111	-	109,802,111
Furniture and Equipment (net of depreciation)	4,446,944	547,645	4,994,589
Library Collections (net of depreciation)	-	-	-
Construction in Progress	313,033	-	313,033
Long-term Receivables	4,990,146	-	4,990,146
Total Non-Current Assets	<u>124,884,572</u>	<u>547,645</u>	<u>125,432,217</u>
Total Assets	<u>\$ 166,017,475</u>	<u>\$ 1,749,689</u>	<u>\$ 167,767,164</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Charges on Refundings	1,367,353	-	1,367,353
Deferred Outflows of Resources - Change in Proportion of NPL	-	-	-
Deferred Outflows of Resources - Current Year Contributions	11,899,884	-	11,899,884
Deferred Outflows of Resources - Change in Assumptions	5,885,000	-	5,885,000
Deferred Outflows of Resources - Diff. between Projected vs Actual Contributions	-	-	-
Deferred Outflows of Resources - Diff. in Projected vs Actual Investment Earnings	9,087,000	-	9,087,000
Deferred Outflows of Resources - Diff. between Expected vs Actual Experience	-	-	-
Deferred Outflows of Resources - Diff. between Proportionate Share vs Actual Pd -POS	27,518	-	27,518
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 194,284,230</u>	<u>\$ 1,749,689</u>	<u>\$ 196,033,919</u>
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ -	\$ -	\$ -
Due to other governments	393,142	-	393,142
Accounts Payable	478,598	150,468	629,066
Current Portion of Long-Term Obligations	10,310,260	-	10,310,260
Accrued Salaries and Benefits	5,776,352	-	5,776,352
Payroll Deductions and Withholdings	3,457,249	-	3,457,249
Prepayments	-	-	-
Judgment Payable	-	-	-
Insurance Claims Payable	-	-	-
Other Current Liabilities	371,051	34,022	405,073
Total Current Liabilities	<u>20,786,652</u>	<u>184,490</u>	<u>20,971,142</u>
Non-Current Liabilities			
Bonds and Notes Payable	123,801,469	-	123,801,469
Long-Term Portion of Compensated Absences	2,788,269	-	2,788,269
Net Defined Contribution Pension Liability	-	-	-
Net Defined Benefit Pension Liability	162,468,462	-	162,468,462
Net OPEB Obligation	5,628,268	-	5,628,268
Total Liabilities	<u>315,473,120</u>	<u>184,490</u>	<u>315,657,610</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Unearned Revenues	3,611	-	3,611
Deferred Inflows of Resources - Change in Proportion of NPL	3,866,000	-	3,866,000
Deferred Inflows of Resources - Change in Assumptions	-	-	-
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	252,256	-	252,256
Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	-	-	-
Deferred Inflows of Resources - Diff. between Expected vs Actual Experience	1,358,000	-	1,358,000
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>320,952,987</u>	<u>184,490</u>	<u>321,137,477</u>
NET POSITION			
Net Investment in Capital Assets	-	547,645	547,645
Restricted For:			
Retirement of Long-Term Debt	-	-	-
Capital Projects	2,502,810	-	2,502,810
Other Restrictions	-	-	-
Unrestricted (deficit)	(129,171,567)	1,017,554	(128,154,013)
TOTAL NET POSITION	<u>(126,668,757)</u>	<u>1,565,199</u>	<u>(125,103,558)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 194,284,230</u>	<u>\$ 1,749,689</u>	<u>\$ 196,033,919</u>

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

Stroudsburg Area School District
Statement of Activities
For the Year Ended June 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 60,970,290	\$ 15,197	\$ 13,257,841	\$ -	\$ (47,697,252)	\$ -	\$ (47,697,252)
Instructional Student Support	6,230,185	-	755,837	-	(5,474,348)	-	(5,474,348)
Admin. & Fin'l Support Services	7,885,423	-	712,217	-	(7,173,206)	-	(7,173,206)
Oper. & Maint. of Plant Svcs.	9,721,788	-	753,289	-	(8,968,499)	-	(8,968,499)
Pupil Transportation	4,963,420	-	1,933,805	-	(3,029,615)	-	(3,029,615)
Student activities	1,345,261	32,452	105,177	-	(1,207,632)	-	(1,207,632)
Community Services	13,683	-	13,683	-	-	-	-
Interest on Long-Term Debt	5,414,834	-	-	6,918,304	1,503,470	-	1,503,470
Unallocated Depreciation Expense	3,558,868	-	-	-	(3,558,868)	-	(3,558,868)
TOTAL GOVERNMENTAL ACTIVITIES	100,103,752	47,649	17,531,849	6,918,304	(75,605,950)	-	(75,605,950)
BUSINESS-TYPE ACTIVITIES:							
Food Services	2,201,981	954,590	1,485,300	-	-	237,909	237,909
Other Enterprise Funds	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ 102,305,733	\$ 1,002,239	\$ 19,017,149	\$ 6,918,304	\$ (75,605,950)	\$ 237,909	\$ (75,368,041)
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 66,965,610	\$ -	\$ 66,965,610
Taxes levied for specific purposes					4,237,770	-	4,237,770
Grants, subsidies, & contributions not restricted					16,380,341	-	16,380,341
Investment Earnings					184,567	2,297	186,864
Miscellaneous Income					317,601	1,803	319,404
Special item - Gain (Loss) on sale of capital assets					(20,429)	-	(20,429)
Extraordinary Items					-	-	-
Transfers					-	-	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					88,065,460	4,100	88,069,560
CHANGES IN NET POSITION					12,459,510	242,009	12,701,519
NET POSITION - BEGINNING					(139,128,267)	1,323,190	(137,805,077)
NET POSITION - ENDING					\$ (126,668,757)	\$ 1,565,199	\$ (125,103,558)

The Accompanying Notes are an integral part of these financial statements.

**Stroudsburg Area School District
Balance Sheet
Governmental Funds
As of June 30, 2017**

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 27,558,806	\$ 3,133,066	\$ -	\$ 30,691,872
Restricted Cash	-	-	-	-
Investments	-	-	-	-
Taxes Receivable, net	6,621,366	-	-	6,621,366
Due from other funds	42,656	-	-	42,656
Due from Other Governments	3,638,626	-	-	3,638,626
Other Receivables	44,852	-	-	44,852
Inventories	-	-	-	-
Prepaid Expenditures	-	-	-	-
Other Current Assets	-	-	-	-
TOTAL ASSETS	\$ 37,906,306	\$ 3,133,066	\$ -	\$ 41,039,372
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charges on Refundings, net	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 37,906,306	\$ 3,133,066	\$ -	\$ 41,039,372
<u>LIABILITIES</u>				
Due to Other Funds	\$ 26,410	\$ -	\$ -	\$ 26,410
Due to Other Governments	393,142	-	-	393,142
Accounts Payable	446,621	5,568	-	452,189
Current Portion of Long-Term Debt	178,260	-	-	178,260
Judgment Payable	-	-	-	-
Accrued Salaries and Benefits	5,776,352	-	-	5,776,352
Payroll Deductions and Withholdings	3,457,249	-	-	3,457,249
Prepayments	-	-	-	-
Other Current Liabilities	-	-	-	-
TOTAL LIABILITIES	10,278,034	5,568	-	10,283,602
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned Revenue from Property Taxes/Grants	5,408,940	-	-	5,408,940
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	15,686,974	5,568	-	15,692,542
<u>FUND BALANCES:</u>				
Nonspendable Fund Balance	-	-	-	-
Restricted Fund Balance	-	3,127,498	-	3,127,498
Committed Fund Balance	2,615,000	-	-	2,615,000
Assigned Fund Balance	1,496,887	-	-	1,496,887
Unassigned Fund Balance	18,107,445	-	-	18,107,445
TOTAL FUND BALANCES	22,219,332	3,127,498	-	25,346,830
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 37,906,306	\$ 3,133,066	\$ -	\$ 41,039,372

The Accompanying Notes are an integral part of these financial statements.

**Stroudsburg Area School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of June 30, 2017**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 25,346,830

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 are not reported as assets in governmental funds. The cost of the assets is \$188,345,937 and the accumulated depreciation is \$68,451,511. 119,894,426

Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting. 4,990,146

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 5,405,329

This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues. 1,367,353

This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension Liability 21,423,146

The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory. 93,532

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

	Bonds payable	\$ (133,933,469)		
	Accrued interest on the bonds	(371,051)		
	Compensated absences	(2,788,269)		
	Net Defined Contribution Pension Obligation	-		
	Net OPEB Obligation	(5,628,268)		
	Net Defined Benefit Pension Liability	(162,468,462)		
	Accounts Payable	-		(305,189,519)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (126,668,757)**

The Accompanying Notes are an integral part of these financial statements.

Stroudsburg Area School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 72,055,851	\$ 8,403	\$ -	\$ 72,064,254
State Sources	36,336,212	-	-	36,336,212
Federal Sources	<u>3,840,330</u>	-	-	<u>3,840,330</u>
TOTAL REVENUES	<u>112,232,393</u>	<u>8,403</u>	<u>-</u>	<u>112,240,796</u>
EXPENDITURES				
Instruction	57,595,080	-	-	57,595,080
Support Services	26,957,280	-	206,954	27,164,234
Operation of Non-Instructional Services	1,270,740	-	-	1,270,740
Capital Outlay	-	322,214	-	322,214
Debt Service	<u>13,732,865</u>	-	<u>13,340</u>	<u>13,746,205</u>
TOTAL EXPENDITURES	<u>99,555,965</u>	<u>322,214</u>	<u>220,294</u>	<u>100,098,473</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>12,676,428</u>	<u>(313,811)</u>	<u>(220,294)</u>	<u>12,142,323</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	-	-
Refunding Bond Proceeds	-	-	19,540,000	19,540,000
Bond Premium	-	-	-	-
Interfund Transfers In	-	2,000,000	-	2,000,000
Sale/Compensation for Fixed Assets	3,750	-	-	3,750
Payment to bond refunding escrow agent	-	-	(19,319,706)	(19,319,706)
Bond Discount	-	-	-	-
Refunds of Prior Year Receipts	-	-	-	-
Operating Transfers Out	<u>(2,000,000)</u>	-	-	<u>(2,000,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,996,250)</u>	<u>2,000,000</u>	<u>220,294</u>	<u>224,044</u>
SPECIAL/EXTRAORDINARY ITEMS				
Special Items	-	-	-	-
Extraordinary Items - Insurance Recoveries	<u>32,213</u>	-	-	<u>32,213</u>
NET CHANGE IN FUND BALANCES	10,712,391	1,686,189	-	12,398,580
FUND BALANCES - BEGINNING	<u>11,506,941</u>	<u>1,441,309</u>	<u>-</u>	<u>12,948,250</u>
FUND BALANCES - ENDING	<u>\$ 22,219,332</u>	<u>\$ 3,127,498</u>	<u>\$ -</u>	<u>\$ 25,346,830</u>

The Accompanying Notes are an integral part of these financial statements.

**Stroudsburg Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2017**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 12,398,580

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense	\$ 5,118,620	
less - capital outlays	<u>376,585</u>	(4,742,035)

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities.

-

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the costs of fixed assets sold.

(24,179)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.

310,683

Repayment of bond and authority lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

9,203,000

In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

(1,052,398)

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING **\$ 16,093,651**

**Stroudsburg Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2017**

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING (CONT'D) **\$ 16,093,651**

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. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here. (871,628)

In the statement of activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available. 931,262

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Refunding bond issues becomes a use of current financial resources in governmental funds, but refundings represent payments of long-term debt in the statement of net position. This figure represents the difference between bond proceeds and refunding payments made to paying agents. (220,294)

The difference between current year pension expense reported on the governmental activities column of the government-wide financial statements and the pension contributions made this past year reported as expenditures in the governmental funds. (3,513,213)

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. 39,732

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 12,459,510**

The Accompanying Notes are an integral part of these financial statements.

Stroudsburg Area School District
Statement of Fund Net Position
Proprietary Funds
As of June 30, 2017

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,076,669	\$ -	\$ 1,076,669
Investments	-	-	-
Due from other funds	-	-	-
Due From Other Governments	87,615	-	87,615
Other Receivables	-	-	-
Inventories	37,760	-	37,760
Prepaid expenses	-	-	-
Other Current Assets	-	-	-
TOTAL CURRENT ASSETS	<u>1,202,044</u>	<u>-</u>	<u>1,202,044</u>
NON-CURRENT ASSETS:			
Building & Bldg. Improvements (net)	-	-	-
Machinery & Equipment (net)	547,645	-	547,645
Other Long-Term Receivables	-	-	-
TOTAL NON-CURRENT ASSETS	<u>547,645</u>	<u>-</u>	<u>547,645</u>
TOTAL ASSETS	<u>\$ 1,749,689</u>	<u>\$ -</u>	<u>\$ 1,749,689</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources - Current Year Contributions	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,749,689</u>	<u>\$ -</u>	<u>\$ 1,749,689</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Due to Other Funds	\$ -	\$ -	\$ -
Due to Other Governments	-	-	-
Accounts Payable	150,468	-	150,468
Current Portion of Long-Term Debt	-	-	-
Accrued Salaries and Benefits	-	-	-
Payroll Deductions and Withholdings	-	-	-
Prepayments from Students	34,022	-	34,022
TOTAL CURRENT LIABILITIES	<u>184,490</u>	<u>-</u>	<u>184,490</u>
NON-CURRENT LIABILITIES:			
Long-Term Portion of Compensated Absences	-	-	-
Net Pension Liability	-	-	-
Net OPEB Obligation	-	-	-
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>184,490</u>	<u>-</u>	<u>184,490</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources - Diff. in Projected vs Actual Investment Earnings	-	-	-
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-
Deferred Inflows of Resources - Change in Proportion of NPL	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>184,490</u>	<u>-</u>	<u>184,490</u>
<u>FUND NET POSITION</u>			
Net Investment in Capital Assets	547,645	-	547,645
Restricted for Legal Purposes	-	-	-
Unrestricted	1,017,554	-	1,017,554
TOTAL FUND NET POSITION	<u>1,565,199</u>	<u>-</u>	<u>1,565,199</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	<u>\$ 1,749,689</u>	<u>\$ -</u>	<u>\$ 1,749,689</u>

The Accompanying Notes are an integral part of these financial statements.

Stroudsburg Area School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Food Service Revenue	\$ 954,590	\$ -	\$ 954,590
Charges for Services	-	-	-
Other Operating Revenues	<u>1,803</u>	<u>-</u>	<u>1,803</u>
TOTAL OPERATING REVENUES	<u>956,393</u>	<u>-</u>	<u>956,393</u>
OPERATING EXPENSES:			
Salaries	-	-	-
Employee benefits	-	-	-
Purchased Professional and Technical Services	-	-	-
Purchased Property Service	12,938	-	12,938
Other Purchased Services	1,905,774	-	1,905,774
Supplies	193,917	-	193,917
Depreciation	55,898	-	55,898
Dues and Fees	3,791	-	3,791
Claims and Judgments	-	-	-
Other Operating Expenses	<u>29,663</u>	<u>-</u>	<u>29,663</u>
TOTAL OPERATING EXPENSES	<u>2,201,981</u>	<u>-</u>	<u>2,201,981</u>
OPERATING INCOME (LOSS)	<u>(1,245,588)</u>	<u>-</u>	<u>(1,245,588)</u>
NON-OPERATING REVENUES (EXPENSES)			
Earnings on investments	2,297	-	2,297
Contributions and Donations	-	-	-
Gain or (Loss) on Sale of Fixed Assets	-	-	-
State Sources	73,988	-	73,988
Federal Sources	1,411,312	-	1,411,312
Claims and Judgments	-	-	-
Interest Expenses	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,487,597</u>	<u>-</u>	<u>1,487,597</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	242,009	-	242,009
Capital contributions	-	-	-
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND NET POSITION	242,009	-	242,009
FUND NET POSITION - BEGINNING	<u>1,323,190</u>	<u>-</u>	<u>1,323,190</u>
FUND NET POSITION - ENDING	<u>\$ 1,565,199</u>	<u>\$ -</u>	<u>\$ 1,565,199</u>

The Accompanying Notes are an integral part of these financial statements.

Stroudsburg Area School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2017

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 956,317	\$ -	\$ 956,317
Cash Received from Assessments made to Other Funds	-	-	-
Cash Received from Earnings on Investments	-	-	-
Cash Received from Other Operating Revenue	1,803	-	1,803
Cash Payments to Employees for Services	-	-	-
Cash Payments for Insurance Claims	-	-	-
Cash Payments to Suppliers for Goods and Services	(1,848,221)	-	(1,848,221)
Cash Payments to Other Operating Expenses	(33,454)	-	(33,454)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(923,555)	-	(923,555)
	-----	-----	-----
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Local Sources	-	-	-
State Sources	70,501	-	70,501
Federal Sources	1,169,606	-	1,169,606
Notes and Loans Received	-	-	-
Interest Paid on Notes/Loans	-	-	-
Operating Transfers In (Out)	-	-	-
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	1,240,107	-	1,240,107
	-----	-----	-----
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Facilities Acquisition/Const./Improvement Svcs.	(106,665)	-	(106,665)
Capital Contributions	-	-	-
Gain/Loss on Sale of Fixed Assets (Proceeds)	-	-	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(106,665)	-	(106,665)
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	2,297	-	2,297
Purchase of Investment Securities/Deposits to Investment Pools	-	-	-
Withdrawals from Investment Pools	-	-	-
Proceeds from Sale and Maturity of Investment Securities	-	-	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	2,297	-	2,297
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	212,184	-	212,184
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	864,485	-	864,485
	-----	-----	-----
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,076,669	\$ -	\$ 1,076,669

Stroudsburg Area School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2017

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
OPERATING INCOME (LOSS)	\$ (1,245,588)	\$ -	\$ (1,245,588)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Depreciation and Net Amortization	55,898	-	55,898
Provision for Uncollectible Accounts	-	-	-
Donated Commodities Used	186,111	-	186,111
CHANGE IN ASSETS AND LIABILITIES:			
(Increase) Decrease in Accounts Receivable	-	-	-
(Increase) Decrease in Advances to Other Funds	-	-	-
(Increase) Decrease in Inventories	2,161	-	2,161
(Increase) Decrease in Prepaid Expenses	-	-	-
(Increase) Decrease in Other Current Assets	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	-	-	-
Increase (Decrease) in Accounts Payable	76,136	-	76,136
Increase (Decrease) in Accrued Salaries and Benefits	-	-	-
Increase (Decrease) in Net Pension Liability	-	-	-
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	-	-	-
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-
Increase (Decrease) in Deferred Inflows of Resources - Change in Proportion of NPL	-	-	-
Increase (Decrease) in Advances from Other Funds	-	-	-
Increase (Decrease) in Prepayments from Students	1,727	-	1,727
TOTAL ADJUSTMENTS	<u>322,033</u>	<u>-</u>	<u>322,033</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (923,555)</u>	<u>\$ -</u>	<u>\$ (923,555)</u>

The Accompanying Notes are an integral part of these financial statements.

**Stroudsburg Area School District
Statement of Net Position
Fiduciary Funds
As of June 30, 2017**

	PRIVATE PURPOSE TRUST	OTHER EMPLOYEE BENEFIT TRUST	AGENCY FUNDS
ASSETS			
Cash and cash equivalents	\$ 84,404	\$ -	\$ 619,826
Investments	122,872	-	-
Due from Other Funds	-	-	26,410
Other Receivables	-	-	979
Prepaid Expenses	-	-	-
Other Current Assets	-	-	-
TOTAL ASSETS	207,276	-	647,215
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings, net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 207,276	\$ -	\$ 647,215
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 1,823
Due to Other Funds	-	-	42,656
Due to Student Clubs	-	-	191,832
Other Current Liabilities	-	-	410,904
TOTAL LIABILITIES	-	-	647,215
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	-	647,215
NET POSITION			
Restricted	207,276	-	-
Unrestricted	-	-	-
TOTAL NET POSITION	\$ 207,276	\$ -	\$ -

The Accompanying Notes are an integral part of these financial statements.

**Stroudsburg Area School District
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017**

	PRIVATE- PURPOSE TRUST FUND	OTHER EMPLOYEE BENEFIT TRUST FUND
ADDITIONS		
Contributions	\$ 6,867	\$ -
Transfers from other funds	-	-
Investment Earnings:		
Interest and Dividends	6,889	-
Net increase (decrease) in fair value of investments	-	-
Less investment expense	-	-
TOTAL ADDITIONS	13,756	-
 DEDUCTIONS		
Administrative Fees	-	-
Payments to Retirees	-	-
Scholarships	16,897	-
TOTAL DEDUCTIONS	16,897	-
 CHANGES IN NET POSITION	(3,141)	-
 NET POSITION - BEGINNING OF YEAR	210,417	-
 NET POSITION - END OF YEAR	\$ 207,276	\$ -

The Accompanying Notes are an integral part of these financial statements.

Stroudsburg Area School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -
General Fund
For the Year Ended June 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>BUDGET TO GAAP DIFFERENCE</u>	<u>ACTUAL AMOUNTS GAAP BASIS</u>
	<u>ORIGINAL</u>	<u>FINAL</u>				
REVENUES						
Local Sources	\$ 71,201,319	\$ 71,201,319	\$ 72,055,851	\$ 854,532	\$ -	\$ 72,055,851
State Sources	30,077,089	30,077,089	36,336,212	6,259,123	-	36,336,212
Federal Sources	3,145,000	3,145,000	3,840,330	695,330	-	3,840,330
TOTAL REVENUES	<u>104,423,408</u>	<u>104,423,408</u>	<u>112,232,393</u>	<u>7,808,985</u>	<u>-</u>	<u>112,232,393</u>
EXPENDITURES						
Regular Instruction	45,519,256	43,394,606	41,884,464	1,510,142	-	41,884,464
Special Programs	12,743,201	13,949,751	13,865,015	84,736	-	13,865,015
Vocational Programs	1,477,500	1,492,600	1,490,552	2,048	-	1,490,552
Other Instructional Programs	778,773	376,323	347,312	29,011	-	347,312
Nonpublic School Programs	800	7,800	7,737	63	-	7,737
Adult Education Programs	-	-	-	-	-	-
Community/Junior College Ed. Programs	-	-	-	-	-	-
Pre-Kindergarten	-	29,400	-	29,400	-	-
Pupil Personnel Services	2,935,454	3,106,675	3,098,312	8,363	-	3,098,312
Instructional Staff Services	1,520,390	1,588,690	1,442,258	146,432	-	1,442,258
Administrative Services	6,179,561	6,205,990	5,993,374	212,616	-	5,993,374
Pupil Health	1,100,867	1,167,867	1,116,341	51,526	-	1,116,341
Business Services	744,087	844,087	737,904	106,183	-	737,904
Operation & Maintenance of Plant Services	10,089,980	9,794,580	9,384,929	409,651	-	9,384,929
Student Transportation Services	4,677,891	4,555,791	4,518,445	37,346	-	4,518,445
Central Support Services	794,391	654,691	632,273	22,418	-	632,273
Other Support Services	36,500	36,500	33,444	3,056	-	33,444
Student Activities	-	248,852	194,011	54,841	-	194,011
School Sponsored Athletics	1,390,007	1,203,455	1,063,046	140,409	-	1,063,046
Community Services	-	14,000	13,683	317	-	13,683
Facilities, Acquisition and Construction	-	-	-	-	-	-
Debt Service	14,434,750	13,751,750	13,732,865	18,885	-	13,732,865
TOTAL EXPENDITURES	<u>104,423,408</u>	<u>102,423,408</u>	<u>99,555,965</u>	<u>2,867,443</u>	<u>-</u>	<u>99,555,965</u>
Excess (deficiency) of revenues over expenditures	-	2,000,000	12,676,428	10,676,428	-	12,676,428
OTHER FINANCING SOURCES (USES)						
Proceeds From Extended Term Financing	-	-	-	-	-	-
Interfund Transfers In	-	-	-	-	-	-
Sale/Compensation for Fixed Assets	-	-	3,750	3,750	-	3,750
Fund Transfers Out	-	(2,000,000)	(2,000,000)	-	-	(2,000,000)
Budgetary Reserve	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(2,000,000)	(1,996,250)	3,750	-	(1,996,250)
Special Items	-	-	-	-	-	-
Extraordinary Items - Insurance Recoveries	-	-	32,213	32,213	-	32,213
NET CHANGE IN FUND BALANCES	-	-	10,712,391	10,712,391	-	10,712,391
FUND BALANCE - JULY 1, 2016	<u>3,136,959</u>	<u>3,136,959</u>	<u>11,506,941</u>	<u>8,369,982</u>	<u>-</u>	<u>11,506,941</u>
FUND BALANCE - JUNE 30, 2017	<u>\$ 3,136,959</u>	<u>\$ 3,136,959</u>	<u>\$ 22,219,332</u>	<u>\$ 19,082,373</u>	<u>\$ -</u>	<u>\$ 22,219,332</u>

The Accompanying Notes are an integral part of these financial statements.

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Note 1 - Description of the School District and Reporting Entity

School District

The Stroudsburg Area School District is located in the Pocono Mountains area of northeastern Pennsylvania. The Borough of Stroudsburg, which is also home of the county seat for Monroe County, is a small town surrounded by many rural communities. Students living in the Borough of Stroudsburg, the Borough of Delaware Water Gap, the Township of Hamilton or the Township of Stroud attend school in the Stroudsburg Area School District. The total district population is currently at approximately 5200 students. Approximately 750 administrative, professional and support staff provide the educational and support services to ensure a positive and comfortable environment for learning.

The Stroudsburg Area School District is a unit established, organized and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II; Act 150, July 8, 1968).

As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as, bodies corporate, with all necessary powers to carry out the provisions of this act." (Article II, Section 211).

Board of School Directors

The public school system of the Commonwealth shall be administered by a board of school directors, to be elected or appointed, as hereinafter provided. At each election of school directors, each qualified voter shall be entitled to cast one vote for each school director to be elected.

The Stroudsburg Area School District is governed by a board of nine School Directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of six and twenty-one years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any schools herein provided, or to pay any school indebtedness which the school district is required to pay, or to pay any indebtedness that may at any time hereafter be created by the school district, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual State appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

Administration

The Superintendent shall be the executive officer of the Board of School Directors and, in that capacity shall administer the School District in conformity with Board policies and the School Laws of Pennsylvania. The Superintendent shall be directly responsible to, and therefore appointed by, the Board of School Directors. The Superintendent shall be responsible for the overall administration, supervision, and operation of the School District.

The Business Manager, recommended by the Superintendent and appointed by the Board of School Directors, shall supervise and coordinate all business aspects of the School District. In this capacity, he or she shall be responsible to insure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Stroudsburg Area School District. The Business Manager is directly responsible to the Superintendent.

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Stroudsburg Area School District, this includes general operations, food service, and student related activities of the School District.

Stroudsburg Area School District is a municipal Corporation governed by an elected nine-member board. As required by accounting principles, generally accepted in the United States of America, these financial statements are to present Stroudsburg Area School District (the primary government) and organizations for which the primary government is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School District in that the School District approved the budget, the issuance of debt, or the levying of taxes. The Stroudsburg Area School District does not have any component units.

Joint Ventures

Monroe Career & Technical Institute

The School District is a participating member of the Monroe Career & Technical Institute (MCTI). The MCTI is run by a joint committee consisting of members from each participating district. The board of directors of each participating district must approve the MCTI's annual operating budget. Each participating district pays a pro-rata share of the MCTI's operating costs based on the number of students attending the MCTI for each District. The District's share of the MCTI's operating costs for 2016-17 was \$1,490,552.

On dissolution of the Monroe Career & Technical Institute, the net position of MCTI will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in MCTI as defined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the MCTI's can be obtained from the MCTI's administrative office at Laurel Lake Drive, Bartonsville, PA 18321.

Jointly Governed Organizations

Colonial Intermediate Unit

The School District is a participating member of the Colonial Intermediate Unit (CIU). The CIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the CIU's annual operating budget. The CIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the CIU. The CIU contracts with participating districts to supply special education services, computer services, and acts as a conduit for certain federal programs.

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

Note 2 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for one business-type activity of the School District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred outflows of resources is recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred inflows of resources is recorded in a particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund

The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Under this definition, the District does not have any special revenue funds.

Capital Projects Fund

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The District has the following Capital Project Funds:

Construction Fund

The Construction Fund is to be used for the acquisition construction, or improvement of capital facilities, including improvements to the high school.

Capital Projects Fund

The Capital Project Fund is to be used for the acquisition, construction, and improvement of capital facilities.

Capital Reserve Fund

This fund was created in accordance with Section 1432 of the Municipal Code. The Municipal Code restricts how the resources are spent within this fund.

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

The School District's major enterprise fund is:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category 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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's trust funds consist of a private purpose trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Revenues - Exchange and Non-Exchange Transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

E. Budgetary Process

An operating budget is adopted prior to the beginning of each 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.

In accordance with Act 1 of 2006, the Board shall annually, but not later than the first business meeting of January, decide the budget option to be used for the following fiscal year. The Board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

Accelerated Budget Process Option

Under this option, a preliminary budget must be prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE and made available for public inspection. The Board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The Board shall annually adopt the final budget by a majority vote of all members of the Board prior to June 30.

Board Resolution Option

Under the Board Resolution Option, the Board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the Board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

prior to adoption of the budget. The Board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The Board shall annually adopt the final budget by a majority vote of all members of the Board by June 30.

Under the Board Resolution Option, the Board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the Board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The Board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The Board shall annually adopt the final budget by a majority vote of all members of the Board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the School Board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Board approving the transfer. 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 effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2016-17 budget transfers.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Changes in Accounting Principles

During the 2016-17 fiscal year the District implemented the following new generally accepted accounting principles:

- GASB Statement No. 74 (*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*), which establishes new reporting requirements about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans.
- GASB Statement No. 77 (*Tax Abatement Disclosures*). The purpose of these disclosures is intended, among other things, to assist the users of these financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services, (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. Financial statement users need information about certain limitations on a government's ability to raise resources, including limitations imposed by tax abatement programs.

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

- GASB Statement No. 78 (Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans). This Statement amends Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer.
- GASB Statement No. 80 (Blending Requirements for Certain Component Units). This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. As such, it amends Statement No. 14. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.
- GASB Statement No. 82 (An amendment of GASB Statements Nos. 67, 68, and 73). This Statement addresses certain issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

H. 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 and additions to/deductions from the Public School Employees' Retirement System's fiduciary net position have been determined on the same basis as they are reported by the Public School Employees' Retirement System. 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.

I. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Investments

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair Value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2017, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

Property taxes that were levied during the current fiscal year, which are not estimated to be received within sixty (60) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.

In the government-wide financial statements, all property taxes levied during the fiscal year are recognized as revenue, net of estimated uncollectible amount.

Inventories

On government-wide financial statements, inventories are presented in the governmental activities and business-type activities columns. A physical inventory taken at June 30, 2017, shows \$93,582 as an asset in the governmental activities column and \$37,760 in the business-type activities column of the government-wide financial statements.

Inventory type items in governmental funds utilize the purchase method; that is, they are charged to expenditures when purchased; therefore, there is no inventory shown on the governmental funds balance sheet.

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, purchased food, and supplies. Inventories on hand at June 30, 2017, consist of:

Purchased Food	\$	4,222
Supplies		19,824
Donated Commodites		13,714
		\$ 37,760

Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

Capital Assets

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

As a result of the prior auditor refusing to turn over capital asset records, the School District contracted with Industrial Appraisal Company, in December 2015, to re-appraise and re-value at estimated historical cost all capital assets of the District. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand (\$5,000) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, certain land improvements, collectibles, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	25 -50 years	25 - 50 years
Furniture and Equipment	5 - 20 years	5 -20 years
Vehicles	8 years	N/A

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refundings are deferred and amortized over the life of the bonds using modification of the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refundings are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

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

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2017, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

Net Position

Net Position represents the difference between assets, deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets component of Net Position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added or deducted from the overall Net Investment in Capital Assets. The restricted component of Net Position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of Net Position is unrestricted.

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

The School District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

Fund Balance Categories

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 7 to the financial statements:

Nonspendable Fund Balance

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

Committed Fund Balance

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action.

This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

Assigned Fund Balance

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the Superintendent and Business manager are responsible to make these assignments.

Unassigned Fund Balance

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. There were no capital contributions this past fiscal year in the proprietary fund.

Note 3 - Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between "fund balance -total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds."

The details of this \$305,189,519 difference are:

Bonds payable	\$ 133,743,349
Less: Issuance discount (to be amortized as interest expense)	(73,397)
Add: Issuance premiums (to be amortized as a contra of interest expense)	263,517
Accrued Interest Payable	371,051
Compensated absences	2,788,269
Net Defined Benefit Pension Liability	162,468,462
Net OPEB Obligation	<u>5,628,268</u>
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	<u>\$ 305,189,519</u>

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.

- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.

- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Explanation of Differences between Governmental Fund Statements and District-Wide Statements

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 66,654,927	\$ 310,683	\$ -	\$ -	\$ 66,965,610
Taxes levied for specific purposes	4,237,770	-	-	-	4,237,770
Interest and investment earnings	184,567	-	-	-	184,567
Miscellaneous	265,314	-	32,213	-	297,527
Contributions and Donations	20,074	-	-	-	20,074
Charges for Services	47,649	-	-	-	47,649
Grants, subsidies & contributions not restricted	16,380,341	-	-	-	16,380,341
Transfers In	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Proceeds from Bond Issues	19,540,000	-	-	(19,540,000)	-
INTERMEDIATE SOURCES:					
Charges for Services	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
STATE SOURCES:					
Operating and Capital grants and contributions	19,955,871	-	-	-	19,955,871
FEDERAL SOURCES:					
Operating and Capital grants and contributions	4,494,282	-	-	-	4,494,282
SPECIAL AND EXTRAORDINARY ITEMS:					
Insurance Recoveries	32,213	-	(32,213)	-	-
Gain or (Loss) on disposal of assets	3,750	-	(24,179)	-	(20,429)
TOTAL REVENUES	131,816,758	310,683	(24,179)	(19,540,000)	112,563,262
EXPENDITURES/EXPENSES					
Instruction	57,595,080	2,645,502	729,708	-	60,970,290
Instructional Student Support	5,656,911	276,340	296,934	-	6,230,185
Admin. & Fin'l Support Services	7,603,948	242,011	39,464	-	7,885,423
Oper. & Maint. Of Plant Svcs.	9,384,929	268,631	68,228	-	9,721,788
Pupil Transportation	4,518,445	123,388	321,587	-	4,963,420
Student activities	1,257,057	38,745	49,459	-	1,345,261
Community Services	13,683	-	-	-	13,683
Capital Outlay	322,214	-	(322,214)	-	-
Debt Service	33,065,911	-	-	(27,651,077)	5,414,834
Transfers Out	-	-	-	-	-
Extraordinary Loss	-	-	-	-	-
Depreciation - unallocated	-	-	3,558,868	-	3,558,868
TOTAL EXPENDITURES/EXPENSES	119,418,178	3,594,617	4,742,034	(27,651,077)	100,103,752
NET CHANGE FOR THE YEAR	\$ 12,398,580	\$ (3,283,934)	\$ (4,766,213)	\$ 8,111,077	\$ 12,459,510

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with finance related legal and contractual provisions

The District has no material violations of finance related legal and contractual provisions.

B. Deficit fund balance or net position of individual funds

No individual fund contains a deficit fund balance or net position at June 30, 2017, except the governmental activities has a deficit of \$126,668,757.

C. Excess of expenditures over appropriations in individual funds

No individual fund, which had a legally adopted budget, had an excess of expenditures over appropriations.

D. Budgetary compliance

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2017. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

Note 5 - Detailed notes on all funds and account groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2017, \$1,844,569 of the District's bank balance of \$2,422,798 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the District's name		<u>1,844,569</u>
TOTAL	\$	<u>1,844,569</u>

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$ 1,844,569
Plus: Insured Amount	578,910
Less: Outstanding Checks	<u>(385,896)</u>
Carrying Amount - Bank balances	2,037,583
Plus: Petty Cash	1,450
Deposits in Investment Pools Considered Cash Equivalents	30,474,201
Deposits in Money Market Mutual Funds Considered Cash Equivalents	-
Less: Certificates of Deposit considered Investment by School Code	<u>(40,463)</u>
Total Cash Per Financial Statements	<u>\$ 32,472,771</u>

Investments

Permitted investments for Stroudsburg Area School District are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

8. 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 and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. 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, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
 - The investment company is rated in the highest category by a nationally recognized rating agency.
11. Savings or demand deposits placed in accordance with the following conditions:
 - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
 - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
 - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
 - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

As of June 30, 2017, the District had the following investments:

<i>Investment</i>	Maturities	Fair Value
PA School District Liquid Asset Fund - MAX		\$ 30,472,515
PA Local Government Investment Trust		1,685
Dreyfuss Research Growth fund - Class Z		49,985
Columbia Short Term Bond Fd - A		32,425
Certificates of Deposit - PNC		40,463
TOTAL		\$ 30,597,073

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Interest Rate Risk

The District does 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

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2017, the District's investment in the PA School District Liquid Asset Fund was rated AAA by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. Of the Fiduciary Fund's Investments, 32.48% were held in Certificates of Deposit with PNC Bank, and 66.16% were held in mutual funds. In the governmental activities column of the government-wide financial statements, investments in Certificate of Deposits amounted to 100%.

Reconciliation to Financial Systems

Total Investments Above	\$ 30,597,073
Less: Deposits in Investment Pool Considered Cash Equivalents	(30,474,201)
Deposits in Money Market Mutual Funds Considered Cash Equivalents	-
Total Investments Per Financial Statements	<u>\$ 122,872</u>

Fair Value Reporting

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; Level 3 inputs are significant unobservable inputs.

The District did not have any recurring fair value investments at June 30, 2017. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost, along with non-negotiable Certificates of Deposit as provided in paragraph 16 of GASB Statement No. 31.

The Fiduciary Activities of the District, specifically the Private Purpose Trust Funds, holds investments that are measured at fair value on a recurring basis. Because investing in these fiduciary funds is not part of the District's operations, the District determines that the disclosures related to these investments only need to be disaggregated by major type. The District chooses a narrative format for the fair value disclosures.

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

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; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2017:

- 3,341.267 shares in Dreyfus Research Growth Fund totaling \$49,985, valued using quoted market prices (Level 1 inputs).
- 3,250.511 shares in Columbia Short Term Bond Fund totaling 32,425, valued using quoted market prices (Level 1 inputs).

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$428,071,530. The tax rate for the year was \$16.33 per \$100 of assessed valuation or 163.30 mills. In accordance with Act 1 of 2006, the District received \$2,661,985 in property tax reduction funds for the 2016-17 fiscal year.

The property tax calendar is:-

August 1	-	Full year tax assessed for current year.
August 1 - September 30	-	Discount period during which a 2% discount is allowed.
October 1 - November 30	-	Face amount of tax is due
December 1 - December 31	-	A 10% penalty is added to all payments.
January 1	-	All unpaid taxes become delinquent and are turned over to the County Tax Claim Bureau for Collection.

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements.

Receivables

Receivables, as of year end, for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Schedule on Receivables for major, nonmajor, and fiduciary funds

	GENERAL FUND	CAPITAL RESERVE FUND	CAPITAL PROJECT FUNDS	FOOD SERVICE FUND	NON- MAJOR FUNDS	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:							
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	6,621,366	-	-	-	-	-	6,621,366
Accounts	44,852	-	-	-	-	979	45,831
Intergovernmental	3,638,626	-	-	87,615	-	-	3,726,241
GROSS RECEIVABLES	10,304,844	-	-	87,615	-	979	10,393,438
Less: Allowance for Uncollectibles	-	-	-	-	-	-	-
NET RECEIVABLES	\$ 10,304,844	\$ -	\$ -	\$ 87,615	\$ -	\$ 979	\$ 10,393,438

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were:

Schedule on Deferred Inflows of Resources - Unavailable and Unearned

	UNAVAILABLE	UNEARNED
Delinquent Property Taxes - General Fund	\$ 5,405,330	\$ -
Grants drawdowns prior to meeting eligibility requirements	-	3,610
TOTAL	\$ 5,405,330	\$ 3,610

Capital Assets

Capital asset balances and activity for the year ending June 30, 2017, were:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 1,262,987	\$ -	\$ -	\$ 1,262,987
Construction in Progress	63,656,119	316,735	(63,659,821)	313,033
Total Capital Assets not being depreciated	<u>64,919,106</u>	<u>316,735</u>	<u>(63,659,821)</u>	<u>1,576,020</u>
Capital Assets being depreciated:				
Library Collections	3,630,722	-	-	3,630,722
Site Improvements	7,334,954	-	-	7,334,954
Buildings and Bldg. Improvements	95,934,186	63,659,821	-	159,594,007
Furniture and Equipment	16,280,446	59,850	(130,062)	16,210,234
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>123,180,308</u>	<u>63,719,671</u>	<u>(130,062)</u>	<u>186,769,917</u>
Less accumulated depreciation for:				
Library Collections	(3,630,722)	-	-	(3,630,722)
Site Improvements	(2,911,209)	(354,394)	-	(3,265,603)
Buildings and Bldg. Improvements	(46,359,156)	(3,432,740)	-	(49,791,896)
Furniture and Equipment	(10,537,686)	(1,331,487)	105,883	(11,763,290)
TOTAL ACCUMULATED DEPRECIATION	<u>(63,438,773)</u>	<u>(5,118,621)</u>	<u>105,883</u>	<u>(68,451,511)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION	<u>59,741,535</u>	<u>58,601,050</u>	<u>(24,179)</u>	<u>118,318,406</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 124,660,641</u>	<u>\$ 58,917,785</u>	<u>\$ (63,684,000)</u>	<u>\$ 119,894,426</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 1,350,620	\$ 106,664	\$ (2,536)	\$ 1,454,748
Less accumulated depreciation	(853,741)	(55,898)	2,536	(907,103)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 496,879</u>	<u>\$ 50,766</u>	<u>\$ -</u>	<u>\$ 547,645</u>

*** DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Regular Instruction	\$ 759,207
Special Instruction	5,281
Vocational Instruction	25,070
Other Instruction	-
Adult Instruction	-
Community College Instruction	-
Pupil Services	10,812
Instructional Staff Svcs.	280,978
Administrative Services	32,108
Health Services	5,147
Business Services	1,676
Operation & Maintenance of Plant Svcs.	62,749
Pupil Transportation	321,586
Central Services	5,680
Other Support Services	-
Student Activities	49,459
Community Services	-
Depreciation - unallocated	<u>3,558,868</u>
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 5,118,621</u>

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

The District disposed of \$130,062 in equipment for governmental activities during the year, with accumulated depreciation of \$105,883, leaving a loss on disposition of \$20,429. The business-type activities disposed of fully depreciated equipment of \$2,536.

Commitments

Encumbrances

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's legally adopted budget.

Long-term construction commitments

The District has the following construction commitments in the Capital Projects Fund:

	<u>CONTRACT AMOUNT</u>	<u>EXPENDED TO 6/30/17</u>	<u>OUTSTANDING COMMITMENTS</u>
Roofing Renovations			
Tremco Weatherproofing Technologies	\$ 703,536	\$ 360,914	\$ 342,622
GRAND TOTAL	<u>\$ 703,536</u>	<u>\$ 360,914</u>	<u>\$ 342,622</u>

Short – term debt

Interfund receivables and payables

The following interfund receivables and payables were in existence on June 30, 2017:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 42,656	\$ 26,410
Enterprise (Food Service) Fund	-	-
Agency (Activity) Fund	17,437	258
Agency (Payroll) Fund	8,973	42,398
Private Purpose Trust Fund	-	-
TOTAL	<u>\$ 69,066</u>	<u>\$ 69,066</u>

Interfund Transfers

The District also made the following interfund transfers during the fiscal year ended June 30, 2017:

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

	TRANSFER IN	TRANSFER OUT
General Fund	\$ -	\$ 2,000,000
Capital Project (2014 Bond) Fund	-	-
Capital Project (Construction) Fund	-	-
Capital Project (Capital Reserve) Fund	2,000,000	-
TOTAL	\$ 2,000,000	\$ 2,000,000

Long-term liabilities

Long-term liability balances and activity for the year ended June 30, 2017, were:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
<i>General Obligation Debt:</i>					
<i>Bonds and notes payable:</i>					
Capital Projects	\$ 140,783,770	\$ 20,652,841	\$ 27,503,142	\$ 133,933,469	\$ 10,132,000
Lease Rental Obligations	-	-	-	-	-
Total general obligation debt	140,783,770	20,652,841	27,503,142	133,933,469	10,132,000
<i>Other liabilities:</i>					
Judgment Payable	-	-	-	-	-
<i>Vested employee benefits:</i>					
Vacation pay	106,778	-	63,458	43,320	43,320
Sick pay	2,976,463	-	53,254	2,923,209	134,940
Net Defined Benefit Pension	145,634,995	16,833,467	-	162,468,462	-
Net OPEB benefits	4,517,426	1,110,842	-	5,628,268	-
Net Defined Contribution Pension	-	-	-	-	-
Total other liabilities	153,235,662	17,944,309	116,712	171,063,259	178,260
TOTAL GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	\$ 294,019,432	\$ 38,597,150	\$ 27,619,854	\$ 304,996,728	\$ 10,310,260
BUSINESS-TYPE ACTIVITIES					
<i>Other liabilities:</i>					
<i>Vested employee benefits</i>					
Vacation pay	\$ -	\$ -	\$ -	\$ -	\$ -
Sick pay	-	-	-	-	-
<i>Other liabilities:</i>					
Net Defined Benefit Pension	-	-	-	-	-
Net Defined Contribution Pension	-	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITY					
LONG-TERM LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by several of the governmental funds and the proprietary (food service) fund.

Total Interest paid and accrued during the year:

GOVERNMENTAL ACTIVITIES	EXPENSE	PAID
General obligation debt	\$ 5,414,834	\$ 4,523,266
Short-term borrowings	-	-
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 5,414,834	\$ 4,523,266

General Obligation Bonds - Series of 1998

On May 1, 1998, the District issued \$10,194,409.55 of the General Obligation Bonds - Improvement Series of 1998. The proceeds of the Improvement Bonds were used (1) to finance improvements, additions and renovations to the Stroudsburg Middle School (2) to finance other capital programs of the School District and (3) to pay the costs of issuing the Improvement Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from October 1, 2013 to April 1, 2023. Interest rates ranging from 5.25% to 5.40% with total interest indebtedness of \$19,125,590.45. The remaining outstanding debt service requirements at June 30, 2017:

FISCAL YEAR	PRINCIPAL
2017-18	\$ 3,000,000
2018-19	3,000,000
2019-20	3,000,000
2020-21	3,000,000
2021-23	6,000,000
TOTAL MATURED PRINCIPAL	\$ 18,000,000
Less: Unamortized Discount	(2,796,651)
TOTAL OUTSTANDING	\$ 15,203,349

General Obligation Notes - Series of 2008

On June 9, 2008, the District issued \$15,000,000 of the General Obligation Notes - Series of 2008. The notes were issued through the Delaware Valley Regional Finance Authority. The proceeds of the Notes were used (1) to pay for construction costs of the High School Project; and, (2) to pay the costs of issuing the Notes. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The notes mature from May 25, 2010 to May 25, 2028. Interest rate is variable and is governed by a qualified interest rate management plan. The remaining outstanding debt service requirements at June 30, 2017 with a projected interest rate of 1.48% (latest rate in June 2017):

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 742,000	\$ 148,031
2018-19	772,000	136,927
2019-20	802,000	125,376
2020-21	835,000	113,373
2021-22	868,000	100,878
2022-27	4,889,000	298,843
2027-28	1,097,000	14,731
SUB-TOTAL	\$ 10,005,000	\$ 938,159
Add: Unamortized Premium	-	
TOTAL OUTSTANDING	\$ 10,005,000	

General Obligation Bonds - Series B of 2009

On February 15, 2009, the District issued \$8,030,000 of the General Obligation Bonds - Series B of 2009. The proceeds of the Bonds were used (1) to currently refund the outstanding General Obligation Bonds, Series of 2002; and, (2) to pay the costs of issuing and insuring the Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from November 1, 2009 to November 1, 2023. Interest rates ranging from 2.50% to 4.15% with total interest indebtedness of \$2,443,510.94. The remaining outstanding debt service requirements at June 30, 2017:

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 590,000	\$ 163,498
2018-19	620,000	133,247
2019-20	655,000	101,372
2020-21	685,000	72,154
2021-22	715,000	45,010
2022-23	740,000	15,355
SUB-TOTAL	\$ 4,005,000	\$ 530,636
Less: Unamortized Discounts	-	
Add: Unamortized Premiums	42,048	
TOTAL OUTSTANDING	\$ 4,047,048	

General Obligation Notes – Series A of 2010

On October 6, 2010, the District issued \$17,000,000 of the General Obligation Notes - Series of 2010, a Qualified School Construction Bond through the State Public School Building Authority. The proceeds of the Notes were used (1) to pay for construction costs of the High School Project; and, (2) to pay the costs of issuing the Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from September 1, 2011 to September 1, 2027. Interest rate is set at 5.0% with total interest indebtedness of \$14,400,417. The remaining outstanding debt service requirements at June 30, 2017:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 605,000	\$ 850,000
2018-19	615,000	850,000
2019-20	620,000	850,000
2020-21	840,000	850,000
2021-22	820,000	850,000
2022-27	6,845,000	4,250,000
2027-28	3,155,000	425,000
SUB TOTAL	\$ 13,500,000	\$ 8,925,000
Add: Unamortized Premium	-	
TOTAL OUTSTANDING	\$ 13,500,000	

General Obligation Bonds - Series A of 2011

On March 29, 2011, the District issued \$30,645,000 of the General Obligation Bonds - Series A of 2011. The proceeds of the Bonds were used (1) to finance various capital projects of the School District; and (2) to pay the costs of issuing the Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from June 1, 2012 to June 1, 2027. Interest rates ranging from 0.84% to 5.25% with total interest indebtedness of \$13,611,295.

On December 19, 2016, the District refunded a portion of the Series A of 2011 (\$8,365,000), with interest rates ranging from 5.0% to 5.25%, with new debt in the amount of \$9,790,000, with a fixed interest rate of 1.82%.

SOURCES

Gross Proceeds of Bonds	\$ 9,790,000
Plus: Accrued Interest	-
Premium	-
Less: Original Issue Discount	-
Underwriter's Discount	-
TOTAL SOURCES	\$ 9,790,000

USES

Escrow Deposit	\$ 9,663,975
Issuance Costs	120,917
Sinking Fund Deposit	5,108
TOTAL USES	\$ 9,790,000

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows	\$ 12,504,700
Cash Flows From New Debt:	
New Debt Service Cash Flow	\$ 11,347,292
Less: Excess Funds Deposited in Sinking Fund	(5,108)
Net Cash Flows From New Debt	11,342,184
Net Difference in Cash Flows	\$ 1,162,516

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows	\$ 10,716,490
Present Value of New Debt Service Cash Flows	\$ 9,669,083
Less: Excess Funds Deposited in Sinking Fund	(5,108)
Total	9,663,975
Economic Gain	\$ 1,052,515

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

The remaining outstanding debt service requirements at June 30, 2017, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 1,700,000	\$ 545,710
2018-19	1,795,000	494,710
2019-20	1,890,000	436,372
2020-21	1,995,000	370,222
2021-22	2,110,000	279,785
2022-27	4,200,000	291,775
SUB TOTAL	\$ 13,690,000	\$ 2,418,574
Add: Unamortized Premium	118,134	
TOTAL OUTSTANDING	\$ 13,808,134	

General Obligation Bonds - Series B of 2011

On October 11, 2011, the District issued \$13,770,000 of the General Obligation Bonds - Series B of 2011. The proceeds of the Bonds were used (1) to advance refund the outstanding General Obligation Bonds, Series A of 2001 of the School District; and, (2) pay the costs of issuing and insuring the Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from April 1, 2012 to April 1, 2022. Interest rates ranging from 1.00% to 4.00% with total interest indebtedness of \$2,630,619. The remaining outstanding debt service requirements at June 30, 2017:

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 1,600,000	\$ 246,045
2018-19	1,650,000	194,545
2019-20	1,690,000	153,295
2020-21	1,730,000	102,595
2021-22	1,480,000	48,100
SUB TOTAL	\$ 8,150,000	\$ 744,580
Add: Unamortized Premium	28,726	
TOTAL OUTSTANDING	\$ 8,178,726	

General Obligation Notes - Series C of 2011

On November 3, 2011, the District issued \$25,665,000 of the General Obligation Notes - Series C of 2011, a Qualified School Construction Bond through the State Public School Building Authority. The proceeds of the Notes were used (1) to pay for construction costs of the High School Project; and, (2) to pay the costs of issuing the Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from September 1, 2012 to September 1, 2029. Interest rate is set at 5.0% with total interest indebtedness of \$23,330,922. The remaining outstanding debt service requirements at June 30, 2017:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 400,000	\$ 1,305,834
2018-19	340,000	1,305,834
2019-20	305,000	1,305,834
2020-21	60,000	1,305,834
2021-22	50,000	1,305,834
2022-27	2,975,000	6,529,170
2027-30	19,050,000	3,264,585
SUB TOTAL	\$ 23,180,000	\$ 16,322,925
Add: Unamortized Premium	-	
TOTAL OUTSTANDING	\$ 23,180,000	

General Obligation Bonds – Series A of 2012

On April 2, 2012, the District issued \$10,000,000 of the General Obligation Bonds - Series A of 2012. The proceeds of the Bonds were used (1) to currently refund a portion of the outstanding General Obligation Bonds - Series of 2006 currently outstanding in the amount of \$9,965,000 of which \$9,690,000 will be refunded; and (2) to pay the costs of issuing the Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from April 1, 2013 to April 1, 2027. Interest rates ranging from 0.55% to 3.00% with total interest indebtedness of \$3,780,820. The remaining outstanding debt service requirements at June 30, 2017:

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 5,000	\$ 277,757
2018-19	5,000	277,683
2019-20	55,000	277,590
2020-21	60,000	276,215
2021-22	60,000	274,715
2022-27	9,790,000	1,008,080
SUB TOTAL	\$ 9,975,000	\$ 2,392,040
Less: Unamortized Discount	(72,579)	
TOTAL OUTSTANDING	\$ 9,902,421	

General Obligation Bonds – Series B of 2012

On April 19, 2012, the District issued \$9,990,000 of the General Obligation Bonds - Series B of 2012. The proceeds of the Bonds were used (1) to currently refund a portion of the outstanding General Obligation Bonds - Series of 2007 currently outstanding in the amount of \$9,965,000 of which \$9,670,000 will be refunded; and (2) to pay the costs of issuing the Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from April 1, 2013 to April 1, 2025. Interest rates ranging from 0.55% to 3.00% with total interest indebtedness of \$3,473,036.

On January 11, 2017, the District refunded a portion of the Series B of 2012 (\$9,525,000), with interest rates ranging from 2.625% to 3.00%, with new debt in the amount of \$9,750,000, with a fixed interest rate of 1.85%.

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

SOURCES

Gross Proceeds of Bonds	\$ 9,750,000
Plus: Accrued Interest	-
Premium	-
Less: Original Issue Discount	-
Underwriter's Discount	-
TOTAL SOURCES	<u>\$ 9,750,000</u>

USES

Escrow Deposit	\$ 9,655,731
Issuance Costs	86,037
Sinking Fund Deposit	8,232
TOTAL USES	<u>\$ 9,750,000</u>

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows	\$ 11,688,974
Cash Flows From New Debt:	
New Debt Service Cash Flow	\$ 11,073,058
Less: Excess Funds Deposited in Sinking Fund	<u>(8,232)</u>
Net Cash Flows From New Debt	<u>11,064,826</u>
Net Difference in Cash Flows	<u>\$ 624,148</u>

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows	\$ 10,230,244
Present Value of New Debt Service Cash Flows	\$ 9,663,963
Less: Excess Funds Deposited in Sinking Fund	<u>(8,232)</u>
Total	<u>9,655,731</u>
Economic Gain	<u>\$ 574,513</u>

The remaining outstanding debt service requirements at June 30, 2017, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 30,000	\$ 7,500
2018-19	30,000	6,900
2019-20	95,000	6,300
2020-21	95,000	3,806
2021-22	<u>50,000</u>	<u>1,312</u>
SUB TOTAL	\$ 300,000	<u>\$ 25,818</u>
Less: Unamortized Discount	<u>(818)</u>	
TOTAL OUTSTANDING	<u>\$ 299,182</u>	

General Obligation Bonds - Series of 2013

On June 25, 2013, the District issued \$4,825,000 of the General Obligation Bonds - Series of 2013. The proceeds of the Bonds were used (1) to finance various capital projects of the School District including energy projects, and (2) to pay the costs of issuing and insuring the Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from February 15, 2014 to February 15, 2034. Interest rates ranging from 0.34% to 4.25% with total interest indebtedness of \$1,859,135. The remaining outstanding debt service requirements at June 30, 2017:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 220,000	\$ 130,680
2018-19	230,000	127,820
2019-20	245,000	124,082
2020-21	260,000	119,183
2021-22	280,000	113,657
2022-27	1,285,000	462,118
2027-32	1,195,000	258,443
2032-34	530,000	34,212
SUB TOTAL	\$ 4,245,000	\$ 1,370,195
Add: Unamortized Premium	46,297	
TOTAL OUTSTANDING	\$ 4,291,297	

General Obligation Bonds - Series of 2014

On August 14, 2014, the District issued \$6,200,000 of the General Obligation Bonds - Series of 2014. The proceeds of the Bonds were used (1) to finance various capital projects of the School District including energy projects, and (2) to pay the costs of issuing and insuring the Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from June 1, 2015 to June 1, 2030. Interest rates ranging from 0.30% to 4.00% with total interest indebtedness of \$3,729,865. The remaining outstanding debt service requirements at June 30, 2017, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 5,000	\$ 236,719
2018-19	5,000	236,650
2019-20	5,000	236,562
2020-21	5,000	236,456
2021-22	5,000	236,338
2022-27	25,000	1,179,250
2027-30	6,135,000	705,525
SUB TOTAL	\$ 6,185,000	\$ 3,067,500
Add: Unamortized Premium	28,312	
TOTAL OUTSTANDING	\$ 6,213,312	

General Obligation Bonds – Series of 2015

On July 14, 2014, the District issued \$6,870,000 of the General Obligation Bonds - Series of 2015. The proceeds of the Bonds were used (1) to refund the School District's General Obligation Bonds, Series of 2010, and (2) to pay the costs of issuance. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from April 1, 2016 to April 1, 2027. Interest rate at 2.35% with total interest indebtedness of \$1,067,002. The remaining outstanding debt service requirements at June 30, 2017, are:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 530,000	\$ 139,590
2018-19	550,000	127,135
2019-20	560,000	114,210
2020-21	570,000	101,050
2021-22	580,000	87,655
2022-27	3,150,000	225,248
TOTAL OUTSTANDING	\$ 5,940,000	\$ 794,888

General Obligation Notes – Series of 2016

On December 19, 2016, the District issued \$9,790,000 of the General Obligation Notes - Series of 2016. The proceeds of the Notes were used (1) to refund a portion of the School District's General Obligation Bonds, Series A of 2011, and (2) to pay the costs of issuance. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from June 1, 2017 to June 1, 2027. Interest rate at 1.820% with total interest indebtedness of \$1,557,292. The remaining outstanding debt service requirements at June 30, 2017, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 150,000	\$ 176,540
2018-19	155,000	173,810
2019-20	155,000	170,989
2020-21	160,000	168,168
2021-22	160,000	165,256
2022-27	8,920,000	622,349
TOTAL OUTSTANDING	\$ 9,700,000	\$ 1,477,112

General Obligation Notes – Series A of 2017

On January 11, 2017, the District issued \$9,750,000 of the General Obligation Notes – Series A of 2017. The proceeds of the Notes were used (1) to refund a portion of the School District's General Obligation Bonds, Series B of 2012, and (2) to pay the costs of issuance. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from April 1, 2017 to April 1, 2025. Interest rate at 1.850% with total interest indebtedness of \$1,323,058. The remaining outstanding debt service requirements at June 30, 2017, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2017-18	\$ 25,000	\$ 178,802
2018-19	25,000	178,340
2019-20	25,000	177,878
2020-21	25,000	177,415
2021-22	385,000	176,952
2022-27	9,180,000	393,588
TOTAL OUTSTANDING	\$ 9,665,000	\$ 1,282,975

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Combined General Long-Term Debt

The combined general long-term debt principal obligations for subsequent years, excluding compensated absences and other post employment benefits, are:

PRINCIPAL REQUIREMENTS

FISCAL YEAR	G.O.B. SERIES OF 1998	G.O.N. SERIES OF 2008	G.O.B. SERIES B OF 2009	G.O.N. SERIES A OF 2010	G.O.B. SERIES A OF 2011	G.O.B. SERIES B OF 2011	G.O.N. SERIES C OF 2011	G.O.B. SERIES A OF 2012	G.O.B. SERIES B OF 2012	G.O.B. SERIES OF 2013	G.O.B. SERIES OF 2014	G.O.N. SERIES OF 2015	G.O.N. SERIES OF 2016	G.O.N. SERIES A OF 2017	TOTAL PRINC. PYMTS
2017-18	\$ 3,000,000	\$ 742,000	\$ 590,000	\$ 605,000	\$ 1,700,000	\$ 1,600,000	\$ 400,000	\$ 5,000	\$ 30,000	\$ 220,000	\$ 5,000	\$ 530,000	\$ 150,000	\$ 25,000	\$ 9,602,000
2018-19	3,000,000	772,000	620,000	615,000	1,795,000	1,650,000	340,000	5,000	30,000	230,000	5,000	550,000	155,000	25,000	9,792,000
2019-20	3,000,000	802,000	655,000	620,000	1,890,000	1,690,000	305,000	55,000	95,000	245,000	5,000	560,000	155,000	25,000	10,102,000
2020-21	3,000,000	835,000	685,000	840,000	1,995,000	1,730,000	60,000	60,000	95,000	260,000	5,000	570,000	160,000	25,000	10,320,000
2021-22	3,000,000	868,000	715,000	820,000	2,110,000	1,480,000	50,000	60,000	50,000	280,000	5,000	580,000	160,000	385,000	10,563,000
2022-27	3,000,000	4,889,000	740,000	6,845,000	4,200,000	-	2,975,000	9,790,000	-	1,285,000	25,000	3,150,000	8,920,000	9,180,000	54,999,000
2027-32	-	1,097,000	-	3,155,000	-	-	19,050,000	-	-	1,195,000	6,135,000	-	-	-	30,632,000
2032-37	-	-	-	-	-	-	-	-	-	530,000	-	-	-	-	530,000
2037-39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	18,000,000	10,005,000	4,005,000	13,500,000	13,690,000	8,150,000	23,180,000	9,975,000	300,000	4,245,000	6,185,000	5,940,000	9,700,000	9,665,000	136,540,000
LESS: UNAMORTIZED DISCOUNT		(2,796,651)													(2,796,651)
LESS: PAYABLE WITHIN ONE YR	<u>3,000,000</u>	<u>742,000</u>	<u>590,000</u>	<u>605,000</u>	<u>1,700,000</u>	<u>1,600,000</u>	<u>400,000</u>	<u>5,000</u>	<u>30,000</u>	<u>220,000</u>	<u>5,000</u>	<u>530,000</u>	<u>150,000</u>	<u>25,000</u>	<u>9,602,000</u>
PRINCIPAL DUE AFTER ONE YR	<u>\$ 12,203,349</u>	<u>\$ 9,263,000</u>	<u>\$ 3,415,000</u>	<u>\$ 12,895,000</u>	<u>\$ 11,990,000</u>	<u>\$ 6,550,000</u>	<u>\$ 22,780,000</u>	<u>\$ 9,970,000</u>	<u>\$ 270,000</u>	<u>\$ 4,025,000</u>	<u>\$ 6,180,000</u>	<u>\$ 5,410,000</u>	<u>\$ 9,550,000</u>	<u>\$ 9,640,000</u>	<u>\$ 124,141,349</u>

PRINCIPAL AND INTEREST REQUIREMENTS

FISCAL YEAR	G.O.B. SERIES OF 1998	G.O.N. SERIES OF 2008	G.O.B. SERIES B OF 2009	G.O.N. SERIES A OF 2010	G.O.B. SERIES A OF 2011	G.O.B. SERIES B OF 2011	G.O.N. SERIES C OF 2011	G.O.B. SERIES A OF 2012	G.O.B. SERIES B OF 2012	G.O.B. SERIES OF 2013	G.O.B. SERIES OF 2014	G.O.N. SERIES OF 2015	G.O.N. SERIES OF 2016	G.O.N. SERIES A OF 2017	TOTAL DEBT SVC. PYMTS
2017-18	\$ 3,000,000	\$ 890,031	\$ 753,498	\$ 1,455,000	\$ 2,245,710	\$ 1,846,045	\$ 1,705,834	\$ 282,757	\$ 37,500	\$ 350,680	\$ 241,719	\$ 669,590	\$ 326,540	\$ 203,802	\$ 14,008,706
2018-19	3,000,000	908,927	753,247	1,465,000	2,289,710	1,844,545	1,645,834	282,683	36,900	357,820	241,650	677,135	328,810	203,340	14,035,601
2019-20	3,000,000	927,376	756,372	1,470,000	2,326,372	1,843,295	1,610,834	332,590	101,300	369,082	241,562	674,210	325,989	202,878	14,181,860
2020-21	3,000,000	948,373	757,154	1,690,000	2,365,222	1,832,595	1,365,834	336,215	98,806	379,183	241,456	671,050	328,168	202,415	14,216,471
2021-22	3,000,000	968,878	760,010	1,670,000	2,389,785	1,528,100	1,355,834	334,715	51,312	393,657	241,338	667,655	325,256	561,952	14,248,492
2022-27	3,000,000	5,187,843	755,355	11,095,000	4,491,775	-	9,504,170	10,798,080	-	1,747,118	1,204,250	3,375,248	9,542,349	9,573,588	70,274,776
2027-32	-	1,111,731	-	3,580,000	-	-	22,314,585	-	-	1,453,443	6,840,525	-	-	-	35,300,284
2032-37	-	-	-	-	-	-	-	-	-	564,212	-	-	-	-	564,212
2037-39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	<u>\$ 18,000,000</u>	<u>\$ 10,943,159</u>	<u>\$ 4,535,636</u>	<u>\$ 22,425,000</u>	<u>\$ 16,108,574</u>	<u>\$ 8,894,580</u>	<u>\$ 39,502,925</u>	<u>\$ 12,367,040</u>	<u>\$ 325,818</u>	<u>\$ 5,615,195</u>	<u>\$ 9,252,500</u>	<u>\$ 6,734,888</u>	<u>\$ 11,177,112</u>	<u>\$ 10,947,975</u>	<u>\$ 176,830,402</u>

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

Derivative Financial Instruments

In 2008, the District entered into a loan agreement with the Delaware Valley Regional Finance Authority ("DeVal") to borrow funds at a variable interest rate. The loan agreement qualifies as, and is designated as, a cash flow hedge. Below is a discussion of the risk factors that pertain to (i) the 2008 Note, the Loan Agreement, and the DeVal Swap Agreement and (ii) the other outstanding debt obligations, and any related interest rate management agreements, of the District.

Interest Rate Risk

The interest payments due from the District, under the terms of the Loan Agreement and the Participant Note, are calculated by the DeVal Program Administrator.

The District has opted under the loan agreement to pay a variable rate of interest, based upon the Securities Industry and Financial Markets Association Municipal swap Index (the "Municipal Way Index"), which adjusts weekly. The maximum rate of interest will be 15%. Under the terms of the Loan Agreement, the District has the right to convert, at any time, all or a portion of the 2008 Note to a fixed interest rate or to pay off the outstanding principal balance in full for any period up to the maturity date. After the issuance of the 2008 Note and the authorized notes, approximately 7.5% of the District's estimated interest payments, including interest rate swap payments will be variable rate.

Termination Risk

The District is obligated to pay any termination payment (the "termination charge") associated with the termination of the portion of the DeVal Swap Agreement allocable to the 2008 Note. The DeVal Swap Agreement allocable to the 2008 Note may be terminated with the mutual consent, as applicable, of the District, DeVal, MLCS, Citibank, FSA, and Ambac. A termination could also be triggered in the event of (i) a payment default by the District under the Loan Agreement, (ii) a payment default by DeVal, MLDCS, Citibank, FSA, or Ambac under the DeVal Swap Agreement, (iii) the occurrence of events that may precipitate a payment default by the District, DeVal, MLCS, Citibank, FSA, or Ambac, or (iv) the downgrading of the claims paying ratings of FSA or Ambac or the downgrading of the long term, unsecured, senior debt ratings of Merrill Lynch, Citibank or DeVal.

In all instances of termination, except a payment default by the District on a portion of the 2008 Note that had been converted to a fixed rate, DeVal would seek to replace the terminated portion of the DeVal Swap Agreement with a new interest rate swap agreement on similar terms and conditions. The market value of the terminated portion of the DeVal Swap Agreement and the market value of the replacement interest rate swap agreement if the swap market is not functioning normally or if DeVal does not have access to the swap market.

Compensated Absences

Sick-Pay

Under the District's various bargaining agreements and plans, professional and eligible support personnel accumulate unused sick days from year to year based on their classification. These accumulated sick days are vesting during the employee's tenure. Upon retirement, the following groups of employees are also eligible for remuneration for unused sick days under the following bargaining agreements:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

- | | |
|--|------------------------|
| 1. Administrative Plan Members | - \$145 per day |
| 2. Superintendent/Asst. Superintendent | - \$145 /\$120 per day |
| 3. Support Staff | - \$ 65 per day |

The District maintains records of each employee's accumulated sick days and years of service that are vested with employees who are eligible to retire. In accordance with GASB Statement No. 16, \$134,940 including FICA tax (net of reimbursement), which will use currently available financial resources, has been recorded in the General Fund for governmental employees, and as a current liability in the governmental activities column of the government-wide statement of net position. The remaining sick leave termination benefit of \$2,788,269, including FICA tax (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

Vacation Leave

Unused vacation leave is paid upon an employee's termination. The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement No. 16, the portion of vacation pay earned at June 30, 2017, that will use currently available financial resources is \$43,320, including FICA tax and retirement contributions (net of reimbursement), which has been recorded in the General Fund and as a current liability in the governmental activities column of the government-wide statement of net position. The remaining vacation pay earned at June 30, 2017, of \$-0-, including FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

Defined Benefit Pension Plans

The Government Accounting Standards Board (GASB) requires that state and local governmental employers disclose in their notes to financial statements, certain information about the public employee retirement systems to which they contribute.

General Information about the Pension Plan

Plan Description

The Public School Employees' Retirement System (PSERS) 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.state.pa.us.

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits 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 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

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

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 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, contributed at 5.25 percent (Membership Class T-C) or at 6.50 percent (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 percent (Membership Class T-C) or at 7.50 percent (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 percent (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

.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 contributes at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and 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 school districts' contractually required contribution rate for fiscal year ended June 30, 2017 was 29.2% 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 pension plan from the District were \$11,899,884 for the year ended June 30, 2017.

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

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

At June 30, 2017, the District reported a liability of \$162,468,462 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, with rolling forward the System's total pension liability as of June 30, 2016. 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, 2016, the District's proportion was 0.3290 percent, which was a decrease of 0.0081 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$15,418,318. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual		
Paid Separately Finance Liabilities	\$ 27,518	\$ -
Changes in Assumptions	5,885,000	-
Net difference between projected and actual contributions made	-	252,256
Net difference between projected and actual earnings on pension plan investments	9,087,000	
Difference between expected and actual experience	-	1,358,000
Changes in proportion of the Net Pension Liability	-	3,866,000
District contributions subsequent to the measurement date	11,899,884	-
Total	<u>\$ 26,899,402</u>	<u>\$ 5,476,256</u>

\$11,899,884 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 ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2017	\$ 1,582,000
2018	1,503,318
2019	3,789,318
2020	2,669,968
2021	(21,342)
Thereafter	-
Total	<u>\$ 9,523,262</u>

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Actuarial assumptions

The total pension liability as of June 30, 2016, was determined by rolling forward the System's total pension liability as of June 30, 2015 to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary increases – Effective average of 5.00%, which reflects an allowance for 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 Combined Healthy Annuitant Tables (male and female) adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants 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 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	22.5%	5.3%
Fixed Income	28.5%	2.1%
Commodities	8.0%	2.5%
Absolute return	10.0%	3.3%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	5.0%	4.8%
Real estate	12.0%	4.0%
Alternative investments	15.0%	6.6%
Cash	3.0%	0.2%
Financing (LIBOR)	-14.0%	0.5%
	100%	

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017**

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2016.

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 rate, using the net pension liability reported by PSERS before adjusting for differences on projected vs contributions made.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 199,444,000	\$ 163,042,000	\$ 132,453,000

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Public School Employees' Retirement System's *Comprehensive Annual Financial Report (CAFR)* that includes financial statements and required supplementary information for the plan, which can be found at www.psers.state.pa.us.

Other Post Employee Benefits

Plan Description. Stroudsburg Area School District had the following single-employer defined benefit plan.

1. In accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until age 65. This benefit has an implicit rate subsidy based upon GASB Statement No. 45, since the retiree pays the premium at the insurance carrier's global rate charged to the School District versus an age-adjusted rate, as defined in the GASB Statement.

The following is a summary of the plan provisions:

**Stroudsburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Summary of Plan Provisions

Group	Eligibility	Coverage And Premium Sharing	Duration
<u>I. Professional Administrators</u>	Must be available for PSERS Retirement	<ul style="list-style-type: none"> ● Coverage: Medical and Prescription Drug. ● Premium Sharing: Upon retirement, if member has at least 30 years of PSERS service with at least 15 years of District Service, Member can choose between two options: ● Option A: District creates a pool of money equal to 40% of member's final salary, which must be used for premiums. Pool of money can be used to pay for the premium due to coverage of member, spouse and/or eligible dependents. If pool of money runs out prior to member reaching Medicare age, member can continue coverage by paying the full premium. ● Option B: District pays full premium for single coverage for the member only. Member must pay for any additional premiums due to spouse and/or eligible dependents. ● If member does not have at least 30 years of PSERS service with at least 15 years of District Service, then member can only elect Option A described above. ● Dependents: Spouse and Family included. Upon the death of a retiree who elected Option A, the spouse and any eligible dependents are able to continue Medical and Prescription Drug until the pool of money runs out. 	<ul style="list-style-type: none"> ● Coverage for member continues until member reaches Medicare age. ● Coverage for spouse continues until earlier of: ● I) spouse reaches Medicare age, or ● ii) later of member reaches Medicare age or pool of money runs out.
<u>II. Non-Professional Administrators and Teachers</u>	Act 110/43	<ul style="list-style-type: none"> ● Coverage: Medical and Prescription Drug ● Premium Sharing: If member has at least 30 years of PSERS service with at least 15 years of District Service, District pays full premium for single coverage for member only. Member must pay any additional premiums due to coverage of a spouse and/or any eligible dependents. ● If the member does not meet the requirements for the District subsidy but requirements are met for the Act 110/43 benefit, the member and spouse may continue coverage by paying the full premium as determined by COBRA. ● Dependents: Spouse and Family Included 	<ul style="list-style-type: none"> ● Coverage for member continues until member reaches Medicare age. ● Coverage for spouse continues until earlier of spouse reaches Medicare age or member reaches Medicare age.

**Stroudsburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Summary of Plan Provisions			
Group	Eligibility	Coverage And Premium Sharing	Duration
iii. <u>Support Staff</u>	Act 110/43	<ul style="list-style-type: none"> ● Coverage: Medical and Prescription Drug ● Premium Sharing: If a member retires under PSERS superannuation, District pays 7% for each year of District Service of the premium for the single coverage for the member only. Member must pay the remainder of the premium for single coverage plus any additional premiums due to coverage of a spouse and/or any eligible dependents. ● If the member does not meet the requirements for the District subsidy but requirements are met for the Act 110/43 benefit, the member and spouse may continue coverage by paying the full premium as determined for the purpose of COBRA. ● Dependents: Spouse and Family included 	Same as II

Notes: **Act 110/43 Eligibility:** All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Superannuation Retirement

- 1) For Individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS retirement if he (or she) is eligible for either: 1) PSERS early retirement while under 62 with 5 years of PSERS service or 2) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year or 35 years of PSERS service regardless of age.
- 2) For Individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement if he (or she) is eligible for either: 1) PSERS early retirement while under 65 with 10 years of PSERS service or 2) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.
- 3) All individuals are eligible for a special retirement upon reaching age 55 with 25 years of PSERS service.

**Stroudsburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2017**

Funding Policy and Annual OPEB Cost. The District's annual other post-employment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost, each year, and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's annual OPEB cost for the current year and the related information is as follows:

Contribution Rates:		OPEB Benefit Actuarially Determined
Interest Rate		4.5%
Plan Members		767
Annual Required Contribution	\$	1,839,894
Interest on net OPEB obligation		203,284
Adjustment to annual required contribution		<u>(277,332)</u>
Annual OPEB cost		1,765,846
Contributions made		<u>(655,004)</u>
Decrease in net OPEB obligation		1,110,842
Net OPEB obligation - beginning of year		4,517,426
Net OPEB obligation - end of year	\$	<u>5,628,268</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the three fiscal years ending June 30th, for the benefits were as follows:

Year ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 1,765,846	37.1%	\$ 5,628,268
6/30/2016	1,784,811	35.2%	4,517,426
6/30/2015	1,559,936	45.8%	3,360,484
6/30/2014	1,574,508	43.5%	2,515,047
6/30/2013	1,601,162	42.7%	1,626,053

Funding Status and Funding Process. The funded status of the benefits as of June 30, 2017, was as follows:

**Stroudsburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2017**

	OPEB Healthcare Benefit	OPEB Healthcare Benefit
	<u>Governmental Activity</u>	<u>Business-Type Activity</u>
Actuarial accrued liability (a)	\$ 16,011,968	\$ -
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability (a) - (b)	<u>\$ 16,011,968</u>	<u>\$ -</u>
Funded Ratio (b) / (a)	0.0%	0.0%
Covered payroll	\$ 39,382,333	\$ -
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll.	40.7%	0.0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations, and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan Net Position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	OPEB Healthcare Benefit
Actuarial Valuation Date	7/1/2015
Actuarial Cost Method	Entry Age Normal Level dollar method over a 21 year period
Amortization Method	21 years
Remaining amortization period	pay as you go basis
Asset Valuation Method	
Actuarial Assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.75% to 6.25%
Healthcare inflation rate	
2016	5.5%
2017 +	5.5% to 3.8%

Stroudsburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2017

Self Insurance – Health Care

The Stroudsburg Area School District is a member of the Employee Benefit Trust of Eastern Pennsylvania which provides hospitalization, medical, dental, and prescription drug benefits to District employees. The Trust manages a schedule of benefits as determined by its respective members, ensures the Trust is adequately funded, reviews claim administration and obtains excess catastrophic insurance.

The Trust has appointed NCAS Pennsylvania to provide the administrative services for the Trust. NCAS Pennsylvania is a Pennsylvania Corporation with insurance and consulting experience in administration of health and welfare plans. The Trust has entered into an agreement with the Pennsylvania Trust to provide stop loss insurance coverage beginning at \$130,000 for School District members of the Trust and \$65,000 for the MCTI, thus maintaining the financial security of the Trust.

Based upon an estimate provided by the Trust, the District has recorded a long-term receivable of \$4,990,146 in the government activities column of the government-wide statement of net position, for excess deposits on June 30, 2017.

Note 6 - Risk Management

The District is subject to risk of loss from employee acts, property damage, personal injury auto accidents, theft, and etc. The District covers those risks through the purchase of commercial insurance. The District's worker's compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance company. Any settlements received or paid by the District are recorded as revenue or expenditures (expenses) in the subsequent year.

Note 7 - Fund Balance Allocations

Restricted Fund Balance

The two Capital Project Funds have restrictions on the use of the resources at year end. The Capital Reserve Fund's \$2,502,810 fund balance at year end is restricted because of enabling legislation under the Municipal Code in Pennsylvania. Section 1432 of this Code restricts the use of resources for limited purposes.

In addition, the debt covenants on the prior General Obligation Bond issues, restricts the proceeds shown in the Construction Funds for the purposes outlined in the Note/Bond resolutions. As such, the \$624,688 in fund balance at year end within this fund is considered restricted.

Committed Fund Balance

The School Board has committed \$1,000,000 for future retirement rate increases, \$540,000 for the Cyber Education Program, \$75,000 for band uniforms, and \$1,000,000 for future technology needs.

Assigned Fund Balance

The District has assigned \$1,496,887 of fund balance to balance the 2017-18 general fund budget.

Note 8 – Restricted Net Position

Net Investment in Capital Assets

The components of this restriction are total capital assets of \$119,894,426, unspent proceeds of \$624,688 with related debt of \$132,566,116, which includes unamortized bond discounts, premiums,

Stroudsburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2017

and deferred refunding charges. Since the sum is negative, no restriction is shown. Restricted for Capital Projects is \$2,502,810. The business-type activities column reflects \$547,645 invested in capital assets with no related debt.

Note 9 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2017.

Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Note 10 – New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following standards, which have not yet been implemented:

- *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* – This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.
- *Statement No. 81, Irrevocable Split-Interest Agreements* – The purpose of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement, at present, will not apply to this government.
- *Statement No. 83, Certain Asset Retirement Obligations* – This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.
- *Statement No. 84, Fiduciary Activities* – This Statement is designed to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

**Stroudsburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2017**

- Statement No. 85, *Omnibus 2017* – The objective of this Statement is to address practice issues that have been identified during implementation and application of certain previous GASB Statements. This Statement addresses a variety of topics related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.
- Statement No. 86, *Certain Debt Extinguishment Issues* – The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt – and placed in an irrevocable trust for the sole purpose of extinguishing debt.
- Statement No. 87, *Leases* – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Note 11 – Subsequent Events

General Obligation Bonds – Series of 2018

On November 15, 2017, the District approved a Resolution for the issuance of General Obligation Bonds in or around 2018. Proceeds of the Bonds will be used to refund the eligible portions of the District's General Obligation Notes – Series B of 2009, Series of 2013, and Series of 2014. The principal of the Series of 2018 Bonds is not to exceed \$18,215,000 in aggregate.

REQUIRED SUPPLEMENTAL INFORMATION

**Stroudsburg Area School District
Schedule of Funding Progress - OPEB
For the Fiscal Year Ended June 30, 2017**

State mandated healthcare benefit						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Unit Credit (b)	Unfunded AAL (UALL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2015	\$ -	\$ 16,011,968	\$ 16,011,968	0.0%	\$ 39,382,333	40.66%
7/1/2013	-	13,720,096	13,720,096	0.0%	40,212,503	34.12%
7/1/2009	-	9,314,799	9,314,799	0.0%	41,028,588	22.70%

**STROUDSBURG SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.3290%	0.3371%	0.3416%
District's proportionate share of the net pension liability (asset)	\$ 163,042,000	\$ 146,016,000	\$ 135,208,000
District's covered employee payroll	40,753,027	42,323,308	43,097,584
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	25.00%	28.99%	31.88%
Plan fiduciary net position as a percentage of the total pension liability	50.14%	54.36%	57.24%

STROUDSBURG SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2017

	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Contractually required contribution	\$ 11,899,884	\$ 10,580,827	\$ 8,835,005	\$ 5,797,108	\$ 4,114,091	\$ 2,777,009	\$ 1,249,284	\$ 2,304,560	\$ 2,128,031	\$ 2,232,515
Contributions in relation to the contractually required contribution	<u>11,899,884</u>	<u>10,580,827</u>	<u>8,835,005</u>	<u>5,797,108</u>	<u>4,114,091</u>	<u>2,777,009</u>	<u>1,249,284</u>	<u>2,304,560</u>	<u>2,128,031</u>	<u>2,232,515</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 40,753,027	\$ 42,323,308	\$ 43,097,584	\$ 36,231,925	\$ 35,774,704	\$ 34,712,608	\$ 24,985,676	\$ 57,614,008	\$ 53,200,782	\$ 34,666,389
Contributions as a percentage of covered employee payroll	29.20%	25.00%	20.50%	16.00%	11.50%	8.00%	5.00%	4.00%	4.00%	6.44%

Stroudsburg Area School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017

Public School Employees' Retirement System

Changes of benefit terms

None

Changes in assumptions

- The Investment Rate of Return was adjusted from 7.50% to 7.25%
- The inflation assumption was decreased from 3.0% to 2.75%
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.5%, to an 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 modified from the RP-2000 Combined healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

Methods and assumptions used in calculations of actuarially determined contributions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 7.25%, includes inflation at 2.75%.
- Salary increases – Effective average of 5.0%, which reflects an allowance for inflation of 2.75%, and 2.25% for real wage growth and merit or seniority increases.
- Benefit payments – no postretirement benefit increases assumed in the future.
- Multiple decrement tables – mortality, vesting, retirement age, and withdrawal estimates are based upon tables provided by the actuary.

Proportionate Share of the Net Pension Liability

The amount reported as the District's proportionate share of the net pension liability (asset) does not include the adjustment for the difference between projected vs actual contributions made.

S U P P L E M E N T A L I N F O R M A T I O N S E C T I O N

Stroudsburg Area School District
Combining Balance Sheet
All Capital Project Funds
For the Year Ended June 30, 2017

	CAPITAL RESERVE FUND	CAPITAL PROJECTS FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,508,378	\$ 513,687	\$ 111,001	\$ 3,133,066
Investments	-	-	-	-
Other Receivables	-	-	-	-
Due from other funds	-	-	-	-
Receivables from other governments	-	-	-	-
Prepaid Expenditures	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 2,508,378	\$ 513,687	\$ 111,001	\$ 3,133,066
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charges on Refundings, net	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 2,508,378	\$ 513,687	\$ 111,001	\$ 3,133,066
<u>LIABILITIES</u>				
Accounts Payable	\$ 5,568	\$ -	\$ -	\$ 5,568
Due to other funds	-	-	-	-
Interest Payable	-	-	-	-
Payable to other governments	-	-	-	-
Prepayments	-	-	-	-
TOTAL LIABILITIES	5,568	-	-	5,568
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned/Unavailable Revenue	-	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	5,568	-	-	5,568
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	2,502,810	513,687	111,001	3,127,498
Committed	-	-	-	-
Assigned	-	-	-	-
TOTAL FUND BALANCES	2,502,810	513,687	111,001	3,127,498
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	\$ 2,508,378	\$ 513,687	\$ 111,001	\$ 3,133,066

Stroudsburg Area School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Project Funds
For the Year Ended June 30, 2017

	CAPITAL RESERVE FUND	CAPITAL PROJECTS FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
REVENUES				
Local Sources	\$ 5,607	\$ 2,344	\$ 452	\$ 8,403
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	<u>5,607</u>	<u>2,344</u>	<u>452</u>	<u>8,403</u>
EXPENDITURES				
Instruction	-	-	-	-
Support Services	-	-	-	-
Operation of Non-Instructional Services	-	-	-	-
Capital Outlay	5,568	312,944	3,702	322,214
Debt Service	-	-	-	-
TOTAL EXPENDITURES	<u>5,568</u>	<u>312,944</u>	<u>3,702</u>	<u>322,214</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>39</u>	<u>(310,600)</u>	<u>(3,250)</u>	<u>(313,811)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term capital-related debt	-	-	-	-
Proceeds from Refunding Bond Issues	-	-	-	-
Bond Premium	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Bond Discount	-	-	-	-
Sale/Compensation for Fixed Assets	-	-	-	-
Transfers in	2,000,000	-	-	2,000,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
NET CHANGE IN FUND BALANCES	2,000,039	(310,600)	(3,250)	1,686,189
FUND BALANCES - BEGINNING	<u>502,771</u>	<u>824,287</u>	<u>114,251</u>	<u>1,441,309</u>
FUND BALANCES - ENDING	<u>\$ 2,502,810</u>	<u>\$ 513,687</u>	<u>\$ 111,001</u>	<u>\$ 3,127,498</u>

Stroudsburg Area School District
Combining Balance Sheet
All Non-Major Governmental Funds
For the Year Ended June 30, 2017

	<u>2016</u> <u>BOND</u> <u>FUND</u>	<u>2017A</u> <u>BOND</u> <u>FUND</u>	<u>TOTAL</u> <u>NONMAJOR</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Other Receivables	-	-	-
Due from other funds	-	-	-
Receivables from other governments	-	-	-
Prepaid Expenditures	-	-	-
Inventories	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ -
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charges on Refundings, net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -
<u>LIABILITIES</u>			
Accounts Payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Interest Payable	-	-	-
Payable to other governments	-	-	-
Prepayments	-	-	-
TOTAL LIABILITIES	-	-	-
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned/Unavailable Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	-	-
FUND BALANCES:			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
TOTAL FUND BALANCES	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	\$ -	\$ -	\$ -

Stroudsburg Area School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Non-Major Governmental Funds
For the Year Ended June 30, 2017

	2016 BOND FUND	2017A BOND FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Local Sources	\$ -	\$ -	\$ -
State Sources	-	-	-
Federal Sources	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Instruction	-	-	-
Support Services	120,917	86,037	206,954
Operation of Non-Instructional Services	-	-	-
Capital Outlay	-	-	-
Debt Service	5,108	8,232	13,340
TOTAL EXPENDITURES	<u>126,025</u>	<u>94,269</u>	<u>220,294</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(126,025)</u>	<u>(94,269)</u>	<u>(220,294)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of long-term capital-related debt	-	-	-
Proceeds from Refunding Bond Issues	9,790,000	9,750,000	19,540,000
Bond Premium	-	-	-
Payment to bond refunding escrow agent	9,663,975	9,655,731	19,319,706
Bond Discount	-	-	-
Sale/Compensation for Fixed Assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>126,025</u>	<u>94,269</u>	<u>220,294</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Stroudsburg Area School District
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2017

	ALUMNUS CLASS OF 1954 AWARD	CECILIA COHEN AWARD	SAMUEL DREHER AWARD	MICHAEL HUCORNE AWARD	CASSIE KAMMERER AWARD	EDITH LUKENS AWARD	BRUCE MACINTIRE AWARD	VERNA MAYNARD AWARD	RUSSELL MERVINE AWARD	GENERAL SCHOLAR. AWARD	SM SCHOONOVER AWARD	M & R SERFASS AWARD
ASSETS & DEFERRED OUTFLOWS OF RESOURCES												
Cash	\$ -	\$ 14	\$ -	\$ -	\$ 5,713	\$ -	\$ -	\$ -	\$ -	\$ 1,685	\$ 41,212	\$ -
Investments	49,985	-	10,153	183	-	46	4,883	2,371	21,224	-	-	32,425
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 49,985	\$ 14	\$ 10,153	\$ 183	\$ 5,713	\$ 46	\$ 4,883	\$ 2,371	\$ 21,224	\$ 1,685	\$ 41,212	\$ 32,425
LIABILITIES & DEFERRED INFLOWS OF RESOURCES												
Accounts Payable	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	-
NET POSITION												
Held in Trust for future recipients	\$ 49,985	\$ 14	\$ 10,153	\$ 183	\$ 5,713	\$ 46	\$ 4,883	\$ 2,371	\$ 21,224	\$ 1,685	\$ 41,212	\$ 32,425

Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2017

	ALUMNUS CLASS OF 1954 AWARD	CECILIA COHEN AWARD	SAMUEL DREHER AWARD	MICHAEL HUCORNE AWARD	CASSIE KAMMERER AWARD	EDITH LUKENS AWARD	BRUCE MACINTIRE AWARD	VERNA MAYNARD AWARD	RUSSELL MERVINE AWARD	GENERAL SCHOLAR. AWARD	SM SCHOONOVER AWARD	M & R SERFASS AWARD
ADDITIONS:												
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from Other Scholarship Funds	-	-	-	-	-	-	-	-	-	-	-	-
INVESTMENT EARNINGS:												
Interest, dividends, & gains (loss) investments	6,623	-	21	1	5	-	10	5	42	7	34	103
TOTAL ADDITIONS	6,623	-	21	1	5	-	10	5	42	7	34	103
DEDUCTIONS:												
Transfer to Other Scholarship Funds	-	-	-	-	-	-	-	-	-	-	-	-
Awards	2,500	-	500	250	-	-	-	100	-	200	-	-
TOTAL DEDUCTIONS	2,500	-	500	250	-	-	-	100	-	200	-	-
CHANGES IN NET POSITION	4,123	-	(479)	(249)	5	-	10	(95)	42	(193)	34	103
NET POSITION - BEG. OF THE YEAR	45,862	14	10,632	432	5,708	46	4,873	2,466	21,182	1,878	41,178	32,322
NET POSITION - END OF THE YEAR	\$ 49,985	\$ 14	\$ 10,153	\$ 183	\$ 5,713	\$ 46	\$ 4,883	\$ 2,371	\$ 21,224	\$ 1,685	\$ 41,212	\$ 32,425

SILENT SERVICE AWARD	ROBERT STETLER AWARD	JAMES WELSH AWARD	MARIA BALAS AWARD	FRANK BURNS AWARD	CHARTWELLS AWARD	THE COMMUNITY AWARD	RICK HACKETT AWARD	TIM HONEYWELL AWARD	JOHN BRUCE DUNLOP AWARD	TOTAL
\$ 257	\$ -	\$ 1,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,597	\$ 84,404
-	1,602	-	-	-	-	-	-	-	-	122,872
-	-	-	-	-	-	-	-	-	-	-
\$ 257	\$ 1,602	\$ 1,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,597	\$ 207,276
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
\$ 257	\$ 1,602	\$ 1,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,597	\$ 207,276

SILENT SERVICE AWARD	ROBERT STETLER AWARD	JAMES WELSH AWARD	MARIA BALAS AWARD	FRANK BURNS AWARD	CHARTWELLS AWARD	THE COMMUNITY AWARD	RICK HACKETT AWARD	TIM HONEYWELL AWARD	JOHN BRUCE DUNLOP AWARD	TOTAL
\$ -	\$ -	\$ 125	\$ 717	\$ -	\$ 5,000	\$ 1,000	\$ 25	\$ -	\$ -	\$ 6,867
-	-	-	-	-	-	-	-	-	-	-
1	3	2	-	-	-	-	-	-	32	6,889
1	3	127	717	-	5,000	1,000	25	-	32	13,756
-	-	-	-	-	-	-	-	-	-	-
250	-	150	717	-	5,000	1,000	1,230	-	5,000	16,897
250	-	150	717	-	5,000	1,000	1,230	-	5,000	16,897
(249)	3	(23)	-	-	-	-	(1,205)	-	(4,968)	(3,141)
506	1,599	1,949	-	-	-	-	1,205	-	38,565	210,417
\$ 257	\$ 1,602	\$ 1,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,597	\$ 207,276

**Stroudsburg Area School District
Combining Balance Sheet
All Agency Funds
As of June 30, 2017**

	ACTIVITY FUND	PAYROLL FUND	TOTAL
ASSETS			
Cash	\$ 175,497	\$ 444,329	\$ 619,826
Investments	-	-	-
Due from Other Funds	17,437	8,973	26,410
Other Receivables	979	-	979
Prepaid Expenses	-	-	-
	-	-	-
TOTAL ASSETS	\$ 193,913	\$ 453,302	\$ 647,215
 LIABILITIES			
Due to Student Organizations	\$ 191,832	\$ -	\$ 191,832
Due to Other Funds	258	42,398	42,656
Accounts Payable	1,823	-	1,823
Payroll Deductions	-	410,904	410,904
Accrued Salaries & Benefits	-	-	-
	-	-	-
TOTAL LIABILITIES	\$ 193,913	\$ 453,302	\$ 647,215

**Stroudsburg Area School District
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
As of June 30, 2017**

<u>ACTIVITY FUND</u>	<u>BALANCE 7/1/16</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE 6/30/17</u>
ASSETS				
Cash	\$ 197,692	\$ 445,291	\$ 467,486	\$ 175,497
Due to Other Funds	-	17,437	-	17,437
Other Receivables	812	979	812	979
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 198,504</u>	<u>\$ 463,707</u>	<u>\$ 468,298</u>	<u>\$ 193,913</u>
LIABILITIES				
Accounts Payable	\$ 242	\$ 1,823	\$ 242	\$ 1,823
Due to Other Funds	-	258	-	258
Due to Student Organizations	198,262	461,626	468,056	191,832
TOTAL LIABILITIES	<u>\$ 198,504</u>	<u>\$ 463,707</u>	<u>\$ 468,298</u>	<u>\$ 193,913</u>
<u>PAYROLL FUND</u>				
ASSETS				
Cash	\$ 548,286	\$ 444,329	\$ 548,286	\$ 444,329
Investments	-	-	-	-
Due from Other Funds	5,839	8,973	5,839	8,973
Other Receivables	-	-	-	-
TOTAL ASSETS	<u>\$ 554,125</u>	<u>\$ 453,302</u>	<u>\$ 554,125</u>	<u>\$ 453,302</u>
LIABILITIES				
Due to Other Funds	\$ 30,078	\$ 42,398	\$ 30,078	\$ 42,398
Accrued Salaries and Benefits	-	-	-	-
Payroll Deductions	524,047	410,904	524,047	410,904
TOTAL LIABILITIES	<u>\$ 554,125</u>	<u>\$ 453,302</u>	<u>\$ 554,125</u>	<u>\$ 453,302</u>
<u>ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 745,978	\$ 889,620	\$ 1,015,772	\$ 619,826
Investments	-	-	-	-
Due to Other Funds	5,839	26,410	5,839	26,410
Other Receivables	812	979	812	979
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 752,629</u>	<u>\$ 917,009</u>	<u>\$ 1,022,423</u>	<u>\$ 647,215</u>
LIABILITIES				
Due to Student Organizations	\$ 198,262	\$ 461,626	\$ 468,056	\$ 191,832
Due to Other Funds	30,078	42,656	30,078	42,656
Accounts Payable	242	1,823	242	1,823
Accrued Salaries and Benefits	-	-	-	-
Payroll Deductions	524,047	410,904	524,047	410,904
TOTAL LIABILITIES	<u>\$ 752,629</u>	<u>\$ 917,009</u>	<u>\$ 1,022,423</u>	<u>\$ 647,215</u>

**Stroudsburg Area School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2017**

	<u>BOROUGH OF STROUDSBURG</u>	<u>DELAWARE WATER GAP BOROUGH</u>	<u>HAMILTON TOWNSHIP</u>	<u>STROUD TOWNSHIP</u>	<u>TOTAL</u>
CURRENT REAL ESTATE TAXES					
Assessed Value	\$ 55,885,320	\$ 7,328,100	\$ 102,124,150	\$ 262,733,960	\$ 428,071,530
Millage Rate	0.16330	0.16330	0.16330	0.16330	0.16330
Total Tax to be Collected	\$ 9,126,073	\$ 1,196,679	\$ 16,676,874	\$ 42,904,456	\$ 69,904,082
Less: Act 1 Deduction	264,295	43,628	788,666	1,571,394	2,667,983
Total Tax per Duplicate	\$ 8,861,778	\$ 1,153,051	\$ 15,888,208	\$ 41,333,062	\$ 67,236,099
Plus - Additions	-	-	8,028	4,811	12,839
- Penalties	10,761	4,201	33,852	90,065	138,879
Total Taxes to be Collected	8,872,539	1,157,252	15,930,088	41,427,938	67,387,817
Less - Discounts	134,789	16,823	243,116	674,049	1,068,777
- Reductions	-	-	13,008	-	13,008
- Refunds	-	-	-	-	-
- Senior Citizen Rebates	-	-	-	-	116,279
- NSF	-	-	-	-	-
- Exemptions	-	2,201	-	117,492	119,693
- Returned to County	705,597	77,743	1,107,459	2,170,409	4,061,208
NET CURRENT REAL ESTATE TAXES COLLECTED	\$ 8,032,153	\$ 1,060,485	\$ 14,566,505	\$ 38,465,988	\$ 62,008,852
CURRENT INTERIM REAL ESTATE TAXES COLLECTED	\$ 10,489	\$ 408	\$ 13,806	\$ 66,816	\$ 91,519

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Stroudsburg Area School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2017

<u>6000 - Revenue from Local Sources</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6111	Current Real Estate Taxes	\$ 61,305,403	\$ 62,008,852	\$ 703,449
6112	Interim Real Estate Taxes	90,000	91,519	1,519
6113	Public Utility Realty Tax	85,000	76,272	(8,728)
6114	Payment in Lieu of Taxes	35,000	41,388	6,388
6143	Local Services Tax	76,500	78,766	2,266
6151	Earned Income Tax	3,125,000	3,362,567	237,567
6153	Real Estate Transfer Tax	400,000	678,777	278,777
6411	Delinquent Real Estate Taxes	5,161,460	4,554,556	(606,904)
6510	Interest	20,592	176,165	155,573
6710	Admissions	30,000	32,452	2,452
6832	Fed Rev Rec From Other Fed Sources	614,000	653,952	39,952
6910	Rentals	25,000	21,462	(3,538)
6920	Contributions	-	20,074	20,074
6942	Summer School	8,000	8,175	175
6944	Receipts From Other LEAs in PA - Education	50,000	7,022	(42,978)
6961	Services Provided Other PA LEAs - Transp.	-	-	-
6991	Refunds of Prior Yr. Expenditures	175,364	191,653	16,289
6992	Energy Efficiency Revenues	-	33,711	33,711
6999	Other Revenues Not Specified Above	-	18,488	18,488
TOTAL REVENUE FROM LOCAL SOURCES		\$ 71,201,319	\$ 72,055,851	\$ 854,532
<u>7000 - Revenue from State Sources</u>				
7110	Basic Subsidy - ESBE	13,132,485	13,718,356	585,871
7160	Orphan Tuition	250,000	211,492	(38,508)
7220	Vocational Education	150,000	-	(150,000)
7271	Special Education	2,716,437	2,957,492	241,055
7311	Transportation (Regular and Additional)	1,325,000	1,450,735	125,735
7312	Transportation (Nonpublic and Charter Schools)	-	89,320	89,320
7320	Rentals	1,000,000	4,937,064	3,937,064
7330	Health Services	100,000	90,774	(9,226)
7340	State Property Tax Reduction	2,661,985	2,661,985	-
7505	Ready to Learn Grant	776,707	776,707	-
7599	Other State revenue not listed elsewhere	-	1,000,000	1,000,000
7810	FICA Revenue	1,616,991	1,670,456	53,465
7820	Retirement Revenue	6,347,484	6,771,831	424,347
TOTAL REVENUE FROM STATE SOURCES		30,077,089	36,336,212	6,259,123
<u>8000 - Revenue from Federal Sources</u>				
8514	ESEA Title I	750,000	1,263,817	513,817
8515	Title IIA and Title IID	165,000	163,230	(1,770)
8516	Title III	40,000	47,108	7,108
8732	ARRA - Qualified School Construction Bonds	1,980,000	1,981,240	1,240
8810	Medical Assistance Reimbursements (Access)	200,000	347,605	147,605
8820	Medical Assistance Reimbursement for Health-Related	10,000	37,330	27,330
TOTAL REVENUE FROM FEDERAL SOURCES		3,145,000	3,840,330	695,330
<u>9000 - Other Financing Sources</u>				
9300	Proceeds from Extended Term Financing	-	-	-
9400	Sale of Fixed Assets	-	3,750	3,750
TOTAL OTHER FINANCING SOURCES		-	3,750	3,750
TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ 104,423,408	\$ 112,236,143	\$ 7,812,735

Stroudsburg Area School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2017

<u>1000 - Instruction</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
1110	Regular Programs - Elem./Secondary	43,394,606	41,884,464	1,510,142
1211	Life Skills Support - Public	786,500	785,505	995
1221	Deaf or Hearing Impaired Support	227,500	217,620	9,880
1224	Blind or Visually Impaired Support	245,500	244,211	1,289
1225	Speech & Language Impaired	977,850	973,298	4,552
1231	Emotional Support - Public	1,927,213	1,894,529	32,684
1232	Emotional Support - PRRI	153,900	124,650	29,250
1233	Autistic Support	534,400	533,728	672
1240	Academic Support	7,182,885	7,180,963	1,922
1243	Gifted Support	935,969	933,743	2,226
1260	Physical Support	59,900	58,899	1,001
1270	Multi-handicapped Support	105,800	105,703	97
1280	Early Intervention Support	600	582	18
1290	Other Support	811,734	811,584	150
1390	Other Vocational Education Programs	1,492,600	1,490,552	2,048
1420	Summer School	91,909	88,011	3,898
1430	Homebound Instruction	73,818	67,485	6,333
1441	Adjudicated/Court Placed Programs	1,150	-	1,150
1442	Alternative Education Program	130,900	128,435	2,465
1450	After School	68,546	63,381	5,165
1490	Additional Other Instructional Programs	10,000	-	10,000
1500	Nonpublic School Programs	7,800	7,737	63
1690	Other Adult Education Programs	-	-	-
1700	Community College Programs	-	-	-
1801	Pre-Kindergarten - Instruction	29,400	-	29,400
Total Instruction		59,250,480	57,595,080	1,655,400
<u>2000 - Support Services</u>				
2122	Counseling Services	2,284,201	2,280,850	3,351
2143	Psychological Counseling Services	822,474	817,462	5,012
2220	Technology Support Services	17,050	8,805	8,245
2250	School Library Services	891,187	827,059	64,128
2260	Instructional & Curriculum Dev. Service	556,603	509,976	46,627
2270	Instructional Staff Professional Development Servi	123,850	96,418	27,432
2310	Board Services	250,298	146,457	103,841
2330	Tax Assessment & Collection Service	305,102	302,782	2,320
2340	Staff Relations	242,200	242,114	86
2350	Legal Services	266,000	265,972	28
2360	Office of the Superintendent Services	1,092,437	1,078,123	14,314
2380	Office of the Principal Services	4,049,953	3,957,926	92,027
2420	Medical Services	320,800	317,280	3,520
2430	Dental Services	1,900	1,860	40
2440	Nursing Services	845,167	797,201	47,966
2510	Fiscal Services	406,150	302,720	103,430
2511	Supervision of Fiscal Services	-	-	-
2512	Budgeting Services	280,878	278,303	2,575
2514	Payroll Services	157,059	156,881	178
2610	Supervision of Operation and Maintenance of Plant	240,102	236,475	3,627
2620	Operation of Building Services	6,356,353	6,022,090	334,263
2640	Care and Upkeep of Equipment Services	188,700	187,099	1,601
2650	Vehicle Operation and Maint. Services	57,250	30,652	26,598
2660	Security Services	1,319,075	1,291,861	27,214
2690	Other Operation and Maint. of Plant Services	1,633,100	1,616,752	16,348
2710	Supervision of Student Transportation Services	440,129	430,241	9,888
2711	Supervision of Student Transportation Services - Head	-	-	-
2720	Vehicle Operation Services	3,436,491	3,434,898	1,593
Sub-Total - Support Services		26,584,509	25,638,257	946,252

Stroudsburg Area School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Sub-Total - Support Services (carried forward)	26,584,509	25,638,257	946,252
2740 Vehicle Servicing and Maint. Services	602,371	590,186	12,185
2790 Other Student Transportation Services	76,800	63,120	13,680
2818 System-Wide Technology Services	654,691	632,273	22,418
2900 Other Support Services	<u>36,500</u>	<u>33,444</u>	<u>3,056</u>
Total Support Services	27,954,871	26,957,280	997,591
<u>3000 - Operation of Non-Instructional Services</u>			
3210 Student Activities	248,852	194,011	54,841
3250 School Sponsored Athletics	1,203,455	1,063,046	140,409
3300 Community Services	<u>14,000</u>	<u>13,683</u>	<u>317</u>
Total Non-Instructional Services	1,466,307	1,270,740	195,567
<u>4000 - Facilities Acquisition, Construction, and Improvement Svcs.</u>			
4500 Building Acquisition and Construction Services	-	-	-
4600 Existing Building Improvement Services	<u>-</u>	<u>-</u>	<u>-</u>
Total Facilities Acquisition, Construction, and Improvement Services	-	-	-
<u>5000 - Other Expenditures and Financing Uses</u>			
5110 Debt Service	13,726,750	13,712,925	13,825
5130 Refund of Prior Yr. Receipts	25,000	19,940	5,060
5230 Capital Projects Fund Transfers	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Total Other Expenditures and Financing Uses	<u>15,751,750</u>	<u>15,732,865</u>	<u>18,885</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 104,423,408</u>	<u>\$ 101,555,965</u>	<u>\$ 2,867,443</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 104,423,408	\$ 112,236,143	\$ 7,812,735
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>104,423,408</u>	<u>101,555,965</u>	<u>2,867,443</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 10,680,178	\$ 10,680,178
Special Items	-	-	-
Extraordinary Items - Insurance Recoveries	<u>-</u>	<u>32,213</u>	<u>32,213</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	-	10,712,391	10,712,391
FUND BALANCE - JULY 1, 2016	<u>3,136,959</u>	<u>11,506,941</u>	<u>8,369,982</u>
FUND BALANCE - JUNE 30, 2017	<u>\$ 3,136,959</u>	<u>\$ 22,219,332</u>	<u>\$ 19,082,373</u>

**Stroudsburg Area School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2017**

REVENUES AND OTHER FINANCING SOURCES

Interest Revenue	\$	5,607
Transfer from General Fund		<u>2,000,000</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES	\$	2,005,607
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EXPENDITURES AND OTHER FINANCING USES

INSTRUCTIONAL SERVICES:

Supplies		-
Equipment		-

SUPPORT SERVICES:

Professional Services		-
Repairs and Maintenance		-
Advertising		-
Dues and Fees		-

FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT:

Professional Services		5,568
Construction		-
Land & Improvements		-
Dues and Fees		-

TOTAL EXPENDITURES AND OTHER FINANCING USES		<u>5,568</u>
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**EXCESS REVENUES AND OTHER FINANCING
SOURCES OVER (UNDER) EXPENDITURES AND OTHER
FINANCING USES**

2,000,039

FUND BALANCE - JULY 1, 2016

502,771

FUND BALANCE - JUNE 30, 2017

\$ 2,502,810

**Stroudsburg Area School District
Construction Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2017**

REVENUES AND OTHER FINANCING SOURCES

Proceeds from Bond Issues	\$	-	
Bond Premium		-	
Miscellaneous revenue		-	
Refund of Prior Year Expenditures		-	
Interest		452	
		452	
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$		452

EXPENDITURES AND OTHER FINANCING USES

INSTRUCTIONAL:

Equipment		-	
Supplies		-	

SUPPORT SERVICES:

Professional Services		-	
Supplies		-	
Repairs and Maintenance		-	
Dues and Fees		-	

NON-INSTRUCTIONAL SERVICES:

Equipment		-	
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CAPITAL OUTLAY:

Professional Services		3,607	
Repairs and Maintenance		-	
Rentals		-	
Construction Costs		-	
Communication		-	
Disposal Services		-	
General Supplies		-	
Natural Gas		-	
Water Sewage		-	
Electricity		-	
Equipment		-	
Fees		95	

OTHER FINANCING USES:

Debt Service		-	
Transfer to Capital Project Funds		-	
Bond Discount		-	
		-	3,702

**EXCESS REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES**

(3,250)

FUND BALANCE - JULY 1, 2016

114,251

FUND BALANCE - JUNE 30, 2017

\$ 111,001

**Stroudsburg Area School District
Capital Projects Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2017**

REVENUES AND OTHER FINANCING SOURCES

Proceeds from Bond Issues	\$	-	
Bond Premium		-	
Miscellaneous revenue		-	
Transfers from Construction Fund		-	
Earnings on Investments		2,344	
TOTAL REVENUES AND OTHER FINANCING SOURCES		2,344	\$ 2,344

EXPENDITURES AND OTHER FINANCING USES

INSTRUCTIONAL:

Equipment		-	
Supplies		-	

SUPPORT SERVICES:

Professional Services		-	
Repairs and Maintenance		-	
Equipment		-	
Dues and Fees		-	

NON-INSTRUCTIONAL SERVICES:

Equipment		-	
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CAPITAL OUTLAY:

Professional Services		-	
Repairs and Maintenance		-	
Rentals		-	
Construction Costs		312,944	
Insurance		-	
Disposal Services		-	
Supplies		-	
Equipment		-	
Fees		-	

OTHER FINANCING USES:

Debt Service		-	
Bond Discount		-	
		-	312,944

**EXCESS REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES** (310,600)

FUND BALANCE - JULY 1, 2016 824,287

FUND BALANCE - JUNE 30, 2017 \$ 513,687

Stroudsburg Area School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2017

REVENUES

Student Sales - Lunch	\$ 457,416	
Adult Sales - Lunch	23,670	
Daily Breakfast Sales	27,745	
Ala Carte Sales	430,334	
Special Events	15,425	
Other Food Service Revenue	1,803	
Miscellaneous	-	
Capital Contributions	-	
Gain or (Loss) on Sale of Fixed Assets	-	
State Subsidies	73,988	
Federal Subsidies	1,229,018	
Donated Commodities	182,294	
Transfer from General Fund	-	
Interest	2,297	
TOTAL REVENUES	<u>2,297</u>	\$ 2,443,990

COST OF GOODS SOLD

Opening Inventory - July 1, 2016	43,737	
Purchases - Supplies	5,645	
Purchases - Donated Commodities	182,295	
Food Management Services - Food	720,861	
Ending Inventory - June 30, 2017	(37,760)	<u>914,778</u>

GROSS PROFIT

1,529,212

OPERATING EXPENSES

Salaries	-	
Employee Benefits	-	
Professional Education Svcs.	-	
Printing and Binding	-	
Disposal Services	-	
Repairs and Maintenance	12,938	
Food Management Services - Non-Food	1,184,913	
Admin. Software	-	
Depreciation	55,898	
Non-capitalized Equipment and Software	29,663	
Dues and Fees	3,791	
Miscellaneous Expense	-	<u>1,287,203</u>

CHANGES FUND IN NET POSITION

242,009

FUND NET POSITION - JULY 1, 2016

1,323,190

FUND NET POSITION - JUNE 30, 2017

\$ 1,565,199

**Stroudsburg Area School District
Food Service Fund
Reconciliation of Fund Net Position
For the Year Ended June 30, 2017**

RECONCILIATION OF FUND NET POSITION

Cash and Equivalents	\$ 1,076,669
State and Federal Subsidies Receivable	87,615
Inventories	37,760
Accounts Receivable	-
Due from Other Funds	-
Prepaid Expenses	-
Equipment, net of accumulated depreciation	547,645
Deferred Outflows of Resources - Current Year Contributions	-
Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	-
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	-
Deferred Inflows of Resources - Change in Proportion of NPL	-
Due to General Fund	-
Accounts Payable	(150,468)
Accrued Salaries and Benefits	-
Net OPEB Obligation	-
Net Pension Liability	-
Prepayments from Students	(34,022)
Accrued Compensated Absences	-
Deposits Payable	-
	<hr/>
TOTAL FUND NET POSITION	<u>\$ 1,565,199</u>

Stroudsburg Area School District
2016 GON Bond Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2017

REVENUES AND OTHER FINANCING SOURCES

Proceeds from Refunding Bond Issues	\$ 9,790,000	
Bond Premium	-	
	-	
TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ 9,790,000

EXPENDITURES AND OTHER FINANCING USES

INSTRUCTIONAL:

Supplies -

SUPPORT SERVICES:

Professional Services 120,917

NON-INSTRUCTIONAL SERVICES:

Equipment -

CAPITAL OUTLAY:

Construction Costs -

OTHER FINANCING USES:

Debt Service - Interest 5,108

Payment to Refunded Bonds Escrow Agent 9,663,975

Bond Discount - 9,790,000

**EXCESS REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES** -

FUND BALANCE - JULY 1, 2016 -

FUND BALANCE - JUNE 30, 2017 \$ -

Stroudsburg Area School District
2017A GON Bond Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2017

REVENUES AND OTHER FINANCING SOURCES

Proceeds from Refunding Bond Issues	\$ 9,750,000	
Bond Premium	-	
TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ 9,750,000

EXPENDITURES AND OTHER FINANCING USES

INSTRUCTIONAL:

Supplies -

SUPPORT SERVICES:

Professional Services 86,037

NON-INSTRUCTIONAL SERVICES:

Equipment -

CAPITAL OUTLAY:

Construction Costs -

OTHER FINANCING USES:

Debt Service - Interest 8,232

Payment to Refunded Bonds Escrow Agent 9,655,731

Bond Discount - 9,750,000

**EXCESS REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES** -

FUND BALANCE - JULY 1, 2016 -

FUND BALANCE - JUNE 30, 2017 \$ -

Stroudsburg Area School District
Schedule on General Obligation Bonds - Improvement Series of 1998
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>PRINCIPAL MATURITY</u>
2017-18	5.35% to 5.38%	\$ 3,000,000
2018-19	5.38% to 5.39%	3,000,000
2019-20	5.39% to 5.40%	3,000,000
2020-21	5.40%	3,000,000
2021-22	5.40%	3,000,000
2022-23	5.40%	3,000,000
TOTAL PRINCIPAL		\$ 18,000,000
Less: Unamortized Discount		(2,796,651)
TOTAL OUTSTANDING		\$ 15,203,349

Schedule on General Obligation Notes - Series of 2008
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>VARIABLE COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	1.480%	\$ 148,031	\$ 742,000
2018-19	1.480%	136,927	772,000
2019-20	1.480%	125,376	802,000
2020-21	1.480%	113,373	835,000
2021-22	1.480%	100,878	868,000
2022-23	1.480%	87,889	903,000
2023-24	1.480%	74,376	939,000
2024-25	1.480%	60,326	976,000
2025-26	1.480%	45,721	1,015,000
2026-27	1.480%	30,531	1,056,000
2027-28	1.480%	14,731	1,097,000
TOTAL OUTSTANDING		\$ 938,159	\$ 10,005,000

**Stroudsburg Area School District
Schedule on General Obligation Bonds - Series B of 2009
For the Year Ended June 30, 2017**

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	5.00%	\$ 163,498	\$ 590,000
2018-19	5.00%	133,247	620,000
2019-20	5.00%	101,372	655,000
2020-21	3.75%	72,154	685,000
2021-22	4.00%	45,010	715,000
2022-23	4.15%	15,355	740,000
TOTAL OUTSTANDING		<u>\$ 530,636</u>	<u>\$ 4,005,000</u>

**Schedule on General Obligation Notes - Series A of 2010
For the Year Ended June 30, 2017**

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	5.00%	\$ 850,000	\$ 605,000
2018-19	5.00%	850,000	615,000
2019-20	5.00%	850,000	620,000
2020-21	5.00%	850,000	840,000
2021-22	5.00%	850,000	820,000
2022-23	5.00%	850,000	800,000
2023-24	5.00%	850,000	1,335,000
2024-25	5.00%	850,000	1,440,000
2025-26	5.00%	850,000	1,165,000
2026-27	5.00%	850,000	2,105,000
2027-28	5.00%	425,000	3,155,000
TOTAL OUTSTANDING		<u>\$ 8,925,000</u>	<u>\$ 13,500,000</u>

Stroudsburg Area School District
Schedule on General Obligation Bonds - Series A of 2011
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	3.00%	\$ 545,710	\$ 1,700,000
2018-19	3.25%	494,710	1,795,000
2019-20	3.50%	436,372	1,890,000
2020-21	3.75% to 5.00%	370,222	1,995,000
2021-22	4.10%	279,785	2,110,000
2022-23	4.25%	193,275	2,230,000
2023-24	5.00%	98,500	1,970,000
TOTAL OUTSTANDING		\$ 2,418,574	\$ 13,690,000

Schedule on General Obligation Bonds - Series B of 2011
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	2.75% to 4.00%	\$ 246,045	\$ 1,600,000
2018-19	2.50%	194,545	1,650,000
2019-20	3.00%	153,295	1,690,000
2020-21	3.15%	102,595	1,730,000
2021-22	3.25%	48,100	1,480,000
TOTAL OUTSTANDING		\$ 744,580	\$ 8,150,000

Stroudsburg Area School District
Schedule on General Obligation Notes - Series C of 2011
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	5.00%	\$ 1,305,834	\$ 400,000
2018-19	5.00%	1,305,834	340,000
2019-20	5.00%	1,305,834	305,000
2020-21	5.00%	1,305,834	60,000
2021-22	5.00%	1,305,834	50,000
2022-23	5.00%	1,305,834	30,000
2023-24	5.00%	1,305,834	65,000
2024-25	5.00%	1,305,834	55,000
2025-26	5.00%	1,305,834	80,000
2026-27	5.00%	1,305,834	2,745,000
2027-28	5.00%	1,305,834	7,335,000
2028-29	5.00%	1,305,834	11,710,000
2029-30	5.00%	652,917	5,000
TOTAL OUTSTANDING		<u>\$ 16,322,925</u>	<u>\$ 23,180,000</u>

Schedule on General Obligation Bonds - Series A of 2012
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	1.50%	\$ 277,757	\$ 5,000
2018-19	1.85%	277,683	5,000
2019-20	2.50%	277,590	55,000
2020-21	2.50%	276,215	60,000
2021-22	2.50%	274,715	60,000
2022-23	2.50%	273,215	60,000
2023-24	2.625%	271,715	2,500,000
2024-25	2.80%	206,090	135,000
2025-26	2.80%	202,310	5,270,000
2026-27	3.00%	54,750	1,825,000
TOTAL OUTSTANDING		<u>\$ 2,392,040</u>	<u>\$ 9,975,000</u>

Northampton Area School District
Schedule on General Obligation Bonds - Series B of 2012
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>Coupon</u> <u>RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	2.000%	\$ 7,500	\$ 30,000
2018-19	2.000%	6,900	30,000
2019-20	2.625%	6,300	95,000
2020-21	2.625%	3,806	95,000
2021-22	2.625%	1,312	50,000
TOTAL OUTSTANDING		\$ 25,818	\$ 300,000

Schedule on General Obligation Bonds - Series of 2013
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>Coupon</u> <u>RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	1.625%	\$ 130,680	\$ 220,000
2018-19	2.000%	127,820	230,000
2019-20	2.125%	124,082	245,000
2020-21	2.300%	119,183	260,000
2021-22	2.450%	113,657	280,000
2022-23	2.550%	107,218	295,000
2023-24	3.250%	99,990	315,000
2024-25	3.250%	91,958	210,000
2025-26	3.100%	85,132	225,000
2026-27	3.100%	77,820	240,000
2027-28	4.250%	70,380	255,000
2028-29	4.250%	62,475	275,000
2029-30	4.250%	50,788	205,000
2030-31	4.250%	42,075	220,000
2031-32	4.250%	32,725	240,000
2032-33	4.250%	22,525	255,000
2033-34	4.250%	11,687	275,000
TOTAL OUTSTANDING		\$ 1,370,195	\$ 4,245,000

Stroudsburg Area School District
Schedule on General Obligation Bonds - Series of 2014
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	1.375%	\$ 236,719	\$ 5,000
2018-19	1.750%	236,650	5,000
2019-20	2.125%	236,562	5,000
2020-21	2.375%	236,456	5,000
2021-22	3.250%	236,338	5,000
2022-23	3.250%	236,175	5,000
2023-24	3.250%	236,012	5,000
2024-25	3.250%	235,850	5,000
2025-26	3.250%	235,687	5,000
2026-27	3.500%	235,526	5,000
2027-28	3.500%	235,350	5,000
2028-29	3.500%	235,175	5,000
2029-30	3.50% to 4.00%	235,000	6,125,000
TOTAL OUTSTANDING		<u>\$ 3,067,500</u>	<u>\$ 6,185,000</u>

Schedule on General Obligation Notes - Series of 2015
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	2.350%	\$ 139,590	\$ 530,000
2018-19	2.350%	127,135	550,000
2019-20	2.350%	114,210	560,000
2020-21	2.350%	101,050	570,000
2021-22	2.350%	87,655	580,000
2022-23	2.350%	74,025	605,000
2023-24	2.350%	59,808	615,000
2024-25	2.350%	45,355	630,000
2025-26	2.350%	30,550	640,000
2026-27	2.350%	15,510	660,000
TOTAL OUTSTANDING		<u>\$ 794,888</u>	<u>\$ 5,940,000</u>

Stroudsburg Area School District
Schedule on General Obligation Notes - Series of 2016
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	1.820%	\$ 176,540	\$ 150,000
2018-19	1.820%	173,810	155,000
2019-20	1.820%	170,989	155,000
2020-21	1.820%	168,168	160,000
2021-22	1.820%	165,256	160,000
2022-23	1.820%	162,344	165,000
2023-24	1.820%	159,341	565,000
2024-25	1.820%	149,058	2,660,000
2025-26	1.820%	100,646	2,730,000
2026-27	1.820%	50,960	2,800,000
TOTAL OUTSTANDING		<u>\$ 1,477,112</u>	<u>\$ 9,700,000</u>

Schedule on General Obligation Notes - Series A of 2017
For the Year Ended June 30, 2017

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2017-18	1.850%	\$ 178,802	\$ 25,000
2018-19	1.850%	178,340	25,000
2019-20	1.850%	177,878	25,000
2020-21	1.850%	177,415	25,000
2021-22	1.850%	176,952	385,000
2022-23	1.850%	169,830	1,965,000
2023-24	1.850%	133,478	2,335,000
2024-25	1.850%	90,280	4,880,000
TOTAL OUTSTANDING		<u>\$ 1,282,975</u>	<u>\$ 9,665,000</u>

S I N G L E A U D I T S E C T I O N

**Stroudsburg Area School District
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2017**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NO.	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/16	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/17	FOOTNOTES
U.S. DEPT. OF EDUCATION											
PASSED THROUGH THE PDE											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-16-0422 A	07/1/15 - 09/30/16	\$ 1,049,653	\$ 80,084	\$ 160,169	\$ -	\$ -	\$ 80,085	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-17-0422 A	07/1/16 - 09/30/17	\$ 1,263,817	1,263,817	-	1,263,817	1,263,817	-	6
TOTAL TITLE IA PROGRAM						1,343,901	160,169	1,263,817	1,263,817	80,085	
PASSED THROUGH THE PDE											
TITLE IIA - IMPROVING TEACHER QUALITY	I	84.367	020-16-0422 A	07/1/15 - 09/30/16	\$ 166,861	51,083	51,083	-	-	-	2
TITLE IIA - IMPROVING TEACHER QUALITY	I	84.367	020-17-0422 A	07/1/16 - 09/30/17	\$ 163,230	105,428	-	163,230	163,230	57,802	
TOTAL TITLE IIA PROGRAM						156,511	51,083	163,230	163,230	57,802	
PASSED THROUGH THE PDE											
TITLE III - LANGUAGE INSTRUCTION LEP/IMMIGRANT STUDENTS	I	84.365	010-16-0422 A	07/1/15 - 09/30/16	\$ 39,984	9,227	(1,220)	10,447	10,447	-	2
TITLE III - LANGUAGE INSTRUCTION LEP/IMMIGRANT STUDENTS	I	84.365	010-17-0422 A	07/1/16 - 09/30/17	\$ 40,271	40,271	-	36,661	36,661	(3,610)	
TOTAL TITLE III PROGRAM						49,498	(1,220)	47,108	47,108	(3,610)	
PASSED THROUGH THE COLONIAL I.U.											
IDEA	I	84.027	N/A	07/1/15 - 06/30/16	\$ 601,728	-	-	-	-	-	2
IDEA	I	84.027	N/A	07/1/16 - 09/30/17	\$ 650,368	650,368	-	650,368	650,368	-	1
IDEA - SECTION 619	I	84.173	N/A	07/1/15 - 06/30/16	\$ 2,687	-	-	-	-	-	1
IDEA - SECTION 619	I	84.173	N/A	07/1/16 - 09/30/17	\$ 3,584	-	-	3,584	3,584	3,584	1
TOTAL IDEA CLUSTER						650,368	-	653,952	653,952	3,584	
TOTAL U. S. DEPARTMENT OF EDUCATION						2,200,278	210,032	2,128,107	2,128,107	137,861	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES											
PASSED THROUGH THE PA											
DEPARTMENT OF PUBLIC WELFARE											
ESEA - TITLE 19 MEDICAID REIMBURSEMENT	I	93.778	N/A	10/1/16 - 09/30/17	N/A	38,371	20,276	37,330	37,330	19,235	2
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						38,371	20,276	37,330	37,330	19,235	
U.S. DEPT. OF AGRICULTURE											
PASSED THROUGH THE PDE											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/1/15 - 06/30/16	N/A	19,186	19,186	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/1/16 - 06/30/17	N/A	946,487	-	1,014,376	1,014,376	67,889	
FEDERAL BREAKFAST W/ SN	I	10.553	N/A	07/1/15 - 06/30/16	N/A	4,096	4,096	-	-	-	
FEDERAL BREAKFAST W/ SN	I	10.553	N/A	07/1/16 - 06/30/17	N/A	199,836	-	214,641	214,641	14,805	
PASSED THROUGH THE PA DEPT. OF AGRICULTURE:											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	07/1/16 - 06/30/17	N/A	182,294	(17,530)	186,111	186,111	(13,713)	2
TOTAL CHILD NUTRITION CLUSTER						1,351,899	5,752	1,415,128	1,415,128	68,981	3,4
TOTAL U.S. DEPARTMENT OF AGRICULTURE						1,351,899	5,752	1,415,128	1,415,128	68,981	
TOTAL FEDERAL FINANCIAL AWARDS						\$ 3,590,548	\$ 236,060	\$ 3,580,565	\$ 3,580,565	\$ 226,077	

SOURCE: D -DIRECT; I -INDIRECT

Stroudsburg Area School District
Notes to the Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2017

Note 1 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by accounting principles, generally accepted in the United States of America.

Note 2 - Organization and Scope

The District recognized 1.9% of its total general fund revenue in federal awards, and 57.9% of its total enterprise fund revenue.

Note 3 – Indirect Costs

The District did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimus cost rate.

Note 4 - Program Disclosure – Footnotes

1. The federal awards passed through the Colonial and other Intermediate Units, under the U.S. Department of Education heading, is part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue.
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	\$ 2,723,816	\$ 2,703,172
Colonial I.U. #20	1,258,367	653,952
PA Department of Public Welfare	N/A	37,330
PA Department of Agriculture	N/A	186,111
Totals	<u>\$ 3,982,183</u>	<u>\$ 3,580,565</u>

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$182,294 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2016-17 fiscal-year, the District used \$186,111 in commodities and established a year-end inventory of \$13,713 at June 30, 2017.
4. The amount recognized as revenue in the Schedule of Expenditures of Federal Awards, under the U.S. Department of Agriculture heading, represents the commodities used, versus the commodities received, which are recognized as revenue in the basic financial statements.
5. The Medical Access grant passed though the PA Department of Education is reflected as federal source revenue on the basic financial statements; however, pursuant to instructions from the Commonwealth of PA, it is not reported as revenue on the Schedule of Expenditures of Federal Awards.

Stroudsburg Area School District
Notes to the Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2017

6. The District has an outstanding receivable from the fiscal year 2015-16 for the Title I program at June 30, 2017. The outstanding receivable resulted from a computer error within PDE's Final Expenditure Report filing during the closeout of the 2015-16 Title I program. As of June 30, 2017, the District has since corresponded with PDE and subsequently expects payment on November 21, 2017.

<u>FINANCIAL STATEMENT RECONCILIATION</u>		
General Fund Federal Source Revenue	\$	3,840,330
Federal Revenue Received From Local Sources		653,952
Food Service Fund Federal Revenue		<u>1,411,312</u>
Total Federal Revenue, per financial statements		5,905,594
Less: Medical Access		(347,605)
Less: ARRA - Qualified School Construction Bonds		(1,981,240)
Change in Donated Commodities		3,816
Total Federal Revenue Reported to SEFA	\$	<u>3,580,565</u>

INDEPENDENT AUDITOR'S REPORT UNDER GOVERNMENT AUDITING STANDARDS

Board of School Directors
Stroudsburg Area School District
123 Linden Street
Stroudsburg, PA 18360

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Stroudsburg Area School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Stroudsburg Area School District's basic financial statements, and have issued our report thereon dated December 6, 2017.

Internal Control over Financial Reporting

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

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

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

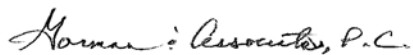
Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



December 6, 2017

**INDEPENDENT AUDITOR'S REPORT
UNDER UNIFORM GUIDANCE**

Board of School Directors
Stroudsburg Area School District
123 Linden Street
Stroudsburg, PA 18360

Report on Compliance for Each Major Federal Program

We have audited Stroudsburg Area School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement that could have a direct and material effect on each of Stroudsburg Area School District's major federal programs for the year ended June 30, 2017*. Stroudsburg Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Stroudsburg Area School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stroudsburg Area School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Stroudsburg Area School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Stroudsburg Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item (2017-001). Our opinion on each major federal program is not modified with respect to these matters.

The Stroudsburg Area School District's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. Stroudsburg Area School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Stroudsburg Area School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Stroudsburg Area School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Stroudsburg Area School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,

Harmon Associates, P.C.

December 6, 2017

**Stroudsburg Area School District
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2017**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? yes no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	IDEA Cluster

Percentage of programs tested to total awards 57.8%

Dollar threshold used to distinguish between type A and type B program: \$ 750,000

Auditee qualified as low-risk auditee? yes no

**Stroudsburg Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Section II – Financial Statement Findings

There were no findings discovered, relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

Section III – Findings and Questioned Costs for Federal Awards

Noncompliance Finding 2017-001 (Federal Awards)

Federal Program: Child Nutrition Cluster
CFDA No.: 10.553, 10.555
Pass-thru entity: PA Department of Education
Pass-thru nos. N/A
Questioned Costs: N/A
Type of Compliance Requirement: Special Tests and Provisions

Criteria: According to federal regulations 7CFR Part 210.19(a), Schools shall limit its net cash resources to an amount that does not exceed 3 months average expenditures.

Condition: The District's current net cash resources is \$979,794, whereas, the allowable net cash resources per federal regulations is \$723,399.

Cause: The Food Service entity as compared to other Food Service entities, does not have salaries and/or benefits charged in their normal operations of business. The Food Service entity contracts with a third-party organization to manage the daily operations in order to lower costs and increase profitability.

Effect: The failure to limit net cash resources to an amount that does not exceed 3 months of their average expenditures will cause the Food Service entity to lose its Federal Funding for meal claim reimbursements.

Recommendation: We have advised management to resolve the current noncompliance finding by any means necessary that is in compliance with federal regulations.

Audit Follow-Up Procedures

We have not performed any follow up procedures on the prior year, since corrective action has been taken.