

**REPORT ON
STROUDSBURG AREA SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2016**

STROUDSBURG AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2016

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STROUDSBURG AREA SCHOOL DISTRICT

Single Audit Report

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Single Audit Report

For the Fiscal Year Ended June 30, 2016

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INTRODUCTORY SECTION



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Florida Institute of Certified Public Accountants

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, 2016, 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 14, 2016



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
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Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

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, 2016, and have issued our report thereon dated December 14, 2016.

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 June 24, 2016.

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 14, 2016. 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 2015-16 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:

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.

CONTROL DEFICIENCIES

General Fund - Federal Grants

During our testing of federal grants, we discovered excess Title I and Title II expenditures coded to federal source codes that exceeded the revenue allowed under each grant. Title I expenditures were overstated by \$115,791, and Title II expenditures were overstated by \$10,321. In addition, IDEA federal expenditures were overstated by \$110,040.

While federal regulations require you to code federal expenditures separately from non-federal expenditures, when you have more expenditures charged to a federal program than the allowable grant amount the excess federal expenditures should be re-coded to non-federal source codes.

General Fund – IDEA 619 Grant

During our review of this smaller portion of the IDEA program, we could not find any expenditures coded to a federal source code 510, according to the PA School Accounting Manual. In the future, we suggest management use the proper source code on all federal grants, including Title II expenditures that were coded to source code 460 versus the correct source code of 421.

General Fund – Ready to Learn State Grant

During our review of the expenditures pertaining to this grant, we could not locate the actual expenditures because the source code 222 was not used to segregate these costs. In the future, we suggest management properly segregate all grants by the correct source code found in the Accounting Manual's Chart of Accounts.

General Fund – State Rental Subsidy Reports

During our review of PDE 2071 forms that are used to seek rental subsidy reimbursement, we noticed the form was not properly completed. There is a two-step process in completing the form. The first involves supplying the bank associated with the bond issue to confirm in the lower section of the form that debt service payments were made to the paying agent of the bond issue. The second step is to complete the top part of the form in calculating the rental subsidy request using the reimbursement rate previously approved by the state.

It is this portion of the form that was not completed. In the future, we suggest the business manager complete the entire form before submitting for reimbursement.

General Fund – Contra items

During our testing of subsequent events to examine receipts and disbursements made after the year end to determine possible revenues or obligations needed to be recorded in the 2015-16 fiscal year, we came across a receipt from Chipperfield Elementary PTA to reimburse the District for various field trips throughout the year. Scanning the detail for this receipt, we discovered management charged this receipt against the expenditure accounts where the field trip costs were charged.

We wish to remind management the proper recording of this transaction should be to function 6920 for Contributions and Donations. Revenue should rarely be recorded as a contra against an expenditure account. In fact, the only time that should be done is with e-rate reimbursements and insurance proceeds when the replacement costs occur in the same year as the proceeds are received.

General Fund – Accounts Payable

During our testing of recorded accounts payable at year end, we discovered management recorded open purchase orders as unpaid obligations for \$17,639. Unfortunately, accounting principles does not consider an open encumbrance as a liability until the product is received or the service is performed. A purchase order only represents the use of the budgeted amount pertaining to that function and object code.

As such, we made the appropriate adjustment to remove this amount. In the future, we suggest management follow accounting principles and only record outstanding obligations as accounts payable.

General Fund – Athletic Game Receipts

During our testing of athletic game receipts, we discovered those individuals responsible in reconciling ticket sales at each event were inconsistently calculating the number of tickets sold. As a result, there were many instances of the cash box being short or over. The athletic individuals properly include the beginning and ending tickets for each event. As such, those two tickets are never sold. So the correct calculation to determine the number of tickets sold is to take the difference between the ending ticket number minus the beginning ticket number, less one.

Using the wrestling match against Easton on Dec. 10, 2015, the ending ticket number was #1449, and the beginning ticket number was #1393; therefore, the number of tickets sold was 55. Unfortunately, the client personnel calculated 56. This miscalculation occurred at almost all athletic events in the 2015-16 fiscal year.

Board of School Directors • Dr. Cosmas C. Curry, Superintendent

In addition, at the following athletic events the beginning and ending ticket numbers were not attached to the reconciliation form. As such, it is impossible to determine that actual tickets sold at each event. This issue should never happen again, because this is how fraud can occur without being detected:

- Football game on 9/19/15 against East Stroudsburg South
- Boys/Girls Basketball game on 11/14/15 against East Stroudsburg South
- Girls Basketball game on 1/9/16 against Northampton.

Activity Fund – Disbursements

As reported in our prior year management letter, during our review of invoices paid from the student clubs, we discovered no student approval on any invoices paid in the Junior High School or High 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, we discovered a large number of items paid by student clubs that should have been paid by the General Fund and not by any student club. The following items are segregated by School:

1. Middle School – Check no. 1362 for \$2,446.20, was used to purchase calculators to be used during PSSA's.
2. Middle School – Check no. 1397 for \$1,314.00, was used to purchase basketball hoops and a backboard from Sportsman.
3. Junior High School – Check no. 8920 for \$119.00, was used to purchase a microwave oven for the upstairs faculty room.
4. Junior High School – Check no. 8924 for \$250.00, was used to provide a donation to a faculty holiday gathering at Siamsa Irish Pub.
5. Junior High School - Check no. 8988 for \$932.94, was used to purchase two television sets, three digital cameras, and a microwave oven. At least this check was reimbursed later by the General Fund. Nevertheless, it should never had been purchased by a student club.
6. Junior High School – Check no. 8974 for \$161.00, was used to pay the General Fund for library fees collected. The actual library fees collected should not be deposited into a student club, but should be deposited directly into the General Fund.
7. High School – Check no. 6604 for \$192.31, was used to pay an individual seeking reimbursement in paying lunch for custodians.

Board of School Directors • Dr. Cosmas C. Curry, Superintendent

Finally, there is a club in the High School called “The Directors Club” that does not appear to be a valid student club as stated in last year’s management letter. There are no by-laws, meeting minutes, or student officers. The club seems to exist to pay expenses of the athletic department at the discretion of the athletic director. Revenue is generated from various organizations, i.e. PIAA and Eastern Pennsylvania Conference. Revenue is also derived from a vending machine. Expenses include BJ’s membership renewal and \$275 to sponsor a student as “America’s Homecoming Queen”.

We recommend management abolish this account.

Capital Project Fund

During our testing of construction expenditures in this fund, we discovered all expenditures were coded to function 4300. This function is only to be used for preliminary expenditures used in determining whether a project should take place or not. Once the project is approved, as is the case with this project, all expenditures should be appropriately coded to the respective functions 4100, 4200, 4500, or 4600.

RECOMMENDATIONS

Opening Balances

Upon our arrival to conduct the financial audit, we discovered the accounting system was out of balance by \$40,964.39. In other words, debits and credits did not equal by this amount between expenditure detail, expenditure control accounts, and accounts payable accounts. After further investigation, we discovered management failed to post the final double entry journal entries in the computer system at year end.

In the future, we suggest management verify debits and credits equal in the accounting system before our arrival to import the opening balances to perform the audit to ensure the system is in balance.

Inventory

Unlike the prior year, management attempted to take an inventory of all consumable supplies at year end; however they did not arrive at the actual cost for each item in inventory. Management estimated the product costs in order to value the inventory.

In the future, we suggest management or the individuals taking the physical count of consumable supplies establish the cost for each item, so the inventory is properly valued.

OTHER INFORMATION

In prior years, we included in this section future Governmental Accounting Standards Board Statements that will affect the School District in future years. This year and future years, we are showing this in the Notes to the Basic Financial Statements.

GASB Projects

Leases

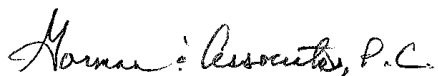
Although there is no official standard at this date, we are aware that the Governmental Accounting Standards Board (GASB) is working on a project that will change the reporting in future years on all capital and operating leases. Under present accounting principles, only capital leases are required to be reported on the financial statements; however, once this project is completed all operating leases will also be recorded onto the financial statements as an asset and liability.

Fiduciary Activities

The GASB is working on a new standard dealing with fiduciary activities. Although, we do not expect most changes to affect the District, one, in particular, can affect the current reporting of student clubs and/or organizations. Based on their last communication, they are contemplating showing a Statement of Changes in Net Position for Activity Funds.

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 14, 2016

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



GORMAN & ASSOCIATES, P.C.

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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, 2016, 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, 2016, 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, 2015, the Stroudsburg Area School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application, Governmental Accounting Standards Board Statement No. 73, Accounting and Financial Reporting Amendments to Certain Provisions of GASB Statement No. 68, Governmental Accounting Standards Board Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and Governmental Accounting Standards Board Statement No. 79, Certain External Investment Pools and Pool Participants. Our opinion is not modified with respect to these pronouncements.

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 13-24, 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 85-87, 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

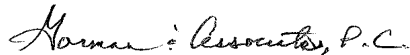
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stroudsburg Area School District's basic financial statements. The *combining and individual fund statements and schedules, and schedule of expenditures of federal awards, as required 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 14, 2016, 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 14, 2016

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
June 30, 2016**

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, 2016. 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 2015-2016 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 mills (\$1.5736 per \$1,000 of assessed value) to our taxpayers, draw down on previous year's surpluses.. The major contributing factor to this budget's increased expenditures of 4.08% was due primarily to the anticipated increased costs associated with staff salaries, retirement contributions, and health benefits.

The District's overall financial position as of June 30, 2016 shows a increase in total net position of \$2,054,710, for governmental activities primarily due to the decrease in deferred inflows of resources for the year 2015-2016. In the Fund Financial Statements the General Fund reported an increase in fund balance of \$1,878,407. The district had expenditures under projections, but also revenue expectations were higher than budget.

**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.

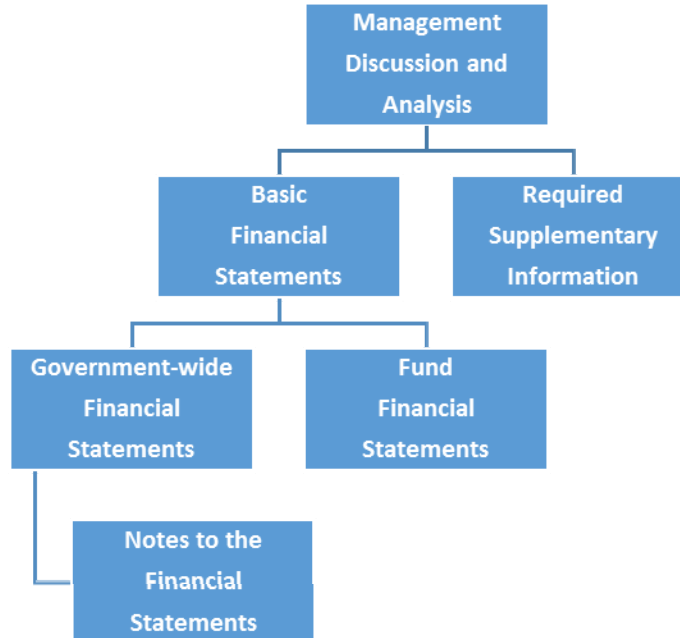
The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For 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 (\$137,805,077) at June 30, 2016.

**Table A-1
Fiscal Year ended June 30, 2016
Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 28,034,853	\$ 27,695,240	\$ 932,938	\$ 642,832	\$ 28,338,072	\$ 28,338,072
Non-Current Assets	128,719,525	131,807,827	496,879	527,755	132,335,582	132,335,582
Deferred Outflows of Resources	10,930,150	9,092,912	-	-	9,092,912	9,092,912
Total Assets & Deferred Outflow of Resources	\$ 167,684,528	\$ 168,595,979	\$ 1,429,817	\$ 1,170,587	\$ 169,766,566	\$ 169,766,566
Current and other liabilities	\$ 19,929,862	\$ 19,603,213	\$ 106,627	\$ 79,274	\$ 20,036,489	\$ 19,682,487
Long-term liabilities	284,229,904	280,350,324	-	-	284,229,904	280,350,324
Deferred Inflows of Resources	2,653,029	9,825,419	-	-	2,653,029	9,825,419
Total Liabilities & Deferred Inflow of Resources	\$ 306,812,795	\$ 309,778,956	\$ 106,627	\$ 79,274	\$ 306,919,422	\$ 309,858,230
<u>Net Position</u>						
Net Investment in Capital Assets	\$ -	\$ -	\$ 496,879	\$ 527,755	\$ 496,879	\$ 527,755
Restricted	502,771	500,440	-	-	502,771	500,440
Unrestricted	(139,631,038)	(141,683,417)	826,311	563,558	(138,804,727)	(141,119,859)
Total Net Position	\$ (139,128,267)	\$ (141,182,977)	\$ 1,323,190	\$ 1,091,313	\$ (137,805,077)	\$ (140,091,664)

**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, 2016
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
REVENUES						
<i>Program revenues:</i>						
Charges for services	\$ 39,065	\$ 35,803	\$ 930,292	\$ 967,917	\$ 969,357	\$ 1,003,720
Operating grants and contributions	15,439,885	13,349,713	1,411,264	1,298,744	16,851,149	14,648,457
Capital grants and contributions	1,978,396	2,962,416	-	-	1,978,396	2,962,416
<i>General revenues:</i>						
Property taxes	64,396,215	63,229,935	-	-	64,396,215	63,229,935
Other taxes	3,967,213	3,966,172	-	-	3,967,213	3,966,172
Grants, subsidies and contributions, unrestricted	15,794,204	15,352,951	-	-	15,794,204	15,352,951
Other	247,038	217,315	3,700	-	250,738	217,315
TOTAL REVENUES	\$ 101,862,016	\$ 99,114,305	\$ 2,345,256	\$ 2,266,661	\$ 104,207,272	\$ 101,380,966
EXPENSES						
Instruction	60,903,427	61,954,872	-	-	60,903,427	61,954,872
Instructional student support	6,743,945	7,638,543	-	-	6,743,945	7,638,543
Administrative and financial support	8,180,652	8,064,712	-	-	8,180,652	8,064,712
Operation and maintenance of plant	9,537,703	10,321,816	-	-	9,537,703	10,321,816
Pupil transportation	4,951,022	5,840,355	-	-	4,951,022	5,840,355
Student activities	1,198,711	1,306,739	-	-	1,198,711	1,306,739
Community services	10,499	2,171	-	-	10,499	2,171
Interest on long-term debt	5,795,452	6,021,401	-	-	5,795,452	6,021,401
Unallocated depreciation expense	2,485,895	2,336,666	-	-	2,485,895	2,336,666
Food Services	-	-	2,113,379	2,082,125	2,113,379	2,082,125
TOTAL EXPENSES	99,807,306	103,487,275	2,113,379	2,082,125	101,920,685	105,569,400
Increase (decrease) in net position	\$ 2,054,710	\$ (4,372,970)	\$ 231,877	\$ 184,536	\$ 2,286,587	\$ (4,188,434)

Net Position for Governmental Activities increased \$2,054,710 in 2015-16. This was caused primarily by the higher than anticipated revenues and lower overall expenditures. The Food Service operations for 2015-16 resulted in an increase in net position of \$231,877. Overall increase in federal and state reimbursements as part of the free and reduced lunch program with more families applying for meal benefits due to economic conditions.

**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, 2016
Governmental Activities

<u>Functions/Programs</u>	Total Cost of Services		Net Costs of Services	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 60,903,427	\$ 61,954,872	\$ 49,493,951	\$ 52,040,394
Instructional Student Support	6,743,945	7,638,543	6,041,107	7,010,223
Administrative	8,180,652	8,064,712	7,559,984	7,514,109
Operation and Maintenance	9,537,703	10,321,816	8,848,245	9,746,797
Pupil Transportation	4,951,022	5,840,355	3,022,675	4,228,593
Student Activities	1,198,711	1,306,739	1,081,047	1,203,576
Community Services	10,499	2,171	-	-
Interest on Long-Term Debt	5,795,452	6,021,401	3,817,056	3,058,985
Unallocated depreciation expense	2,485,895	2,336,666	2,485,895	2,336,666
Total governmental activities	\$ 99,807,306	\$ 103,487,275	\$ 82,349,960	\$ 87,139,343
Less: Unrestricted Grants, Subsidies			15,794,204	15,352,951
Total needs from local taxes and other revenues			\$ 66,555,756	\$ 71,786,392

**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, 2016

Functions/Programs	Total Cost of Services		Net Costs of Services	
	2016	2015	2016	2015
Food Services	<u>\$ 2,113,379</u>	<u>\$ 2,082,125</u>	\$ 228,177	\$ 184,536
Investment Earnings			61	-
Other Revenue			3,639	-
Total business-type activities			<u>\$ 231,877</u>	<u>\$ 184,536</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, 2016, the District's governmental funds reported a combined fund balance of \$12,948,250 which is an increase of \$1,206,883 over 2014-15. The primary reasons for this change are:

General Fund:

Total revenues recorded in the General Fund increased by \$ 2,510,060 or 2.51% during this year. Revenues received from local sources, such as property taxes, continue to account for most of the District's Revenues generating \$69,794,090 or approximately 68.16% of total revenues. Total expenditures recorded in the General Fund for 2015-16 decreased by \$793,561 or .78%. Overall, this year's activities in the General Fund resulted in a increase of \$ 1,878,407 to fund balance. Fund balance at year-end totaled \$11,506,941.

Capital Reserve Fund:

The District established this fund in 2015 for unexpected and proposed capital projects. There were no expenditures for the fiscal year and had interest earnings of \$2,331. Fund balance at year-end totaled \$502,771.

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 2015-16 represented \$508,991 for roofing upgrades, technology infrastructure, and paving throughout the district. Fund balance at year end totaled \$824,287.

**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 \$167,916. Fund balance at the end of the year totaled \$114,251.

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, 2016
General Fund Budget Comparison

	15/16 Budget	15/16 Final Budget	15/16 Actual	Variance
1100 Regular Instruction	\$ 45,847,385	\$ 45,844,685	\$ 42,325,330	\$ 3,519,355
1200 Special Education	13,683,914	14,400,603	14,385,818	14,785
1300 Vocational Education	1,471,162	1,503,162	1,502,710	452
1400 Other Instruction	858,107	669,107	393,709	275,398
1500 Non-Public	2,500	4,500	3,919	581
1600 Adult Education	-	-	-	-
1700 Community College	-	-	-	-
1800 Pre-Kindergarten	-	-	-	-
2100 Pupil Services	3,156,434	3,172,434	2,856,543	315,891
2200 Instructional Staff Services	1,848,148	1,585,148	1,576,649	8,499
2300 Administration	6,124,003	6,179,003	6,170,004	8,999
2400 Pupil Health	1,385,876	1,321,876	1,316,362	5,514
2500 Business Services	819,911	600,911	596,025	4,886
2600 Operation & Maintenance	9,979,409	9,875,409	9,307,618	567,791
2700 Pupil Transportation	5,301,946	5,309,946	4,648,742	661,204
2800 Central & Other Support Svcs	901,732	901,732	655,169	246,563
2900 Other Support Services	35,486	35,486	35,052	434
3200 Student Activities	1,290,165	1,290,165	1,132,146	158,019
3300 Community Services	-	12,000	10,499	1,501
4000 Capital Outlay	-	-	-	-
5100 Debt Service	14,091,454	14,091,454	13,622,306	469,148
5200 Transfers	-	-	-	-
5900 Budgetary Reserve	-	-	-	-
Grand Total	\$ 106,797,632	\$ 106,797,621	\$ 100,538,601	\$ 6,259,020

**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

	2016	2015
Land and Site Improvements	\$ 5,686,732	\$ 5,710,671
Buildings	49,575,030	47,512,827
Furniture & Equipment	6,239,639	7,623,389
Construction in Progress	63,656,119	68,309,251
Total	\$ 125,157,520	\$ 129,156,138

CAPITAL ASSETS

At June 30, 2016, the District had \$125,157,520 invested in a broad range of capital assets, including land, buildings, furniture and equipment. Year-end totals for Construction in Progress were added for the construction of the High School which will be completed by the fiscal year 2016.

DEBT ADMINISTRATION

As of June 30, 2016, total outstanding debt amounted to \$140,399,583.

Table A-7
Outstanding Debt

	2016	2015
General Obligation Bonds:		
- Improvement Series of 1998	\$ 17,136,583	\$ 18,972,158
- Series B of 2009	4,580,000	5,140,000
- Series of 2010	-	6,690,000
- Series A of 2011	23,670,000	25,205,000
- Series B of 2011	9,680,000	11,165,000
- Series A of 2012	9,980,000	9,985,000
- Series B of 2012	9,855,000	9,885,000
- Series of 2013	4,430,000	4,615,000
- Series of 2014	6,190,000	6,195,000
General Obligation Notes:		
- Series of 2008	10,718,000	11,404,000
- Series A of 2010	14,100,000	14,700,000
- Series C of 2011	23,595,000	24,020,000
- Series of 2015	6,465,000	-
Total	\$ 140,399,583	\$ 147,976,158

**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 continues to anticipate a decline in enrollment. The district now owns two vacant buildings and will continue to advertise and try to sell these properties. This consolidation will save money in overall utilities and maintenance while staff was redirected to other district facilities. The budget for 2016-17 was approved with a 3.77% increase to its real estate taxes when property values continue to decline caused by the surrounding economic conditions and pension and healthcare cost continue to rise. 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

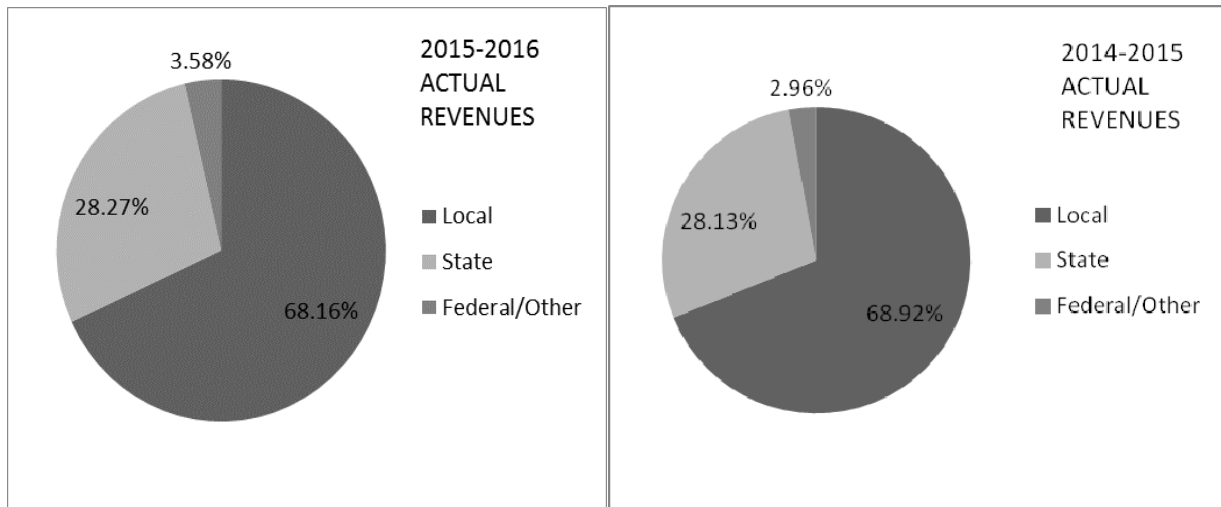
	<u>2015-16</u>	<u>2014-2015</u>
Local	\$ 68,843,277	\$ 68,809,944
State	27,723,795	28,310,723
Federal/Other	3,738,985	3,201,970

ACTUAL REVENUES

	<u>2015-16</u>	<u>2014-2015</u>
Local	\$ 69,704,090	\$ 68,840,919
State	28,946,043	28,095,462
Federal/Other	3,662,027	2,955,719

2015-16

2014-15



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

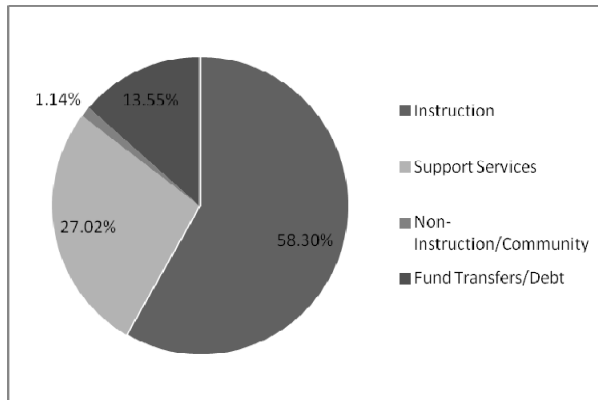
BUDGETED EXPENDITURES

	<u>2015-16</u>	<u>2014-15</u>
Instruction	\$ 61,863,068	\$ 58,172,350
Support Services	29,552,945	27,903,107
Non-Instruction/Community	1,290,155	1,117,133
Fund Transfers/Debt	14,091,454	15,049,396

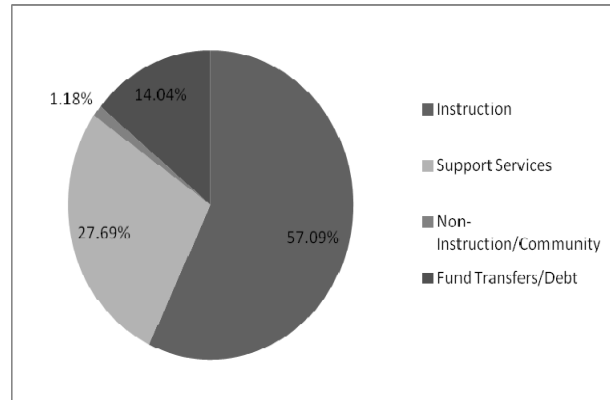
ACTUAL EXPENDITURES

	<u>2015-16</u>	<u>2014-15</u>
Instruction	\$ 58,611,486	\$ 57,850,596
Support Services	27,162,164	28,058,644
Non-Instruction/Community	1,142,645	1,197,137
Fund Transfers/Debt	13,622,306	14,225,785

2015-16



2014-15



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, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 17,925,106	\$ 864,485	\$ 18,789,591
Investments	-	-	-
Receivables, net	6,987,210	-	6,987,210
Internal Balances	-	-	-
Due From Other Governments	2,925,623	24,716	2,950,339
Other Receivables	143,114	-	143,114
Inventories	53,800	43,737	97,537
Prepaid Expenses	-	-	-
Other Current Assets	-	-	-
Total Current Assets	<u>28,034,853</u>	<u>932,938</u>	<u>28,967,791</u>
Non-Current Assets			
Restricted Cash and Cash Equivalents	-	-	-
Land	1,262,987	-	1,262,987
Site Improvements (net of depreciation)	4,423,745	-	4,423,745
Building and Bldg. Improvements (net of depreciation)	49,575,030	-	49,575,030
Furniture and Equipment (net of depreciation)	5,742,760	496,879	6,239,639
Library Collections (net of depreciation)	-	-	-
Construction in Progress	63,656,119	-	63,656,119
Long-term Receivables	4,058,884	-	4,058,884
Total Non-Current Assets	<u>128,719,525</u>	<u>496,879</u>	<u>129,216,404</u>
Total Assets	<u>\$ 156,754,378</u>	<u>\$ 1,429,817</u>	<u>\$ 158,184,195</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Charges on Refundings	175,453	-	175,453
Deferred Outflows of Resources - Change in Proportion of NPL	150,000	-	150,000
Deferred Outflows of Resources - Current Year Contributions	10,580,827	-	10,580,827
Deferred Outflows of Resources - Diff. between Proportionate Share vs Actual Pd -POS	23,870	-	23,870
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 167,684,528</u>	<u>\$ 1,429,817</u>	<u>\$ 169,114,345</u>
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ -	\$ -	\$ -
Due to other governments	559,321	-	559,321
Accounts Payable	299,230	74,332	373,562
Current Portion of Long-Term Obligations	9,789,528	-	9,789,528
Accrued Salaries and Benefits	5,834,217	-	5,834,217
Payroll Deductions and Withholdings	3,007,640	-	3,007,640
Prepayments	-	-	-
Judgment Payable	-	-	-
Insurance Claims Payable	-	-	-
Other Current Liabilities	439,926	32,295	472,221
Total Current Liabilities	<u>19,929,862</u>	<u>106,627</u>	<u>20,036,489</u>
Non-Current Liabilities			
Bonds and Notes Payable	131,230,770	-	131,230,770
Long-Term Portion of Compensated Absences	2,846,713	-	2,846,713
Net Defined Contribution Pension Liability	-	-	-
Net Defined Benefit Pension Liability	145,634,995	-	145,634,995
Net OPEB Obligation	4,517,426	-	4,517,426
Total Liabilities	<u>304,159,766</u>	<u>106,627</u>	<u>304,266,393</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Unearned Revenues	1,220	-	1,220
Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	296,000	-	296,000
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	225,809	-	225,809
Deferred Inflows of Resources - Change in Proportion of NPL	1,527,000	-	1,527,000
Deferred Inflows of Resources - Diff. between Expected vs Actual Experience	603,000	-	603,000
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>306,812,795</u>	<u>106,627</u>	<u>306,919,422</u>
NET POSITION			
Net Investment in Capital Assets	-	496,879	496,879
Restricted For:			
Retirement of Long-Term Debt	-	-	-
Capital Projects	502,771	-	502,771
Other Restrictions	-	-	-
Unrestricted (deficit)	(139,631,038)	826,311	(138,804,727)
TOTAL NET POSITION	<u>(139,128,267)</u>	<u>1,323,190</u>	<u>(137,805,077)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 167,684,528</u>	<u>\$ 1,429,817</u>	<u>\$ 169,114,345</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, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 60,903,427	\$ 9,885	\$ 11,399,591	\$ -	\$ (49,493,951)	\$ -	\$ (49,493,951)
Instructional Student Support	6,743,945	-	702,838	-	(6,041,107)	-	(6,041,107)
Admin. & Fin'l Support Services	8,180,652	-	620,668	-	(7,559,984)	-	(7,559,984)
Oper. & Maint. of Plant Svcs.	9,537,703	-	689,458	-	(8,848,245)	-	(8,848,245)
Pupil Transportation	4,951,022	4,296	1,924,051	-	(3,022,675)	-	(3,022,675)
Student activities	1,198,711	24,884	92,780	-	(1,081,047)	-	(1,081,047)
Community Services	10,499	-	10,499	-	-	-	-
Interest on Long-Term Debt	5,795,452	-	-	1,978,396	(3,817,056)	-	(3,817,056)
Unallocated Depreciation Expense	2,485,895	-	-	-	(2,485,895)	-	(2,485,895)
TOTAL GOVERNMENTAL ACTIVITIES	99,807,306	39,065	15,439,885	1,978,396	(82,349,960)	-	(82,349,960)
BUSINESS-TYPE ACTIVITIES:							
Food Services	2,113,379	930,292	1,411,264	-	-	228,177	228,177
Other Enterprise Funds	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ 101,920,685	\$ 969,357	\$ 16,851,149	\$ 1,978,396	\$ (82,349,960)	\$ 228,177	\$ (82,121,783)
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 64,396,215	\$ -	\$ 64,396,215
Taxes levied for specific purposes					3,967,213	-	3,967,213
Grants, subsidies, & contributions not restricted					15,794,204	-	15,794,204
Investment Earnings					56,173	61	56,234
Miscellaneous Income					190,865	3,639	194,504
Special item - Gain (Loss) on sale of capital assets					-	-	-
Extraordinary Items					-	-	-
Transfers					-	-	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					84,404,670	3,700	84,408,370
CHANGES IN NET POSITION					2,054,710	231,877	2,286,587
NET POSITION - BEGINNING					(141,182,977)	1,091,313	(140,091,664)
NET POSITION - ENDING					\$ (139,128,267)	\$ 1,323,190	\$ (137,805,077)

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

Stroudsburg Area School District
Balance Sheet
Governmental Funds
As of June 30, 2016

	<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	\$ 16,481,362	\$ 1,443,744	\$ -	\$ 17,925,106
Restricted Cash	-	-	-	-
Investments	-	-	-	-
Taxes Receivable, net	6,987,210	-	-	6,987,210
Due from other funds	30,078	-	-	30,078
Due from Other Governments	2,925,623	-	-	2,925,623
Other Receivables	113,035	-	-	113,035
Inventories	-	-	-	-
Prepaid Expenditures	-	-	-	-
Other Current Assets	-	-	-	-
TOTAL ASSETS	\$ 26,537,308	\$ 1,443,744	\$ -	\$ 27,981,052
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charges on Refundings, net	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 26,537,308	\$ 1,443,744	\$ -	\$ 27,981,052
<u>LIABILITIES</u>				
Due to Other Funds	\$ 5,839	\$ -	\$ -	\$ 5,839
Due to Other Governments	559,321	-	-	559,321
Accounts Payable	290,955	2,435	-	293,390
Current Portion of Long-Term Debt	236,528	-	-	236,528
Judgment Payable	-	-	-	-
Accrued Salaries and Benefits	5,834,217	-	-	5,834,217
Payroll Deductions and Withholdings	3,007,640	-	-	3,007,640
Prepayments	-	-	-	-
Other Current Liabilities	-	-	-	-
TOTAL LIABILITIES	9,934,500	2,435	-	9,936,935
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned Revenue from Property Taxes/Grants	5,095,867	-	-	5,095,867
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	15,030,367	2,435	-	15,032,802
<u>FUND BALANCES:</u>				
Nonspendable Fund Balance	-	-	-	-
Restricted Fund Balance	-	1,441,309	-	1,441,309
Committed Fund Balance	-	-	-	-
Assigned Fund Balance	-	-	-	-
Unassigned Fund Balance	11,506,941	-	-	11,506,941
TOTAL FUND BALANCES	11,506,941	1,441,309	-	12,948,250
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 26,537,308	\$ 1,443,744	\$ -	\$ 27,981,052

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, 2016**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 12,948,250

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 \$188,099,414 and the accumulated depreciation is \$63,438,773. 124,660,641

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. 4,058,884

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. 5,094,647

This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues. 175,453

This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension Liability 8,102,888

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. 53,800

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	\$ (140,783,770)		
	Accrued interest on the bonds	(439,926)		
	Compensated absences	(2,846,713)		
	Net Defined Contribution Pension Obligation	-		
	Net OPEB Obligation	(4,517,426)		
	Net Defined Benefit Pension Liability	(145,634,995)		
	Accounts Payable	-		(294,222,830)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (139,128,267)**

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, 2016

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 69,794,090	\$ 3,931	\$ -	\$ 69,798,021
State Sources	28,946,043	-	-	28,946,043
Federal Sources	3,662,027	-	-	3,662,027
TOTAL REVENUES	<u>102,402,160</u>	<u>3,931</u>	<u>-</u>	<u>102,406,091</u>
EXPENDITURES				
Instruction	58,611,486	-	-	58,611,486
Support Services	27,162,164	1,264	78,899	27,242,327
Operation of Non-Instructional Services	1,142,645	-	-	1,142,645
Capital Outlay	-	674,191	-	674,191
Debt Service	13,622,306	-	7,173	13,629,479
TOTAL EXPENDITURES	<u>100,538,601</u>	<u>675,455</u>	<u>86,072</u>	<u>101,300,128</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,863,559</u>	<u>(671,524)</u>	<u>(86,072)</u>	<u>1,105,963</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	-	-
Refunding Bond Proceeds	-	-	6,870,000	6,870,000
Bond Premium	-	-	-	-
Interfund Transfers In	-	1,452	-	1,452
Sale/Compensation for Fixed Assets	-	-	-	-
Payment to bond refunding escrow agent	-	-	(6,783,928)	(6,783,928)
Bond Discount	-	-	-	-
Refunds of Prior Year Receipts	-	-	-	-
Operating Transfers Out	-	(1,452)	-	(1,452)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>86,072</u>	<u>86,072</u>
SPECIAL/EXTRAORDINARY ITEMS				
Special Items	-	-	-	-
Extraordinary Items - Insurance Recoveries	14,848	-	-	14,848
NET CHANGE IN FUND BALANCES	1,878,407	(671,524)	-	1,206,883
FUND BALANCES - BEGINNING	<u>9,628,534</u>	<u>2,112,833</u>	<u>-</u>	<u>11,741,367</u>
FUND BALANCES - ENDING	<u>\$ 11,506,941</u>	<u>\$ 1,441,309</u>	<u>\$ -</u>	<u>\$ 12,948,250</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, 2016**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,206,883

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	\$ 4,770,824	
	less - capital outlays	<u>803,083</u>	(3,967,741)

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. -

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 increased by this amount this year. (557,738)

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. 8,751,000

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. (1,577,179)

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING **\$ 3,855,225**

**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, 2016**

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING (CONT'D) \$ 3,855,225

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. (916,972)

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. 878,256

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. (86,073)

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. (1,729,526)

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. 53,800

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 2,054,710**

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, 2016

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 864,485	\$ -	\$ 864,485
Investments	-	-	-
Due from other funds	-	-	-
Due From Other Governments	24,716	-	24,716
Other Receivables	-	-	-
Inventories	43,737	-	43,737
Prepaid expenses	-	-	-
Other Current Assets	-	-	-
TOTAL CURRENT ASSETS	932,938	-	932,938
NON-CURRENT ASSETS:			
Building & Bldg. Improvements (net)	-	-	-
Machinery & Equipment (net)	496,879	-	496,879
Other Long-Term Receivables	-	-	-
TOTAL NON-CURRENT ASSETS	496,879	-	496,879
TOTAL ASSETS	\$ 1,429,817	\$ -	\$ 1,429,817
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources - Current Year Contributions	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 1,429,817	\$ -	\$ 1,429,817
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Due to Other Funds	\$ -	\$ -	\$ -
Due to Other Governments	-	-	-
Accounts Payable	74,332	-	74,332
Current Portion of Long-Term Debt	-	-	-
Accrued Salaries and Benefits	-	-	-
Payroll Deductions and Withholdings	-	-	-
Prepayments from Students	32,295	-	32,295
TOTAL CURRENT LIABILITIES	106,627	-	106,627
NON-CURRENT LIABILITIES:			
Long-Term Portion of Compensated Absences	-	-	-
Net Pension Liability	-	-	-
Net OPEB Obligation	-	-	-
TOTAL NON-CURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	106,627	-	106,627
<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	106,627	-	106,627
<u>FUND NET POSITION</u>			
Net Investment in Capital Assets	496,879	-	496,879
Restricted for Legal Purposes	-	-	-
Unrestricted	826,311	-	826,311
TOTAL FUND NET POSITION	1,323,190	-	1,323,190
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 1,429,817	\$ -	\$ 1,429,817

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, 2016

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Food Service Revenue	\$ 930,292	\$ -	\$ 930,292
Charges for Services	-	-	-
Other Operating Revenues	<u>3,639</u>	<u>-</u>	<u>3,639</u>
TOTAL OPERATING REVENUES	<u>933,931</u>	<u>-</u>	<u>933,931</u>
OPERATING EXPENSES:			
Salaries	-	-	-
Employee benefits	-	-	-
Purchased Professional and Technical Services	-	-	-
Purchased Property Service	8,369	-	8,369
Other Purchased Services	1,855,068	-	1,855,068
Supplies	175,653	-	175,653
Depreciation	57,818	-	57,818
Dues and Fees	11,571	-	11,571
Claims and Judgments	-	-	-
Other Operating Expenses	<u>4,900</u>	<u>-</u>	<u>4,900</u>
TOTAL OPERATING EXPENSES	<u>2,113,379</u>	<u>-</u>	<u>2,113,379</u>
OPERATING INCOME (LOSS)	<u>(1,179,448)</u>	<u>-</u>	<u>(1,179,448)</u>
NON-OPERATING REVENUES (EXPENSES)			
Earnings on investments	61	-	61
Contributions and Donations	-	-	-
Gain or (Loss) on Sale of Fixed Assets	-	-	-
State Sources	74,134	-	74,134
Federal Sources	1,337,130	-	1,337,130
Claims and Judgments	-	-	-
Interest Expenses	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,411,325</u>	<u>-</u>	<u>1,411,325</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	231,877	-	231,877
Capital contributions	-	-	-
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND NET POSITION	231,877	-	231,877
FUND NET POSITION - BEGINNING	<u>1,091,313</u>	<u>-</u>	<u>1,091,313</u>
FUND NET POSITION - ENDING	<u>\$ 1,323,190</u>	<u>\$ -</u>	<u>\$ 1,323,190</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, 2016

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 962,587	\$ -	\$ 962,587
Cash Received from Assessments made to Other Funds	-	-	-
Cash Received from Earnings on Investments	-	-	-
Cash Received from Other Operating Revenue	3,639	-	3,639
Cash Payments to Employees for Services	-	-	-
Cash Payments for Insurance Claims	-	-	-
Cash Payments to Suppliers for Goods and Services	(1,881,837)	-	(1,881,837)
Cash Payments to Other Operating Expenses	(16,471)	-	(16,471)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(932,082)	-	(932,082)
	-----	-----	-----
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Local Sources	-	-	-
State Sources	84,282	-	84,282
Federal Sources	1,312,210	-	1,312,210
Notes and Loans Received	-	-	-
Interest Paid on Notes/Loans	-	-	-
Operating Transfers In (Out)	-	-	-
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	1,396,492	-	1,396,492
	-----	-----	-----
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Facilities Acquisition/Const./Improvement Svcs.	(26,942)	-	(26,942)
Capital Contributions	-	-	-
Gain/Loss on Sale of Fixed Assets (Proceeds)	-	-	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(26,942)	-	(26,942)
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	61	-	61
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	61	-	61
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	437,529	-	437,529
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	426,956	-	426,956
	-----	-----	-----
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 864,485	\$ -	\$ 864,485

Stroudsburg Area School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2016

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)	\$ (1,179,448)	\$ -	\$ (1,179,448)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Depreciation and Net Amortization	57,818	-	57,818
Provision for Uncollectible Accounts	-	-	-
Donated Commodities Used	170,376	-	170,376
CHANGE IN ASSETS AND LIABILITIES:			
(Increase) Decrease in Accounts Receivable	-	-	-
(Increase) Decrease in Advances to Other Funds	-	-	-
(Increase) Decrease in Inventories	(8,181)	-	(8,181)
(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	(4,942)	-	(4,942)
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	32,295	-	32,295
TOTAL ADJUSTMENTS	<u>247,366</u>	<u>-</u>	<u>247,366</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (932,082)</u>	<u>\$ -</u>	<u>\$ (932,082)</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, 2016

	PRIVATE PURPOSE TRUST	OTHER EMPLOYEE BENEFIT TRUST	AGENCY FUNDS
ASSETS			
Cash and cash equivalents	\$ 91,003	\$ -	\$ 745,978
Investments	119,414	-	-
Due from Other Funds	-	-	5,839
Other Receivables	-	-	812
Prepaid Expenses	-	-	-
Other Current Assets	-	-	-
TOTAL ASSETS	210,417	-	752,629
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings, net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 210,417	\$ -	\$ 752,629
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 242
Due to Other Funds	-	-	30,078
Due to Student Clubs	-	-	198,262
Other Current Liabilities	-	-	524,047
TOTAL LIABILITIES	-	-	752,629
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	-	752,629
NET POSITION			
Restricted	210,417	-	-
Unrestricted	-	-	-
TOTAL NET POSITION	\$ 210,417	\$ -	\$ -

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, 2016**

	<u>PRIVATE- PURPOSE TRUST FUND</u>	<u>OTHER EMPLOYEE BENEFIT TRUST FUND</u>
ADDITIONS		
Contributions	\$ 10,347	\$ -
Transfers from other funds	-	-
Investment Earnings:		
Interest and Dividends	1,682	-
Net increase (decrease) in fair value of investments	-	-
Less investment expense	<u>-</u>	<u>-</u>
TOTAL ADDITIONS	<u>12,029</u>	<u>-</u>
	-----	-----
DEDUCTIONS		
Administrative Fees	-	-
Payments to Retirees	-	-
Scholarships	<u>16,792</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>16,792</u>	<u>-</u>
	-----	-----
CHANGES IN NET POSITION	(4,763)	-
NET POSITION - BEGINNING OF YEAR	<u>215,180</u>	<u>-</u>
	-----	-----
NET POSITION - END OF YEAR	<u>\$ 210,417</u>	<u>\$ -</u>
	-----	-----

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, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>	<u>BUDGET TO</u>	<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(BUDGETARY</u>	<u>FINAL BUDGET</u>	<u>GAAP</u>	<u>AMOUNTS</u>
			<u>BASIS)</u>	<u>(NEGATIVE)</u>	<u>DIFFERENCE</u>	<u>GAAP BASIS</u>
REVENUES						
Local Sources	\$ 68,843,277	\$ 68,847,692	\$ 69,794,090	\$ 946,398	\$ -	\$ 69,794,090
State Sources	27,723,795	27,723,795	28,946,043	1,222,248	-	28,946,043
Federal Sources	3,738,985	3,738,985	3,662,027	(76,958)	-	3,662,027
TOTAL REVENUES	<u>100,306,057</u>	<u>100,310,472</u>	<u>102,402,160</u>	<u>2,091,688</u>	<u>-</u>	<u>102,402,160</u>
EXPENDITURES						
Regular Instruction	45,847,385	45,844,685	42,325,330	3,519,355	-	42,325,330
Special Programs	13,683,914	14,400,603	14,385,818	14,785	-	14,385,818
Vocational Programs	1,471,162	1,503,162	1,502,710	452	-	1,502,710
Other Instructional Programs	858,107	669,107	393,709	275,398	-	393,709
Nonpublic School Programs	2,500	4,500	3,919	581	-	3,919
Adult Education Programs	-	-	-	-	-	-
Community/Junior College Ed. Programs	-	-	-	-	-	-
Pre-Kindergarten	-	-	-	-	-	-
Pupil Personnel Services	3,156,434	3,172,434	2,856,543	315,891	-	2,856,543
Instructional Staff Services	1,848,148	1,585,148	1,576,649	8,499	-	1,576,649
Administrative Services	6,124,003	6,179,003	6,170,004	8,999	-	6,170,004
Pupil Health	1,385,876	1,321,876	1,316,362	5,514	-	1,316,362
Business Services	819,911	600,911	596,025	4,886	-	596,025
Operation & Maintenance of Plant Services	9,979,409	9,875,409	9,307,618	567,791	-	9,307,618
Student Transportation Services	5,301,946	5,309,946	4,648,742	661,204	-	4,648,742
Central Support Services	901,732	901,732	655,169	246,563	-	655,169
Other Support Services	35,486	35,486	35,052	434	-	35,052
Student Activities	-	238,660	203,822	34,838	-	203,822
School Sponsored Athletics	1,290,165	1,051,505	928,324	123,181	-	928,324
Community Services	-	12,000	10,499	1,501	-	10,499
Facilities, Acquisition and Construction	-	-	-	-	-	-
Debt Service	14,091,454	14,091,454	13,622,306	469,148	-	13,622,306
TOTAL EXPENDITURES	<u>106,797,632</u>	<u>106,797,621</u>	<u>100,538,601</u>	<u>6,259,020</u>	<u>-</u>	<u>100,538,601</u>
Excess (deficiency) of revenues over expenditures	(6,491,575)	(6,487,149)	1,863,559	8,350,708	-	1,863,559
OTHER FINANCING SOURCES (USES)						
Proceeds From Extended Term Financing	-	-	-	-	-	-
Interfund Transfers In	-	-	-	-	-	-
Sale/Compensation for Fixed Assets	-	-	-	-	-	-
Fund Transfers Out	-	-	-	-	-	-
Budgetary Reserve	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
Special Items	-	-	-	-	-	-
Extraordinary Items - Insurance Recoveries	-	-	14,848	14,848	-	14,848
NET CHANGE IN FUND BALANCES	<u>(6,491,575)</u>	<u>(6,487,149)</u>	<u>1,878,407</u>	<u>8,365,556</u>	<u>-</u>	<u>1,878,407</u>
FUND BALANCE - JULY 1, 2015	<u>7,925,617</u>	<u>7,925,617</u>	<u>9,628,534</u>	<u>1,702,917</u>	<u>-</u>	<u>9,628,534</u>
FUND BALANCE - JUNE 30, 2016	<u>\$ 1,434,042</u>	<u>\$ 1,438,468</u>	<u>\$ 11,506,941</u>	<u>\$ 10,068,473</u>	<u>\$ -</u>	<u>\$ 11,506,941</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, 2016**

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, 2016**

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 2015-16 was \$1,502,710.

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, 2016

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, 2016

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, 2016

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, 2016**

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, 2016

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 2015-16 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 2015-16 fiscal year the District implemented the following new generally accepted accounting principles:

- GASB Statement No. 72 (*Fair Value Measurement and Application*), which establishes fair value reporting for governments. Fair value is described as an exit price. To determine a fair value measurement, a government should consider the unit of account, which refers to the level at which an asset or a liability is aggregated or disaggregated for measurement. This Statement requires a government to use valuation techniques using one of the following approaches: the market approach, the cost approach, or the income approach. This Statement establishes a hierarchy of inputs for valuation techniques used to measure fair values.
- GASB Statement No. 73 (Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68). The portion of this Statement applying to this government pertains to Amendments to GASB Statement 68. These Amendments clarify the application of Statement 68 as follows: (1) Information that is required to be presented as notes to the 10-year schedules

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

of required supplementary information about investment-related factors that significantly affect trends in the amounts reported; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

- GASB Statement No. 76 (The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments). This Statement establishes two categories of hierarchy: Category A consists of Governmental Accounting Standards Board Statements, including GASB interpretations. Category B consists of GASB Technical Bulletins; GASB Implementation Guides, and literature of the AICPA cleared by the GASB.
- GASB Statement No. 79 (Certain External Investment Pools and Pool Participants). This Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools.

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, 2016

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, 2016, 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, 2016, shows \$53,800 as an asset in the governmental activities column and \$43,737 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, 2016**

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, 2016, consist of:

Purchased Food	\$	8,807
Supplies		17,400
Donated Commodites		17,530
		\$ 43,737

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, 2016

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, 2016, 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, 2016

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, 2016**

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 \$294,222,830 difference are:

Bonds payable	\$ 140,399,583
Less: Issuance discount (to be amortized as interest expense)	(155,093)
Add: Issuance premiums (to be amortized as a contra of interest expense)	539,280
Accrued Interest Payable	439,926
Compensated absences	2,846,713
Net Defined Benefit Pension Liability	145,634,995
Net OPEB Obligation	<u>4,517,426</u>
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	<u>\$ 294,222,830</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, 2016

- 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, 2016

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	\$ 64,953,953	\$ (557,738)	\$ -	\$ -	\$ 64,396,215
Taxes levied for specific purposes	3,967,213	-	-	-	3,967,213
Interest and investment earnings	57,357	(1,184)	-	-	56,173
Miscellaneous	146,409	14,848	-	-	161,257
Contributions and Donations	29,608	-	-	-	29,608
Charges for Services	39,065	-	-	-	39,065
Grants, subsidies & contributions not restricted	15,794,204	-	-	-	15,794,204
Transfers In	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Proceeds from Bond Issues	6,870,000	-	-	(6,870,000)	-
INTERMEDIATE SOURCES:					
Charges for Services	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
STATE SOURCES:					
Operating and Capital grants and contributions	13,151,839	-	-	-	13,151,839
FEDERAL SOURCES:					
Operating and Capital grants and contributions	4,266,442	-	-	-	4,266,442
SPECIAL AND EXTRAORDINARY ITEMS:					
Insurance Recoveries	14,848	(14,848)	-	-	-
Gain or (Loss) on disposal of assets	-	-	-	-	-
TOTAL REVENUES	109,290,938	(558,922)	-	(6,870,000)	101,862,016
EXPENDITURES/EXPENSES					
Instruction	58,611,486	1,405,755	886,186	-	60,903,427
Instructional Student Support	5,749,554	158,900	835,491	-	6,743,945
Admin. & Fin'l Support Services	7,535,149	627,020	18,483	-	8,180,652
Oper. & Maint. Of Plant Svcs.	9,308,882	122,048	106,773	-	9,537,703
Pupil Transportation	4,648,742	42,636	259,644	-	4,951,022
Student activities	1,132,146	17,106	49,459	-	1,198,711
Community Services	10,499	-	-	-	10,499
Capital Outlay	674,190	-	(674,190)	-	-
Debt Service	20,413,407	-	-	(14,617,955)	5,795,452
Transfers Out	-	-	-	-	-
Extraordinary Loss	-	-	-	-	-
Depreciation - unallocated	-	-	2,485,895	-	2,485,895
TOTAL EXPENDITURES/EXPENSES	108,084,055	2,373,465	3,967,741	(14,617,955)	99,807,306
NET CHANGE FOR THE YEAR	\$ 1,206,883	\$ (2,932,387)	\$ (3,967,741)	\$ 7,747,955	\$ 2,054,710

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

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, 2016, except the governmental activities has a deficit of \$139,128,267.

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, 2016. 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, 2016, \$3,244,573 of the District's bank balance of \$3,821,179 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>3,244,573</u>
TOTAL	<u>\$ 3,244,573</u>

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$ 3,244,573
Plus: Insured Amount	576,606
Less: Outstanding Checks	<u>(201,208)</u>
Carrying Amount - Bank balances	3,619,971
Plus: Petty Cash	1,450
Deposits in Investment Pools Considered Cash Equivalents	16,046,381
Deposits in Money Market Mutual Funds Considered Cash Equivalents	-
Less: Certificates of Deposit considered Investment by School Code	<u>(41,230)</u>
Total Cash Per Financial Statements	<u>\$ 19,626,572</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, 2016**

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, 2016, the District had the following investments:

<i>Investment</i>	Maturities	Fair Value
PA School District Liquid Asset Fund - MAX		\$ 16,044,504
PA Local Government Investment Trust		1,877
Dreyfuss Research Growth fund - Class Z		45,862
Columbia Short Term Bond Fd - A		32,322
Certificates of Deposit - PNC		41,230
TOTAL		\$ 16,165,795

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

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, 2016, 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 Capital Reserve Fund's Investments, 100% were held in Certificates of Deposit with PSDLAF. Of the Fiduciary Fund's Investments, 35.16% were held in Certificates of Deposit with PNC Bank, and 63.14% were held in mutual funds. More than 5 percent of the Governmental Activities total investments are in PLGIT'S CD's. In the governmental activities column of the government-wide financial statements, investment in Certificates of Deposits amounted to 100%.

Reconciliation to Financial Systems

Total Investments Above	\$ 16,165,795
Less: Deposits in Investment Pool Considered Cash Equivalents	(16,046,381)
Deposits in Money Market Mutual Funds Considered Cash Equivalents	-
Total Investments Per Financial Statements	\$ 119,414

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, 2016. 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, 2016**

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, 2016:

- 3,245.75 shares in Dreyfus Research Growth Fund totaling \$45,862, valued using quoted market prices (Level 1 inputs).
- 3,225.70 shares in Columbia Short Term Bond Fund totaling 32,322, 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 \$426,301,350. The tax rate for the year was \$15.736 per \$100 of assessed valuation or 157.36 mills. In accordance with Act 1 of 2006, the District received \$2,654,609 in property tax reduction funds for the 2015-16 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, 2016**

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	6,987,210	-	-	-	-	-	6,987,210
Accounts	113,035	-	-	-	-	812	113,847
Intergovernmental	2,925,623	-	-	24,716	-	-	2,950,339
GROSS RECEIVABLES	10,025,868	-	-	24,716	-	812	10,051,396
Less: Allowance for Uncollectibles	-	-	-	-	-	-	-
NET RECEIVABLES	\$ 10,025,868	\$ -	\$ -	\$ 24,716	\$ -	\$ 812	\$ 10,051,396

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	\$ 5,094,647	\$ -
Grants drawdowns prior to meeting eligibility requirements	-	1,220
TOTAL	\$ 5,094,647	\$ 1,220

Capital Assets

Capital asset balances and activity for the year ending June 30, 2016, were:

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 1,262,987	\$ -	\$ -	\$ 1,262,987
Construction in Progress	68,309,251	641,832	(5,294,964)	63,656,119
Total Capital Assets not being depreciated	<u>69,572,238</u>	<u>641,832</u>	<u>(5,294,964)</u>	<u>64,919,106</u>
Capital Assets being depreciated:				
Library Collections	3,630,772	-	(50)	3,630,722
Site Improvements	7,010,734	324,220	-	7,334,954
Buildings and Bldg. Improvements	90,945,602	4,988,584	-	95,934,186
Furniture and Equipment	16,137,035	143,411	-	16,280,446
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>117,724,143</u>	<u>5,456,215</u>	<u>(50)</u>	<u>123,180,308</u>
Less accumulated depreciation for:				
Library Collections	(3,630,722)	-	-	(3,630,722)
Site Improvements	(2,563,050)	(348,159)	-	(2,911,209)
Buildings and Bldg. Improvements	(43,432,775)	(2,926,381)	-	(46,359,156)
Furniture and Equipment	(9,041,401)	(1,496,285)	-	(10,537,686)
TOTAL ACCUMULATED DEPRECIATION	<u>(58,667,948)</u>	<u>(4,770,825)</u>	<u>-</u>	<u>(63,438,773)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION	<u>59,056,195</u>	<u>685,390</u>	<u>(50)</u>	<u>59,741,535</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 128,628,433</u>	<u>\$ 1,327,222</u>	<u>\$ (5,295,014)</u>	<u>\$ 124,660,641</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 1,323,678	\$ 26,942	\$ -	\$ 1,350,620
Less accumulated depreciation	(795,923)	(57,818)	-	(853,741)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 527,755</u>	<u>\$ (30,876)</u>	<u>\$ -</u>	<u>\$ 496,879</u>

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

Regular Instruction	\$ 851,161
Special Instruction	8,210
Vocational Instruction	31,395
Other Instruction	-
Adult Instruction	-
Community College Instruction	-
Pupil Services	12,557
Instructional Staff Svcs.	817,788
Administrative Services	42,366
Health Services	5,147
Business Services	1,676
Operation & Maintenance of Plant Svcs.	106,253
Pupil Transportation	356,078
Central Services	2,840
Other Support Services	-
Student Activities	49,459
Community Services	-
Depreciation - unallocated	2,485,895
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 4,770,825</u>

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

The District did not dispose of any capital assets during the year.

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 6/30/16</u>	<u>OUTSTANDING COMMITMENTS</u>
GRAND TOTAL	\$ _____ -	\$ _____ -	\$ _____ -

Short – term debt

Interfund receivables and payables

The following interfund receivables and payables were in existence on June 30, 2016:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 30,078	\$ 5,839
Enterprise (Food Service) Fund	-	-
Agency (Activity) Fund	5,839	30,078
Private Purpose Trust Fund	-	-
TOTAL	\$ 35,917	\$ 35,917

Interfund Transfers

The District also made the following interfund transfers during the fiscal year ended June 30, 2016:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ -	\$ -
Capital Project (2014 Bond) Fund	1,452	-
Capital Project (Construction) Fund	-	1,452
Capital Project (Capital Reserve) Fund	-	-
TOTAL	<u>\$ 1,452</u>	<u>\$ 1,452</u>

Long-term liabilities

Long-term liability balances and activity for the year ended June 30, 2016, were:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
GOVERNMENTAL ACTIVITIES					
<i>General Obligation Debt:</i>					
<i>Bonds and notes payable:</i>					
Capital Projects	\$ 148,389,197	\$ 7,925,588	\$ 15,531,015	\$ 140,783,770	\$ 9,553,000
Lease Rental Obligations	-	-	-	-	-
Total general obligation debt	148,389,197	7,925,588	15,531,015	140,783,770	9,553,000
<i>Other liabilities:</i>					
Judgment Payable	-	-	-	-	-
<i>Vested employee benefits:</i>					
Vacation pay	32,768	74,010	-	106,778	69,554
Sick pay	2,568,917	407,546	-	2,976,463	166,974
Net Defined Benefit Pension	135,010,167	10,624,828	-	145,634,995	-
Net OPEB benefits	3,360,484	1,156,942	-	4,517,426	-
Net Defined Contribution Pension	-	-	-	-	-
Total other liabilities	140,972,336	12,263,326	-	153,235,662	236,528
TOTAL GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	<u>\$ 289,361,533</u>	<u>\$ 20,188,914</u>	<u>\$ 15,531,015</u>	<u>\$ 294,019,432</u>	<u>\$ 9,789,528</u>
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

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	\$ 5,795,452	\$ 4,878,479
Short-term borrowings	-	-
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 5,795,452	\$ 4,878,479

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, 2016:

FISCAL YEAR	PRINCIPAL
2016-17	\$ 2,830,000
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	\$ 20,830,000
Less: Unamortized Discount	(3,693,417)
TOTAL OUTSTANDING	\$ 17,136,583

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, 2016 with a projected interest rate of 1.30% (latest rate in June 2016):

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

FISCAL YEAR	PRINCIPAL	INTEREST
2016-17	\$ 713,000	\$ 139,306
2017-18	742,000	129,939
2018-19	772,000	120,193
2019-20	802,000	110,053
2020-21	835,000	99,517
2021-26	4,701,000	324,067
2026-28	2,153,000	39,730
SUB-TOTAL	\$ 10,718,000	\$ 962,805
Add: Unamortized Premium	-	
TOTAL OUTSTANDING	\$ 10,718,000	

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, 2016:

FISCAL YEAR	PRINCIPAL	INTEREST
2016-17	\$ 575,000	\$ 186,154
2017-18	590,000	163,498
2018-19	620,000	133,247
2019-20	655,000	101,372
2020-21	685,000	72,154
2021-23	1,455,000	60,365
SUB-TOTAL	\$ 4,580,000	\$ 716,790
Less: Unamortized Discounts	-	
Add: Unamortized Premiums	56,800	
TOTAL OUTSTANDING	\$ 4,636,800	

General Obligation Bonds - Series of 2010

On October 1, 2010, the District issued \$8,420,000 of the General Obligation Bonds - Series of 2010. The proceeds of the Bonds were used (1) to currently refund the outstanding General Obligation Bonds, Series A of 2004; 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 April 1, 2011 to April 1, 2027. Interest rates ranging from 0.70% to 3.45% with total interest indebtedness of \$2,327,467.50.

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016

On July 3, 2015 the District refunded the GOB Series of 2010, which are presently outstanding in the principal amount of \$6,690,000 with interest rates ranging from 1.8% to 3.45% with new debt GON Series of 2015 in the amount of \$6,870,000. Interest rate on the new debt at a fixed 2.35%

SOURCES

Gross Proceeds of Bonds	\$ 6,870,000
Plus: Accrued Interest	-
Premium	-
Less: Original Issue Discount	-
Underwriter's Discount	-
TOTAL SOURCES	<u><u>\$ 6,870,000</u></u>

USES

Escrow Deposit	\$ 6,783,928
Issuance Costs	78,899
Sinking Fund Deposit	7,173
TOTAL USES	<u><u>\$ 6,870,000</u></u>

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows	\$ 8,086,215
Cash Flows From New Debt:	
New Debt Service Cash Flow	\$ 7,937,002
Less: Excess Funds Deposited in Sinking Fund	<u>(7,173)</u>
Net Cash Flows From New Debt	<u>7,929,829</u>
Net Difference in Cash Flows	<u><u>\$ 156,386</u></u>

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows	\$ 6,940,086
Present Value of New Debt Service Cash Flows	\$ 6,791,101
Less: Excess Funds Deposited in Sinking Fund	<u>(7,173)</u>
Total	<u>6,783,928</u>
Economic Gain	<u><u>\$ 156,158</u></u>

General Obligation Notes - Series 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, 2016:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

FISCAL YEAR	PRINCIPAL	INTEREST
2016-17	\$ 600,000	\$ 850,000
2017-18	605,000	850,000
2018-19	615,000	850,000
2019-20	620,000	850,000
2020-21	840,000	850,000
2021-26	5,560,000	4,250,000
2026-28	5,260,000	1,275,000
SUB TOTAL	\$ 14,100,000	\$ 9,775,000
Add: Unamortized Premium	-	
TOTAL OUTSTANDING	\$ 14,100,000	

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. The remaining outstanding debt service requirements at June 30, 2016:

FISCAL YEAR	PRINCIPAL	INTEREST
2016-17	\$ 1,615,000	\$ 1,064,635
2017-18	1,700,000	983,885
2018-19	1,795,000	932,885
2019-20	1,890,000	874,548
2020-21	1,995,000	808,397
2021-26	11,860,000	2,592,685
2026-27	2,815,000	147,788
SUB TOTAL	\$ 23,670,000	\$ 7,404,823
Add: Unamortized Premium	361,638	
TOTAL OUTSTANDING	\$ 24,031,638	

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, 2016:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

FISCAL YEAR	PRINCIPAL	INTEREST
2016-17	\$ 1,530,000	\$ 280,945
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	\$ 9,680,000	\$ 1,025,525
Add: Unamortized Premium	39,564	
TOTAL OUTSTANDING	\$ 9,719,564	

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, 2016:

FISCAL YEAR	PRINCIPAL	INTEREST
2016-17	\$ 415,000	\$ 1,305,834
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
2021-26	280,000	6,529,170
2026-30	21,795,000	4,570,419
SUB TOTAL	\$ 23,595,000	\$ 17,628,759
Add: Unamortized Premium	-	
TOTAL OUTSTANDING	\$ 23,595,000	

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, 2016:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

FISCAL YEAR	PRINCIPAL	INTEREST
2016-17	\$ 5,000	\$ 277,820
2017-18	5,000	277,757
2018-19	5,000	277,683
2019-20	55,000	277,590
2020-21	60,000	276,215
2021-26	8,025,000	1,228,045
2026-27	1,825,000	54,750
SUB TOTAL	\$ 9,980,000	\$ 2,669,860
Less: Unamortized Discount	(81,008)	
TOTAL OUTSTANDING	\$ 9,898,992	

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. The remaining outstanding debt service requirements at June 30, 2016:

FISCAL YEAR	PRINCIPAL	INTEREST
2016-17	\$ 30,000	\$ 286,766
2017-18	30,000	286,316
2018-19	30,000	285,717
2019-20	95,000	285,116
2020-21	95,000	282,622
2021-25	9,575,000	910,614
SUB TOTAL	\$ 9,855,000	\$ 2,337,151
Less: Unamortized Discount	(74,085)	
TOTAL OUTSTANDING	\$ 9,780,915	

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, 2016:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

FISCAL YEAR	PRINCIPAL	INTEREST
2016-17	\$ 185,000	\$ 132,715
2017-18	220,000	130,680
2018-19	230,000	127,820
2019-20	245,000	124,082
2020-21	260,000	119,183
2021-26	1,325,000	497,955
2026-31	1,195,000	303,538
2031-34	770,000	66,937
SUB TOTAL	\$ 4,430,000	\$ 1,502,910
Add: Unamortized Premium	50,781	
TOTAL OUTSTANDING	\$ 4,480,781	

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, 2016, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2016-17	\$ 5,000	\$ 236,769
2017-18	5,000	236,719
2018-19	5,000	236,650
2019-20	5,000	236,562
2020-21	5,000	236,456
2021-26	25,000	1,180,062
2026-30	6,140,000	941,051
SUB TOTAL	\$ 6,190,000	\$ 3,304,269
Add: Unamortized Premium	30,497	
TOTAL OUTSTANDING	\$ 6,220,497	

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, 2016, are:

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

FISCAL YEAR	PRINCIPAL	INTEREST
2016-17	\$ 525,000	\$ 151,928
2017-18	530,000	139,590
2018-19	550,000	127,135
2019-20	560,000	114,210
2020-21	570,000	101,050
2021-26	3,070,000	297,393
2026-30	660,000	15,510
TOTAL OUTSTANDING	\$ 6,465,000	\$ 946,816

Lease Rentals – Monroe County Area Vocational – Technical School Authority

On May 1, 1996 the District entered into a lease agreement with the Monroe County Area Vocational Technical School and the Monroe County Area Vocational Technical School Authority related to \$11,300,000 Guaranteed School Revenue Bonds – Series of 1996 issued by the Authority to provide funds for various capital projects of the Vo-Tech School. The purpose of this lease is to provide a portion of the funds for repayment of the bonds and for administrative expenses of the Authority. The Series of 1996 revenue bonds were partially refunded with the issuance of \$8,545,000 School Revenue Bonds – Series of 2001. The lease payments run from November 15, 1996, to May 15, 2017. The lease rentals are in varying semi-annual amounts which, when combined with contributions from the other member districts, would be sufficient to pay the debt service on the Authority bonds. These bonds are not considered general obligation debt of the District. The estimated lease rentals payable in future years are:

FISCAL YEAR	TOTAL RENTAL PAYMENT
2016-17	\$ 173,624
TOTAL OUTSTANDING	\$ 173,624

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

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	TOTAL PRINC. PYMTS
2016-17	\$ 2,830,000	\$ 713,000	\$ 575,000	\$ 600,000	\$ 1,615,000	\$ 1,530,000	\$ 415,000	\$ 5,000	\$ 30,000	\$ 185,000	\$ 5,000	\$ 525,000	\$ 9,028,000
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	9,427,000
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	9,612,000
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	9,922,000
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	10,135,000
2021-26	6,000,000	4,701,000	1,455,000	5,560,000	11,860,000	1,480,000	280,000	8,025,000	9,575,000	1,325,000	25,000	3,070,000	53,356,000
2026-31	-	2,153,000	-	5,260,000	2,815,000	-	21,795,000	1,825,000	-	1,195,000	6,140,000	660,000	41,843,000
2031-36	-	-	-	-	-	-	-	-	-	770,000	-	-	770,000
2036-39	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	20,830,000	10,718,000	4,580,000	14,100,000	23,670,000	9,680,000	23,595,000	9,980,000	9,855,000	4,430,000	6,190,000	6,465,000	144,093,000
LESS: UNAMORTIZED DISCOUNT													(3,693,417)
LESS: PAYABLE WITHIN ONE YR	2,830,000	713,000	575,000	600,000	1,615,000	1,530,000	415,000	5,000	30,000	185,000	5,000	525,000	9,028,000
PRINCIPAL DUE AFTER ONE YR	\$ 14,306,583	\$ 10,005,000	\$ 4,005,000	\$ 13,500,000	\$ 22,055,000	\$ 8,150,000	\$ 23,180,000	\$ 9,975,000	\$ 9,825,000	\$ 4,245,000	\$ 6,185,000	\$ 5,940,000	\$ 131,371,583

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	TOTAL DEBT SVC. PYMTS
2016-17	\$ 2,830,000	\$ 852,306	\$ 761,154	\$ 1,450,000	\$ 2,679,635	\$ 1,810,945	\$ 1,720,834	\$ 282,820	\$ 316,766	\$ 317,715	\$ 241,769	\$ 676,928	\$ 13,940,872
2017-18	3,000,000	871,939	753,498	1,455,000	2,683,885	1,846,045	1,705,834	282,757	316,316	350,680	241,719	669,590	14,177,263
2018-19	3,000,000	892,193	753,247	1,465,000	2,727,885	1,844,545	1,645,834	282,683	315,717	357,820	241,650	677,135	14,203,709
2019-20	3,000,000	912,053	756,372	1,470,000	2,764,548	1,843,295	1,610,834	332,590	380,116	369,082	241,562	674,210	14,354,662
2020-21	3,000,000	934,517	757,154	1,690,000	2,803,397	1,832,595	1,365,834	336,215	377,622	379,183	241,456	671,050	14,389,023
2021-26	6,000,000	5,025,067	1,515,365	9,810,000	14,452,685	1,528,100	6,809,170	9,253,045	10,485,614	1,822,955	1,205,062	3,367,393	71,274,456
2026-31	-	2,192,730	-	6,535,000	2,962,788	-	26,365,419	1,879,750	-	1,498,538	7,081,051	675,510	49,190,786
2031-36	-	-	-	-	-	-	-	-	-	836,937	-	-	836,937
2036-39	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 20,830,000	\$ 11,680,805	\$ 5,296,790	\$ 23,875,000	\$ 31,074,823	\$ 10,705,525	\$ 41,223,759	\$ 12,649,860	\$ 12,192,151	\$ 5,932,910	\$ 9,494,269	\$ 7,411,816	\$ 192,367,708

Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016

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, 2016

- | | |
|--|------------------------|
| 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, \$166,974 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 \$2,809,489, 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, 2016, that will use currently available financial resources is \$69,554, 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, 2016, of \$37,224, 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, 2016

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, 2016 was 25.00% 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 10,580,827 for the year ended June 30, 2016.

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

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

At June 30, 2016, the District reported a liability of \$145,634,995 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, with rolling forward the System's total pension liability as of June 30, 2015. 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, 2015, the District's proportion was 0.2619 percent, which was an increase of 0.0073 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the District recognized pension expense of \$12,310,352. At June 30, 2016, 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	\$ 23,870	\$ -
Changes in Assumptions	-	-
Net difference between projected and actual contributions made	-	225,809
Net difference between projected and actual earnings on pension plan investments	-	296,000
Difference between expected and actual experience	-	603,000
Changes in proportion of the Net Pension Liability	150,000	1,527,000
District contributions subsequent to the measurement date	10,580,827	-
Total	<u>\$ 10,754,697</u>	<u>\$ 2,651,809</u>

\$10,580,827 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Amount</u>
2016	\$ (1,155,000)
2017	(1,213,647)
2018	(1,213,647)
2019	1,130,353
2020	(25,997)
Thereafter	-
Total	<u>\$ (2,477,938)</u>

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

Actuarial assumptions

The total pension liability as of June 30, 2015 was determined by rolling forward the System's total pension liability as of the June 30, 2013 actuarial valuation to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method - Entry Age Normal - level % of pay
- Investment return - 7.50%, includes inflation at 3.00%
- Salary increases - Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1%, and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disable Tables (male and female) with age set back 7 years for males and 3 years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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
Public markets global equity	22.5%	4.8%
Private markets (equity)	15.0%	6.6%
Private real estate	12.0%	4.5%
Global fixed income	7.5%	2.4%
U.S. long treasuries	3.0%	1.4%
TIPS	12.0%	1.1%
High yield bonds	6.0%	3.3%
Cash	3.0%	0.7%
Absolute return	10.0%	4.9%
Risk parity	10.0%	3.7%
MLPs/Infrastructure	5.0%	5.2%
Commodities	8.0%	3.1%
Financing (LIBOR)	-14.0%	1.1%
Total	100%	

**Stroudsburg Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2016**

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, 2015.

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.08%. 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 7.50%. 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 7.50%, 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 (6.50%) or 1-percentage point higher (8.50%) than the current rate, using the net pension liability reported by PSERS before adjusting for differences on projected vs contributions made.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 179,979,000	\$ 146,016,000	\$ 117,470,000

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, 2016**

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, 2016**

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, 2016**

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		151,222
Adjustment to annual required contribution		<u>(206,305)</u>
Annual OPEB cost		1,784,811
Contributions made		<u>(627,869)</u>
Decrease in net OPEB obligation		1,156,942
Net OPEB obligation - beginning of year		3,360,484
Net OPEB obligation - end of year	\$	<u>4,517,426</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
6/30/2016	\$ 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, 2016, was as follows:

**Stroudsburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2016**

	OPEB Healthcare Benefit <u>Governmental Activity</u>	OPEB Healthcare Benefit <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, 2016

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 \$4,058,884 in the government activities column of the government-wide statement of net position, for excess deposits on June 30, 2016.

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 \$502,771 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 \$938,538 in fund balance at year end within this fund is considered restricted.

Note 8 – Restricted Net Position

Net Investment in Capital Assets

The components of this restriction are total capital assets of \$124,660,641, unspent proceeds of \$938,538 with related debt of \$140,608,317, which includes unamortized bond discounts, premiums, and deferred refunding charges. Since the sum is negative, no restriction is shown. Restricted for Capital Projects is \$502,771. The business-type activities column reflects \$496,879 invested in capital assets with no related debt.

Stroudsburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2016

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, 2016.

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 12 – New Accounting Pronouncements

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

- *Statement No. 74, Financial Reporting for Postemployment Benefits Other than Pension Plans* – The objective of this statement is to improve the usefulness of information about other postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement replaces the requirements of Statement No. 44, *Financial Reporting for Postemployment Benefits Other than Pension Plans*.
- *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. 77, Tax Abatement Disclosures* – The requirements of this Statement enhances the disclosure of information about the nature and magnitude of tax abatements to make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- *Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* – This Statement amends the scope and applicability of 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) provides benefits to governmental employees and non-governmental employees, and (3) has no predominant state or local governmental employer. This Statement, at present, will not apply to this government.

Stroudsburg Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2016

- 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. The additional criterion, in this Statement, requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.
- 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. 82, *Pension Issues (an amendment of GASB Statements No. 67, No. 68, and No. 73)* – This Statement addresses certain issues that have been raised on previous issued Statements pertaining to Pension Plans. Specifically, this Statement addresses 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.

REQUIRED SUPPLEMENTAL INFORMATION

**Stroudsburg Area School District
Schedule of Funding Progress - OPEB
For the Fiscal Year Ended June 30, 2016**

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 AREA 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, 2016**

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

STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2016

	<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>	<u>2006-07</u>
Contractually required contribution	\$ 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	\$ 1,536,371
Contributions in relation to the contractually required contribution	<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>	<u>1,536,371</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	\$ 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	\$ 26,859,629
Contributions as a percentage of covered employee payroll	25.00%	20.50%	16.00%	11.50%	8.00%	5.00%	4.00%	4.00%	6.44%	5.72%

Stroudsburg Area School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2016

Public School Employees' Retirement System

Changes of benefit terms

None

Changes in assumptions

None

Methods and assumptions used in calculations of actuarially determined contributions

The actuarially determined contributions are calculated as of the June 30 preceding the fiscal year in which contributions are made. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 7.50%, includes inflation at 3.00%.
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real growth rate of 1%, and merit or seniority increases of 1.50%.
- 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, 2016

	CAPITAL RESERVE FUND	CAPITAL PROJECTS FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 502,771	\$ 825,551	\$ 115,422	\$ 1,443,744
Investments	-	-	-	-
Other Receivables	-	-	-	-
Due from other funds	-	-	-	-
Receivables from other governments	-	-	-	-
Prepaid Expenditures	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 502,771	\$ 825,551	\$ 115,422	\$ 1,443,744
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charges on Refundings, net	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 502,771	\$ 825,551	\$ 115,422	\$ 1,443,744
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 1,264	\$ 1,171	\$ 2,435
Due to other funds	-	-	-	-
Interest Payable	-	-	-	-
Payable to other governments	-	-	-	-
Prepayments	-	-	-	-
TOTAL LIABILITIES	-	1,264	1,171	2,435
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned/Unavailable Revenue	-	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	1,264	1,171	2,435
<u>FUND BALANCES:</u>				
Nonspendable	-	-	-	-
Restricted	502,771	824,287	114,251	1,441,309
Committed	-	-	-	-
Assigned	-	-	-	-
TOTAL FUND BALANCES	502,771	824,287	114,251	1,441,309
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	\$ 502,771	\$ 825,551	\$ 115,422	\$ 1,443,744

Stroudsburg Area School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Project Funds
For the Year Ended June 30, 2016

	CAPITAL RESERVE FUND	CAPITAL PROJECTS FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
REVENUES				
Local Sources	\$ 2,331	\$ 1,323	\$ 277	\$ 3,931
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	<u>2,331</u>	<u>1,323</u>	<u>277</u>	<u>3,931</u>
EXPENDITURES				
Instruction	-	-	-	-
Support Services	-	1,264	-	1,264
Operation of Non-Instructional Services	-	-	-	-
Capital Outlay	-	507,727	166,464	674,191
Debt Service	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>508,991</u>	<u>166,464</u>	<u>675,455</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,331</u>	<u>(507,668)</u>	<u>(166,187)</u>	<u>(671,524)</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	-	1,452	-	1,452
Transfers out	-	-	1,452	1,452
TOTAL OTHER FINANCING SOURCES AND USES	<u>-</u>	<u>1,452</u>	<u>(1,452)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,331	(506,216)	(167,639)	(671,524)
FUND BALANCES - BEGINNING	<u>500,440</u>	<u>1,330,503</u>	<u>281,890</u>	<u>2,112,833</u>
FUND BALANCES - ENDING	<u>\$ 502,771</u>	<u>\$ 824,287</u>	<u>\$ 114,251</u>	<u>\$ 1,441,309</u>

Stroudsburg Area School District
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2016

	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	\$ -	\$ -	\$ 5,708	\$ -	\$ -	\$ -	\$ -	\$ 1,878	\$ 41,178	\$ -
Investments	45,862	-	10,632	432	-	46	4,873	2,466	21,182	-	-	32,322
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 45,862	\$ 14	\$ 10,632	\$ 432	\$ 5,708	\$ 46	\$ 4,873	\$ 2,466	\$ 21,182	\$ 1,878	\$ 41,178	\$ 32,322
LIABILITIES & DEFERRED INFLOWS OF RESOURCES												
Accounts Payable	-	-	-	-	-	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	-
NET POSITION												
Held in Trust for future recipients	\$ 45,862	\$ 14	\$ 10,632	\$ 432	\$ 5,708	\$ 46	\$ 4,873	\$ 2,466	\$ 21,182	\$ 1,878	\$ 41,178	\$ 32,322

Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2016

	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	1,183	-	23	1	1	1	10	5	43	4	12	381
TOTAL ADDITIONS	1,183	-	23	1	1	1	10	5	43	4	12	381
DEDUCTIONS:												
Transfer to Other Scholarship Funds	-	-	-	-	-	-	-	-	-	-	-	-
Awards	400	-	500	250	-	100	-	100	-	100	-	-
TOTAL DEDUCTIONS	400	-	500	250	-	100	-	100	-	100	-	-
CHANGES IN NET POSITION	783	-	(477)	(249)	1	(99)	10	(95)	43	(96)	12	381
NET POSITION - BEG. OF THE YEAR	45,079	14	11,109	681	5,707	145	4,863	2,561	21,139	1,974	41,166	31,941
NET POSITION - END OF THE YEAR	\$ 45,862	\$ 14	\$ 10,632	\$ 432	\$ 5,708	\$ 46	\$ 4,873	\$ 2,466	\$ 21,182	\$ 1,878	\$ 41,178	\$ 32,322

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
\$ 506	\$ -	\$ 1,949	\$ -	\$ -	\$ -	\$ -	\$ 1,205	\$ -	\$ 38,565	\$ 91,003
-	1,599	-	-	-	-	-	-	-	-	119,414
-	-	-	-	-	-	-	-	-	-	-
<u>\$ 506</u>	<u>\$ 1,599</u>	<u>\$ 1,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205</u>	<u>\$ -</u>	<u>\$ 38,565</u>	<u>\$ 210,417</u>
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<u>\$ 506</u>	<u>\$ 1,599</u>	<u>\$ 1,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205</u>	<u>\$ -</u>	<u>\$ 38,565</u>	<u>\$ 210,417</u>

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
\$ -	\$ -	\$ -	\$ 642	\$ 500	\$ 5,000	\$ 1,000	\$ 1,205	\$ 2,000	\$ -	\$ 10,347
-	-	-	-	-	-	-	-	-	-	-
-	5	-	-	-	-	-	-	-	13	1,682
-	5	-	642	500	5,000	1,000	1,205	2,000	13	12,029
-	-	-	-	-	-	-	-	-	-	-
250	800	150	642	500	5,000	1,000	-	2,000	5,000	16,792
250	800	150	642	500	5,000	1,000	-	2,000	5,000	16,792
(250)	(795)	(150)	-	-	-	-	1,205	-	(4,987)	(4,763)
756	2,394	2,099	-	-	-	-	-	-	43,552	215,180
<u>\$ 506</u>	<u>\$ 1,599</u>	<u>\$ 1,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205</u>	<u>\$ -</u>	<u>\$ 38,565</u>	<u>\$ 210,417</u>

**Stroudsburg Area School District
Combining Balance Sheet
All Agency Funds
As of June 30, 2016**

	ACTIVITY FUND	PAYROLL FUND	TOTAL
ASSETS			
Cash	\$ 197,692	\$ 548,286	\$ 745,978
Investments	-	-	-
Due from Other Funds	-	5,839	5,839
Other Receivables	812	-	812
Prepaid Expenses	-	-	-
	-	-	-
TOTAL ASSETS	\$ 198,504	\$ 554,125	\$ 752,629
 LIABILITIES			
Due to Student Organizations	\$ 198,262	\$ -	\$ 198,262
Due to Other Funds	-	30,078	30,078
Accounts Payable	242	-	242
Payroll Deductions	-	524,047	524,047
Accrued Salaries & Benefits	-	-	-
	-	-	-
TOTAL LIABILITIES	\$ 198,504	\$ 554,125	\$ 752,629

Stroudsburg Area School District
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
As of June 30, 2016

<u>ACTIVITY FUND</u>	<u>BALANCE 7/1/15</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE 6/30/16</u>
ASSETS				
Cash	\$ 154,341	\$ 535,990	\$ 492,639	\$ 197,692
Investments	-	-	-	-
Other Receivables	10,028	812	10,028	812
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 164,369</u>	<u>\$ 536,802</u>	<u>\$ 502,667</u>	<u>\$ 198,504</u>
LIABILITIES				
Accounts Payable	\$ 5,053	\$ 242	\$ 5,053	\$ 242
Due to Other Funds	-	-	-	-
Due to Student Organizations	159,316	536,560	497,614	198,262
TOTAL LIABILITIES	<u>\$ 164,369</u>	<u>\$ 536,802</u>	<u>\$ 502,667</u>	<u>\$ 198,504</u>
<u>PAYROLL FUND</u>				
ASSETS				
Cash	\$ 440,563	\$ 548,286	\$ 440,563	\$ 548,286
Investments	-	-	-	-
Due from Other Funds	13,595	5,839	13,595	5,839
Other Receivables	-	-	-	-
TOTAL ASSETS	<u>\$ 454,158</u>	<u>\$ 554,125</u>	<u>\$ 454,158</u>	<u>\$ 554,125</u>
LIABILITIES				
Due to Other Funds	\$ 30,078	\$ 30,078	\$ 30,078	\$ 30,078
Accrued Salaries and Benefits	-	-	-	-
Payroll Deductions	424,080	524,047	424,080	524,047
TOTAL LIABILITIES	<u>\$ 454,158</u>	<u>\$ 554,125</u>	<u>\$ 454,158</u>	<u>\$ 554,125</u>
<u>ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 594,904	\$ 1,084,276	\$ 933,202	\$ 745,978
Investments	-	-	-	-
Due to Other Funds	13,595	5,839	13,595	5,839
Other Receivables	10,028	812	10,028	812
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 618,527</u>	<u>\$ 1,090,927</u>	<u>\$ 956,825</u>	<u>\$ 752,629</u>
LIABILITIES				
Due to Student Organizations	\$ 159,316	\$ 536,560	\$ 497,614	\$ 198,262
Due to Other Funds	30,078	30,078	30,078	30,078
Accounts Payable	5,053	242	5,053	242
Accrued Salaries and Benefits	-	-	-	-
Payroll Deductions	424,080	524,047	424,080	524,047
TOTAL LIABILITIES	<u>\$ 618,527</u>	<u>\$ 1,090,927</u>	<u>\$ 956,825</u>	<u>\$ 752,629</u>

**Stroudsburg Area School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2016**

	<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	\$ 56,078,900	\$ 7,335,060	\$ 101,952,700	\$ 260,934,690	\$ 426,301,350
Millage Rate	0.15736	0.15736	0.15736	0.15736	0.15736
Total Tax to be Collected	\$ 8,824,576	\$ 1,154,245	\$ 16,043,277	\$ 41,060,683	\$ 67,082,781
Less: Act 1 Deduction	260,710	43,157	766,328	1,569,333	2,639,528
Total Tax per Duplicate	\$ 8,563,866	\$ 1,111,088	\$ 15,276,949	\$ 39,491,350	\$ 64,443,253
Plus - Additions	-	-	-	3,720	3,720
- Penalties	12,970	3,163	35,469	66,565	118,167
Total Taxes to be Collected	8,576,836	1,114,251	15,312,418	39,561,635	64,565,140
Less - Discounts	130,839	16,552	228,767	643,267	1,019,425
- Reductions	-	-	1,973	-	1,973
- Refunds	-	-	-	-	-
- Senior Citizen Rebates	-	-	-	-	120,068
- NSF	-	-	-	-	-
- Exemptions	-	3,064	-	34,519	37,583
- Returned to County	642,470	101,818	1,300,099	2,280,460	4,324,847
NET CURRENT REAL ESTATE TAXES COLLECTED	<u>\$ 7,803,527</u>	<u>\$ 992,817</u>	<u>\$ 13,781,579</u>	<u>\$ 36,603,389</u>	<u>\$ 59,061,244</u>
 CURRENT INTERIM REAL ESTATE TAXES COLLECTED	 <u>\$ 27,914</u>	 <u>\$ 520</u>	 <u>\$ 22,764</u>	 <u>\$ 130,589</u>	 <u>\$ 181,787</u>

Stroudsburg Area School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2016

<u>6000 - Revenue from Local Sources</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6111	Current Real Estate Taxes	\$ 58,893,277	\$ 59,061,244	\$ 167,967
6112	Interim Real Estate Taxes	200,000	181,787	(18,213)
6113	Public Utility Realty Tax	85,000	79,084	(5,916)
6114	Payment in Lieu of Taxes	30,000	35,961	5,961
6143	Local Services Tax	75,000	70,896	(4,104)
6151	Earned Income Tax	3,000,000	3,265,012	265,012
6153	Real Estate Transfer Tax	400,000	516,260	116,260
6411	Delinquent Real Estate Taxes	5,275,000	5,710,922	435,922
6510	Interest	20,000	53,427	33,427
6710	Admissions	45,000	24,884	(20,116)
6832	Fed Rev Rec From Other Fed Sources	604,415	604,415	-
6910	Rentals	20,000	22,991	2,991
6920	Contributions	-	29,608	29,608
6942	Summer School	8,000	9,885	1,885
6944	Receipts From Other LEAs in PA - Education	157,000	-	(157,000)
6961	Services Provided Other PA LEAs - Transp.	-	4,296	4,296
6991	Refunds of Prior Yr. Expenditures	35,000	104,696	69,696
6992	Energy Efficiency Revenues	-	14,790	14,790
6999	Other Revenues Not Specified Above	-	3,932	3,932
TOTAL REVENUE FROM LOCAL SOURCES		\$ 68,847,692	\$ 69,794,090	\$ 946,398
<u>7000 - Revenue from State Sources</u>				
7110	Basic Subsidy - ESBE	12,697,951	13,139,595	441,644
7160	Orphan Tuition	-	160,660	160,660
7220	Vocational Education	150,000	-	(150,000)
7271	Special Education	2,606,470	2,716,444	109,974
7311	Transportation (Regular and Additional)	1,350,000	1,479,046	129,046
7312	Transportation (Nonpublic and Charter Schools)	-	94,325	94,325
7320	Rentals	750,000	1,410	(748,590)
7330	Health Services	100,000	88,662	(11,338)
7340	State Property Tax Reduction	2,654,609	2,654,609	-
7505	Ready to Learn Grant	600,000	776,707	176,707
7810	FICA Revenue	1,785,099	1,688,650	(96,449)
7820	Retirement Revenue	5,029,666	6,145,935	1,116,269
TOTAL REVENUE FROM STATE SOURCES		27,723,795	28,946,043	1,222,248
<u>8000 - Revenue from Federal Sources</u>				
8514	ESEA Title I	750,000	1,049,653	299,653
8515	Title IIA and Title IID	165,000	169,515	4,515
8516	Title III	38,000	31,605	(6,395)
8732	ARRA - Qualified School Construction Bonds	2,085,985	1,976,986	(108,999)
8810	Medical Assistance Reimbursements (Access)	700,000	368,498	(331,502)
8820	Medical Assistance Reimbursement for Health-Related	-	65,770	65,770
TOTAL REVENUE FROM FEDERAL SOURCES		3,738,985	3,662,027	(76,958)
<u>9000 - Other Financing Sources</u>				
9300	Proceeds from Extended Term Financing	-	-	-
9400	Sale of Fixed Assets	-	-	-
TOTAL OTHER FINANCING SOURCES		-	-	-
TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ 100,310,472	\$ 102,402,160	\$ 2,091,688

Stroudsburg Area School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2016

1000 - Instruction		Budget	Actual	Variance
1110	Regular Programs - Elem./Secondary	45,844,685	42,325,330	3,519,355
1211	Life Skills Support - Public	610,000	609,969	31
1221	Deaf or Hearing Impaired Support	244,500	243,952	548
1224	Blind or Visually Impaired Support	249,031	248,422	609
1225	Speech & Language Impaired	910,216	909,792	424
1231	Emotional Support - Public	2,216,403	2,215,561	842
1232	Emotional Support - PRRI	118,072	113,480	4,592
1233	Autistic Support	595,000	593,096	1,904
1240	Academic Support	7,274,437	7,272,572	1,865
1243	Gifted Support	1,292,497	1,291,379	1,118
1260	Physical Support	83,394	82,131	1,263
1270	Multi-handicapped Support	111,191	110,699	492
1280	Early Intervention Support	2,687	2,462	225
1290	Other Support	693,175	692,303	872
1390	Other Vocational Education Programs	1,503,162	1,502,710	452
1420	Summer School	94,266	92,159	2,107
1430	Homebound Instruction	50,556	48,190	2,366
1441	Adjudicated/Court Placed Programs	88,401	87,796	605
1442	Alternative Education Program	384,066	116,223	267,843
1450	After School	51,818	49,341	2,477
1500	Nonpublic School Programs	4,500	3,919	581
1690	Other Adult Education Programs	-	-	-
1700	Community College Programs	-	-	-
Total Instruction		62,422,057	58,611,486	3,810,571
2000 - Support Services				
2122	Counseling Services	2,389,084	2,073,819	315,265
2143	Psychological Counseling Services	783,350	782,724	626
2220	Technology Support Services	37,848	35,530	2,318
2250	School Library Services	839,758	836,930	2,828
2260	Instructional & Curriculum Dev. Service	626,068	623,550	2,518
2270	Instructional Staff Professional Development Servi	81,474	80,639	835
2310	Board Services	213,528	212,958	570
2330	Tax Assessment & Collection Service	358,623	357,482	1,141
2340	Staff Relations	207,000	205,753	1,247
2350	Legal Services	365,000	364,197	803
2360	Office of the Superintendent Services	1,039,142	1,038,703	439
2380	Office of the Principal Services	3,995,710	3,990,911	4,799
2420	Medical Services	312,478	309,636	2,842
2430	Dental Services	2,800	1,810	990
2440	Nursing Services	1,006,598	1,004,916	1,682
2510	Fiscal Services	189,882	188,796	1,086
2511	Supervision of Fiscal Services	-	-	-
2512	Budgeting Services	259,313	258,830	483
2514	Payroll Services	151,716	148,399	3,317
2610	Supervision of Operation and Maintenance of Plant	229,079	228,712	367
2620	Operation of Building Services	6,322,956	5,961,908	361,048
2640	Care and Upkeep of Equipment Services	194,800	193,521	1,279
2650	Vehicle Operation and Maint. Services	50,500	45,104	5,396
2660	Security Services	1,301,599	1,290,337	11,262
2690	Other Operation and Maint. of Plant Services	1,776,475	1,588,036	188,439
2710	Supervision of Student Transportation Services	417,190	416,379	811
2711	Supervision of Student Transportation Services - Head	-	-	-
2720	Vehicle Operation Services	4,074,149	3,527,578	546,571
Sub-Total - Support Services		27,226,120	25,767,158	1,458,962

Stroudsburg Area School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Sub-Total - Support Services (carried forward)	27,226,120	25,767,158	1,458,962
2740 Vehicle Servicing and Maint. Services	739,807	629,825	109,982
2790 Other Student Transportation Services	78,800	74,960	3,840
2818 System-Wide Technology Services	901,732	655,169	246,563
2900 Other Support Services	<u>35,486</u>	<u>35,052</u>	<u>434</u>
Total Support Services	28,981,945	27,162,164	1,819,781
<u>3000 - Operation of Non-Instructional Services</u>			
3210 Student Activities	238,660	203,822	34,838
3250 School Sponsored Athletics	1,051,505	928,324	123,181
3300 Community Services	<u>12,000</u>	<u>10,499</u>	<u>1,501</u>
Total Non-Instructional Services	1,302,165	1,142,645	159,520
<u>4000 - Facilities Acquisition, Construction, and Improvement Svs.</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	14,041,454	13,589,980	451,474
5130 Refund of Prior Yr. Receipts	<u>50,000</u>	<u>32,326</u>	<u>17,674</u>
Total Other Expenditures and Financing Uses	<u>14,091,454</u>	<u>13,622,306</u>	<u>469,148</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 106,797,621</u>	<u>\$ 100,538,601</u>	<u>\$ 6,259,020</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 100,310,472	\$ 102,402,160	\$ 2,091,688
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>106,797,621</u>	<u>100,538,601</u>	<u>6,259,020</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (6,487,149)	\$ 1,863,559	\$ 8,350,708
Special Items	-	-	-
Extraordinary Items - Insurance Recoveries	<u>-</u>	<u>14,848</u>	<u>14,848</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	(6,487,149)	1,878,407	8,365,556
FUND BALANCE - JULY 1, 2015	<u>7,925,617</u>	<u>9,628,534</u>	<u>1,702,917</u>
FUND BALANCE - JUNE 30, 2016	<u>\$ 1,438,468</u>	<u>\$ 11,506,941</u>	<u>\$ 10,068,473</u>

**Stroudsburg Area School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2016**

REVENUES AND OTHER FINANCING SOURCES

Interest Revenue	\$	2,331
Transfer from General Fund		-
		-
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$	2,331

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		-
Construction		-
Land & Improvements		-
Dues and Fees		-
		-

TOTAL EXPENDITURES AND OTHER FINANCING USES -

EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES 2,331

FUND BALANCE - JULY 1, 2015 500,440

FUND BALANCE - JUNE 30, 2016 \$ 502,771

**Stroudsburg Area School District
Construction Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2016**

REVENUES AND OTHER FINANCING SOURCES

Proceeds from Bond Issues	\$	-	
Bond Premium		-	
Miscellaneous revenue		-	
Refund of Prior Year Expenditures		-	
Interest		277	
TOTAL REVENUES AND OTHER FINANCING SOURCES		<u>277</u>	\$ 277

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	47,025
Repairs and Maintenance	-
Rentals	-
Construction Costs	86,354
Communication	-
Disposal Services	-
General Supplies	10,369
Natural Gas	-
Water Sewage	-
Electricity	-
Equipment	21,990
Fees	726

OTHER FINANCING USES:

Debt Service	-	
Transfer to Capital Project Funds	1,452	
Bond Discount	-	<u>167,916</u>

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

(167,639)

FUND BALANCE - JULY 1, 2015

281,890

FUND BALANCE - JUNE 30, 2016

\$ 114,251

**Stroudsburg Area School District
Capital Projects Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2016**

REVENUES AND OTHER FINANCING SOURCES

Proceeds from Bond Issues	\$	-	
Bond Premium		-	
Miscellaneous revenue		-	
Transfers from Construction Fund		1,452	
Earnings on Investments		1,323	
TOTAL REVENUES AND OTHER FINANCING SOURCES		-	\$ 2,775

EXPENDITURES AND OTHER FINANCING USES

INSTRUCTIONAL:

Equipment		-	
Supplies		-	

SUPPORT SERVICES:

Professional Services		-	
Repairs and Maintenance		-	
Equipment		-	
Dues and Fees		1,264	

NON-INSTRUCTIONAL SERVICES:

Equipment		-	
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CAPITAL OUTLAY:

Professional Services		-	
Repairs and Maintenance		-	
Rentals		-	
Construction Costs		506,644	
Insurance		-	
Disposal Services		-	
Supplies		1,083	
Equipment		-	
Fees		-	

OTHER FINANCING USES:

Debt Service		-	
Bond Discount		-	
		-	508,991

**EXCESS REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES** (506,216)

FUND BALANCE - JULY 1, 2015 1,330,503

FUND BALANCE - JUNE 30, 2016 \$ 824,287

**Stroudsburg Area School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2016**

REVENUES

Student Sales - Lunch	\$ 448,366	
Adult Sales - Lunch	28,169	
Daily Breakfast Sales	29,924	
Ala Carte Sales	409,603	
Special Events	14,230	
Other Food Service Revenue	3,639	
Miscellaneous	-	
Capital Contributions	-	
Gain or (Loss) on Sale of Fixed Assets	-	
State Subsidies	74,134	
Federal Subsidies	1,158,730	
Donated Commodities	178,400	
Transfer from General Fund	-	
Interest	61	
TOTAL REVENUES	<u>61</u>	\$ 2,345,256

COST OF GOODS SOLD

Opening Inventory - July 1, 2015	27,532	
Purchases - Supplies	13,458	
Purchases - Donated Commodities	178,400	
Food Management Services - Food	705,276	
Ending Inventory - June 30, 2016	<u>(43,737)</u>	<u>880,929</u>

GROSS PROFIT

1,464,327

OPERATING EXPENSES

Salaries	-	
Employee Benefits	-	
Professional Education Svcs.	-	
Printing and Binding	-	
Disposal Services	-	
Repairs and Maintenance	8,369	
Food Management Services - Non-Food	1,149,792	
Admin. Software	-	
Depreciation	57,818	
Non-capitalized Equipment and Software	4,900	
Dues and Fees	11,571	
Miscellaneous Expense	-	1,232,450
CHANGES FUND IN NET POSITION	<u>-</u>	<u>231,877</u>

FUND NET POSITION - JULY 1, 2015

1,091,313

FUND NET POSITION - JUNE 30, 2016

\$ 1,323,190

**Stroudsburg Area School District
Food Service Fund
Reconciliation of Fund Net Position
For the Year Ended June 30, 2016**

RECONCILIATION OF FUND NET POSITION

Cash and Equivalents	\$ 864,485
State and Federal Subsidies Receivable	24,716
Inventories	43,737
Accounts Receivable	-
Due from Other Funds	-
Prepaid Expenses	-
Equipment, net of accumulated depreciation	496,879
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	(74,332)
Accrued Salaries and Benefits	-
Net OPEB Obligation	-
Net Pension Liability	-
Prepayments from Students	(32,295)
Accrued Compensated Absences	-
Deposits Payable	-
	-
TOTAL FUND NET POSITION	<u>\$ 1,323,190</u>

**Stroudsburg Area School District
2015 GON Bond Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2016**

REVENUES AND OTHER FINANCING SOURCES

Proceeds from Refunding Bond Issues	\$ 6,870,000	
Bond Premium	-	
	-	
TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ 6,870,000

EXPENDITURES AND OTHER FINANCING USES

INSTRUCTIONAL:

Supplies -

SUPPORT SERVICES:

Professional Services 78,899

NON-INSTRUCTIONAL SERVICES:

Equipment -

CAPITAL OUTLAY:

Construction Costs -

OTHER FINANCING USES:

Debt Service - Interest 7,173

Payment to Refunded Bonds Escrow Agent 6,783,928

Bond Discount - 6,870,000

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

FUND BALANCE - JULY 1, 2015 -

FUND BALANCE - JUNE 30, 2016 \$ -

Stroudsburg Area School District
Schedule on General Obligation Bonds - Improvement Series of 1998
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>PRINCIPAL MATURITY</u>
2016-17	5.30% to 5.35%	\$ 2,830,000
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		\$ 20,830,000
Less: Unamortized Discount		(3,693,417)
TOTAL OUTSTANDING		\$ 17,136,583

Schedule on General Obligation Notes - Series of 2008
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>VARIABLE COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2016-17	1.300%	\$ 139,306	\$ 713,000
2017-18	1.300%	129,939	742,000
2018-19	1.300%	120,193	772,000
2019-20	1.300%	110,053	802,000
2020-21	1.300%	99,517	835,000
2021-22	1.300%	88,549	868,000
2022-23	1.300%	77,147	903,000
2023-24	1.300%	65,286	939,000
2024-25	1.300%	52,953	976,000
2025-26	1.300%	40,132	1,015,000
2026-27	1.300%	26,800	1,056,000
2027-28	1.300%	12,930	1,097,000
TOTAL OUTSTANDING		\$ 962,805	\$ 10,718,000

Stroudsburg Area School District
Schedule on General Obligation Bonds - Series B of 2009
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2016-17	2.75%	\$ 186,154	\$ 575,000
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		\$ 716,790	\$ 4,580,000

Schedule on General Obligation Notes - Series A of 2010
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2016-17	5.00%	\$ 850,000	\$ 600,000
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		\$ 9,775,000	\$ 14,100,000

Stroudsburg Area School District
Schedule on General Obligation Bonds - Series A of 2011
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2016-17	5.00%	\$ 1,064,635	\$ 1,615,000
2017-18	3.00%	983,885	1,700,000
2018-19	3.25%	932,885	1,795,000
2019-20	3.50%	874,548	1,890,000
2020-21	3.75% to 5.00%	808,397	1,995,000
2021-22	4.10%	718,960	2,110,000
2022-23	4.25%	631,450	2,230,000
2023-24	5.00%	536,675	2,365,000
2024-25	5.25%	418,425	2,500,000
2025-26	5.25%	287,175	2,655,000
2026-27	5.25%	147,788	2,815,000
TOTAL OUTSTANDING		<u>\$ 7,404,823</u>	<u>\$ 23,670,000</u>

Schedule on General Obligation Bonds - Series B of 2011
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2016-17	2.00% to 4.00%	\$ 280,945	\$ 1,530,000
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		<u>\$ 1,025,525</u>	<u>\$ 9,680,000</u>

Stroudsburg Area School District
Schedule on General Obligation Notes - Series C of 2011
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2016-17	5.00%	\$ 1,305,834	\$ 415,000
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>\$ 17,628,759</u>	<u>\$ 23,595,000</u>

Schedule on General Obligation Bonds - Series A of 2012
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2016-17	1.25%	\$ 277,820	\$ 5,000
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>\$ 2,669,860</u>	<u>\$ 9,980,000</u>

Northampton Area School District
Schedule on General Obligation Bonds - Series B of 2012
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2016-17	1.500%	\$ 286,766	\$ 30,000
2017-18	2.000%	286,316	30,000
2018-19	2.000%	285,717	30,000
2019-20	2.625%	285,116	95,000
2020-21	2.625%	282,622	95,000
2021-22	2.625%	280,129	405,000
2022-23	2.75% to 2.90%	269,498	1,940,000
2023-24	2.875%	213,987	2,330,000
2024-25	3.000%	147,000	4,900,000
TOTAL OUTSTANDING		\$ 2,337,151	\$ 9,855,000

Schedule on General Obligation Bonds - Series of 2013
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2016-17	1.300%	\$ 132,715	\$ 185,000
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		\$ 1,502,910	\$ 4,430,000

Stroudsburg Area School District
Schedule on General Obligation Bonds - Series of 2014
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2016-17	1.000%	\$ 236,769	\$ 5,000
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		\$ 3,304,269	\$ 6,190,000

Schedule on General Obligation Notes - Series of 2015
For the Year Ended June 30, 2016

<u>FISCAL YEAR</u>	<u>COUPON RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2016-17	2.350%	\$ 151,928	\$ 525,000
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		\$ 946,816	\$ 6,465,000

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, 2015**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NO.	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/15	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/16	FOOTNOTES
U.S. DEPT. OF EDUCATION											
PASSED THROUGH THE PDE											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-15-0422 A	07/1/14 - 09/30/15	\$ 767,125	\$ 469,939	\$ 469,939	\$ -	\$ -	\$ -	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-16-0422 A	07/1/15 - 09/30/16	\$ 1,049,653	889,484	-	1,049,653	1,049,653	160,169	
TOTAL TITLE IA PROGRAM						1,359,423	469,939	1,049,653	1,049,653	160,169	
PASSED THROUGH THE PDE											
TITLE IIA - IMPROVING TEACHER QUALITY	I	84.367	020-15-0422 A	07/1/14 - 09/30/15	\$ 166,393	102,353	99,699	2,654	2,654	-	2
TITLE IIA - IMPROVING TEACHER QUALITY	I	84.367	020-16-0422 A	07/1/15 - 09/30/16	\$ 166,861	115,778	-	166,861	166,861	51,083	
TOTAL TITLE IIA PROGRAM						218,131	99,699	169,515	169,515	51,083	
PASSED THROUGH THE PDE											
TITLE III - LANGUAGE INSTRUCTION LEP/IMMIGRANT STUDENTS	I	84.365	010-15-0422 A	07/1/14 - 09/30/15	\$ 46,764	28,778	26,710	2,068	2,068	-	2
TITLE III - LANGUAGE INSTRUCTION LEP/IMMIGRANT STUDENTS	I	84.365	010-16-0422 A	07/1/15 - 09/30/16	\$ 39,984	30,757	-	29,537	29,537	(1,220)	
TOTAL TITLE III PROGRAM						59,535	26,710	31,605	31,605	(1,220)	
PASSED THROUGH THE COLONIAL I.U.											
IDEA	I	84.027	N/A	07/1/14 - 06/30/15	\$ 610,015	-	-	-	-	-	2
IDEA	I	84.027	N/A	07/1/15 - 06/30/16	\$ 601,728	601,728	-	601,728	601,728	-	1
IDEA - SECTION 619	I	84.173	N/A	07/01/15 - 06/30/16	\$ 2,687	2,687	-	2,687	2,687	-	1
TOTAL IDEA CLUSTER						604,415	-	604,415	604,415	-	
TOTAL U. S. DEPARTMENT OF EDUCATION						\$ 2,241,504	\$ 596,348	\$ 1,855,188	\$ 1,855,188	\$ 210,032	
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	10/1/15 - 09/30/16	N/A	52,921	7,427	65,770	65,770	20,276	2
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						\$ 52,921	\$ 7,427	\$ 65,770	\$ 65,770	\$ 20,276	
U.S. DEPT. OF AGRICULTURE											
PASSED THROUGH THE PDE											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/1/14 - 06/30/15	N/A	145,518	145,518	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/1/15 - 06/30/16	N/A	934,320	-	953,506	953,506	19,186	
SEVERE NEED BREAKFAST	I	10.553	N/A	07/1/14 - 06/30/15	N/A	31,244	31,244	-	-	-	
SEVERE NEED BREAKFAST	I	10.553	N/A	07/1/15 - 06/30/16	N/A	201,128	-	205,224	205,224	4,096	
PASSED THROUGH THE PA DEPT. OF AGRICULTURE:											
NATIONAL SCHOOL LUNCH - U.S.D.A. COMMODITIES	I	10.555	N/A	07/1/15 - 06/30/16	N/A	178,400	(9,506)	170,376	170,376	(17,530)	2
TOTAL CHILD NUTRITION CLUSTER						1,490,610	167,256	1,329,106	1,329,106	5,752	3,4
TOTAL U.S. DEPARTMENT OF AGRICULTURE						1,490,610	167,256	1,329,106	1,329,106	5,752	
TOTAL FEDERAL FINANCIAL AWARDS						\$ 3,785,035	\$ 771,031	\$ 3,250,064	\$ 3,250,064	\$ 236,060	

SOURCE: D -DIRECT; I -INDIRECT

Stroudsburg Area School District
Notes to the Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2016

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 56.7% 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	\$ 2,236,780	\$ 2,409,503
Colonial I.U. #20	1,214,430	604,415
PA Department of Public Welfare	N/A	65,770
PA Department of Agriculture	N/A	170,376
Totals	\$ 3,451,210	\$ 3,250,064

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$178,400 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2015-16 fiscal-year, the District used \$170,376 in commodities and established a year-end inventory of \$17,530 at June 30, 2016.
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.

<u>FINANCIAL STATEMENT RECONCILIATION</u>	
General Fund Federal Source Revenue	\$ 3,662,027
Federal Revenue Received From Local Sources	604,415
Food Service Fund Federal Revenue	1,337,130
Total Federal Revenue, per financial statements	5,603,572
Less: Medical Access	(368,498)
Less: ARRA - Qualified School Construction Bonds	(1,976,986)
Change in Donated Commodities	(8,024)
Total Federal Revenue Reported to SEFA	\$ 3,250,064



**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, 2016, 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 14, 2016.

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 14, 2016



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
UNDER UIFORM 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, 2016*. 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, 2016.

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,



December 14, 2016

**Stroudsburg Area School District
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2016**

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
84.010	Title 1A Program
84.027, 84.173	IDEA Cluster

Percentage of programs tested to total awards 50.9%

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
Fiscal Year Ended June 30, 2016**

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

There were no findings discovered, relating to federal awards, which are required to be reported in accordance with Uniform Guidance, Section 200.516.

Audit Follow-Up Procedures

We did perform follow-up procedures on the findings reported from the previous year.

**Stroudsburg Area School District
Schedule on Prior Year Findings
Fiscal Year Ended June 30, 2016**

2014-15 Findings

Material Weakness 2015-001 (Budgetary Controls)

Criteria: There should be budgetary controls in place to control expenditures.

Condition: Management did not utilize any budgetary controls over the legally adopted budget during the fiscal year.

Cause: The computer software provides for such controls' however, it appears the former business manager did not utilize the software.

Effect: The failure to not have budgetary controls in place can result in over-spending of the approved budget.

Status: Corrective action has been taken

Significant Deficiency 2015-002 (Journal Entries)

Criteria: In order to maintain control over account balances, a journal entry book should be kept to keep the audit trail intact.

Condition: Management was unable to supply us with any supporting journal entry documentation from the time we arrived to the very end of the audit.

Cause: Towards the end of the fiscal year end, the business manager vacated her position at the District, and did not inform the staff of where she maintained the supporting documentation for the adjusting journal entries.

Effect: We spent absorbent amounts of time auditing previous year balances as a result of not having a proper tracking system of adjusting journal entries made. In addition, the audit trail of transactions is destroyed.

Status: Corrective action has been taken.

**Stroudsburg Area School District
Schedule on Prior Year Findings
Fiscal Year Ended June 30, 2016**

Significant Deficiency 2015-003 (Payroll)

Criteria: The preparation of payroll should be reviewed on an ongoing basis. In addition, segregation of duties helps prevent the occurrence of errors or fraud.

Condition: Currently, the payroll clerk has total control over the entire payroll preparation process. Additionally, there is no supervision in reviewing the entire payroll process.

Cause: At this current time, management has not implemented proper controls in handling payroll.

Effect: Errors or fraud can occur in the preparation of payroll without being detected by anyone.

Status: Corrective Action has been taken.

Significant Deficiency 2015-004 (Inventory)

Criteria: Generally Accepted Accounting Principles requires inventory be tracked on an ongoing basis and be reported in the General Fund or in the government-wide financial statements.

Condition: The District did not record the value of their inventory in the governmental-wide financial statements.

Cause: We are unaware as to how this condition arose due to the fact that the business manager left at year end.

Effect: The District's Statement of Net Position will be understated at year end.

Status: Corrective action has been taken.

**Stroudsburg Area School District
Schedule on Prior Year Findings
Fiscal Year Ended June 30, 2016**

Significant Deficiency 2015-005 (General Fund – Rental Subsidy Revenue)

Criteria: Revenue should be recorded in the year it is earned as long as it meets the definition under modified accrual, in which the General Fund operates under, meaning that revenue must meet the definition of available financial resources.

Condition: The wrong amount of revenues were reported in the prior year and the current year resulting in a prior period adjustment and correction of the current year revenue recorded.

Cause: Management failed to file submissions for reimbursement on a timely basis.

Effect: The amount set up as receivable in the prior year was less than what it should have been resulting in a prior period adjustment.

Status: Corrective action was taken.