

OLD FORGE SCHOOL DISTRICT

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016
&
INDEPENDENT AUDITORS' REPORT
&
ADDITIONAL INFORMATION**

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INDEPENDENT AUDITORS' REPORT

To the School Board of the
Old Forge School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Old Forge School District (the "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 fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 activity, each major fund and the aggregate remaining fund information of the Old Forge School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the General Fund, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, the schedule of funding progress for other postemployment benefits, the schedule of proportionate share of PSERS net pension liability and the PSERS schedule of contributions on page 52 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.

Handwritten signature in blue ink that reads "B. Kelly CPA". To the right of the signature, the text "ASSOCIATES L.L.C." is printed in a smaller, blue, sans-serif font.

Carbondale, Pennsylvania
December 29, 2016

OLD FORGE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Old Forge School District (the "District") for the year ended June 30, 2016. The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the District's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Total net position of the District decreased \$27,606 in 2016 to \$(14,424,458) at June 30, 2016. Net position of governmental activities increased \$2,518. Net position of the business-type activity decreased \$30,124.

The District had \$12,542,034 in expenses related to governmental activities in 2016; \$2,105,919 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state subsidies) of \$10,438,688 were adequate to provide for these programs.

In the District's business-type activity, net position decreased by \$30,124 as a result of the net loss in the food service operation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

The statement of net position presents information on all of the District's assets and liabilities and deferred outflows and inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the governmental-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include all of the District's instructional programs and support services except for its food service operation, which is considered a business-type activity.

The government-wide financial statements can be found on pages 15 and 16 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. The District uses several different types of funds but the two most significant types are the governmental and proprietary fund types.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the District's major funds (General Fund and Debt Service Fund).

The basic governmental fund financial statements can be found on pages 17-20 of this report.

The District adopts an annual budget for its General Fund. A budgetary comparison statement for the General Fund has been provided on page 21 of this report to demonstrate compliance with this budget.

PROPRIETARY FUND

The District accounts for its food service operation in a proprietary fund, which reports the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

FIDUCIARY FUNDS

The District accounts for its activity fund and private purpose trust fund as fiduciary funds. The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-51 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District prepares a budget each year for its General Fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the School Board of Directors.

The General Fund's approved budget for 2016 included revenues of \$12,375,074 and \$12,356,229 of expenditures and other financing uses. There were no amendments made to the budget in 2016.

Actual revenues received for 2016 were \$12,544,552, 101.37% of budget. Significant positive variances were as follows: earned income taxes and real estate taxes. Significant negative variances were as follows: tuition revenue from other school districts, transportation subsidies and Title I.

Actual expenditures and other financing uses were \$12,794,760 or 1.04% over budget. Significant negative variances were as follows: capital outlay and athletics.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's condensed government-wide financial statements are presented comparatively as follows:

CONDENSED STATEMENT OF NET POSITION (IN 000'S)

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITY		TOTALS		% CHANGE
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Current and other assets	\$ 4,726	\$1,343	\$ 73	\$ 41	\$ 4,799	\$ 1,747	>100.00 %
Capital assets	3,214	3,003	5	6	3,219	3,009	6.98 %
Deferred outflows of resources	<u>1,220</u>	<u>957</u>	<u>-</u>	<u>-</u>	<u>1,220</u>	<u>957</u>	27.48 %
Total Assets and Deferred Outflows	<u>\$ 9,160</u>	<u>\$5,666</u>	<u>\$ 78</u>	<u>\$ 47</u>	<u>\$ 9,238</u>	<u>\$ 5,713</u>	61.70 %
Current liabilities	\$ 2,360	\$1,503	\$128	\$ 68	\$ 2,488	\$ 1,571	58.37 %
Long-term liabilities:							
Due within one year	806	790			806	790	2.03 %
Due after one year	20,124	6,632	6	5	20,130	16,637	20.10 %
Deferred inflows of resources	<u>238</u>	<u>1,112</u>	<u>-</u>	<u>-</u>	<u>238</u>	<u>1,112</u>	(78.60)%
Total Liabilities and Deferred Inflows	<u>23,528</u>	<u>20,037</u>	<u>134</u>	<u>73</u>	<u>23,662</u>	<u>20,110</u>	17.66 %
Net position:							
Net investment in capital assets	335	(7)	5	6	340	(1)	>100 %
Unrestricted	<u>(14,703)</u>	<u>(14,364)</u>	<u>(62)</u>	<u>(32)</u>	<u>(14,765)</u>	<u>(14,396)</u>	(2.56)%
Total net position	<u>(14,368)</u>	<u>14,371</u>	<u>(56)</u>	<u>(26)</u>	<u>(14,424)</u>	<u>(14,397)</u>	(.19)%
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 9,160</u>	<u>\$5,667</u>	<u>\$78</u>	<u>\$47</u>	<u>\$ 9,238</u>	<u>\$ 5,713</u>	61.70 %

OLD FORGE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

CONDENSED STATEMENT OF ACTIVITIES (IN 000'S)

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITY		TOTALS		% CHANGE
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Program revenues:							
Charges for services	\$ 60	\$ 175	\$ 168	\$ 168	\$ 228	\$ 343	(33.53)%
Operating grants and contributions	2,046	1,996	225	191	2,271	2,187	3.84 %
General revenues:							
Taxes levied for general purposes, net	7,205	6,967			7,205	6,967	3.42 %
Grants, subsidies and contributions not restricted	3,176	3,129			3,176	3,129	1.50 %
Other	<u>58</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>58</u>	<u>12</u>	>100.00 %
Total revenues	<u>12,544</u>	<u>12,279</u>	<u>393</u>	<u>368</u>	<u>12,937</u>	<u>12,638</u>	2.37 %
Program expenses:							
Instruction	8,232	7,641			8,232	7,641	7.73 %
Instructional student support	811	731			811	731	10.94 %
Administration and financial support services	1,249	1090			1,249	1,090	14.59 %
Operation and maintenance of plant services	897	981			897	981	(8.56)%
Pupil transportation	573	549			573	549	4.37 %
Student activities	398	389			398	389	2.31 %
Interest on long-term debt	82	101			82	101	(18.81)%
Unallocated depreciation	299	312			299	312	(4.17)%
Food service	<u></u>	<u></u>	<u>423</u>	<u>391</u>	<u>423</u>	<u>391</u>	8.18 %
Total expenses	<u>12,542</u>	<u>11,794</u>	<u>423</u>	<u>391</u>	<u>12,965</u>	<u>12,185</u>	6.40 %
Change in net position	2	485	(30)	(32)	(27)	453	(106)%
Restatement		(14,047)				(14,047)	(2.31)%
Net position, beginning	<u>(14,371)</u>	<u>(14,855)</u>	<u>(26)</u>	<u>6</u>	<u>(14,397)</u>	<u>(14,849)</u>	3.04 %
Net position, ending	<u>\$(14,368)</u>	<u>\$(14,371)</u>	<u>\$ (56)</u>	<u>\$ (26)</u>	<u>\$(14,424)</u>	<u>\$(14,397)</u>	(.18)%

GOVERNMENTAL ACTIVITIES

The deficit of \$14,367,980 in net position of governmental activities was due to requirements to report unfunded PSERS pension liabilities.

BUSINESS-TYPE ACTIVITY

The District's food service operation reported a net loss of (\$30,124) in 2016. This decrease over 2015 was due to an increase in food service expenses due to nutritional requirements leading to a need to increase district-wide breakfast and lunch prices.

FINANCIAL ANALYSIS OF THE FUNDS

GENERAL FUND

The following represents a summary of General Fund revenue, by source, along with changes from 2015.

	<u>2016 Amount</u>	<u>2015 Amount</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Local sources	\$ 7,425,060	\$ 7,245,162	\$179,898	2.48 %
State sources	4,898,112	4,743,240	154,872	3.27 %
Federal sources	<u>221,380</u>	<u>290,369</u>	<u>(68,989)</u>	(23.76)%
Total	<u>\$12,544,552</u>	<u>\$12,278,771</u>	<u>\$265,781</u>	2.16 %

LOCAL SOURCES

The increase in local sources is primarily due to an increase in the real estate tax rate.

STATE SOURCES

The insignificant increase in state sources is due to a slight increase in the state's Equalized Subsidy for Basic Education, including Ready to Learn Block Grant and an increased PSERS contribution rate and resulting reimbursement.

FEDERAL SOURCES

The decrease in federal sources is due primarily to an decrease in Access/Medicaid reimbursements.

The following table is a summary of General Fund expenditures and other financing uses, by function, along with changes from 2016.

	<u>2016 Amount</u>	<u>2015 Amount</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Instruction	\$ 7,700,855	\$ 7,591,879	\$108,976	1.45 %
Support services	3,323,827	3,341,435	(17,608)	(.53)%
Non-instructional services	395,713	383,050	12,663	3.31 %
Capital outlay	514,347		514,347	>100 %
Debt service		4,535	(4,535)	(100)%
Refund of prior year revenue	35,833		35,833	>100 %
Other	<u>824,185</u>	<u>838,985</u>	<u>(14,800)</u>	(1.76)%
Total	<u>\$12,794,760</u>	<u>\$12,159,884</u>	<u>\$634,876</u>	5.22 %

INSTRUCTION

The increase in instructional expenditures was primarily due to an increase in contractual obligations for employee health insurance and retirement costs.

NONINSTRUCTIONAL SERVICES

The increase in noninstructional services expenditures was primarily due to a increase for all district-wide transportation needs.

DEBT SERVICE FUND

The Debt Service Fund accounts for the proceeds and payments on bonds payable. The Debt Service Fund received transfers of \$824,185 to pay principal and interest on bonds outstanding in 2016.

CAPITAL ASSETS

The District's capital assets at June 30, 2016 are summarized below.

Land	\$ 64,417
Land improvements	777,618
Buildings and improvements	10,250,767
Furniture and equipment	666,940
Construction in progress	<u>509,668</u>
Total	12,208,453
Less accumulated depreciation	<u>(9,050,302)</u>
Net	<u>\$ 3,214,017</u>

Additional information on the changes in the District's capital assets from 2015 to 2016 can be found in Note 5 on page 38 of this report.

LONG TERM DEBT

At June 30, 2016, the District's general obligation debt was \$4,840,000. This amount is approximately 19.13% of its legal limit of \$25.3 million. \$826,398 of this debt is scheduled for payment in 2017. The District's bonds have an "A" rating from Standard and Poor's Rating Group.

Additional information on changes in the District's long-term debt can be found in Note 6 on page 39 of this report.

ECONOMIC CONDITION AND OUTLOOK

The District is located in Lackawanna County, which is largely suburban and residential in nature. The District's population has remained relatively constant over the past few years. Analysis by realtors of recent market value growth indicates that the majority of new housing and property sales are being utilized as primary homes. While the District has seen a drop in recent years in student population, the current average daily membership has remained stable.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, 300 Marion Street, Old Forge, PA 18518.

OLD FORGE SCHOOL DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2016**

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITY	TOTAL
<u>ASSETS & DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets:			
Cash and cash equivalents	\$ 595,913	\$ 22,263	\$ 618,176
Due from other governments	929,697	34,681	964,378
Due from (to) other funds	(16,196)	16,196	-
Other receivables	312,965		312,965
Inventories		157	157
Other current assets	<u>45,889</u>		<u>45,889</u>
Total current assets	1,868,268	73,297	1,941,565
CAPITAL ASSETS	3,214,017	5,090	3,219,107
ASSETS HELD FOR CAPITAL PROJECTS	2,508,710		2,508,710
NET POSTEMPLOYMENT BENEFIT ASSET	<u>349,011</u>		<u>349,011</u>
Total assets	7,940,006	78,387	8,018,393
DEFERRED OUTFLOWS OF RESOURCES	<u>1,220,000</u>		<u>1,220,000</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,160,006</u>	<u>\$ 78,387</u>	<u>\$ 9,238,393</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
Current liabilities:			
Accounts payable	\$ 818,418	\$ 128,577	\$ 946,995
Current maturities of bonds payable	745,000		745,000
Accrued salaries and benefits	1,512,776		1,512,776
Payroll deductions and withholdings	23,814		23,814
Unearned revenues		6,288	6,288
Current portion of special termination benefits	45,884		45,884
Current portion of compensated absences	15,007		15,007
Accrued interest	<u>4,856</u>		<u>4,856</u>
Total current liabilities	3,165,755	134,865	3,300,620
BONDS PAYABLE	4,133,169		4,133,169
ACCRUED SALARIES	360,779		360,779
SPECIAL TERMINATION BENEFITS	74,220		74,220
COMPENSATED ABSENCES	135,063		135,063
NET PENSION LIABILITY	<u>15,421,000</u>		<u>15,421,000</u>
Total liabilities	<u>23,289,986</u>	<u>134,865</u>	<u>23,424,851</u>
DEFERRED INFLOWS OF RESOURCES	<u>238,000</u>		<u>238,000</u>
NET POSITION:			
Net investment in capital assets	334,890	5,090	339,980
Unrestricted	<u>(14,702,870)</u>	<u>(61,568)</u>	<u>(14,764,438)</u>
Total net position	<u>(14,367,980)</u>	<u>(56,478)</u>	<u>(14,424,458)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 9,160,006</u>	<u>\$ 78,387</u>	<u>\$ 9,238,393</u>

See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
Governmental activities:						
Instruction	\$ (8,232,336)	\$ 16,260	\$ 1,685,869	\$ (6,530,207)		\$ (6,530,207)
Instructional student support	(811,222)		100,181	(711,041)		(711,041)
Administration and financial support services	(1,249,289)		86,776	(1,162,513)		(1,162,513)
Operation and maintenance of plant services	(897,448)	1,954	54,955	(840,539)		(840,539)
Pupil transportation	(573,052)		102,470	(470,582)		(470,582)
Student activities	(397,799)	41,716	15,738	(340,345)		(340,345)
Interest on bonds and notes payable	(81,849)			(81,849)		(81,849)
Unallocated depreciation expenses	<u>(299,039)</u>			<u>(299,039)</u>		<u>(299,039)</u>
Total governmental activities	(12,542,034)	59,930	2,045,989	(10,436,115)		(10,436,115)
Business-type activity,						
Food service	<u>(423,412)</u>	<u>168,119</u>	<u>225,114</u>		<u>\$(30,179)</u>	<u>(30,179)</u>
TOTAL	<u>\$ (12,965,446)</u>	<u>\$ 228,049</u>	<u>\$ 2,271,103</u>	<u>(10,436,115)</u>	<u>(30,179)</u>	<u>(10,466,294)</u>
General revenues:						
Taxes levied for general purposes, net				7,204,778		7,204,778
Grants, subsidies and contributions not restricted				3,176,356		3,176,356
Miscellaneous income				55,799		55,799
Investment earnings				<u>1,700</u>	<u>55</u>	<u>1,755</u>
Total general revenues				<u>10,438,633</u>	<u>55</u>	<u>10,438,688</u>
Change in net position				2,518	(30,124)	(27,606)
Net position, beginning				<u>(14,370,498)</u>	<u>(26,354)</u>	<u>(14,396,852)</u>
Net position, ending				<u>\$(14,367,980)</u>	<u>\$(56,478)</u>	<u>\$(14,424,458)</u>

See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2016**

	GENERAL FUND
<hr/>	
ASSETS:	
Cash and cash equivalents	\$3,104,623
Due from other governments	929,697
Other receivables	312,965
Other current assets	<u>45,889</u>
 Total assets	 <u><u>\$4,393,174</u></u>
LIABILITIES:	
Accounts payable	\$ 818,418
Due to other funds	16,196
Accrued salaries and benefits	1,421,939
Payroll deductions and withholdings	<u>23,814</u>
 Total liabilities	 <u><u>2,280,367</u></u>
FUND BALANCE:	
Restricted for capital asset acquisitions	1,999,042
Unassigned	<u>113,765</u>
 Total fund balance	 <u><u>2,112,807</u></u>
 Total liabilities and fund balance	 <u><u>\$4,393,174</u></u>

See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION JUNE 30, 2016

Total fund balance - governmental funds	\$ 2,112,807
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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 are not reported in the funds	3,214,017
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Accrued salaries is included in the statement of net position	(451,616)
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Accrued interest payable is included in the statement of net position	(4,856)
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The asset for net postemployment benefits does not represent a financial resource and is not reported in the governmental funds	349,011
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Long-term liabilities are not due and payable in the
current period, and therefore are not reported in the
governmental funds.

Bonds payable	(4,878,169)
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Special termination benefits	(120,104)
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Compensated absences	(150,070)
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Net pension liability and related deferred outflows and inflows of resources	<u>(14,439,000)</u>
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Total net position - governmental activities	<u><u>\$ (14,367,980)</u></u>
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See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	MAJOR FUNDS		TOTALS
	GENERAL	DEBT SERVICE	
REVENUES:			
Local sources	\$ 7,425,060		\$ 7,425,060
State sources	4,898,112		4,898,112
Federal sources	<u>221,380</u>	<u></u>	<u>221,380</u>
Total revenues	<u>12,544,552</u>	<u>-</u>	<u>12,544,552</u>
EXPENDITURES:			
Instruction	7,700,855		7,700,855
Support services	3,323,827	\$ 92,620	3,416,447
Noninstructional services	395,713		395,713
Capital outlay	514,347		514,347
Refund of prior year revenue	35,833		35,833
Debt service	<u></u>	<u>824,185</u>	<u>824,185</u>
Total expenditures	<u>11,970,575</u>	<u>916,805</u>	<u>12,887,380</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>573,977</u>	<u>(916,805)</u>	<u>(342,828)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from issuance of bonds		4,840,000	4,840,000
Bond discounts		38,629	38,629
Payment to refunded bond escrow agent		(2,277,299)	(2,277,299)
Transfers in	2,508,710	824,185	3,332,895
Transfers out	<u>(824,185)</u>	<u>(2,508,710)</u>	<u>(3,332,895)</u>
Total other financing sources (uses)	<u>1,684,525</u>	<u>916,805</u>	<u>2,601,330</u>
NET CHANGE IN FUND BALANCE	2,258,502	-	2,258,502
FUND BALANCE, BEGINNING	<u>(145,695)</u>	<u></u>	<u>(145,695)</u>
FUND BALANCE, ENDING	<u>\$ 2,112,807</u>	<u>\$ -</u>	<u>\$ 2,112,807</u>

See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Total net change in fund balances - governmental funds	\$ 2,258,502
Amounts reported for governmental activities in the statement of activities are different because:	
Capital asset additions are reported as expenditures in the funds	509,668
Depreciation expense on capital assets is reported in the statement of activities	(299,039)
Issuance of long-term obligations provides current financial resources in the funds	(4,840,000)
Repayment of bonds payable uses current financial resources and is reported in the funds but not the statement of activities	3,010,000
The effect of bond premiums are reported in the funds at issuance, whereas these amounts are deferred and amortized in the statement of activities	(38,629)
Amortization of premium on bonds payable	460
Change in accrued interest on bonds payable	9,175
Change in accrued salaries due to long-term retro pay	(451,616)
Change in special termination benefits	1,864
Change in other postemployment benefits	(14,012)
Change in compensated absences	(29,855)
Change in net pension liability and related deferred outflows and inflows	<u>(114,000)</u>
Change in net position of governmental activities	<u>\$ 2,518</u>

See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:			
Local sources	\$7,102,700	\$7,425,060	\$ 322,360
State sources	4,950,374	4,898,112	(52,262)
Federal sources	<u>322,000</u>	<u>221,380</u>	<u>(100,620)</u>
Total revenues	<u>12,375,074</u>	<u>12,544,552</u>	<u>169,478</u>
EXPENDITURES:			
Instruction	7,746,115	7,700,855	45,260
Support services	3,407,063	3,323,827	83,236
Noninstructional services	277,279	395,713	(118,434)
Capital outlay		514,347	(514,347)
Refund of prior year receipts		35,833	(35,833)
Debt service	<u>6,586</u>	<u></u>	<u>6,586</u>
Total expenditures	<u>11,437,043</u>	<u>11,970,575</u>	<u>(533,532)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>938,031</u>	<u>573,977</u>	<u>(364,054)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	2,508,710	2,508,710
Transfers out	<u>(919,186)</u>	<u>(824,185)</u>	<u>95,001</u>
Total other financing sources (uses)	<u>(919,186)</u>	<u>1,684,525</u>	<u>2,603,711</u>
CHANGE IN FUND BALANCE (DEFICIT)	18,845	2,258,502	2,239,657
FUND DEFICIT, BEGINNING	<u>-</u>	<u>(145,695)</u>	<u>(145,695)</u>
FUND BALANCE, ENDING	<u>\$ 18,845</u>	<u>\$2,112,807</u>	<u>\$ 2,093,962</u>

See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND JUNE 30, 2016

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 22,263
Due from other governments	34,681
Due from other funds	16,196
Inventories	<u>157</u>

Total current assets 73,297

CAPITAL ASSETS 5,090

TOTAL \$ 78,387

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Accounts payable	\$ 128,577
Unearned revenues	<u>6,288</u>

Total liabilities 134,865

NET POSITION:

Investment in capital assets	5,090
Unrestricted	<u>(61,568)</u>

Total net position (56,478)

TOTAL \$ 78,387

See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND - FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES,	
Food service revenue	<u>\$ 168,119</u>
OPERATING EXPENSES:	
Other purchased services	398,231
Food and supplies	24,327
Depreciation	679
Other expenses	<u>175</u>
Total operating expenses	<u>423,412</u>
OPERATING LOSS	<u>(255,293)</u>
NONOPERATING REVENUES:	
Earnings on investments	55
State sources	11,412
Federal sources	<u>213,702</u>
Total nonoperating revenues	<u>225,169</u>
NET LOSS	(30,124)
TOTAL NET POSITION, BEGINNING	<u>(26,354)</u>
TOTAL NET POSITION, ENDING	<u>\$ (56,478)</u>

See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from users	\$ 142,413
Cash paid to suppliers for goods and services	<u>(339,053)</u>
Net cash used in operating activities	<u>(196,640)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State sources	9,709
Federal sources	<u>171,115</u>
Net cash provided by noncapital financing activities	<u>180,824</u>

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES,

Earnings on investments	<u>55</u>
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CHANGE IN CASH AND CASH EQUIVALENTS (15,761)

CASH AND CASH EQUIVALENTS, BEGINNING 38,024

CASH AND CASH EQUIVALENTS, ENDING \$ 22,263

SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS,

USDA donated commodities	<u><u>\$ 17,568</u></u>
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RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:

Operating loss	\$ (255,293)
Adjustments to reconcile operating loss to net cash used in operating activities:	
USDA donated commodities	17,568
Depreciation expense	679
Increase or decrease in:	
Due from other funds	(16,196)
Inventory	5,232
Accounts payable	60,880
Due to other funds	(10,373)
Unearned revenues	<u>863</u>

NET CASH USED IN OPERATING ACTIVITIES \$ (196,640)

See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016

	PRIVATE PURPOSE TRUST FUND	ACTIVITY
<u>ASSETS</u>		
CASH AND CASH EQUIVALENTS	<u>\$ 43,492</u>	<u>\$ 61,713</u>
<u>LIABILITIES AND NET POSITION</u>		
OTHER CURRENT LIABILITIES		<u>\$ 61,713</u>
NET POSITION	<u>43,492</u>	
TOTAL	<u>\$ 43,492</u>	

See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	PRIVATE PURPOSE TRUST FUND
ADDITIONS,	
Investment earnings	<u>\$ 303</u>
DEDUCTIONS,	
Scholarships awarded	<u>250</u>
CHANGE IN NET POSITION	53
NET POSITION, BEGINNING	<u>43,439</u>
NET POSITION, ENDING	<u><u>\$ 43,492</u></u>

See Notes to Financial Statements

OLD FORGE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

**1. NATURE OF OPERATIONS AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES**

The major accounting principles and practices followed by the Old Forge School District (the "District") are summarized below:

NATURE OF OPERATIONS

The District provides elementary and secondary education to the residents of Old Forge Borough. The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

REPORTING ENTITY

The reporting entity has been defined in accordance with the criteria established in Statement 14, as amended by Statement 39 issued by the Governmental Accounting Standards Board ("GASB"). The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency and legal separation.

As defined above, there are no other related organizations that should be included in the District's financial statements.

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report financial information for the District as a whole, excluding fiduciary activities, on a full accrual, economic resource basis. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and District general revenues, from business-type activities, generally financed in whole or in part with fees charged to customers. The District's General and Debt Service Funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

The statement of activities reports the expenses of a given function or program offset by program revenues directly connected with that function or program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services to users of the District's services, (2) operating grants and contributions that finance annual operating activities and (3) capital grants and contributions that fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The District uses the following fund types:

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following is a description of the governmental funds of the District:

GENERAL FUND (MAJOR)

The General Fund accounts for the general operations of the District and all financial transactions not accounted for in another fund.

DEBT SERVICE FUND (MAJOR)

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term obligations.

PROPRIETARY FUND TYPE

Proprietary funds account for the operations of the District that are financed and operated in a manner similar to those often found in the private sector. The fund included in this category is the Food Service Fund, an Enterprise fund-type, which accounts for the food service operations of the District. The Food Service Fund distinguishes between operating revenues and expenses and nonoperating items. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies and other direct costs. All other revenues and expenses are reported as nonoperating.

FIDUCIARY FUND TYPES

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or other governmental units. The funds included in this category are:

ACTIVITY FUND

The Activity Fund accounts for the collections and disbursements of assets of various student activities and clubs.

PRIVATE PURPOSE TRUST FUND

The Private Purpose Trust Fund accounts for resources accumulated and expended for scholarships and special education.

MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's total net position.

FUND FINANCIAL STATEMENTS

Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are also accounted for using the economic resources measurement focus.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

ACCRUAL BASIS

Government-wide financial statements and the proprietary and fiduciary fund type financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Tax revenues are recognized in the year levied while grant revenue is recognized when grantor eligibility requirements are met.

MODIFIED ACCRUAL BASIS

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. The District considers property and other taxes as available if they are collected within 60 days after year-end. An estimated one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures, other than principal and interest on bonds payable, compensated absences, special termination benefits, other postemployment benefits, and claims and judgments, are recorded when the related fund liability is incurred. Principal and interest on bonds payable, compensated absences, special termination benefits, other postemployment benefits, and claims and judgments are recorded as fund liabilities when due and unpaid.

ALLOCATION OF INDIRECT EXPENSES

The District does not allocate any indirect expenses, including depreciation.

BUDGETARY DATA

An operating budget is adopted each year for the General Fund on the modified accrual basis of accounting. The District utilizes the Executive Budget approach to budgetary control. This approach requires the administration to prepare and submit a plan of financial operation to the School Board.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and liquid asset funds, which are carried at cost.

INVENTORIES

Inventories are valued at the lower of cost (first-in, first-out method) or market except for donated inventories, which are valued at fair market value, as determined by the U.S. Department of Agriculture, at the date of donation. Textbooks and instructional and custodial supplies are charged to expense upon acquisition.

CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 assets but are not reported in the fund financial statements. Capital assets used by the Food Service Fund are reported both in the business-type activity of the government-wide statement of net assets and in the fund financial statements.

All capital assets are stated at cost or estimated cost, net of accumulated depreciation. Donated capital assets are reported at their fair value at date of receipt. The District maintains a capitalization threshold of \$5,000. 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.

All capital assets except land and construction in progress are depreciated. Land is never depreciated. Construction in progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITY</u>
Land improvements	15 – 20 years	N/A
Buildings and improvements	30 – 40 years	N/A
Furniture and equipment	5 – 20 years	5 - 15 years

The District does not have any infrastructure capital assets.

If applicable, interest is capitalized on proprietary fund capital assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. However, no interest is capitalized on general capital assets.

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

The balance sheet and statement of net position report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, which are reported after total assets, are defined by GASB as a consumption of net assets that applies to future periods. The expense is recognized in the applicable future period(s). Deferred inflows of resources, which are reported after total liabilities, are defined by GASB as an acquisition of net assets that applies to future periods. The revenue, or reduction of expense, is recognized in the applicable future period(s). Transactions are classified as deferred outflows of resources or deferred inflows of resources only when specifically prescribed by GASB standards.

The District is required to report the following as deferred outflows of resources and deferred inflows of resources:

- For defined benefit pension plans: the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, the net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the District's proportion of expenses and liabilities to the pension as a whole, differences between the District's pension contributions and its proportionate share of contributions, and District pension contributions subsequent to the pension valuation measurement date.

UNEARNED REVENUE

The District reports unearned revenue on its financial statements. Unearned revenue arises when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when cash is received prior to the provision of services. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

COMPENSATED ABSENCES

The District's collective bargaining agreements with its professional and support employees specify the sick leave and vacation leave policies. Administrative personnel, while not party to these agreements, are provided similar benefits. The agreements generally provide for payment of accumulated sick leave, at retirement, based upon years of service and days accumulated. The rate paid varies by position. Vacation leave is available only to administrative and twelve month support employees and must generally be taken in the year earned.

PENSIONS

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

GOVERNMENT FUND BALANCE CLASSIFICATIONS

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

- *Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the District's "highest level of decision-making authority" which do not lapse at year-end. The School Board is its highest level of decision-making authority, and the School Board commits funds through resolutions.
- *Assigned* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District, but not through formal action of the School Board.

- *Unassigned* – includes fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

NET POSITION

Net position is the residual of assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The District maintains the following classifications of net position:

- Net investment in capital assets – capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets.
- Restricted – the portion of net position subject to externally imposed conditions.
- Unrestricted – all other categories of net position. Net position may be designated for specific purposes by the School Board.

ELIMINATIONS AND INTERNAL BALANCES

Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are labeled “internal balances” on the statement of net position.

RESTRICTED RESOURCES

When both restricted and unrestricted resources are available for use, the District’s policy is to use restricted resources first, and then unrestricted resources as needed.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

The Pennsylvania Public School Code of 1949, as amended, permits the District to invest only in certain types of investments. The District's deposits and investments adhere to these statutes.

CUSTODIAL CREDIT RISK

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. At June 30, 2016, the bank balance of the District's deposits with financial institutions, including cash equivalents, was \$3,441,164, compared to the carrying amount of \$3,232,091. The difference is primarily due to items in transit and outstanding checks. \$3,238,617 of the District's deposits was exposed to custodial credit risk, all of which is unsecured and uncollateralized.

3. REAL ESTATE TAXES

The real estate taxes for the District are collected from the Old Forge Borough. The tax on real estate, as levied by the School Board, was 126.2434 mills (\$126.24 per \$1,000 of assessed valuation). Lackawanna County determines the assessed valuation of property and the elected tax collector is responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

August 1	Levy Date
August 1 – September 30	2% discount period
October 1 – November 30	Face payment period
December 1 – December 31	10% penalty period
January 1	Lien date

Unpaid real estate taxes at the lien date are turned over to the Lackawanna County Tax Claims Bureau for collection. The District sells its delinquent real estate taxes receivable on an annual basis.

4. DUE FROM OTHER GOVERNMENTS

The amount reported in the General Fund at June 30, 2016 as due from other governments is summarized below:

Pennsylvania Department of Education (PDE):	
State source revenue	\$ 470,474
Federal source revenue	204,584
Northeastern Educational Intermediate Unit #19:	
Federal source revenue	101,251
Refund of expenditures	120,858
Local source revenue	3,200
Other Local Education Agencies,	
Local source revenue	5,917
County of Lackawanna	
Local source revenue	5,438
Pennsylvania Department of Human Services:	
State source revenue	16,673
Federal source revenue	<u>1,302</u>
 Total	 <u>\$ 929,697</u>

The amount reported in the Food Service Fund as due from other governments of \$34,681 represents \$1,962 due from PDE for state meal subsidies, as well as \$32,719 in federal funds passed through the PDE.

OLD FORGE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

The changes in the District's capital assets in 2016 are summarized as follows:

	BALANCE JULY 1, 2015	INCREASES	DECREASES	BALANCE JUNE 30, 2016
<u>Governmental activities:</u>				
Cost:				
Assets not being depreciated:				
Land	\$ 64,417			\$ 64,417
Construction in progress	<u> </u>	\$ 509,668		<u>509,668</u>
Subtotal	<u>64,417</u>	<u>509,668</u>		<u>574,085</u>
Assets being depreciated:				
Land improvements	777,618			777,618
Buildings and improvements	10,250,767			10,250,767
Furniture and equipment	<u>605,983</u>	<u> </u>		<u>605,983</u>
Subtotal	<u>11,634,368</u>	<u>-</u>		<u>11,634,368</u>
Total cost	<u>11,698,785</u>	<u>509,668</u>		<u>12,208,453</u>
Less accumulated depreciation:				
Land improvements	(645,884)	(9,085)		(654,969)
Buildings and improvements	(7,478,102)	(280,662)		(7,758,764)
Furniture and equipment	<u>(571,411)</u>	<u>(9,292)</u>		<u>(580,703)</u>
Total accumulated depreciation	<u>(8,695,397)</u>	<u>(299,039)</u>		<u>(8,994,436)</u>
Governmental activities capital assets, net	<u>\$ 3,003,388</u>	<u>\$ 210,629</u>		<u>\$ 3,214,017</u>
<u>Business-type activities:</u>				
Furniture and equipment	\$ 60,956			\$ 60,956
Less accumulated depreciation	<u>(55,187)</u>	<u>\$ (679)</u>		<u>(55,866)</u>
Business-type activities capital assets, net	<u>\$ 5,769</u>	<u>\$ (679)</u>		<u>\$ 5,090</u>

6. BONDS PAYABLE

During its June 30, 2016 fiscal year, the District issued \$4,840,000 of general obligation bonds (Series of 2016) to currently refund the Series of 2010 bond issue, to currently refund the Series of 2011 bond issue, and to finance various capital improvements. These bonds are due in varying annual installments plus interest at rates ranging from 1.00% to 2.00%, with final maturity scheduled for 2023. Principal due in 2017 is \$745,000.

The following summarizes the changes in bonds payable in 2016:

	BALANCE JULY 1, 2015	INCREASES	DECREASES	BALANCE JUNE 30, 2016
Series of 2010	\$ 1,775,000		\$ (1,775,000)	\$ -
Series of 2011	1,235,000		(1,235,000)	-
Series of 2016	<u> </u>	<u>4,840,000</u>	<u> </u>	<u>4,840,000</u>
Subtotal	3,010,000	4,840,000	(3,010,000)	4,840,000
Bond premium	<u> </u>	<u>38,629</u>	<u>(460)</u>	<u>38,169</u>
Total	<u>\$ 3,010,000</u>	<u>\$ 4,878,629</u>	<u>\$ (3,010,460)</u>	<u>\$ 4,878,169</u>

Total interest paid on these bonds in 2016 was \$91,485. No interest was capitalized in 2016. No interest is reported as a direct expense in the statement of activities.

The following summarizes the District's future debt service requirements as of June 30, 2016:

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$ 745,000	\$ 74,223	\$ 819,223
2018	745,000	75,791	820,791
2019	755,000	67,000	822,000
2020	775,000	51,900	826,900
2021	790,000	36,400	826,400
2022-2023	<u>1,030,000</u>	<u>25,100</u>	<u>1,055,100</u>
TOTAL	<u>\$4,840,000</u>	<u>\$ 330,414</u>	<u>\$5,170,414</u>

7. SHORT-TERM BORROWINGS

The District issued a \$500,000 tax and revenue anticipation note in July 2015 that bore interest at a rate of 1.39%. The District paid the balance prior to maturity of June 30, 2016. Interest paid on this note in 2016 was \$5,092.

8. COMPENSATED ABSENCES

The changes in the District's compensated absences in 2016 are summarized as follows:

Balance, July 1, 2015	\$ 120,215
Increase	51,790
Decrease	<u>(21,935)</u>
Balance, June 30, 2016	150,070
Less current portion	<u>15,007</u>
Long-term compensated absences	<u>\$ 135,063</u>

The District normally pays its compensated absences from the General Fund.

9. SPECIAL TERMINATION BENEFITS

The District's collective bargaining agreements provide an early retirement incentive for those employees who retire with a specified level of service to the District and with PSERS. The District pays 80% of the employee's final salary in five equal annual payments beginning in the year immediately following retirement. Seven retirees are receiving this benefit. The District used a discount rate of 4.0% to estimate the effect of making cash payments over a five-year period.

The changes in the District's special termination benefits liability in 2016 are summarized as follows:

Balance, July 1, 2015	\$ 130,730
Increase	39,300
Decrease	<u>(41,728)</u>
Balance, June 30, 2016	128,302
Less unamortized discount	<u>8,198</u>
Present value of special termination benefits	120,104
Less current portion	<u>45,884</u>
Long-term special termination benefits	<u>\$ 74,220</u>

The District normally pays special termination benefits from the General Fund.

10. PENSION BENEFITS

PLAN DESCRIPTION

The Public School Employees Retirement System (PSERS) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended, the "Code") is the authority by which PSERS benefits provisions and contribution requirements are established and may be amended. The Code requires contributions by active members, the employer (the District) and the Commonwealth. PSERS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained from the PSERS website at www.psers.state.pa.us.

BENEFITS PROVIDED

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age sixty-two with at least one year of credited service; (b) age sixty with thirty or more years of credited service; or (c) thirty-five 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: Class T-E and Class T-F. To qualify for normal retirement, Class T-E and Class T-F members must work until age sixty-five with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than ninety-two with a minimum of thirty-five years of service. Depending upon membership class, benefits are generally equal to 2% or 2.5% of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. Members who joined prior to July 1, 2011 vest after completion of five years of service and may elect early retirement benefits. Class T-E and Class T-F members vest after completion of 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 (as defined in the Code) salary 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 death of an active member who has reached age sixty-two with at least one year of credited service (age sixty-five with at least three years of credited service for Class T-E and Class T-F members) or 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.

MEMBER CONTRIBUTIONS

Active members who joined PSERS prior to July 22, 1983 contribute 5.25% (Class T-C members) or at 6.50% (Class T-D members) of the member's qualifying compensation. Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Class T-C) or at 7.50% (Class T-D) of the member's qualifying compensation. Members who joined PSERS after June 30, 2001 and before July 1, 2011 contribute at 7.50% (Automatic Class T-D). For all new hires and members who elected Class T-D membership, the higher contribution rate began with services rendered on or after January 1, 2002. Members who joined PSERS after June 30, 2011 automatically contribute at the Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contribute at 10.30% (base rate) of the member's qualifying compensation. Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the contribution rate to fluctuate between 7.50% and 9.50% for Class T-E and 10.30% and 12.30% for Class T-F.

EMPLOYER CONTRIBUTIONS

The District's contractually required contribution rate for PSERS for the 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. The District's contribution to PSERS for the year ending June 30, 2016, June 30, 2015 and June 30, 2014 was \$1,190,000, \$942,000 and \$731,000, respectively, equal to the required contractual contribution.

ACTUARIAL ASSUMPTIONS

The total PSERS pension liability as of June 30, 2015 was determined by rolling forward PSERS' total pension liability as of the June 30, 2014 actuarial valuation to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method is entry age normal, level percent of pay
- Investment return of 7.50% including inflation at 3.00%
- Salary increases based on an effective average of 5.50%, which reflects an allowance for inflation, real wage growth of 1.00% 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 three years for both males and females; for disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females

The actuarial assumptions used in the June 30, 2014 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 PSERS Board of Trustees at its March 11, 2011 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.

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

Following is the PSERS Board of Trustees' adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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)	<u>(14.0)%</u>	1.1 %
	<u>100.0 %</u>	

DISCOUNT RATE

The discount rate used to measure the total PSERS 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, PSERS' 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 PSERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the District's proportionate share of the PSERS net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease <u>6.50%</u>	Current Discount Rate <u>7.50%</u>	1% Increase <u>8.50%</u>
Proportionate share of the net pension liability	<u>\$19,007,000</u>	<u>\$15,421,000</u>	<u>\$12,406,000</u>

FIDUCIARY NET POSITION

Detailed information about PSERS' fiduciary net position is available in the PSERS Comprehensive Annual Financial Report, which can be found at www.psers.state.pa.us.

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2016, the District reported a liability of \$15,421,000 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 rolling forward the total pension liability as of June 30, 2014 to June 30, 2015. The District's proportion of the net pension liability as 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 of .0356%, which was a decrease of .0002% from its proportion calculated as of June 30, 2014.

OLD FORGE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2016, the District recognized pension expense of \$1,304,000. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings		\$ 31,000
Changes in proportions		143,000
Difference between expected and actual experience		64,000
Difference between employer contributions and proportionate share of total contributions	\$ 30,000	
Contributions after the measurement date	<u>1,190,000</u>	<u> </u>
	<u>\$ 1,220,000</u>	<u>\$ 238,000</u>

The District will recognize the \$1,190,000 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the PSERS 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:

<u>YEAR ENDING JUNE 30</u>	<u>Amortization</u>
2017	\$ (120,000)
2018	(120,000)
2019	(121,000)
2020	<u>153,000</u>
TOTAL	<u>\$ (208,000)</u>

11. INTERFUND BALANCES/TRANSFERS

At June 30, 2016, the General Fund owed the Food Service Fund \$16,196 for state and federal subsidies received from the Commonwealth of Pennsylvania and for uncollected student accounts as of the end of the year.

The following summarizes the interfund transfers in 2016:

	TRANSFERS <u>IN</u>	TRANSFERS <u>OUT</u>
General Fund, Debt Service Fund	\$2,508,710	\$ (838,985)
Debt Service Fund, General Fund	<u>838,985</u>	<u>(2,508,710)</u>
Total	<u>\$3,347,695</u>	<u>\$(3,347,695)</u>

The General Fund transferred funds to the Debt Service Fund to pay long-term debt as it came due. The Debt Service Fund transferred funds to the General Fund from the current year bond issued for future capital projects.

12. POSTEMPLOYMENT BENEFITS

PLAN DESCRIPTION

The District provides postretirement healthcare benefits for teachers, administrators, clerical and maintenance employees who retire with varying levels of credited service with the school district at least 25 years of credited service in PSERS. The employee must be retiring under a normal or early PSERS retirement. The plan provides an allowance for employer paid health insurance premiums up to an amount determined by contract provisions at the time of retirement. Dental and vision coverage is also available to members, spouses and dependents after retirement through the allotted amount. The plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Retired teachers who are ineligible under the above requirements and choose to participate in the medical plan must pay 100% of the composite rate cost of such coverage.

FUNDING POLICY

The contribution requirements of plan members and the District are established and may be amended by the School Board. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the health care benefits provided to current retirees. Retirees do not contribute to the plan. The District made estimated contributions of \$211,503 for the fiscal year ended June 30, 2016.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 20 years.

The following show the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 213,943
Interest on net OPEB obligation	(16,336)
Adjustment to annual required contribution	<u>27,908</u>
Annual OPEB cost (expense)	225,515
Contributions made	<u>(211,503)</u>
Decrease in net OPEB obligation (asset)	14,012
Net OPEB obligation (asset) at July 1, 2015	<u>(363,023)</u>
Net OPEB obligation (asset) at June 30, 2016	<u><u>\$(349,011)</u></u>

OLD FORGE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2014, 2015 and 2016 were as follows:

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED</u>	<u>NET OPEB OBLIGATION (ASSET)</u>
June 30, 2014	\$349,289	110.1%	\$(340,435)
June 30, 2015	\$350,376	106.5%	\$(363,023)
June 30, 2016	\$225,515	93.8%	\$(349,011)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2015, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability	\$1,808,080
Actuarial value of plan assets	<u> </u>
Unfunded actuarial accrued liability (UAAL)	<u>\$1,808,080</u>
Funded ratio (actuarial value of plan assets/UAAL)	0%
Covered payroll	<u>\$4,641,737</u>
UAAL as a percentage of covered payroll	39.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarial amounts determined regarding the funded status of the plan and the annual required contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

ACTUARIAL METHODS AND ASSUMPTIONS

The calculations are based on the types of benefits provided under the terms of the District's Retirement Benefits plan at the time of the valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the efforts of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015, actuarial valuation, the Entry Age Normal Cost Method was used. Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

The actuarial assumptions included a 4.5% investment rate of return, which is the expected rate to be earned on the School District's deposits and investments, and an annual healthcare cost trend rate of 6.0% initially, reduced to an ultimate rate of 3.8% in 2075 and later. The UAAL is being amortized as a level percentage of payroll over a twenty year period on an open basis.

13. FUND DEFICIT

The District reported a deficit in its Food Service Fund of \$56,478 due to rising food and other operational costs. The District has increased paid lunch prices to prevent deficits in future periods.

14. CONTINGENCIES

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure that may be disallowed pursuant to the terms of these grant programs. The District is not aware of any material items of noncompliance that would result in the disallowance of program expenditures.

The District is involved, from time to time, in various legal actions. In the opinion of the District, these matters either are adequately covered by insurance or will not have a material effect on the District's financial statements.

15. NEW ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These statements establish new accounting and financial reporting requirements for governments whose employees are provided other postemployment benefits (OPEB), as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. These statements will require the District to record its actuarially determined postretirement health care liability in its entirety. Statement No. 74 will be effective for the District's fiscal year ending June 30, 2017 and Statement No. 75 will be effective for the District's fiscal year ending June 30, 2018.

In August 2015, the GASB issued its Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. Statement No. 77 will be effective for the District's fiscal year ending June 30, 2017.

In December 2015, the GASB issued its Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local government employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. This statement also establishes requirements for recognition and measurement of pension amounts, disclosures and required supplementary for plans that meet the characteristics described. Statement No. 78 will be effective for the District's fiscal year ending June 30, 2017.

In January 2016, the GASB issued its Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. This statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. Statement No. 80 will be effective for the District's fiscal year ending June 30, 2017.

In March 2016, the GASB issued its Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement provides recognition and measurement guidance for situations in which a government is a beneficiary of a split-interest agreement. Statement No. 81 will be effective for the District's fiscal year ending June 30, 2018.

In March 2016, the GASB issued its Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and 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. Statement No. 82 will be effective for the District's fiscal year ending June 30, 2017.

The District has not yet determined the effects of the adoption of the aforementioned GASB Statements on its financial statements.

OLD FORGE SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
7/1/09	\$0	\$2,766,753	\$2,766,753	0%	\$3,493,876	79.2%
7/1/12	\$0	\$2,996,585	\$2,996,585	0%	\$4,036,121	74.2%
7/1/15	\$0	\$1,808,080	\$1,808,080	0%	\$4,641,737	39.0%

SCHEDULE OF PROPORTIONATE SHARE OF PSERS NET PENSION LIABILITY (NPL)

Fiscal Year Ended	District's Proportion	District's Proportionate Share	District's Covered- Employee Payroll	District's Proportionate Share of NPL as a % of Covered- Employee	PSERS Fiduciary Net Position as a % of Total Pension Liability
6/30/15	.0358%	\$14,170,000	\$4,564,224	310.46%	57.24%
6/30/16	.0356%	\$15,421,000	\$4,583,810	336.42%	54.36%

PSERS SCHEDULE OF CONTRIBUTIONS

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PSERS in the FYE 6/30/15	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a % of Covered- Employee Payroll
6/30/15	\$ 914,811	\$ 914,811	\$0	\$4,564,224	20.04%
6/30/16	\$ 1,189,885	\$ 1,189,885	\$0	\$4,583,810	25.96%
