

PANTHER VALLEY SCHOOL DISTRICT

SINGLE AUDIT REPORT

LANSFORD PENNSYLVANIA

FOR THE YEAR ENDED JUNE 30, 2017

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JONES & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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Board of School Directors
Panther Valley School District
Lansford, Pennsylvania

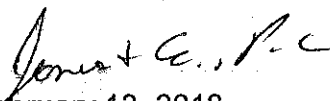
We have performed the Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) of the Panther Valley School District for the year ended June 30, 2017. Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) indicates that the auditee is responsible for ensuring appropriate submission of the audit reports to appropriate government officials.

The reporting packages must be submitted no later than 30 days after you receive our Single Audit Report but no later than nine months after the year end (March 31, 2018).

The Single Audit was done to fulfill the requirements of the Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). It entailed: (1) an audit of the general purpose financial statements and our opinion thereon; (2) an examination of the Schedule of Expenditures of Federal Awards and our opinion thereon; (3) a review of the internal control structure based solely on the understanding obtained as part of the audit of the general purpose financial statements; (4) a review of the internal control structure made as a part of the audit of the federal financial assistance programs; (5) a review of compliance based on an audit of the general purpose financial statements in accordance with Government Auditing Standards; and (6) a review of compliance with laws and regulations related to the federal financial assistance programs and our opinion thereon.

As part of our report, we have enclosed a management letter for the fiscal year ended June 30, 2017.

When filing the Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and the Data Collection Form with the agencies listed on Page 2, the District must enclose the appropriate number of reports as listed.


February 13, 2018
Pottsville, Pennsylvania

PANTHER VALLEY SCHOOL DISTRICT

LIST OF REPORT DISTRIBUTION

JUNE 30, 2017

1 Single Audit Report,
Data Collection Form and
Single Audit Reporting
Package Checklist

Must be submitted Via Electronic Mail (E-mail)
Commonwealth of Pennsylvania
Office of the Budget - Bureau of Audits,
Special Audit Services Division
RA-BOASingleAudit@state.pa.us

1 Single Audit Report and
Data Collection Form

Federal Audit Clearinghouse
Via Internet Website
www.harvester.census.gov/sac

1 Report

Carbon County Courthouse
Clerk of Courts
P.O. Box 129
Jim Thorpe, PA 18229-0129

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Panther Valley School District
Lansford, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Panther Valley School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Panther Valley School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, and the aggregate remaining fund information of the Panther Valley School District, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9-16 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.

Other Information

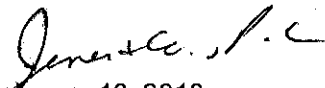
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Panther Valley School District's basic financial statements. The statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of the District's proportionate share of the net pension liability and the schedule of the District's contributions have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2018, on our consideration of the Panther Valley 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 the Panther Valley School District's internal control over financial reporting and compliance.


February 13, 2018
Pottsville, Pennsylvania

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

Board of School Directors
Panther Valley School District
Lansford, Pennsylvania

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, and the aggregate remaining fund information of the Panther Valley School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Panther Valley School District's basic financial statements, and have issued our report thereon dated February 13, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Panther Valley 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 the Panther Valley School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Panther Valley 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.

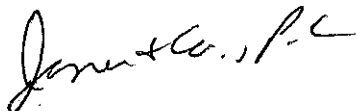
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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



February 13, 2018
Pottsville, Pennsylvania

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

Board of School Directors
Panther Valley School District
Lansford, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the Panther Valley 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 the Panther Valley School District's major federal programs for the year ended June 30, 2017. Panther Valley 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Panther Valley 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 the Panther Valley 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 the Panther Valley School District's compliance.

Opinion on Each Major Federal Program

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


Report on Internal Control over Compliance

Management of the Panther Valley 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 the Panther Valley 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 the Panther Valley 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.


February 13, 2018
Pottsville, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Panther Valley School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the District's financial statements, which begin on Page 17.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 17 and 18) provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements start on page 19. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets (the difference between assets and liabilities) as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and student enrollment.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities – The District's educational services, including administration costs, and capital project activities are reported here. Property taxes, state and federal funding, and bond proceeds finance most of these activities.
- Business-type activities – The District's food service operation is reported here. State and federal funding and charges for meals finance all of the food service activities.

Reporting the District's Most Significant Funds

The fund financial statements begin on page 19 and provide detailed information about the most significant funds – not the District as a whole. The District's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental funds** – The District's educational services, including administration costs and capital project activities, are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds 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 general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation statement contained in this report.
- **Proprietary funds** – When the District charges students and employees for meals provided, these transactions are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund (a component of proprietary funds) 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, for proprietary funds.

Statement of Net Position

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|-------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| | <u>6-30-17</u> | <u>6-30-16</u> | <u>6-30-17</u> | <u>6-30-16</u> | <u>6-30-17</u> | <u>6-30-16</u> |
| Current and other assets | 9,265,855 | 10,183,181 | 530,977 | 351,607 | 9,796,832 | 10,534,788 |
| Capital assets & Deferred Outflows | 32,235,173 | 31,701,299 | 122,308 | 66,357 | 32,357,481 | 31,767,656 |
| Total Assets | 41,501,028 | 41,884,480 | 653,285 | 417,964 | 42,154,313 | 42,302,444 |
| Current and Other liabilities | 3,965,701 | 4,288,423 | 60,268 | 12,613 | 4,025,969 | 4,301,036 |
| Long-term liabilities | 56,830,412 | 56,028,734 | 10,858 | 8,697 | 56,841,270 | 56,037,431 |
| Total Liabilities | 60,796,113 | 60,317,157 | 71,126 | 21,310 | 60,867,239 | 60,338,467 |
| Net Assets: | | | | | | |
| Invested in capital assets, net of related debt | 3,766,255 | 3,896,733 | 122,308 | 66,357 | 3,888,563 | 3,963,090 |
| Restricted for Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 |
| Unrestricted | (23,061,340) | (22,329,410) | 459,851 | 330,297 | (22,601,489) | (21,999,113) |
| Total net assets | (19,295,085) | (18,432,677) | 582,159 | 396,654 | (18,702,926) | (18,036,023) |

The Governmental Activities financial outlook changed drastically with the implementation of the new GASB pronouncement. The district is now forced to report its portion of the unfunded pension liability. Because of this the Unrestricted Net Assets is now in the negative. This will be negative in the future until the pensions are properly funded or there is legislation to change how the plan is funded.

The business type activities (cafeteria fund) had a great year. The district opted into the Community Eligibility Program (CEP) which provides free lunch for every student. The program is very profitable for the district. The district should invest the funds accumulated into new updated equipment for the cafeteria.

Governmental Activities

| | General Fund | |
|---|-------------------------|-------------------------|
| | <u>6-30-17</u> | <u>6-30-16</u> |
| Revenues | | |
| Local sources | 10,493,090 | 10,430,224 |
| State sources | 13,782,039 | 13,022,008 |
| Federal sources | 1,454,569 | 944,642 |
| Other financing sources | 21,071,845 | 3,619,002 |
| Total Revenues | <u>46,801,543</u> | <u>28,015,876</u> |
| Expenditures | | |
| Instruction | 17,021,089 | 16,474,520 |
| Support services | 6,319,568 | 6,060,884 |
| Operation of non-instructional services | 481,723 | 438,319 |
| Debt service | 23,096,455 | 6,060,884 |
| Other | 353 | 18,580 |
| Total Expenditures | <u>46,919,188</u> | <u>29,021,282</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over | | |
| Expenditures and Other Financing Uses | (117,645) | (1,005,406) |
| Fund Balance, July 1 | <u>2,155,972</u> | <u>3,161,378</u> |
| Prior Period Adjustment | | |
| Fund Balance, June 30 | <u><u>2,038,327</u></u> | <u><u>2,155,972</u></u> |

General Fund

Revenues and Expenditures increased for the year because of a large bond refinancing.

Fund balance at June 30, 2017 is \$2,038,327 a \$117,645 decrease from the prior year. The budgeted shortfall was estimated at \$983,407 therefore the year end result was a positive variance of \$864,762. This positive variance was due to higher than expected Basic Education funding, PSERS reimbursement revenues, and a refinance of the district's debt service.

| | Capital Project Fund | |
|---|---------------------------------|-------------------------|
| | <u>6-30-17</u> | <u>6-30-16</u> |
| Revenues | | |
| Local sources | 4,085 | 2,548 |
| Bond Proceeds | <u>0</u> | <u>0</u> |
| Total Revenues | <u>4,085</u> | <u>2,726</u> |
| Expenditures | | |
| Facilities Acquisition, construction, and improvement services | 46,268 | 714,335 |
| Interfund Transfers | <u>0</u> | <u>0</u> |
| Total Expenditures | <u>46,268</u> | <u>714,335</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | (42,183) | (711,787) |
| Fund Balance, July 1 | <u>1,265,723</u> | <u>1,977,510</u> |
| Fund Balance, June 30 | <u><u>1,223,540</u></u> | <u><u>1,265,723</u></u> |

Capital Project Fund

The district spent funds to finish construction on the 7th & 8th grade addition to the high school.

| | Food Service Fund | |
|-------------------------------------|--------------------------|-----------------------|
| | <u>6-30-17</u> | <u>6-30-16</u> |
| Revenues | | |
| Food service revenues | 75,509 | 128,857 |
| Earnings on Investments | 1,046 | 282 |
| State sources | 98,883 | 87,290 |
| Federal sources | <u>1,038,639</u> | <u>945,264</u> |
| Total Revenues | <u>1,214,077</u> | <u>1,161,693</u> |
| Expenses | | |
| Personal services-salaries | 282,687 | 275,547 |
| Personal services-employee benefits | 141,628 | 123,626 |
| Other purchased services | 64,980 | 67,620 |
| Supplies | 517,158 | 501,271 |
| Depreciation | 12,724 | 9,985 |
| Other operating expenses | <u>9,3995</u> | <u>7,185</u> |
| Total Expenses | <u>1,028,572</u> | <u>985,234</u> |
| Transfer In | 0 | 0 |
| Change in Net Assets | 185,505 | 176,459 |
| Retained Earnings, July 1 | <u>396,654</u> | <u>220,195</u> |
| Retained Earnings, June 30 | <u><u>582,159</u></u> | <u><u>396,654</u></u> |

Food Services Fund

Revenues for the year ended June 30, 2017 (excluding the value of commodities received) increased by \$52,384 or 5% due to increase in meals served.

Expenses for the year ended June 30, 2017 (excluding value of commodities used) increased by \$43,338 or 4% due to normal operating increases.

Retained earnings for the year ending June 30, 2017 increased by \$185,505. The district must invest its retained earnings into equipment purchases in the future.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the District had \$31,238,733 (net of depreciation) invested in various capital assets. This amount decreased by approximately \$147,017 due primarily to finishing the new 7th & 8th grade classroom addition.

Capital Assets at Year-end

| | Governmental Activities | | Business-type Activities | | Totals | |
|------------------------------|----------------------------|-------------------|-----------------------------|----------------|-------------------|-------------------|
| | <u>6-30-17</u> | <u>6-30-16</u> | <u>6-30-17</u> | <u>6-30-16</u> | <u>6-30-17</u> | <u>6-30-16</u> |
| Land and land improvements | 215,775 | 215,775 | 0 | 0 | 215,775 | 215,775 |
| Buildings and improvements | 29,547,354 | 30,397,689 | 0 | 0 | 29,547,354 | 30,397,689 |
| Machinery and equipment | 680,501 | 621,444 | 122,308 | 66,357 | 802,809 | 687,801 |
| Construction in Progress | 3,825 | 3,825 | 0 | 0 | 3,825 | 3,825 |
| Totals (Net of Depreciation) | <u>30,447,455</u> | <u>31,238,733</u> | <u>122,308</u> | <u>66,357</u> | <u>30,569,763</u> | <u>31,305,090</u> |

Debt Administration

As of June 30, 2017 and 2016 the District had the following bonds outstanding:

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|----------------------------|-------------------|-----------------------------|----------------|-------------------|-------------------|
| | <u>6-30-17</u> | <u>6-30-16</u> | <u>6-30-17</u> | <u>6-30-16</u> | <u>6-30-17</u> | <u>6-30-16</u> |
| General obligation bonds (backed by the District)/Lease obligations | <u>26,681,200</u> | <u>27,342,000</u> | <u>0</u> | <u>0</u> | <u>26,681,200</u> | <u>27,342,000</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's Board of Education are considering many factors when setting the preliminary 2018-2019 budget, tax rates, and fees that will be charged for the business-type activities.

The district is facing another \$1,000,000 loss for the 18-19 school year. With the fund balance at an estimated \$1,500,000 for the start of the 18-19 school year, the district has to make major program cuts as well as raising revenue by a tax increase to sustain a positive fund balance.

Since the cafeteria fund is successful under the CEP program the district should invest the fund balance into upgrading the districts cafeteria equipment and infrastructure as well as paying for general fund expenditures the cafeteria uses.

On June 27, 2006 the Pennsylvania Legislature passed Act 1 of 2006, the Taxpayer Relief Act. This Act utilizes gambling revenue from slot machines to help offset real estate taxes. This year approved taxpayers were given \$228 to offset their real estate taxes. In addition, all Districts are subject to voter referendum for tax increases that exceed an annual index as established by the Pennsylvania Department of Education. The Act provides for 10 limited exceptions to the referendum requirements and becomes effective for the District's 2007-2008 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Business Office, One Panther Way, Lansford, PA 18232 or by calling 570-645-3176.

PANTHER VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2017

| ASSETS AND DEFERRED OUTFLOWS | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| CURRENT ASSETS | | | |
| Cash and investments | \$ 4,427,457 | \$ 421,724 | \$ 4,849,181 |
| Taxes receivable, net | 2,957,482 | 0 | 2,957,482 |
| Internal Balances | 214 | 0 | 214 |
| Intergovernmental receivables | 876,445 | 35,349 | 911,794 |
| Other receivables | 5,806 | 0 | 5,806 |
| Inventories | 0 | 17,991 | 17,991 |
| Prepaid expenses | 998,451 | 55,913 | 1,054,364 |
| TOTAL CURRENT ASSETS | <u>9,265,855</u> | <u>530,977</u> | <u>9,796,832</u> |
| NON-CURRENT ASSETS | | | |
| Land and site improvements | 215,775 | 0 | 215,775 |
| Construction In Progress | 3,825 | 0 | 3,825 |
| Building and building improvements - net | 29,547,354 | 0 | 29,547,354 |
| Machinery and equipment - net | 533,511 | 122,308 | 655,819 |
| Vehicles - net | 146,990 | 0 | 146,990 |
| TOTAL NON-CURRENT ASSETS | <u>30,447,455</u> | <u>122,308</u> | <u>30,569,763</u> |
| TOTAL ASSETS | <u>39,713,310</u> | <u>653,285</u> | <u>40,366,595</u> |
| DEFERRED OUTFLOWS | | | |
| Deferred Outflows - Pension | 1,001,000 | 0 | 1,001,000 |
| Loss on refinancing - net of accumulated amortization | 786,718 | 0 | 786,718 |
| TOTAL DEFERRED OUTFLOWS | <u>1,787,718</u> | <u>0</u> | <u>1,787,718</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | <u>\$ 41,501,028</u> | <u>\$ 653,285</u> | <u>\$ 42,154,313</u> |
| LIABILITIES, DEFERRED INFLOWS AND NET POSITION (DEFICIT) | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | \$ 328,529 | \$ 57,990 | \$ 386,519 |
| Accrued salaries and benefits | 1,958,885 | 2,278 | 1,961,163 |
| Current portion of long-term debt | 1,501,800 | 0 | 1,501,800 |
| Accrued interest | 176,487 | 0 | 176,487 |
| TOTAL CURRENT LIABILITIES | <u>3,965,701</u> | <u>60,268</u> | <u>4,025,969</u> |
| NON-CURRENT LIABILITIES | | | |
| Bonds payable | 25,179,400 | 0 | 25,179,400 |
| OPEB payable | 591,619 | 0 | 591,619 |
| Net pension payable | 30,923,000 | 0 | 30,923,000 |
| Long-term portion of compensated absences | 136,393 | 0 | 136,393 |
| TOTAL NON-CURRENT LIABILITIES | <u>56,830,412</u> | <u>0</u> | <u>56,830,412</u> |
| TOTAL LIABILITIES | <u>60,796,113</u> | <u>60,268</u> | <u>60,856,381</u> |
| DEFERRED INFLOWS | 0 | 10,858 | 10,858 |
| NET POSITION (DEFICIT) | | | |
| Invested in capital assets, net of related debt | 3,766,255 | 122,308 | 3,888,563 |
| Unrestricted | (23,061,340) | 459,851 | (22,601,489) |
| TOTAL NET POSITION (DEFICIT) | <u>(19,295,085)</u> | <u>582,159</u> | <u>(18,712,926)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION (DEFICIT) | <u>\$ 41,501,028</u> | <u>\$ 653,285</u> | <u>\$ 42,154,313</u> |

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|-------------------|----------------------------|--|---|-----------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| GOVERNMENTAL ACTIVITIES | | | | | | |
| Instruction | \$ 18,100,812 | \$ 0 | \$ 4,573,111 | \$ (13,527,701) | \$ 0 | \$ (13,527,701) |
| Instructional student support | 932,336 | 0 | 842,175 | (90,161) | 0 | (90,161) |
| Administrative and financial support services | 2,554,414 | 0 | 221,574 | (2,332,840) | 0 | (2,332,840) |
| Operation and maintenance of plant services | 2,033,356 | 0 | 42,425 | (1,990,931) | 0 | (1,990,931) |
| Pupil transportation | 1,606,008 | 0 | 761,529 | (844,479) | 0 | (844,479) |
| Student activities | 470,633 | 198,140 | 47,255 | (225,238) | 0 | (225,238) |
| Community services | 28,096 | 0 | 0 | (28,096) | 0 | (28,096) |
| Interest on long-term debt | 932,227 | 0 | 352,036 | (580,191) | 0 | (580,191) |
| TOTAL GOVERNMENTAL ACTIVITIES | 26,657,882 | 198,140 | 6,840,105 | (19,619,637) | 0 | (19,619,637) |
| BUSINESS-TYPE ACTIVITIES | | | | | | |
| Food services | 1,028,572 | 75,509 | 1,137,522 | 0 | 184,459 | 184,459 |
| TOTAL PRIMARY GOVERNMENT | 27,686,454 | 273,649 | 7,977,627 | (19,619,637) | 184,459 | (19,435,178) |
| GENERAL REVENUES AND TRANSFERS | | | | | | |
| Taxes: | | | | | | |
| Property taxes, levied for general purposes, net | | | | 7,906,899 | 0 | 7,906,899 |
| Public utility, realty, earned income and miscellaneous taxes levied for general purposes, net | | | | 2,182,198 | 0 | 2,182,198 |
| Grants, subsidies, and contributions not restricted | | | | 8,396,502 | 0 | 8,396,502 |
| Investment earnings | | | | 39,760 | 1,046 | 40,806 |
| Miscellaneous | | | | 231,870 | 0 | 231,870 |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | 18,757,229 | 1,046 | 18,758,275 |
| CHANGE IN NET POSITION | | | | (862,408) | 185,505 | (676,903) |
| NET POSITION (DEFICIT) - BEGINNING | | | | (18,432,677) | 396,654 | (18,036,023) |
| NET POSITION (DEFICIT) - ENDING | | | | \$ (19,295,085) | \$ 582,159 | \$ (18,712,926) |

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2017

| | <u>General</u> | <u>Capital Projects</u> | <u>Capital Reserve Fund</u> | <u>Total Governmental Funds</u> |
|---|---------------------|-----------------------------|-------------------------------------|---|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 3,621,131 | \$ 805,548 | \$ 778 | \$ 4,427,457 |
| Taxes receivable | 2,957,482 | 0 | 0 | 2,957,482 |
| Internal balances | 0 | 417,992 | 110,682 | 528,674 |
| Intergovernmental receivables | 876,445 | 0 | 0 | 876,445 |
| Other receivables | 5,806 | 0 | 0 | 5,806 |
| TOTAL ASSETS | <u>7,460,864</u> | <u>1,223,540</u> | <u>111,460</u> | <u>8,795,864</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 7,460,864</u> | <u>\$ 1,223,540</u> | <u>\$ 111,460</u> | <u>\$ 8,795,864</u> |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Internal balances | \$ 528,459 | \$ 0 | \$ 0 | \$ 528,459 |
| Accounts payable | 328,529 | 0 | 0 | 328,529 |
| Accrued salaries and benefits | 1,958,885 | 0 | 0 | 1,958,885 |
| TOTAL LIABILITIES | <u>2,815,873</u> | <u>0</u> | <u>0</u> | <u>2,815,873</u> |
| DEFERRED INFLOWS OF RESOURCES | 2,606,664 | 0 | 0 | 2,606,664 |
| FUND BALANCES | | | | |
| Restricted | 0 | 1,223,540 | 111,460 | 1,335,000 |
| Assigned | 0 | 0 | 0 | 0 |
| Unassigned | 2,038,327 | 0 | 0 | 2,038,327 |
| TOTAL FUND BALANCES | <u>2,038,327</u> | <u>1,223,540</u> | <u>111,460</u> | <u>3,373,327</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 7,460,864</u> | <u>\$ 1,223,540</u> | <u>\$ 111,460</u> | <u>\$ 8,795,864</u> |

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION (DEFICIT)

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2017

| | |
|---|---------------------|
| TOTAL FUND BALANCES - GOVERNMENTAL FUNDS | \$ 3,373,327 |
|---|---------------------|

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

| | |
|------------------|---------|
| Prepaid expenses | 406,831 |
|------------------|---------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

| | |
|--------------------------------|--------------|
| Cost of capital assets | 50,478,908 |
| Less: accumulated depreciation | (20,031,453) |

Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.

| | |
|------------------------|--------------|
| Bond principal payable | (26,681,200) |
| Compensated absences | (136,393) |
| Pension payable - net | (29,922,000) |

| | |
|---|-----------|
| Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds. | 2,606,664 |
|---|-----------|

| | |
|---|---------|
| Governmental funds report debt issuance costs and debt issuance premiums and discounts as an other financing source or use at the time of issuance. Premiums and discounts are reported as an unamortized asset or liability in the District-wide financial statements. | 786,718 |
|---|---------|

| | |
|--|------------------|
| Governmental funds do not report a liability for accrued interest until due and payable. | <u>(176,487)</u> |
|--|------------------|

| | |
|---|-------------------------------|
| TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES | \$ <u>(19,295,085)</u> |
|---|-------------------------------|

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

| | General | Capital Projects | Capital Reserve Fund | Total Governmental Funds |
|---|---------------------|---------------------|----------------------------|--------------------------------|
| REVENUES | | | | |
| Local sources | \$ 10,493,090 | \$ 4,085 | \$ 3 | \$ 10,497,178 |
| State sources | 13,782,039 | 0 | 0 | 13,782,039 |
| Federal sources | 1,454,569 | 0 | 0 | 1,454,569 |
| TOTAL REVENUES | <u>25,729,698</u> | <u>4,085</u> | <u>3</u> | <u>25,733,786</u> |
| OTHER FINANCING SOURCES | | | | |
| Bond proceeds | 21,071,845 | 0 | 0 | 21,071,845 |
| TOTAL OTHER FINANCING SOURCES | <u>21,071,845</u> | <u>0</u> | <u>0</u> | <u>21,071,845</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | 46,801,543 | 4,085 | 3 | 46,805,631 |
| EXPENDITURES | | | | |
| Instruction | 17,021,089 | 0 | 0 | 17,021,089 |
| Support services | 6,319,568 | 0 | 0 | 6,319,568 |
| Operation of non-instructional services | 481,723 | 0 | 0 | 481,723 |
| Facilities acquisition, construction, and improvement services | 0 | 46,268 | 0 | 46,268 |
| TOTAL EXPENDITURES | <u>23,822,380</u> | <u>46,268</u> | <u>0</u> | <u>23,868,648</u> |
| OTHER FINANCING (USES) | | | | |
| Debt service | 23,096,455 | 0 | 0 | 23,096,455 |
| Refunds of Prior Year Revenues | 353 | 0 | 0 | 353 |
| TOTAL OTHER FINANCING (USES) | <u>23,096,808</u> | <u>0</u> | <u>0</u> | <u>23,096,808</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING (USES) | 46,919,188 | 46,268 | 0 | 46,965,456 |
| NET CHANGE IN FUND BALANCES | <u>(117,645)</u> | <u>(42,183)</u> | <u>3</u> | <u>(159,825)</u> |
| FUND BALANCES - BEGINNING | <u>2,155,972</u> | <u>1,265,723</u> | <u>111,457</u> | <u>3,533,152</u> |
| FUND BALANCES - ENDING | <u>\$ 2,038,327</u> | <u>\$ 1,223,540</u> | <u>\$ 111,460</u> | <u>\$ 3,373,327</u> |

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT

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

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

**TOTAL NET CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS**

\$ (159,825)

Because some property and personal taxes will not be collected for several months after the District's year end, they are not considered as available revenues in the government funds.

61,689

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

21,401,800

Previous year bond issuance costs are expensed in the governmental funds when incurred but are amortized in the Statement of Activities.

324,152

Expenses reported in the Statement of Activities, such as compensated absences, health insurance and Pension Liability, do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

(1,013,765)

Interest is recognized in governmental funds when paid but is accrued in the Statement of Activities.

55,866

Governmental funds report capital outlays as expenditures versus as capital assets in the Statement of Activities.

213,901

The Issuance of Long-Term Debt provides current financial resources to governmental funds

(20,741,000)

Depreciation expense is recognized in the Statement of Activities but is not recognized in governmental funds.

(1,005,226)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES

\$ (862,408)

PANTHER VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance With Final Budget Positive (Negative) |
|--|-------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Local sources | \$ 10,687,902 | \$ 10,687,902 | \$ 10,493,090 | \$ (194,812) |
| State sources | 13,078,538 | 13,078,538 | 13,782,039 | 703,501 |
| Federal sources | 1,175,254 | 1,175,254 | 1,454,569 | 279,315 |
| TOTAL REVENUES | <u>24,941,694</u> | <u>24,941,694</u> | <u>25,729,698</u> | <u>788,004</u> |
| OTHER FINANCING SOURCES | | | | |
| Bond proceeds | 0 | 0 | 21,071,845 | 21,071,845 |
| Insurance proceeds | 0 | 0 | 0 | 0 |
| TOTAL OTHER FINANCING SOURCES | <u>0</u> | <u>0</u> | <u>21,071,845</u> | <u>21,071,845</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>24,941,694</u> | <u>24,941,694</u> | <u>46,801,543</u> | <u>21,859,849</u> |
| EXPENDITURES | | | | |
| Instruction | 16,842,984 | 16,842,984 | 17,021,089 | (178,105) |
| Support services | 5,917,245 | 5,917,245 | 6,319,568 | (402,323) |
| Operation of non-instructional services | 522,548 | 522,548 | 481,723 | 40,825 |
| TOTAL EXPENDITURES | <u>23,282,777</u> | <u>23,282,777</u> | <u>23,822,380</u> | <u>(539,603)</u> |
| OTHER FINANCING (USES) | | | | |
| Debt service | 2,542,324 | 2,542,324 | 23,096,455 | (20,554,131) |
| Refunds prior year revenues | 0 | 0 | 353 | (353) |
| Budgetary reserve | 100,000 | 100,000 | 0 | 100,000 |
| TOTAL OTHER FINANCING (USES) | <u>2,642,324</u> | <u>2,642,324</u> | <u>23,096,808</u> | <u>(20,454,484)</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING (USES) | <u>25,925,101</u> | <u>25,925,101</u> | <u>46,919,188</u> | <u>(20,994,087)</u> |
| NET CHANGE IN FUND BALANCES | <u>(983,407)</u> | <u>(983,407)</u> | <u>(117,645)</u> | <u>865,762</u> |
| FUND BALANCE - BEGINNING OF YEAR | <u>1,554,446</u> | <u>1,554,446</u> | <u>2,155,972</u> | <u>601,526</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 571,039</u> | <u>\$ 571,039</u> | <u>\$ 2,038,327</u> | <u>\$ 1,467,288</u> |

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

| | |
|--|--------------------------|
| | <u>Food Service</u> |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | |
| CURRENT ASSETS | |
| Cash and investments | \$ 421,724 |
| Intergovernmental receivables | 35,349 |
| Prepaid expenses | 55,913 |
| Inventories | 17,991 |
| TOTAL CURRENT ASSETS | <u>530,977</u> |
| NON-CURRENT ASSETS | |
| Machinery and equipment | 338,269 |
| Less: accumulated depreciation | <u>(215,961)</u> |
| TOTAL NON-CURRENT ASSETS | <u>122,308</u> |
| DEFERRED OUTFLOWS OF RESOURCES | 0 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u><u>\$ 653,285</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | |
| CURRENT LIABILITIES | |
| Accrued salaries and benefits | \$ 2,278 |
| Account payables | 57,990 |
| TOTAL CURRENT LIABILITIES | <u>60,268</u> |
| DEFERRED INFLOWS OF RESOURCES | 10,858 |
| NET POSITION | |
| Invested in capital assets - net of related debt | 122,308 |
| Unrestricted | 459,851 |
| TOTAL NET POSITION | <u>582,159</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u><u>\$ 653,285</u></u> |

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

| | |
|--|--------------------------|
| | Food Service |
| OPERATING REVENUES | |
| Food service revenues | \$ 75,509 |
| TOTAL OPERATING REVENUES | <u>75,509</u> |
| OPERATING EXPENSES | |
| Personal services - salaries | 282,687 |
| Personal services - employee benefits | 141,628 |
| Other purchased services | 64,980 |
| Supplies | 517,158 |
| Depreciation | 12,724 |
| Dues and fees | 9,395 |
| TOTAL OPERATING EXPENSES | <u>1,028,572</u> |
| OPERATING (LOSS) | (953,063) |
| NON-OPERATING REVENUES (EXPENSES) | |
| Earnings on investments | 1,046 |
| State sources | 98,883 |
| Federal sources | 1,038,639 |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>1,138,568</u> |
| CHANGE IN NET POSITION | 185,505 |
| NET POSITION - BEGINNING OF YEAR | <u>396,654</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 582,159</u></u> |

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

| | Food Service |
|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from customers and intergovernments | \$ 145,563 |
| Cash paid to suppliers | (475,920) |
| Cash paid for selling and general expenses | (374,102) |
| NET CASH (USED FOR) OPERATING ACTIVITIES | <u>(704,459)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Grants and subsidies received from nonoperating activities: | |
| State sources | 98,883 |
| Federal sources | 1,038,639 |
| NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES | <u>1,137,522</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Acquisition of capital assets | (68,674) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Earnings on investments | <u>1,046</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 365,435 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>56,289</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 421,724</u> |
| OPERATING (LOSS) | \$ (953,063) |
| ADJUSTMENTS TO RECONCILE OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES: | |
| Depreciation | 12,724 |
| Changes in current assets and current liabilities | |
| (Increase) Decrease in prepaid expenses | (4,224) |
| (Increase) Decrease in intergovernmental receivable | 67,893 |
| (Increase) Decrease in interfund receivable | 129,560 |
| Increase (Decrease) in accounts payable | 48,402 |
| (Increase) Decrease in inventories | (7,164) |
| Increase (Decrease) in accrued salaries and benefits | (748) |
| Increase (Decrease) in deferred revenue | 2,161 |
| TOTAL ADJUSTMENTS | <u>248,604</u> |
| TOTAL CASH (USED FOR) OPERATING ACTIVITIES | <u>\$ (704,459)</u> |

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Private Purpose Trust</u> | <u>Activity</u> | <u>Total Fiduciary Funds</u> |
|--|--------------------------------------|------------------|--------------------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | |
| ASSETS | | | |
| Cash and investments | \$ 152,663 | \$ 52,317 | \$ 204,980 |
| TOTAL ASSETS | <u>152,663</u> | <u>52,317</u> | <u>204,980</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 152,663</u> | <u>\$ 52,317</u> | <u>\$ 204,980</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | | | |
| LIABILITIES | | | |
| Internal balances | \$ 214 | \$ 0 | \$ 214 |
| Other current liabilities | <u>0</u> | <u>52,317</u> | <u>52,317</u> |
| TOTAL LIABILITIES | <u>214</u> | <u>52,317</u> | <u>52,531</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>0</u> | <u>0</u> | <u>0</u> |
| NET POSITION | | | |
| Specific fund balance reserves | 152,449 | 0 | 152,449 |
| TOTAL NET POSITION | <u>152,449</u> | <u>0</u> | <u>152,449</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 152,663</u> | <u>\$ 52,317</u> | <u>\$ 204,980</u> |

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Private Purpose Trust</u> |
|---|--------------------------------------|
| ADDITIONS | |
| Contributions | \$ 20 |
| Investment income | <u>174</u> |
| TOTAL ADDITIONS | 194 |
| DEDUCTIONS | |
| Scholarships awarded | 9,900 |
| TOTAL DEDUCTIONS | <u>9,900</u> |
| CHANGE IN NET POSITION | <u>(9,706)</u> |
| NET POSITION - BEGINNING OF YEAR | <u>162,155</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 152,449</u></u> |

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Panther Valley School District (the "District") is governed by the Panther Valley School District Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

The financial statements of the Panther Valley School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

The financial statements include:

- Management's Discussion and Analysis (MD&A), providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full-accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on major funds.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DEFINING THE REPORTING ENTITY

The reporting entity was defined by applying the following criteria which were established by the Governmental Accounting Standards Board Statement Number 14, "The Financial Reporting Entity".

- (A) Financial interdependency
- (B) Selection of governing authority
- (C) Designation of management
- (D) Ability to significantly influence operations
- (E) Accountability for fiscal matters.

In defining the reporting entity, all known federal program awards received by the entity have been included and have been subjected to the terms and requirements of the Single Audit Act.

In applying the above criteria, the District does not have any component units nor is the District a component unit of any other primary government.

BASIS OF PRESENTATION

District-wide statements - The statement of net assets and the statement of activities provide information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-Type activities are financed in whole or in part by fees charged to external parties.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF PRESENTATION - continued

The statement of activities presents a comparison between direct expenses and program revenues for each business-type activity of the District and for each function of the District's governmental activities.

- Direct Expenses are those that are clearly identifiable with a specific program.
- Program revenues include 1) charges to students or recipients who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.
- Taxes and other items not properly included among program revenues are reported as general revenues.

Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. The effect of interfund activity has been removed from these statements.

Fund Financial Statements - The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary*-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF PRESENTATION - continued

Proprietary fund operating revenues, such as charges for services result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Enterprise fund operating revenues are related to charges for food in the District's cafeteria. The primary non-operating revenues are federal nutrition program grants and commodities received from the U.S. Department of Agriculture.

The fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the District-wide statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary and trust funds.

The District reports the following major proprietary fund types:

Food Service Fund - The Food Service Fund is used to account for all financial transactions related to the food service operation.

Other fund types:

Agency Funds - These funds account for assets held by the District as an Agent for various student groups and clubs.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF ACCOUNTING

The district-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

All business-type activities and enterprise funds of the district follow FASB Statements and Interpretations on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

BUDGETING

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. Project-length financial plans are used for capital projects funds. All unencumbered budget appropriations, except capital projects, lapse at the end of each fiscal year.

At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval by the school board, budgetary transfers between account can be made. The budgeted financial statements represented in this report reflect the final budget authorization, including all transfers.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

DEPOSITS AND INVESTMENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments with a maturity of one year or less at the time of purchase are recorded at cost or amortized cost. Those with a maturity of greater than one year are reported at fair value. Changes in the fair value of investments are recorded as investment income.

INVENTORY

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method. Surplus commodities are stated at standard costs, as determined by the Department of Agriculture. In the fund based financial statements, commodities received are recorded as deferred revenue until consumed.

CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$1,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CAPITAL ASSETS - continued

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

| <u>Description</u> | <u>Useful Life</u> |
|----------------------------|--------------------|
| Land | Not Depreciated |
| Land Improvements | 20 years |
| Buildings and Improvements | 15-30 years |
| Furniture and Equipment | 5-15 years |
| Vehicles | 3-15 years |

COMPENSATED ABSENCES

Compensated absences are those for which employees receive pay. A liability is recorded through the use of estimates, which apply historical data to current factors. The District maintains records of unused absences and applies current and/or contracted compensation rates to the various types of compensated absences. Sick leave is recorded using the termination payment method, which has no current maximum per employee. The District allows only restricted sabbatical leave and therefore, has no recorded liability in advance of the sabbatical.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In government-wide financial statements as well as proprietary fund financial statements, all accrued liabilities and long-term debt are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

RESTRICTED ASSETS

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the District-wide financial statements.

FUND EQUITY

In the fund financial statements, governmental funds report fund balance in accordance with GASB Statement No. 54 (see Note 16).

NET ASSETS

Net assets represent the difference between assets and liabilities in the District-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.

FOOD SERVICE FUND - UNALLOCATED COSTS

The District does not attempt to allocate "Building-Wide Costs" to the Food Service Fund. Thus, General Fund expenditures (utilities, janitorial services, insurance, etc.) which partially benefit the Food Service Fund are not proportionately recognized within the Food Service Fund. Similarly, the Food Service Fund does not recognize a cost for the building space it occupies (no facilities rental expense).

POST EMPLOYMENT HEALTH CARE BENEFITS - COBRA BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible employees and eligible dependents. Certain requirements are outlined by the federal government for the coverage. The premium plus 2% administration fee is paid in full by the insured on or before the tenth day of the month for the actual month covered. This program is offered for a duration of 18 months. There is no associated cost to the District under this program, and there was zero participants in the program for medical coverage and four participants for dental/vision coverage as of June 30, 2017.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

RETIREE BENEFITS

In addition to the pension benefits described in Note 7, the District makes health care benefits available to all eligible employees who retired from the District. The premium is paid on or before the tenth day of the month for the actual month covered. The cost associated to the District under this program was \$358,947, and there are currently 21 participants in the program as of June 30, 2017.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS:

DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The deposit policy of the school district adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at various financial institutions, a money market mutual fund investment in Pennsylvania Treasurer's Invest Program for Local Government, a money market fund and certificate of deposit, the Pennsylvania School District Liquid Asset Fund (PSDLAF), and cash on hand of \$1,650. The market values of deposits are equal to the cost of the deposits.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

DEPOSITS - continued

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to:

Deposit in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

At June 30, 2017, the carrying amount of the District's deposits was \$1,519,794. and the bank balance was \$2,430,635. Of the bank balance, \$696,093 was covered by federal depository insurance coverage, and \$1,734,542. was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the District's name. It should be noted that the District's deposits are collateralized in accordance with Pennsylvania Act 72.

INVESTMENTS

The investment policy of the school district adheres to state statutes and prudent business practices. The investments of the school district consist of certificates of deposit and U.S. Agency Obligations as authorized by the Board. Investments are stated at cost including accrued interest which approximates market value.

The District invests in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Treasurer's Invest Program for Local Government as authorized by the Board. PSDLAF was established to enable school districts to pool funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. Pennsylvania Treasurer's Invest Program for Local Government insures that it will not place deposits with any single issuing institution if the largest participant's pro rata share of such deposits exceeds \$100,000., unless such deposits are secured by (1) Treasurer, federal agencies (collateralized at 102%) or (2) certificates of deposit (collateralized by 120%).

As of June 30, 2017, the District had the following investment.

| | |
|---|-----------------------|
| Pennsylvania Local Government Investment Trust (PLGIT) | \$3,534,367. ===== |
|---|-----------------------|

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

INVESTMENTS - continued

Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the practice of the District to limit its interest rate risk by investing in securities with maturity dates under one year. At June 30, 2017, the District's investments in securities of U.S. agencies had maturity dates of less than one year.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk.

Credit Risk

Under Section 4440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows:

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

INVESTMENTS - continued

Concentration Risk

The District does not have a policy that would limit the amount it may invest in any one issuer. More than five percent of the District's investments are Pennsylvania Local Government Invest Trust (PLGIT). Those investments are 100 percent of the District's total investments.

RECONCILIATION OF CASH, CASH EQUIVALENTS, AND INVESTMENTS

The classification of cash, cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

| | <u>Cash & Cash Equivalents</u> | <u>Investments</u> |
|---|--|---------------------|
| Cash, Cash Equivalents, and Investments | \$ <u>1,519,794</u> | \$ <u>3,534,367</u> |

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES (DEFERRED REVENUE):

Intergovernmental receivables (deferred revenue) listed in the General Fund at June 30, 2017, are comprised of the following:

| | |
|--------------------------------|--------------------------|
| State Share of Social Security | \$ 178,797 |
| State Share of Retirement | 547,487 |
| State Grants | 26,797 |
| Local Government Receivable | 100,965 |
| Federal Programs | 22,399 |
| Total | \$ <u>876,445</u> |

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 - GENERAL LONG-TERM DEBT:

A summary of general long-term debt is as follows:

| | Accrued Compensated Absences | Federally Taxable Revenue Bonds Series A of 2010 | General Obligation Bond Series of 2011 | General Obligation Bond Series of 2012 | General Obligation Bond Series A of 2012 | General Obligation Bond Series of 2013 | General Obligation Bond Series A of 2013 | General Obligation Bond Series of 2015 | General Obligation Bond Series of 2016 | General Obligation Bond Series A of 2016 | General Obligation Bond Series of 2017 | General Obligation Bond Series A of 2017 | Total |
|-------------------------|------------------------------------|---|--|--|--|--|--|--|--|--|--|--|---------------|
| BALANCE - JULY 1, 2016 | \$ 133,171 | \$ 1,508,000 | \$ 7,065,000 | \$ 4,355,000 | \$ 3,010,000 | \$ 2,630,000 | \$ 5,660,000 | \$ 3,114,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 27,475,171 |
| ADDITIONS | 3,222 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,390,000 | 6,955,000 | 4,357,000 | 3,039,000 | 20,744,222 |
| REDUCTIONS - PAYMENTS | 0 | (150,800) | (7,065,000) | (4,355,000) | (3,010,000) | (5,000) | (5,660,000) | (576,000) | (20,000) | (560,000) | 0 | 0 | (21,401,800) |
| BALANCE - JUNE 30, 2017 | \$ 136,393 | \$ 1,357,200 | \$ 0 | \$ 0 | \$ 0 | \$ 2,625,000 | \$ 0 | \$ 2,538,000 | \$ 6,370,000 | \$ 6,395,000 | \$ 4,357,000 | \$ 3,039,000 | \$ 26,817,593 |
| DUE WITHIN ONE YEAR | | \$ 150,800 | \$ 0 | \$ 0 | \$ 0 | \$ 5,000 | \$ 0 | \$ 596,000 | \$ 35,000 | \$ 665,000 | \$ 50,000 | \$ 0 | \$ 1,501,800 |

A summary of general long-term debt, principal maturities, and interest requirements follows:

| Year Ending June 30, | Federally Taxable Revenue Bonds Series A of 2010 | General Obligation Bond Series of 2011 | General Obligation Bond Series of 2012 | General Obligation Bond Series A of 2012 | General Obligation Bond Series of 2013 | General Obligation Bond Series A of 2013 | General Obligation Bond Series of 2015 | General Obligation Bond Series of 2016 | General Obligation Bond Series A of 2016 | General Obligation Bond Series of 2017 | General Obligation Bond Series A of 2017 | Total |
|-------------------------|---|--|--|--|--|--|--|--|--|--|--|---------------|
| 2018 | \$ 263,900 | \$ 0 | \$ 0 | \$ 0 | \$ 83,970 | \$ 0 | \$ 651,776 | \$ 196,724 | \$ 849,800 | \$ 135,706 | \$ 106,324 | \$ 2,288,000 |
| 2019 | 263,900 | 0 | 0 | 0 | 83,892 | 0 | 649,774 | 196,321 | 857,300 | 176,494 | 113,450 | 2,341,131 |
| 2020 | 263,900 | 0 | 0 | 0 | 83,777 | 0 | 656,336 | 225,584 | 814,600 | 179,961 | 118,892 | 2,343,050 |
| 2021 | 263,900 | 0 | 0 | 0 | 83,662 | 0 | 124,135 | 234,429 | 811,700 | 734,121 | 118,236 | 2,370,183 |
| 2022 | 263,900 | 0 | 0 | 0 | 88,547 | 0 | 126,384 | 233,191 | 812,700 | 735,754 | 117,580 | 2,378,056 |
| 2023-2027 | 999,050 | 0 | 0 | 0 | 514,537 | 0 | 505,265 | 1,347,249 | 3,005,250 | 3,182,633 | 1,955,034 | 11,509,018 |
| 2028-2032 | 0 | 0 | 0 | 0 | 2,650,902 | 0 | 0 | 5,982,147 | 0 | 0 | 1,489,026 | 10,122,075 |
| 2033 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 2,318,550 | 0 | 0 | 0 | 3,589,287 | 0 | 2,713,670 | 8,415,645 | 7,151,150 | 5,144,669 | 4,018,542 | 33,351,513 |
| Less: Interest | (961,350) | 0 | 0 | 0 | (964,287) | 0 | (175,670) | (2,045,645) | (756,150) | (787,669) | (979,542) | (6,670,313) |
| Outstanding Principal | \$ 1,357,200 | \$ 0 | \$ 0 | \$ 0 | \$ 2,625,000 | \$ 0 | \$ 2,538,000 | \$ 6,370,000 | \$ 6,395,000 | \$ 4,357,000 | \$ 3,039,000 | \$ 26,681,200 |

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 - GENERAL LONG-TERM DEBT - continued

FEDERALLY TAXABLE REVENUE BONDS - SERIES A OF 2010

During the year ended June 30, 2011, the District issued \$2,262,000. of federally taxable revenue bonds dated September 1, 2010. The proceeds of the issue were used to finance capital projects and pay the costs of issuance of the bonds. The interest rate on the bonds is 5.00% and matures on September 15, 2027.

GENERAL OBLIGATION BONDS - SERIES OF 2011

During the year ended June 30, 2012, the District issued \$9,715,000. of general obligations bonds dated August 30, 2011. The proceeds of the issue were used to refinance the General Obligation Bonds - Series of 2006 and pay the costs and expenses of issuing the note. The interest rates on the bonds vary from 1.00% to 3.85% and mature in various amounts beginning November 15, 2011 and ending on May 15, 2026. This obligation was refinanced and satisfied with the General Obligation Bonds, Series A of 2016.

GENERAL OBLIGATION BONDS - SERIES OF 2012

During the year ended June 30, 2012, the District issued \$4,395,000. of general obligations bonds dated January 12, 2012. The proceeds of the issue were used to refinance the General Obligation Bonds - Series A of 2007 and pay the costs and expenses of issuing the note. The interest rates on the bonds vary from 3.00% to 3.50% and mature in various amounts beginning August 1, 2012 and ending on February 1, 2026. This obligation was refinanced and satisfied with the General Obligation Bonds, Series of 2017.

GENERAL OBLIGATION BONDS - SERIES A OF 2012

During the year ended June 30, 2012, the District issued \$3,030,000. of general obligations bonds dated January 12, 2012. The proceeds of the issue were used to refinance the General Obligation Bonds - Series of 2007 and pay the costs and expenses of issuing the note. The interest rates on the bonds vary from 3.00% to 3.50% and mature in various amounts beginning August 1, 2012 and ending on February 1, 2026. This obligation was refinanced and satisfied with the General Obligation Bonds, Series A of 2017.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 - GENERAL LONG-TERM DEBT - continued

GENERAL OBLIGATION BONDS - SERIES OF 2013

During the year ended June 30, 2013, the District issued \$2,645,000. of general obligations bonds dated April 4, 2013. The proceeds of the issue were used to refinance the General Obligation Bonds - Series of 2008 and pay the costs and expenses of issuing the note. The interest rates on the bonds vary from 1.55% to 3.05% and mature in various amounts beginning October 15, 2013 and ending on April 15, 2030.

GENERAL OBLIGATION BONDS - SERIES A OF 2013

During the year ended June 30, 2014, the District issued \$5,700,000. of general obligations bonds dated September 26, 2013. The proceeds of the issue were used for an addition and renovation to the District High School. The interest rates on the bonds vary from .50% to 4.75% and mature in various amounts beginning November 1, 2014 and ending on November 15, 2031. This obligation was refinanced and satisfied with the General Obligation Bonds, Series of 2016.

GENERAL OBLIGATION BONDS - SERIES A OF 2015

During the year ended June 30, 2016, the District issued \$3,614,000. of general obligations bonds dated December 9, 2015. The proceeds of the issue were used to refinance the General Obligation Bonds – Series of 2010 and General Obligation Bonds – Series A of 2010 and pay the costs and expenses of issuing the note. The interest rate on the bond is 2.490% and matures in various amounts beginning April 15, 2016 and ending on April 15, 2026.

GENERAL OBLIGATION BONDS - SERIES OF 2016

During the year ended June 30, 2017, the District issued \$6,390,000. of general obligations bonds dated August 17, 2016. The proceeds of the issue were used to refinance the General Obligation Bonds – Series A of 2013 and pay the costs and expenses of issuing the note. The interest rate on the bond is 1.150% through 3.000% and matures in various amounts beginning November 15, 2016 and ending on November 15, 2031.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 - GENERAL LONG-TERM DEBT – continued

GENERAL OBLIGATION BONDS – SERIES A OF 2016

During the year ended June 30, 2017, the District issued \$6,955,000. of general obligations bonds dated September 30, 2016. The proceeds of the issue were used to refinance the General Obligation Bonds – Series of 2011 and pay the costs and expenses of issuing the note. The interest rate on the bond is 2.000% through 4.000% and matures in various amounts beginning November 15, 2016 and ending on May 15, 2026.

GENERAL OBLIGATION BONDS - SERIES OF 2017

During the year ended June 30, 2017, the District issued \$4,357,000. of general obligations bonds dated March 21, 2017. The proceeds of the issue were used to refinance the General Obligation Bonds – Series of 2012 and pay the costs and expenses of issuing the note. The interest rate on the bond is 2.92% and matures in various amounts beginning October 15, 2017 and ending on April 15, 2026.

GENERAL OBLIGATION BONDS - SERIES A OF 2017

During the year ended June 30, 2017, the District issued \$3,039,000. of general obligations bonds dated March 21, 2017. The proceeds of the issue were used to refinance the General Obligation Bonds – Series A of 2012 and pay the costs and expenses of issuing the note. The interest rate on the bond is 3.28% and matures in various amounts beginning October 15, 2017 and ending on April 15, 2028.

COMPENSATED ABSENCES

The General Long-Term Debt group of accounts includes liability of \$136,393., which represents the amount of compensated absences computed by using unused sick and vacation days at current compensation rates, not limited to a maximum payout at retirement. If an employee separates from service for reasons other than sickness or retirement, no payout is required. If an employee retires with unused compensated absences, the payout policy is as follows: Emergency and personal - no payout; Vacation (administrative personnel) - limited accumulation of vacation days; Sickness - payout is based on age and years of service in the District.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 - CAPITAL ASSETS:

A summary of capital asset activity during the fiscal year follows:

| | <u>Balance June 30, 2016</u> | <u>Net Additions (Deductions)</u> | <u>Balance June 30, 2017</u> |
|---|----------------------------------|---------------------------------------|----------------------------------|
| Governmental Activities: | | | |
| Capital Assets, Not Being Depreciated | | | |
| Land | \$ 215,775 | \$ 0 | \$ 215,775 |
| Construction In Progress | 3,825 | 0 | 3,825 |
| Total Assets, Not Being Depreciated | <u>219,600</u> | <u>0</u> | <u>219,600</u> |
| Capital Assets, Being Depreciated: | | | |
| Buildings and Improvements | 47,625,480 | 17,636 | 47,643,116 |
| Furniture and Equipment | 2,282,263 | 119,773 | 2,402,036 |
| Vehicles | 137,712 | 76,492 | 214,204 |
| Total Capital Assets, Being Depreciated | <u>50,045,455</u> | <u>213,901</u> | <u>50,259,356</u> |
| Accumulated Depreciation For: | | | |
| Buildings and Improvements | 17,227,394 | 868,368 | 18,095,762 |
| Furniture and Equipment | 1,747,738 | 120,787 | 1,868,525 |
| Vehicles | 51,143 | 16,071 | 67,214 |
| Total Accumulated Depreciation | <u>19,026,275</u> | <u>1,005,226</u> | <u>20,031,501</u> |
| Governmental Activities - Capital Assets, Net | <u><u>\$ 31,238,780</u></u> | <u><u>\$ (791,325)</u></u> | <u><u>\$ 30,447,455</u></u> |
| Business-type Activities: | | | |
| Furniture/Equipment | \$ 269,595 | \$ 68,674 | \$ 338,269 |
| Less: Accumulated Depreciation | <u>203,238</u> | <u>12,723</u> | <u>215,961</u> |
| Business-type Activities - Capital Assets, Net | <u><u>\$ 66,357</u></u> | <u><u>\$ 55,951</u></u> | <u><u>\$ 122,308</u></u> |

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

| | |
|---|----------------------------|
| Instructional | \$ 402,090 |
| Instructional Student Support | 50,261 |
| Administration | 100,522 |
| Operation and Maintenance of Plant Services | 452,353 |
| Total Depreciation Expense | <u><u>\$ 1,005,226</u></u> |

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 - INTERFUND OPERATING BALANCES:

Individual fund operating balances for the year ended June 30, 2017 were as follows:

| | Due From | Due To |
|------------------------|-------------------|-------------------|
| General Fund | \$ 0 | \$ 528,460 |
| Scholarship Fund | 0 | 214 |
| Capital Reserve | 110,682 | 0 |
| Construction Fund | 417,992 | 0 |
| Total All Funds | \$ 528,674 | \$ 528,674 |

All balances are current and are payable within one year. Balances exist due to operating transfers between individual funds.

NOTE 7 - TAXES ASSESSED AND DEFERRED REVENUE:

The following is a listing of the taxes assessed along with their respective assessed valuations:

| Tax Type | Millage/Rate | Assessed Valuation |
|---------------------------------|-----------------|-----------------------|
| Real Estate - Carbon County | 60.019 Mills | \$ 7,875,309 |
| Real Estate - Schuylkill County | 51.47 Mills | 926,495 |
| Occupation Tax - Act 511 | \$125.00/person | 732,875 |
| Per Capita Tax - Act 511 | \$ 5.00/person | 40,510 |
| Per Capita Tax - Section 679 | \$ 5.00/person | 40,510 |
| Total Assessed Valuation | | \$ 9,615,699 |

The following is the tax calendar showing levy date, payment periods and delinquent dates for the above listed taxes:

| | |
|------------------------------|---------------------------|
| Levy date | July 1 |
| Discount (2%) payment period | July 1 to August 31 |
| Face payment period | September 1 to October 31 |
| Penalty (10%) payment period | November 1 to December 31 |
| Delinquent date | January 1 |

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 was measurable and available within the 60 days, was recognized as revenue, and the balance deferred in the fund financial statements. All taxes, net of uncollectible amounts, are recognized in the period for which levied in the government-wide financial statements, regardless of when collected.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - TAXES ASSESSED AND DEFERRED REVENUE: - continued

The balances at June 30, 2017, are as follows:

| Tax | Gross Taxes Receivable | Allowance for Uncollectible Taxes | Governmental Funds | | |
|-----------------------|------------------------------|--|--|------------------------------|---------------------|
| | | | Net Estimated to be Collectible | Tax Revenue Recognized | Deferred Taxes |
| Real Estate | \$ 1,739,916 | \$ 382,506 | \$ 1,357,410 | \$ 122,085 | \$ 1,235,325 |
| Per Capita/Occupation | 2,204,700 | 818,679 | 1,386,021 | 14,682 | 1,371,339 |
| Earned Income | 203,440 | 0 | 203,440 | 203,440 | 0 |
| Realty Transfer | 7,434 | 0 | 7,434 | 7,434 | 0 |
| Local Service Tax | 3,177 | 0 | 3,177 | 3,177 | 0 |
| Tax | \$ 4,158,667 | \$ 1,201,185 | \$ 2,957,482 | \$ 350,818 | \$ 2,606,664 |

NOTE 8 - OPERATING LEASES:

The District leases copiers under operating leases. The District also has a lease obligation with Carbon County Technical Institute for a building project. The total monthly copier lease payment is \$5,134. for five years. The annual cost for the building project is \$129,484. in 2016-2017. The District has the option to purchase the copiers for fair market value, determined by the lessor, at the end of the lease, or the option to continue the lease on a month-to-month basis. The estimated future minimum rental payments are as follows:

| Year Ending June 30, | Amount |
|-------------------------|---------------------|
| 2018 | \$ 190,931 |
| 2019 | 147,170 |
| 2020 | 132,397 |
| 2021 | 133,099 |
| 2022 | 129,026 |
| 2023-2038 | 2,067,883 |
| Total | \$ 2,800,506 |

Rental expense for all operating leases for the year ended June 30, 2017 was \$191,092.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - RISK MANAGEMENT:

The District is a member of the I.U.21 Trust - a non-profit organization which is an association of four governmental entities established to serve as a depository for School District contributions to be used to make payments of premiums to carry into effect the provisions of the Plan established and maintained by the Trustee for the purchase of group health insurance, medical, surgical or hospital care benefits. Members of the Trust include Palmerton Area School District, Panther Valley School District, Weatherly Area School District and Carbon County Vocational Technical School.

The Plan is a self-funded health plan and the administration is provided through Highmark Blue Cross/Blue Shield, 70 North Main St., Wilkes Barre, PA 18711. The Plan is not insured.

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

The District participates in 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 expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of non-compliance which would result in the disallowance of program expenditures.

As of August 15, 2015, the District entered into a tentative agreement with the teachers union for a five year contract.

During the normal course of business, the District is subject to numerous disputes and claims. At June 30, 2017, there were no items of pending or threatened litigation which management feels would have a material effect on the District's financial condition.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:

PLAN DESCRIPTION

The Panther Valley School District Retiree Health Care Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the School Board. The Plan provides postemployment healthcare benefits to eligible retirees of the District in accordance with the various labor contracts and personnel policies. At July 1, 2016, 21 retired employees were eligible to participate. Inasmuch as the Plan has no assets, reporting an other employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

FUNDING POLICY

The contribution requirements of plan members and the District are established and may be amended by the School Board, subject to applicable labor contracts. For retirees who meet the eligibility requirements, Panther Valley School District will pay the following toward coverage:

- Teachers: Full cost of individual medical coverage until medicare eligibility.
- Act 93 Employees: Full cost of individual medical, dental, and vision coverage until medicare eligibility.
- Teamster Local 773 Employees: Full cost of individual and spouse medical, dental and vision coverage until medicare eligibility.
- Confidential Employees: Full cost of individual and spouse medical, dental and vision coverage until medicare eligibility.
- Teamster Local 773 Café Employees: Full cost of individual medical coverage until medicare eligibility.

The District may contribute the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For 2017, the District made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$358,947. for 2017. These costs are recognized as an expense when claims or premiums are paid.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11- POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

ANNUAL OPEB COST AND NET OPEB OBLIGATION

For 2017, the components of the District's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan were as follows:

| | |
|--|--------------------------|
| Annual Required Contribution | \$ 314,151 |
| Adjustment to Annual Required Contribution | <u>42,052</u> |
| Annual OPEB Cost | 356,203 |
| Contributions or Payments Made | <u>(358,947)</u> |
| Increase in Net OPEB Obligation | (2,744) |
| Net OPEB Obligation, Beginning of Year | <u>594,363</u> |
| Net OPEB Obligation, End of Year | <u>\$ 591,619</u> |
| Percentage of Annual OPEB Cost Contributed | <u>114.26%</u> |

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of July 1, 2017, the date of the most recent actuarial valuation is as follows:

| | |
|---------------------------------------|----------------------------|
| Actuarial Accrued Liability (AAL) | \$ 4,390,613 |
| Actuarial Value of Assets | <u>0</u> |
| Unfunded AAL (UAAL) | <u>\$ 4,390,613</u> |
| Funded Ratio | <u>0.00%</u> |
| Covered Payroll | <u>\$ 8,627,749</u> |
| UAAL as Percentage of Covered Payroll | <u>50.89%</u> |

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the District are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are formed regarding the future. Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the District and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects 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, 2017, actuarial valuation, the Unit Credit under which the benefits (projected or unprojected) of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial present value of benefits allocated to a valuation year is called the normal cost. The actuarial present value of benefits allocated to all periods prior to a valuation year is called the actuarial accrued liability. The attribution period ends when a participant is eligible for benefits. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study, the assumed rate ranges from 10.0% in the short-term to 5% in the long-term for health care related costs. The UAAL is being amortized as a level percentage of active member payroll over a period of 20 years.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - GASB STATEMENT NO. 54:

On June 15, 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 (Fund Balance Reporting and Governmental Fund Type Definitions). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB-54 establishes criteria for classifying fund balances into specifically defined classifications that should be based on hierarchy that reflects the extent to which the government is bound to honor constraints on how those funds can be spent. Established classifications are as follows:

Nonexpendable – Amounts that cannot be spend because they are either in a nonspendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts constrained to be used for a specific purpose stipulated by constitution, external resource providers or through enabling legislation.

Committed – Amounts constrained to be used for a specific purpose determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority).

Assigned – Amounts intended to be used for a specific purpose by the finance committee or an individual authorized by the governing body.

Unassigned – Residual amounts available for any purpose not contained in other classifications.

ORDER OF FUND BALANCE SPENDING POLICY

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting entries.

First, nonspendable fund balances are determined. Then, restricted fund balances for the nongeneral funds are classified as restricted fund balance.

It is possible for the nongeneral funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balance for the nongeneral fund.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 - GASB STATEMENT NO. 54 - continued

MINIMUM FUND BALANCE

The District's school board policy states:

- 1.) The school district will strive to maintain an unassigned general fund balance of not less than four percent (4%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2017

| | <u>General</u> | <u>Capital Projects</u> | <u>Capital Reserve</u> | <u>Total Governmental Funds</u> |
|---------------------------|---------------------|-----------------------------|----------------------------|---|
| EQUITY | | | | |
| Nonspendable | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Restricted | 0 | 1,223,540 | 111,460 | 1,335,000 |
| Committed | 0 | 0 | 0 | 0 |
| Assigned | 0 | 0 | 0 | 0 |
| Unassigned | <u>2,038,327</u> | <u>0</u> | <u>0</u> | <u>2,038,327</u> |
| TOTAL FUND BALANCE | <u>\$ 2,038,327</u> | <u>\$ 1,223,540</u> | <u>\$ 111,460</u> | <u>\$ 3,373,327</u> |

NOTE 13 - RELATED ORGANIZATIONS:

Not included in the School's District financial statements are any Parent-Teacher Associations (PTA), Parent-Teacher Organizations (PTO) and athletic and band booster clubs. These agencies provide services to students and employees of the School District, but are separate legal entities having sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the School District. The School District does not account for these entities as component units or joint ventures; it does not maintain an ongoing financial interest or have responsibility for these entities.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 14 – PENSION:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PENSIONS

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

General Information about the Pension Plan

PLAN DESCRIPTION

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 than can be obtained at www.psers.state.pa.us.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 14 – PENSION – continued

BENEFITS PROVIDED

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

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

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

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 14 – PENSION – continued

CONTRIBUTIONS

Member Contributions:

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

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

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

Members who joined the System after June 30, 2011, automatically contributed at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elected Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions:

The school district's contractually required contribution rate for fiscal year ended June 30, 2017 was 29.20% 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 \$2,126,952. for the year ended June 30, 2017.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 14 – PENSION - continued

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

At June 30, 2017, the District reported a liability of \$30,923,000. for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2015 to June 30, 2016. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2016, the District proportion was .0590%, which was a increase of .0018 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,395,000. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|---|--------------------------------------|
| Difference between employer contributions and proportionate share of total contributions | \$ <u>1,001,000</u> |

\$1,001,000. reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an addition 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 pensions will be recognized in pension expense as follows:

| Year Ended June 30, | |
|---|----------------------------|
| 2017 | \$ (123,000) |
| 2018 | (123,000) |
| 2019 | 650,000 |
| 2020 | 597,000 |
| 2021 | <u>0</u> |
| Total Deferred Outflows of Resources | \$ <u>1,001,000</u> |

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 14 – PENSION - continued

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

ACTUARIAL ASSUMPTIONS

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

Changes in assumptions used of the Total Pension Liability beginning June 30, 2016.

- The Investment Rate of Return was adjusted from 7.50% to 7.25%
- The inflation assumption was decreased from 3.0% to 2.75%.
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. The actual assumptions used in the June 30, 2016 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 14 – PENSION - continued

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

ACTUARIAL ASSUMPTIONS – continued

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.

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|---|
| Global public equity | 22.5% | 5.3% |
| Fixed Income | 28.5% | 2.1% |
| Commodities | 8.0% | 2.5% |
| Absolute return | 10.0% | 3.3% |
| Risk parity | 10.0% | 3.9% |
| Infrastruaure/MLPs | 5.0% | 4.8% |
| Real estate | 12.0% | 4.0% |
| Alternative investments | 15.0% | 6.6% |
| Cash | 3.0% | 0.2% |
| Financing (LIBOR) | -14.0% | 0.5% |
| | <u>100%</u> | |

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

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 14 – PENSION - continued

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

DISCOUNT RATE

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

SENSITIVITY OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

| | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|--|-------------------------|--------------------------------------|-------------------------|
| District's proportionate share of the net pension liability | \$ 37,828,000 | \$ 30,923,000 | \$ 25,122,000 |

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about PSER's fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 15 – DEFEASED DEBT:

During August 2016, Panther Valley School District issued General Obligation Note, Series of 2016, in the amount of \$6,390,000 to refinance the District's General Obligation Bonds, Series of 2013. As a result of the refunding, the District reduced its total debt service requirement by \$676,346., which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$580,655.

During September 2016, Panther Valley School District issued General Obligation Note, Series A of 2016, in the amount of \$6,955,000 to refinance the District's General Obligation Bonds, Series of 2011. As a result of the refunding, the District reduced its total debt service requirement by \$398,047.

During March 2017, Panther Valley School District issued General Obligation Note, Series of 2017, in the amount of \$4,357,000 to refinance the District's General Obligation Bonds, Series of 2012. As a result of the refunding, the District reduced its total debt service requirement by \$72,756.

During March 2017, Panther Valley School District issued General Obligation Note, Series A of 2017, in the amount of \$3,039,000 to refinance the District's General Obligation Bonds, Series of 2011. As a result of the refunding, the District reduced its total debt service requirement by \$60,158.

SUPPLEMENTAL INFORMATION

PANTHER VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. Auditor's report expresses an unqualified opinion on the general purpose financial statements of Panther Valley School District.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Panther Valley School District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Panther Valley School District expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Panther Valley School District.
7. The programs tested as major programs included:

| Program | CFDA # |
|------------------|--------|
| E.S.E.A. Title I | 84.010 |

8. The threshold for distinguishing types A and B Programs was \$300,000.
9. Panther Valley School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT
None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT
None

PANTHER VALLEY AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

| Federal Grantor/ Pass Through Grantor/ Program Title | Source Code | Federal CFDA Number | Pass Through Grantors' Number | Program or Award Amount | Grant Period Beginning/Ending Date | Total Received For Year | Accrued Or (Deferred) Revenue July 1, 2016 | Revenue Recognized | Expenditures | Accrued Or (Deferred) Revenue June 30, 2017 |
|---|----------------|---------------------------|-------------------------------------|----------------------------------|--|-------------------------------|---|-----------------------|---------------------|--|
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | | | |
| Passed Through State Department of Education: | | | | | | | | | | |
| E.S.E.A. Title I - 2015-2016 | (I) | 84.010 | 013-16-0319 | \$ 673,397 | 7-1-15 / 9-30-16 | \$ 232,030 | \$ 232,030 | \$ 0 | \$ 0 | \$ 0 |
| E.S.E.A. Title I - 2016-2017 | (I) | 84.010 | 013-17-0319 | 718,646 | 7-1-16 / 9-30-17 | 718,646 | 0 | 718,646 | 718,646 | 0 |
| School Intervention 2015-2016 | (I) | 84.010 | 042-15-0319 | 66,653 | 7-1-15 / 9-30-16 | 22,218 | 22,218 | 0 | 0 | 0 |
| School Intervention 2016-2017 | (I) | 84.010 | 042-16-0319 | 79,832 | 7-1-16 / 9-30-17 | 79,832 | 0 | 79,832 | 79,832 | 0 |
| E.S.E.A. Title II Improving Teacher Quality - 2015-2016 | (I) | 84.367 | 020-16-0319 | 92,725 | 7-1-15 / 9-30-16 | 30,795 | 30,795 | 0 | 0 | 0 |
| E.S.E.A. Title II Improving Teacher Quality - 2016-2017 | (I) | 84.367 | 020-17-0319 | 90,514 | 7-1-16 / 9-30-17 | 91,117 | 0 | 90,514 | 90,514 | (603) |
| Rural and Low Income Schools - 2016-2017 | (I) | 84.358 | 007-17-0319 | 36,146 | 7-1-16 / 9-30-17 | 13,144 | 0 | 36,146 | 36,146 | 23,002 |
| Passed Through Lehigh-Carbon Intermediate Unit: | | | | | | | | | | |
| IDEA - 2016-2017 | (I) | 84.027 | H027A160093 | 371,397 | 7-1-16 / 6-30-17 | 371,397 | 0 | 371,397 | 371,397 | 0 |
| IDEA - Acr 619 2016-2017 | (I) | 84.173 | H173A160090 | 1,905 | 7-1-16 / 6-30-17 | 1,905 | 0 | 1,905 | 1,905 | 0 |
| TOTAL DEPARTMENT OF EDUCATION | | | | 2,131,215 | | 1,561,084 | 285,043 | 1,298,440 | 1,298,440 | 22,399 |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | | | |
| Passed Through State Department of Education: | | | | | | | | | | |
| National School Lunch - 2015-2016 | (I) | 10.555 | 121-13-660-3 | 613,625 | 7-1-15 / 6-30-16 | 62,705 | 62,705 | 0 | 0 | 0 |
| National School Lunch - 2016-2017 | (I) | 10.555 | 121-13-660-3 | 692,471 | 7-1-16 / 6-30-17 | 669,849 | 0 | 692,471 | 692,471 | 22,622 |
| National School Lunch - 2015-2016 | (I) | 10.582 | 121-13-660-3 | 34,360 | 7-1-15 / 6-30-16 | 4,019 | 4,019 | 0 | 0 | 0 |
| National School Lunch - 2016-2017 | (I) | 10.582 | 121-13-660-3 | 23,885 | 7-1-16 / 6-30-17 | 23,885 | 0 | 23,885 | 23,885 | 0 |
| National School Lunch - 2015-2016 | (S) | N/A | 121-13-660-3 | 41,897 | 7-1-15 / 6-30-16 | 4,389 | 4,389 | 0 | 0 | 0 |
| National School Lunch - 2016-2017 | (S) | N/A | 121-13-660-3 | 46,252 | 7-1-16 / 6-30-17 | 44,631 | 0 | 46,252 | 46,252 | 1,621 |
| Special Milk - 2015-2016 | (I) | 10.556 | 121-13-660-3 | 5,123 | 7-1-15 / 6-30-16 | 558 | 558 | 0 | 0 | 0 |
| Special Milk - 2016-2017 | (I) | 10.556 | 121-13-660-3 | 5,157 | 7-1-16 / 6-30-17 | 4,940 | 0 | 5,157 | 5,157 | 217 |
| Severe Needy Breakfast - 2015-2016 | (I) | 10.553 | 121-13-660-3 | 228,774 | 7-1-15 / 6-30-16 | 25,444 | 25,444 | 0 | 0 | 0 |
| Severe Needy Breakfast - 2016-2017 | (I) | 10.553 | 121-13-660-3 | 255,418 | 7-1-16 / 6-30-17 | 244,527 | 0 | 255,418 | 255,418 | 10,891 |
| National School Lunch - 2015-2016 | (I) | 10.579 | 121-13-660-3 | 6,126 | 7-1-15 / 6-30-16 | 6,126 | 6,126 | 0 | 0 | 0 |
| Passed Through State Department of Agriculture: | | | | | | | | | | |
| Value of USDA Commodities | (I) | 10.555 | 2-03-13-660 | 58,757 | 7-1-16 / 6-30-17 (A) | 65,082 (B) | (731) | 58,757 (C) | 58,757 (D) | (7,056) |
| TOTAL DEPARTMENT OF AGRICULTURE | | | | 2,011,845 | | 1,156,155 | 102,510 | 1,081,940 | 1,081,940 | 28,295 |
| SUB-TOTAL | | | | 4,143,060 | | 2,717,239 | 387,553 | 2,380,380 | 2,380,380 | 50,694 |
| STATE AWARD EXPENDITURES | | | | (88,149) | | (49,020) | (4,389) | (46,252) | (46,252) | (1,621) |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | \$ 4,054,911 | | \$ 2,668,219 | \$ 383,164 | \$ 2,334,128 | \$ 2,334,128 | \$ 49,073 |

Source Code Legend:

(D) Indicates direct federal financial assistance funding.
(I) Indicates indirect federal financial assistance funding.
(S) Indicates State matching funding.

Other Code Legend:

(A) Indicates value of USDA commodities received in current year.
(B) Indicates beginning inventory value of USDA commodities.
(C) Indicates value of USDA commodities used in current year.
(D) Indicates ending inventory value of USDA commodities.

See notes to financial statements
which are an integral part of this statement.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

NOTE 2 - COMMODITIES:

The beginning and ending deferred income figures listed represent the beginning and ending commodities inventories in the Cafeteria Fund. These commodities are received through the State from the U.S. Department of Agriculture. The commodities are valued at amounts assigned to the various items by the U.S. Department of Agriculture when the commodities are offered.

PANTHER VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017

| | June 30, 2016 | June 30, 2015 | June 30, 2014 | June 30, 2013 |
|--|------------------|------------------|------------------|------------------|
| DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY (ASSET) | 0.0624% | 0.0651% | 0.0651% | 0.0700% |
| DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) | \$ 30,923,000 | \$ 27,289,000 | \$ 25,767,000 | \$ 28,655,000 |
| DISTRICT'S COVERED-EMPLOYEE PAYROLL | \$ 8,077,553 | \$ 8,105,542 | \$ 8,301,520 | \$ 8,981,749 |
| DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL | 382.83% | 336.67% | 310.39% | 319.03% |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY | 50.14% | 54.36% | 52.24% | 54.49% |

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

PANTHER VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

| | June 30, 2016 | June 30, 2015 | June 30, 2014 |
|---|--------------------|--------------------|--------------------|
| CONTRACTUALLY REQUIRED CONTRIBUTION | \$ 1,985,000 | \$ 1,627,000 | \$ 1,297,000 |
| CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION | <u>(1,985,000)</u> | <u>(1,627,000)</u> | <u>(1,297,000)</u> |
| CONTRIBUTION DEFICIENCY (EXCESS) | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |
| DISTRICT'S COVERED-EMPLOYEE PAYROLL | \$ 8,077,553 | \$ 8,105,542 | \$ 8,301,520 |
| CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL | 24.57% | 20.07% | 15.62% |

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.