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# INTRODUCTION SECTION

*POCONO MOUNTAIN SCHOOL DISTRICT*



## **Our Mission:**

*To Prepare All Students for  
Tomorrow's Challenges & Opportunities*





# Pocono Mountain School District

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December 20, 2019

### To the Board of School Directors and Citizens of the Pocono Mountain School District

We are pleased to present the Comprehensive Annual Financial Report ("**CAFR**") for the Pocono Mountain School District (the "**District**") for the fiscal year ended June 30, 2019. The CAFR provides a snapshot of the school system's finances through narrative, financial statements, charts and graphs. In addition, the CAFR provides summarized and detailed information for the school year and includes information from the previous ten fiscal years.

The District's Business Office prepared this CAFR to provide the highest level of reporting. Responsibility for the accuracy, completeness and fairness of the data presented in this report, including all disclosures, rests with the management of the District. We believe the data as presented is accurate in all material respects. It is presented in a manner designed to fairly present the financial position and results of operations of the District as measured by the financial activity of the various governmental funds. All disclosures have been included to enable the reader to gain a clear understanding of the District's financial affairs.

The organization, form, financial statement content and statistical tables were prepared in accordance with the standards established by the Governmental Accounting Standards Board ("**GASB**"), the Government Finance Officers Association ("**GFOA**"), the American Institute of Certified Public Accountants ("**AICPA**"), and the Public School Code of 1949, as amended.

BBD, LLP, Certified Public Accountants, have issued an unmodified, "clean," opinion on the District's financial statements for the fiscal year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis ("**MD&A**") immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

The Association of School Business Officials International ("**ASBO**") awarded a Certificate of Excellence in Financial Reporting to Pocono Mountain School District for its CAFR for the fiscal year ended June 30, 2018. This was the fifth year that the District achieved this prestigious award.

The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to Pocono Mountain School District for its CAFR for the fiscal year ended June 30, 2018. This was the fifth year that the District achieved this prestigious award.

**To the Board of School Directors and  
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In order to be awarded a Certificate of Excellence and/or a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Both the Certificate of Excellence and the Certificate of Achievement are valid only for a one-year period. We believe our current CAFR continues to meet both programs' requirements. The report will be submitted to the ASBO and GFOA to determine its eligibility to obtain a Certificate for the year ended June 30, 2019.

**Profile of the District**

Pocono Mountain School District's origin dates back to 1955 when eight separate, small municipal public school districts in the heart of the Pocono resort and recreation area of Northeastern Pennsylvania – Barrett Township, Coolbaugh Township, Jackson Township, Mount Pocono Borough, Paradise Township, Pocono Township, Tobyhanna Township and Tunkhannock Township – merged into the Pocono Mountain Joint School System. The District operated as the Pocono Mountain Joint School System until it was officially designated as the Pocono Mountain School District in 1964. The District spans 304 square miles and serves a population per the 2010 Census of approximately 53,000 within eight municipalities in Monroe County.

The opening of a second high school in 2002 led to the realignment of the sending schools for the East and West regions of the District. The Cardinal was retained as the mascot for schools in the East, and the Panther was chosen as the mascot for schools in the West. The East schools serve students from the Borough of Mount Pocono and the Townships of Jackson, Pocono, Paradise and Barrett. The West schools serve students from Coolbaugh, Tobyhanna and Tunkhannock Townships.

In order to meet the educational and operational needs of its students, 1,358 personnel consisting of professional, support and administrative staff are employed by the District.

The District is governed by a nine member Board of School Directors ("**School Board**"), each elected for four-year terms. The Superintendent is the Chief Administrative Officer of the District with overall responsibility for all aspects of operations, including education and finance. The Chief Financial Officer is responsible for the budget and financial operations of the District. Both officials are appointed by the School Board in accordance with Pennsylvania School Law and relevant legislation.

The District participates in the Monroe Career and Technical Institute ("**MCTI**"). Under articles of agreement dated March 12, 1969, the member Districts established MCTI. Since the schools opening in 1972, it has provided vocational-technical training and education to students of the four participating districts and is governed by a Joint Board comprised of representative School Board members of participating school districts. Each member District pays their respective share of the operating costs and any outstanding debt service. Each member District approves the annual budget.

The District is also a member of the Monroe County Area Vocational-Technical School Joint Authority ("**Joint Authority**"). The Joint Authority was incorporated on February 14, 1980 under the Municipality Authorities Act of 1945, Act of May 2, 1945, P.L. 382, as amended by the Boards of School Directors of the four school districts located in Monroe County. The school districts established the Joint Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes.

The District and twelve other school districts in Northampton, Monroe and Pike counties are participating members of the Colonial Intermediate Unit-20 ("**IU-20**"). IU-20 is a regional educational service agency, established in 1971 by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of school board members from each participating district. The School Board of each participating district must approve the annual operating budget of IU-20, but the participating districts have no ongoing fiduciary interest or responsibility to IU-20. IU-20 is a self-sustaining organization that provides a broad array of services to participating districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and state and federal liaison services. The District contracts with IU-20 for needed services.

**To the Board of School Directors and  
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The District participates with twenty-two municipalities and the remaining three Monroe County school districts for the collection of earned income taxes through the Monroe County Tax Collection Committee ("**MCTCC**"). Each public school district and municipality appoints one member to serve on the joint operating committee.

**Local Economy**

The proximity to New York and New Jersey metropolitan areas provides an economic advantage to the local community's growth and development. Monroe County's economic industries include healthcare, institutions of higher education, warehouse and distribution centers, research and development, retail, Federal government operated facilities and indoor/outdoor recreation and tourism. Tourism has been a major staple for the local economy and continues to grow each year. Significant investments in the tourism industry recently include:

**Kalahari Resorts & Conventions**

Kalahari Resorts and Conventions is in the process of constructing the expansion of the company's Pocono Mountains convention center. Scheduled to open in January 2020, the addition will more than double the size of meeting facilities by adding 105,000 square feet which will bring the convention center footprint to 205,000 square feet.

The project will include a 38,000 square foot ballroom and a 12,000 square foot junior ballroom, which will join the facility's existing 25,000 square foot and 9,000 square foot ballrooms. It will also include 18 additional meeting rooms, for a total of 33 meeting rooms. This project is the second expansion to the Pocono Mountains location since the resort opened in July 2015.

**Mount Airy Casino and Resort**

Mount Airy Casino and Resort completed their \$40 million expansion, increasing the number of available rooms by over 50 percent to nearly 300 and included a 20,000 square-foot convention center and ballroom. The project was unveiled on May 3, 2019 with a ribbon cutting ceremony. The resort is committed to providing the highest quality hotel accommodations and resort amenities, expecting to entice further tourism in the area.

**Pocono Springs Village**

The planned Pocono Springs Village will be a \$350 million destination which will span approximately 175 acres in an area immediately adjacent to Kalahari Hotel and Waterpark - the largest waterpark in North America.

Planned attractions for the Pocono Springs complex include helium balloon rides, movie theater, themed restaurants, live entertainment venues, an aquarium, bike and hiking trails, a 4.5-acre park featuring hourly light and music attractions. The village is also planned to have more than 500,000 square feet of leasable space.

The construction of the first phase of the project is expected by the summer of 2021, and developers indicate the project will lead to the creation of 2,000 construction jobs and an eventual 1,200 projected retail and service jobs at the village upon completion.

**Mission, Vision and Core Values**

The District's Mission is "To Prepare All Students for Tomorrow's Challenges and Opportunities."

The District's Vision is to create a culture of achievement, improve student performance, maintain safe schools and promote strong character.

**To the Board of School Directors and  
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Supporting the District's Mission and Vision is a set of Core Values:

- Create the opportunity for all students to learn in an environment with appropriate supports that maximizes their potential.
- Expect that all students will be active participants in their education.
- Foster an environment in which all members of the school community are respected and valued.
- Promote active citizenship of all of the school community members.
- Encourage personal and professional growth of all members of the school community.
- Foster the collaboration of all members of the school community to continuously improve the operational effectiveness and efficiency of the District.

Supporting the District's Core Values are the District's Belief Statements:

Students - We believe that...

- All students have value and share in the responsibility for their success in the educational process.
- All students possess unique strengths and needs.
- All students are to be respectful and respected.
- All students need the opportunity to learn in an educational program that maximizes their potential.

School Community - We believe that...

- The school community must be respectful and responsive to its diverse composition.
- The school community creates an environment that supports each student at his or her individual level.
- The school community is apprised of the inherent worth and financial value of a vibrant public school system.

Teachers - We believe that...

- Teachers foster futuristic thinking and learning among all students.
- Teachers and parents are strategic partners in the success of the student.
- Teachers continue to grow in their professional development.
- Teachers recognize individual differences in each child and help each to meet his or her potential.
- Teachers are humanistic and flexible in their styles and approaches.

Parents and Guardians - We believe that...

- Parents and guardians provide continuous positive involvement in the educational process.
- Parents and guardians support educators in educational programs and district discipline to enable students to be in a safe environment conducive to learning.
- Parents and guardians communicate with students and educators.

School Board - We believe that...

- The School Board is accountable to the community for providing a public forum and considering community input in decision making to ensure solutions to educational issues.
- The School Board pursues all available avenues to encourage longevity among district personnel for the purpose of educational consistency.
- The School Board develops the educational process to its highest standards by providing the necessary resources needed to promote a fair and equitable learning environment.
- The School Board develops short and long-range plans to provide financial security for the district's future growth and development.
- The School Board investigates all avenues of funding to increase revenue for public education.

Administrators - We believe that...

- Administrators utilize community resources and input in the decision-making process.
- Administrators make decisions consistent with the mission statement of the district.
- Administrators take a visionary and proactive role in the operation of the district.
- Administrators are committed to personal and professional growth and development.
- Administrators plan and implement a safe and positive learning environment.
- Administrators encourage excellence and innovation as they assist teachers in implementing the curriculum.
- Administrators focus on positive communication between families and schools.
- Administrators maintain a sound fiscal operation.

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**District Facilities**

The District maintains and operates nine school buildings and ten support facilities on its five campuses consisting of the Swiftwater Campus, Sullivan Trail Campus, Clear Run Campus, Tobyhanna Elementary Center and Pocono Elementary Center. Pocono Elementary Center no longer operates as an educational facility, but houses the Coordinated Health Sports Performance Center at Pocono Mountain School District, a state-of-the-art indoor training facility for baseball and softball players that opened during the 2017 – 2018 school year. The training facility in the Pocono Elementary Center gymnasium also includes a weight training area and is in the process of implementing golf training equipment.

**Transportation**

**Fleet Statistics**

- ✓ Total Fleet..... 170 buses
- ✓ Average Age of Fleet..... 6.9 years
- ✓ Average Mileage per Bus..... 16,552 miles
- ✓ Average Odometer Reading.....108,000 miles

- Vehicle maintenance department continued to promote maximum efficiency and organization. District mechanics conducted monthly evaluations of buses and continued to address vehicle corrosion and conducted body work during the summer months to extend the service life of schoolbuses.
- Coordinated with vendors to obtain the best possible pricing for parts, tires and supplies needed to maintain District fleet.

**Enrollment**

The District educated a diverse population of approximately 8,855 students in grades kindergarten to grade twelve during 2018 – 2019. Enrollment for the 2018 – 2019 fiscal year exceeded initial projections by 281 students.

<b>Ethnicity</b>	<b>Student Count</b>	<b>Percentage Breakdown</b>
American Indian / Alaskan Native	19	0.21%
Asian	176	1.99%
African American	2,236	25.25%
Caucasian	3,903	44.08%
Hispanic	2,347	26.50%
Multi-Racial	152	1.72%
Native Hawaiian / Pacific Islander	22	0.25%
<b>Total</b>	<b>8,855</b>	<b>100.00%</b>

Although the District had seen a consistent decline in student enrollment over the past few years, enrollment for the past year remained level. Student enrollment decreased by approximately 438 students (4.71%) over the past five years and by 2,074 students (18.98%) over the past ten years.

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**Charter and Cyber Charter Schools**

The Charter School Act of 1997 provided another publicly funded education option for Pennsylvania students. Charter schools are self-managed public schools that are approved by local school districts. Cyber charter schools are also self-managed public schools, but cyber charter schools are approved by the Pennsylvania Department of Education ("**PDE**"). Tuition payments received by charter schools and cyber charter schools are taxpayer dollars that support students who are residents of the local school district. Tuition payments are based upon the school district's budget, not the actual operating cost of the charter or cyber charter school.

The District had 450 students attending eight charter schools and eleven different cyber charter schools, at a cost of approximately \$8,581,000 in the 2018 – 2019 school year.

The District offers its own cyber program with a year-end enrollment of approximately 135 students. The Pocono Mountain School District Cyber and High School Credit Recovery programs utilize the Edgenuity instructional content provider for all online, hybrid, and credit recovery instruction. All coursework is aligned, edited, and taught by Pocono Mountain School District teachers. During the 2018 – 2019 school year, Edgenuity expanded its instructional offerings to all grade levels, including Kindergarten and the district is now utilizing Edgenuity for all K-12 cyber and credit recovery students. The District's cyber program implemented the BASE social-emotional online learning platform. The BASE platform allows for staff to access identified social-emotionally stressed student work, identify any potential for danger to students, and collaborate with students who utilize the social-emotional online platform. The continued partnerships with these programs have afforded the District the opportunity to retain and service students who may have otherwise left the District for cyber charter options.

**Instructional Program**

The District's instructional program includes an elementary program for grades kindergarten through sixth and a secondary program for grades seventh through twelfth. The elementary program is offered in five elementary centers consisting of various grade configurations, as outlined in the chart that follows. The secondary program includes grades seventh and eighth being offered at two schools and grades ninth through twelfth being offered at two schools. In addition, the District maintains an alternative program, the Pocono Mountain Academy and the Pocono Mountain School District Cyber Program for grades seventh through twelfth. In addition, credit recovery programs for seniors are offered, as well as an alternative to retentions program for junior high school students.

The following principals were entrusted with the responsibility for administration and instructional leadership of the individual District schools for the 2018 – 2019 school year:

<b>Building</b>	<b>Grade</b>	<b>Administrator</b>
Clear Run Elementary Center	K – 2	Ms. Heidi Donohue Ms. Karen Doughton
Clear Run Intermediate School	3 – 6	Ms. Regina Schank
Swiftwater Elementary Center	K – 3	Ms. Krislin Ofalt Ms. Tammy Toleno
Swiftwater Intermediate School	4 – 6	Ms. Kristine Kunsman
Tobyhanna Elementary Center	K – 6	Dr. Anastasia D'Angelo
East Junior High School	7 – 8	Dr. Kathleen Fanelli
West Junior High School	7 – 8	Dr. Eric Vogt
East High School	9 – 12	Mr. Michael Jones
West High School	9 – 12	Dr. Mark Wade
Academy and Cyber Program	7 – 12	Dr. Jessica Loverdi

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**Core Foundations Standards**

**Elementary Education**

- ✓ Arts and Humanities
- ✓ Career Education and Work
- ✓ Civics and Government
- ✓ Core Standards: English Language Arts
- ✓ Core Standards: Literacy in History/Social Studies, Science and Technical Subjects
- ✓ Core Standards: Mathematics
- ✓ Economics
- ✓ Environment and Ecology
- ✓ Family and Consumer Sciences
- ✓ Geography
- ✓ Health, Safety and Physical Education
- ✓ History
- ✓ Science, Technology and Engineering Education
- ✓ Alternate Academic Content Standards for Math
- ✓ Alternate Academic Content Standards for Reading
- ✓ American School Counselor Association for Students
- ✓ Early Childhood Education
- ✓ English Language Proficiency
- ✓ Interpersonal Skills
- ✓ School Climate

**Secondary Education**

- ✓ Arts and Humanities
- ✓ Career Education and Work
- ✓ Civics and Government
- ✓ Core Standards: English Language Arts
- ✓ Core Standards: Literacy in History/Social Studies, Science and Technical Subjects
- ✓ Core Standards: Mathematics
- ✓ Economics
- ✓ Environment and Ecology
- ✓ Family and Consumer Sciences
- ✓ Geography
- ✓ Health, Safety and Physical Education
- ✓ History
- ✓ Science, Technology and Engineering Education
- ✓ Alternate Academic Content Standards for Math
- ✓ Alternate Academic Content Standards for Reading
- ✓ American School Counselor Association for Students
- ✓ English Language Proficiency
- ✓ Interpersonal Skills
- ✓ School Climate
- ✓ World Language

**Curriculum Planned Instruction**

*Curriculum Characteristics:*

- ✓ Objectives of planned courses, instructional units or interdisciplinary studies to be achieved by all students are identified for each subject area.
- ✓ Content, including materials and activities and estimated instructional time to be devoted to achieving the academic standards are identified.
- ✓ The relationship between the objectives of a planned course, instructional unit or interdisciplinary studies and academic standards are identified.
- ✓ Procedures for measurement of mastery of the objectives of a planned course, instructional unit or interdisciplinary studies are identified.

*Processes used to ensure accomplishment:*

- ✓ Time dedicated to instruction exceeds state minimum requirements.
- ✓ Established cycle to review and revise curriculum.
- ✓ District professional development committee recommendations for curriculum related professional development.
- ✓ Dedicated time for ongoing curriculum review and revision.
- ✓ Implementation of the PDE adopted Teacher Effectiveness Tool.
- ✓ Established data analysis teams to continually review student assessment data.



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*Responsiveness to Students Needs and Instructional Practices:*

- ✓ Structured and flexible grouping practices used to meet student needs.
- ✓ Flexible instructional time or other schedule-related practices used to meet student needs.
- ✓ Differentiated instruction used to meet student needs.

**Tutoring Program**

In conjunction with state regulations, the District provides tutoring programs designed to remediate and enrich learning for students. The purpose of after-school tutoring programs is to provide additional instructional time and targeted interventions to significantly improve student academic achievement and close the achievement gap. Intensive, individualized instruction in concepts and skills associated with core subjects is provided to students who score below proficient on standardized assessments and/or perform below grade level on classroom-based assessments, with particular attention given to subgroups. Tutoring sessions are offered in small group settings. Program materials and pedagogy are aligned with school day instruction and initiatives, PCS, and PDE Standards Aligned System.

**District Technology Program**

The District continues to increase access to resources that guide students toward being proficient Twenty-First Century users. The District provides access for all teachers through updated dedicated laptop computers and increased network and internet access. Together, they afford teachers the increased ability to perform classroom administrative tasks such as grading, attendance, managing electronic communications, and instructional planning. In addition, all teachers and students have access to wireless laptop carts, computer labs, Chromebooks, and multiple computers in each instructional area. The District continues to update and furnish classrooms with digital teaching tools, such as video projectors and interactive presentation boards. Various funding sources granted the District the ability to continue to increase the number of installations.

All regular and special education technology continues to undergo updates and enhancements. During the past five school years, the District saw an upgrade of all regular and special education teacher laptops, many of which were in service for over seven years. The PowerSchool K-12 student management system continues to play a vital role in the management of student data and has recently completed a multi-year upgrade process. The enhanced tools provide staff with an improved electronic gradebook, a newly integrated IEP application, and state/local assessment data warehouse.

E-Rate Category I and II Funding allowed the District to purchase additional network enhancements such as switches and access points in an effort to increase wireless coverage and network infrastructure across all buildings. The District continues to investigate increases in internet bandwidth and network infrastructure upgrades through the E-Rate program.

**Special Education**

The District is committed to setting high standards for all students receiving Special Education supports and services. Special Education supports and services in the District include a full continuum of services and are in compliance with federal and state laws. Every student in the District is provided an educational program that fosters independence and success to transition successfully to post-secondary education or the workforce. Students are provided access to the general education curriculum with specially designed instruction based on the student's individual strengths and needs. An alternative curriculum/program will be provided, if and when appropriate, based on the student's individual strengths and needs. Special education supports and services are provided to approximately twenty-seven percent of the total school population of students.

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**Gifted Education**

The District is committed to providing quality gifted education support and services, which encompass the following objectives: expansion of academic attainments and intellectual skills; stimulation of intellectual curiosity, independence and responsibility; development of originality and creativity; development of a positive attitude toward self and others; and development of desirable social and leadership skills. Students identified as Mentally Gifted, based on the results and recommendations of the Multi-Disciplinary Gifted Evaluation, will be provided an array of academically challenging courses as outlined in the Gifted Individualized Education Program. Further provisions for individual enrichment and/or acceleration will be provided based on the student's individual strengths and needs, such as college level courses and/or independent study. Gifted education supports and services are provided to approximately two and a half percent of the total school population of students.

**Vocational/Technical Program**

Students may attend the Monroe Career and Technology Institute ("**MCTI**") which operates a variety of half-day technical programs. Career and Technical Education programs service approximately twelve percent of the high school student population. As part of its educational program, MCTI provides Career and Technical Education courses during the tenth through twelfth grade. These courses are divided into concentrated programs centered on careers that have been identified as high priority and/or high wage occupations. A student attains technical skills in their chosen program that will serve them in the job market as a two year or four year post-secondary institution. Approximately 351 students participated in MCTI education programs during the past year.

**Co-Curricular Program**

The District offers students numerous programs, activities and opportunities to excel both inside and outside of the classroom. Our schools focus on the whole child concept with related arts available to students in all grades each year. Activities and clubs are offered at all levels to all grades throughout the District. Through PIAA sports and numerous intramural opportunities, the District offers student athletes the opportunity to compete in different sports on 104 teams from grades seven to twelve on the East and West campuses. The District also fields award winning academic, band, chorus, speech & debate, chess, and sports teams.

Students also have the opportunity to be involved in 94 District-wide co-curricular programs. Some of these programs and achievements worthy of noting include:

**Aevidum**

Aevidum is an organization that empowers youth to shatter the silence surrounding depression, suicide, and other issues facing teens. The word Aevidum, which means "I've got your back," was created by students after a classmate committed suicide. Aevidum inspires schools and communities to adopt cultures of care and advocacy, encouraging all members to have their friends' backs. Aevidum exists in all secondary schools within the District.

**Environthon**

Teams from the District's elementary and secondary schools compete annually in the county Environthon competition earning top awards in this hands-on environmental problem-solving competition. Participating teams complete training and testing in five natural resource categories: soils/land use, aquatic ecology, forestry, wildlife and current environmental issues.

**Engineering Competition**

This is a one-day engineering and design contest for local high schools. Teams are presented with a challenge at the start of the event and will be given a certain amount of materials and resources to produce a final output. At the end of the competition, teams present their findings and final solution to a panel of professionals.

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*First In Math*

First In Math provides students with online practice reinforcing a range of proficiencies, from addition to complex algebra in grades one through six. Setting and achieving goals, as well as a friendly competition component, keeps students energized to sustain accelerated effort over time. First In Math helps students become better critical thinkers.

*24 Math Challenge Competition*

The 24 Math Challenge Competition was held as top students in districts competed from across the Colonial Intermediate Unit 20. Pocono Mountain School District students continue to earn top awards in the Grade four and five Competition and the Grade six through eight Competition at the Regional 24 Math Challenge Competition. Each year the 24 Math Challenge Competition grows at the District and regional level.

*K'Nex STEM Design Challenge*

Through Colonial Intermediate Unit 20, the fourth annual STEM K'Nex Design Challenge was hosted by Northampton Community College Monroe Campus in March 2019. Students in grades four through eight collaborated to develop a new product for their homes that is environmentally friendly, healthier, cleaner and safer. Creativity and problem solving are critical in this competition.

*MathCounts*

MathCounts is a nationwide middle school competitive mathematics program where students solve unique and challenging math problems. Students practiced and competed in the MathCounts Competition and excelled with the coaching of the District's experienced teachers.

*Northeastern Pennsylvania Council of Teachers of Mathematics Competition*

Students from grades five through eight represented the District and competed at the annual Math Competition at Marywood University.

*Odyssey of the Mind*

The Odyssey of the Mind program is available District-wide where teams from each school compete in the regional creative problem-solving competition in the hopes of earning a place at the state competition and eventually the world finals. District teams have excelled at regional and state competitions.

*Pennsylvania Junior Academy of Science*

Annually students from the District's two high schools and two junior high schools develop science research projects, analyze data and present their projects and finding at the regional and state competitions. Pocono Mountain's students have been highly competitive at both competitions with students earning full-scholarships for college, and numerous perfect scores and other awards for their projects.

*Project Purple*

Project Purple is a national anti-substance abuse initiative of The Herren Project. The project was launched to break the stigma of addiction, bring awareness to the dangers of substance abuse and shed light on effective treatment practices. Programs exist in all secondary schools.

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**2019 – 2020 General Fund Budget**

The District adopted a balanced 2019 – 2020 budget of \$220,000,000 which included a \$5,000,000 appropriation of the June 30, 2019 General Fund balance. The 2019 – 2020 General Fund Budget is summarized below:

*Revenues and Other Financing Sources*

Local Sources	\$143,653,255
State Sources	67,426,745
Federal Sources	3,920,000
Appropriation of Fund Balance	<u>5,000,000</u>
Total Revenues and Other Financing Sources	<u>\$220,000,000</u>

*Expenditures and Other Financing Uses*

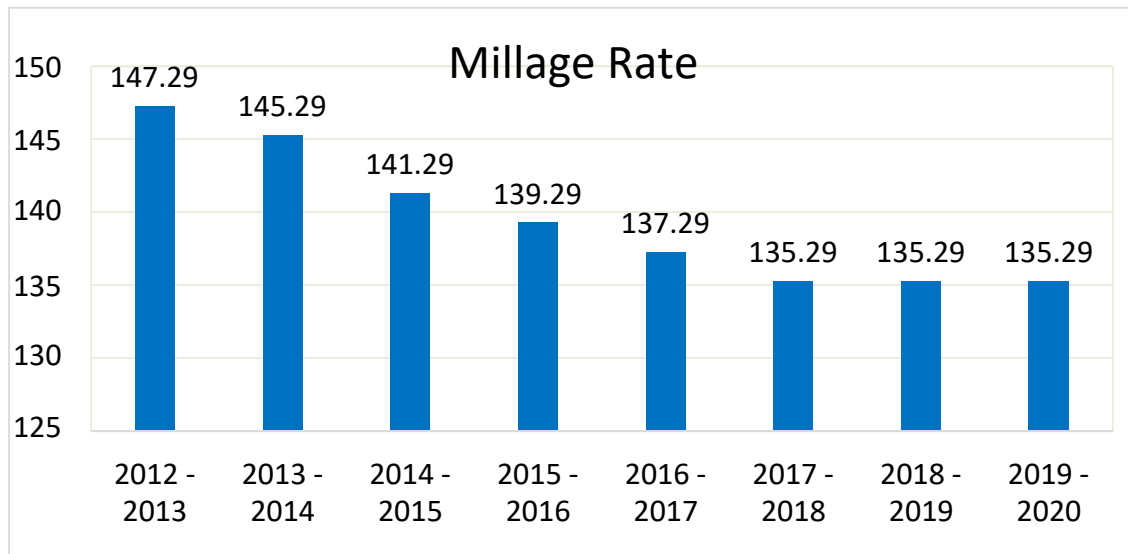
Salaries and Wages	\$ 94,036,102
Employee Benefits	63,804,451
Professional and Technical Services	13,360,295
Purchased Property Services	1,747,623
Other Purchased Services	15,900,373
General Supplies	9,261,915
Dues, Fees, Competitions, Tournaments and Tax Rebates	1,590,702
Capital Outlay and Equipment	620,000
Debt Service	
Interest	5,808,713
Principal	12,769,826
Refunds of Prior Year Receipt	150,000
Transfers to Other Funds	5,000
Budgetary Reserve	<u>945,000</u>
Total Expenditures and Other Financing Uses	<u>\$220,000,000</u>

**Taxpayer Relief**

The District has continued to recognize the real estate tax burden on the local community by providing tax relief. As of the 2018 – 2019 fiscal year, the District has reduced the millage rate by twelve (12) mills and has not increased taxes in eight consecutive years.

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The following chart depicts the millage rate levied by the Board of Education:



The District continues to offer a property tax rebate program that mirrors the current state program. Realizing the financial burdens placed upon fixed income senior citizens, the Board adopted a resolution to enhance its current Property Tax Rebate Program by providing qualifying taxpayers a school tax rebate that is now twice the amount of the current property tax rebate program. Eligible taxpayers who qualify for the rebate will start receiving tax rebates in mid to late July of the subsequent fiscal year.

The Volunteers in Education ("**VIE**") Program was created in 2004 to provide instructional support and assistance to students and teachers by utilizing community volunteers. The duties of a volunteer may include, but are not limited to working one-on-one with a student or with small groups of students who need remedial help in academic subjects to reinforce basic skills. Volunteers can also help non-English speaking students increase their skills in understanding, speaking, reading and writing English. Qualifying senior citizens may earn a refund of their school taxes up to \$1,000 for their volunteer services at the Junior High or High School level. The program is open to residents of the District who are 60 years of age or older and who pay school property taxes to the District. The VIE Program is also open to residents who would like to volunteer, even if they do not meet the criteria for receiving a refund.

**Debt Service**

The District has continued to monitor debt service obligations and has been very successful in refinancing higher interest rate debt. Significant savings have been realized from several refinancing transactions. Although the District has refunded its general obligation debt at relatively low interest rates, it will continue to look for refinancing opportunities and take advantage of any future interest rates when financially available. At the present time, the earliest general obligation bond call date is not until June 15, 2023.

**Major Initiatives**

The District focuses efforts and resources on a variety of initiatives that support the achievement of established annual organization goals, while adhering to state and federal mandates associated with the operation of a public school system.

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**Employee Benefits**

- ✓ Maintained sufficient cash reserves to fund the long-term actuarial liability for future workers' compensation claims for five consecutive years.
- ✓ Maintained cash reserves exceeding \$4 million to fund unanticipated future healthcare claims.
- ✓ Continued increase in the employer retirement contribution rate to 33.43% during 2018 – 2019 compared to 32.57% for the prior year.

**Capital Outlay and Capital Assets**

- ✓ Continued investments in the areas of LED lighting, exterior light poles, concrete sidewalks, signage replacements, and switchgear power systems.
- ✓ Continued to appropriate transfers to a Capital Reserve Fund for future capital projects and eliminate the need to borrow additional funds.
- ✓ Continued funding targeted towards technology, security and communication infrastructure and equipment to support the mission of the District.
- ✓ Continued reinvestment and replacement of aging District auditorium stage curtains, risers, equipment and lighting.
- ✓ Completed installation of waterline to service the Swiftwater Campus and convert from wells to municipal water service.
- ✓ Completed installation of a municipal sewer line to service the Swiftwater Campus and the decommissioning of the District's treatment plant facility.

**Accounting System and Budgetary Control**

All governmental funds utilize the modified accrual basis of accounting with revenue being recorded when both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are generally recognized when the related fund liability is incurred except for:

- ✓ Disbursements for inventory type items, which are expenditures at the time of purchase.
- ✓ Principal and interest on general long-term debt which is recognized when due.

Financial statements for the Proprietary Funds are maintained on the accrual basis of accounting, with revenue recognized when earned and expenses recorded when incurred.

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- ✓ Safeguarding of assets against loss from unauthorized use or disposition.
- ✓ Reliability of financial records for preparing financial statements.
- ✓ Maintaining accountability for assets.

**To the Board of School Directors and  
Citizens of the Pocono Mountain School District  
December 20, 2019**

The concept of reasonable assurance recognizes that cost and benefits require estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe the District's internal accounting controls:

- ✓ Adequately safeguard assets.
- ✓ Provide reasonable assurance of proper recording of financial transactions.
- ✓ Maintain accountability for assets.

The District maintains budgetary controls to ensure compliance with legal provisions incorporated within the annual appropriated budget. The annual budget is adopted by the School Board by June 30<sup>th</sup> of each year.

The Business Department maintains budgetary control at the major expenditure classification through monitoring and review. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

**Financial Policies With Significant Impact on This Year's Financial Statements**

The District budgeted to utilize \$5.8 million in fund balance for the fiscal year. Actual results reported \$1.8 million of fund balance being applied toward funding District expenditures. This favorable result of \$4 million will be retained as part of the year-end fund balance. On the revenue side, actual results exceeded budgetary projections by \$2 million.

The School Board continued cost reduction measures and did not increase the real estate tax millage rate. Since the 2012 – 2013 fiscal year a total of twelve mills have been reduced to provide tax relief to property owners. This reduction was achieved while continuing to maintain the quality of the educational services being provided.

The District will continue to evaluate all cost reduction opportunities and revenue streams and ensure that the necessary resources are available to meet the educational needs of the students.

**Long Term Financial Planning**

The Five-Year Financial Plan is continuously updated to project where the District will be headed in the future. Continued budget appropriations are recommended for the replacement of security, technology and District-wide equipment. These areas are to remain as an integral part of the annual operating budget. Cost benefit analysis has determined that the replacement of these items will be less costly than their annual repair and maintenance upkeep. Additional factors include warranties, functionality, reimbursement and safety.

Funding for District-wide capital improvements and infrastructure is absolutely necessary in order to preserve District assets and ensure they are well-maintained. Key areas of energy efficiency upgrades in LED lighting retrofitting and HVAC equipment continue to be a high priority. It is imperative the District continues to provide the financial resources needed to properly maintain its facilities in order to meet the educational needs of future generations.

To continue to provide a sound capital improvement and infrastructure plan, the District will invest additional funding appropriations to a Capital Reserve Fund on an annual basis. The annual funding of a reserve fund ensures the District's ability to fund projects without borrowing funds or incurring additional costs of financing.

As the result of cost reduction measures in handling day-to-day operations, the District continues to maintain funds on deposit to offset the long-term costs associated with workers compensation and retain the necessary reserve funds to assist in offsetting the actuarial and projected liability costs.

**To the Board of School Directors and  
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December 20, 2019**

Based upon the financial results that occurred during fiscal year 2018 – 2019, the District continues to maintain reserve funds at year end to help offset health care cost increases and spikes that may occur in the subsequent fiscal year.

Reoccurring long term goals that continue to be addressed include:

- ✓ Increase and maintain the Health Care Reserve Fund.
- ✓ Continue annual appropriations to the Capital Reserve Fund.
- ✓ Continue to monitor the workers compensation long-term liability and ensure it is fully funded.
- ✓ Continue to evaluate potential debt service refinancing and refunding opportunities.
- ✓ Review cost reduction strategies and funding opportunities for compensated absences and other post-employment benefits (OPEB).

**Independent Audit**

The District engages an independent certified public accounting firm to audit the District's annual financial statements. The auditor's report of our certified public accountants, BBD, LLP appears in the Financial Section of this CAFR and complies with applicable guidelines.

**Acknowledgements**

The preparation of the District's Comprehensive Annual Financial Report would not have been possible without the dedicated service of the Business Department staff. Each and every member is to be recognized and given sincere appreciation for the contributions made in the preparation of this report. Without the leadership and support of the Board of School Directors and Central Administration, preparation of this report would not have been possible.

Sincerely,



Elizabeth M. Robison, Ph.D.  
Superintendent of Schools



Joseph P. Colozza, CPA, CGFM  
Chief Financial Officer