

EAST STROUDSBURG AREA SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

EAST STROUDSBURG AREA SCHOOL DISTRICT
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Independent Auditor's Report

To the Board of School Directors
East Stroudsburg Area School District
East Stroudsburg, 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 East Stroudsburg Area School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the East Stroudsburg Area 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 East Stroudsburg Area School District as of June 30, 2020, 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.

830 Sir Thomas Court, Suite 100, Harrisburg, PA 17109
3800 McKnight East Drive, Suite 3805, Pittsburgh, PA 15237
34745 Burbage Road, Frankford, DE 19945

2370 York Road, Suite A-5, Jamison, PA 18929
420 Chinquapin Round Road, Suite 2-i, Annapolis, MD 21401
210 Tollgate Hill Road, Greensburg, PA 15601



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To the Board of School Directors
East Stroudsburg Area School District
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Emphasis of Matter

As discussed in Note 1 to the financial statements, the School adopted the provisions of GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* and GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Our opinion is not modified with respect to these matters.

As discussed in Note 16, a subsequent event have may a significant impact on the operations of the District. Management has determined that it is not possible to predict the eventual outcome of the subsequent event. The accompanying financial statements do not include any adjustments related to the subsequent event. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4-11 and 55-61, respectively, 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 East Stroudsburg Area School District's basic financial statements. The accompanying 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*, (Uniform Guidance) and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates 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.



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To the Board of School Directors
East Stroudsburg Area School District
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020 on our consideration of the East Stroudsburg Area School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the East Stroudsburg Area School District's 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 East Stroudsburg Area School District's internal control over financial reporting and compliance.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
December 15, 2020

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (CONTINUED)
YEAR ENDED JUNE 30, 2020

The discussion and analysis of East Stroudsburg Area School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole, readers should review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

USING THIS GENERALLY ACCEPTED ACCOUNTING PRINCIPLES REPORT (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the East Stroudsburg Area School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

FINANCIAL HIGHLIGHTS

The effects of the coronavirus pandemic, COVID-19, were manifest in the School System's financial transactions. Schools and the central office were shut down in mid-March in response to the Governor's orders. Some employees continued to work from home and distance learning began a few weeks after the closure. There were additional costs in some areas and savings in others. Additional costs were incurred for employee additional pay related to essential functions, such as, cleaning and disinfecting facilities, preparation and mailing of instructional materials for students, and other things. Savings were realized in diesel fuel, utilities, instructional substitutes, contracted health and security services. Federal grants were received through the Commonwealth of Pennsylvania and the U.S. Department of Treasury for some of the costs incurred during the last quarter of the fiscal year as well as replacement of student learning devices and other future costs related to responding to the pandemic. Most of the federal grants will be spent during fiscal year 2021.

Key government-wide financial highlights for 2020 are as follows:

- In total, net position decreased from (\$128,105,996) in 2019 to (\$123,246,767) in 2020.
- General revenues accounted for \$102,560,112 in revenue or 63% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$61,494,968 or 37% of total revenues of \$164,055,080.
- Total assets and deferred outflows of resources of governmental activities were \$329,102,030, of which \$75,780,294 represents unrestricted cash and investments. Governmental capital assets, net of accumulated depreciation were \$181,759,058.
- The School District had \$159,195,851 in expenses; only \$61,494,968 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily member district allocation derived from their property taxes) of \$102,560,112 were adequate to provide for these programs.

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (CONTINUED)
YEAR ENDED JUNE 30, 2020

- Expenses, after program revenue was \$97,700,883, which decreased from \$102,883,639 in 2019.
- Federal and state subsidies this year were \$55,641,356, which increased from \$51,048,297 in 2019.

OUR SCHOOLS

The District operates: six elementary schools that house students from kindergarten to fifth grade, two intermediate schools with sixth to eighth grades and two high schools with ninth through twelfth grades.

- Bushkill Elementary School
- Resica Elementary School
- Middle Smithfield Elementary School
- Smithfield Elementary School
- J. M. Hill Elementary School
- East Stroudsburg Elementary School
- J.T. Lambert Intermediate School
- Lehman Intermediate School
- East Stroudsburg High School South
- East Stroudsburg High School North

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Position and the Statement of Activities - While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question. . . **“How did we do financially during the year?”** The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. The basis of accounting takes into account all of the current year's revenue and expenses regardless of when cash is received or paid. These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The cause of this change may be the result of many factors, some financial, and some not. Non financial factors include the School District's property tax base, current property tax laws in Pennsylvania restricting revenue growth, facility condition, required educational programs and other factors. In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District's business-like activity is the Food Service Fund.

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (CONTINUED)
YEAR ENDED JUNE 30, 2020

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements - The Governmental Funds statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental Funds information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these funds financial statements focus on the School District's most significant funds. Most of the School District's 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 available for spending in the future periods. 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 following page lists the School District's Governmental Funds.

- **General Fund (Major Fund)** The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended for transferred according to the general laws of the Commonwealth.
- **Capital Projects Fund (Major Fund)** The Capital Projects Fund accounts are to be used for the acquisition, construction, or improvement of capital facilities.
- **Special Revenue Fund (Nonmajor Fund)** The Special Revenue Fund accounts for specific revenue sources, which are legally restricted to expenditures for specific purposes. Prior to the implementation of GASB Statement No. 54, the District accounted for the student athletics program in this fund.

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (CONTINUED)
YEAR ENDED JUNE 30, 2020

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Condensed Statements of Net Position

June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets						
Current Assets	\$ 108,682,337	\$ 111,040,677	\$ 399,693	\$ 682,713	\$ 109,082,030	\$ 111,723,390
Capital Assets	181,759,058	182,491,627	192,645	125,698	181,951,703	182,617,325
Total Assets	<u>290,441,395</u>	<u>293,532,304</u>	<u>592,338</u>	<u>808,411</u>	<u>291,033,733</u>	<u>294,340,715</u>
Deferred Outflows of Resources	<u>38,660,635</u>	<u>36,893,665</u>	<u>916,963</u>	<u>864,265</u>	<u>39,577,598</u>	<u>37,757,930</u>
Liabilities						
Long-Term Liabilities	393,054,937	412,203,567	6,306,655	6,157,853	399,361,592	418,361,420
Other Liabilities	<u>36,004,614</u>	<u>24,286,190</u>	<u>168,045</u>	<u>117,031</u>	<u>36,172,659</u>	<u>24,403,221</u>
Total Liabilities	<u>429,059,551</u>	<u>436,489,757</u>	<u>6,474,700</u>	<u>6,274,884</u>	<u>435,534,251</u>	<u>442,764,641</u>
Deferred Inflows of Resources	<u>17,895,293</u>	<u>17,021,440</u>	<u>428,554</u>	<u>418,560</u>	<u>18,323,847</u>	<u>17,440,000</u>
Net Position						
Net Investment in Capital Assets	42,219,892	37,920,870	192,645	125,698	42,412,537	38,046,568
Restricted	13,645,554	20,995,004	-	-	13,645,554	20,995,004
Unrestricted	<u>(173,718,260)</u>	<u>(182,001,102)</u>	<u>(5,586,598)</u>	<u>(5,146,466)</u>	<u>(179,304,858)</u>	<u>(187,147,568)</u>
Total Net Position	<u>\$ (117,852,814)</u>	<u>\$ (123,085,228)</u>	<u>\$ (5,393,953)</u>	<u>\$ (5,020,768)</u>	<u>\$ (123,246,767)</u>	<u>\$ (128,105,996)</u>

Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, decreased by \$8,282,842 from the 2019 unrestricted net position \$(182,001,102) to the 2020 unrestricted net position of \$(173,718,260).

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (CONTINUED)
YEAR ENDED JUNE 30, 2020

Condensed Statements of Activities

June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues						
Charges for Services	\$ 147,593	\$ 258,962	\$ 783,078	\$ 1,218,732	\$ 930,671	\$ 1,477,694
Operating Grants and Contributions	54,438,692	51,324,535	3,777,533	3,027,311	58,216,225	54,351,846
Capital Grants and Contributions	2,348,072	1,000,153	-	-	2,348,072	1,000,153
Property Taxes and Other Taxes						
Levied for General Purposes	96,849,150	100,235,561	-	-	96,849,150	100,235,561
Taxes Levied for Specific Purposes	3,824,100	3,895,832	-	-	3,824,100	3,895,832
Gain on Sale of Capital Assets	455,269	595,700	-	-	455,269	595,700
Investment Earnings	1,304,227	1,964,192	2,736	5,568	1,306,963	1,969,760
Other	124,630	126,103	-	-	124,630	126,103
Total Revenues	159,491,733	159,401,038	4,563,347	4,251,611	164,055,080	163,652,649
Expenses						
Instruction	95,861,591	95,609,975	-	-	95,861,591	95,609,975
Support Services	34,455,625	34,659,614	-	-	34,455,625	34,659,614
Facilities Acquisition, Construction and Improvement Services	2,604,419	3,530,080	-	-	2,604,419	3,530,080
Operation of Non-Instructional Services	17,864,405	16,999,991	-	-	17,864,405	16,999,991
Interest on Long-Term Debt	3,473,279	3,532,578	-	-	3,473,279	3,532,578
Food Service	-	-	4,936,532	5,381,094	4,936,532	5,381,094
Total Expenses	154,259,319	154,332,238	4,936,532	5,381,094	159,195,851	159,713,332
Change in Net Position	5,232,414	5,068,800	(373,185)	(1,129,483)	4,859,229	3,939,317
Net Position at Beginning of Year, Restated	(123,085,228)	(128,154,028)	(5,020,768)	(3,891,285)	(128,105,996)	(132,045,313)
Net Position at End of Year	\$ (117,852,814)	\$ (123,085,228)	\$ (5,393,953)	\$ (5,020,768)	\$ (123,246,767)	\$ (128,105,996)

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Net Cost of Services

	2020	2019	2018	2017	2016
Governmental Activities					
Instruction	\$ (45,628,661)	\$ (48,259,624)	\$ (42,135,958)	\$ (45,663,910)	\$ (44,197,052)
Support Services	(32,924,333)	(33,748,443)	(32,812,038)	(33,809,658)	(30,202,129)
Facilities Acquisition, Construction and Improvement Services	(2,604,419)	(3,530,080)	(292,733)	(696,986)	93,437
Operation of Non-Instructional Services	(15,042,342)	(13,678,016)	(11,667,672)	(12,368,237)	(11,459,990)
Debt Service	(1,125,207)	(2,532,425)	(3,778,092)	(3,748,853)	(7,512,231)
Unallocated Depreciation	-	-	(9,660,952)	(10,295,507)	(10,073,621)
Total Governmental Activities	(97,324,962)	(101,748,588)	(100,347,445)	(106,583,151)	(103,351,586)
Business-Type Activities					
Food Service	(375,921)	(1,135,051)	(155,147)	(202,371)	(233,509)
Total District Net Cost	\$ (97,700,883)	\$ (102,883,639)	\$ (100,502,592)	\$ (106,785,522)	\$ (103,585,095)

EAST STROUDSBURG AREA SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (CONTINUED)
 YEAR ENDED JUNE 30, 2020

Defining the Classification of Expenditure

- Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.
- Support expenses include activities that facilitate and enhance student instruction.
- Facilities acquisition, construction and improvement expenses include the purchase of land and buildings as well as construction, renovation, and improvements to property and facilities.
- Operation of non-instructional expenses include activities concerned with providing non-instructional services to students, staff, and the community.
- Debt service expenses include interest on long-term debt and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the school district.
- Food service expenses involve the preparing, delivering, and servicing of lunches and other meals.

GENERAL FUND BUDGET HIGHLIGHTS

The School District's budget is prepared according to the Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

REAL ESTATE TAXES

The dependence upon real estate tax revenue is apparent. For all activities, general revenue support is 65%. The community, as a whole, is the primary support for the East Stroudsburg Area School District. Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at 640,635,450. The tax rate for the year was \$123.66 mills per \$1,000 of assessed valuation for Pike County and \$176.81 mills per \$1,000 of assessed valuation for Monroe County.

The schedule for real estate taxes levied for each fiscal year is as follows:

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

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (CONTINUED)
YEAR ENDED JUNE 30, 2020

THE SCHOOL DISTRICT'S FUNDS

These funds are accounted for using the modified accrual basis of accounting. All Governmental Funds had total operating revenues of \$159,100,950 increased from \$158,313,161 and operating expenditures of \$174,661,944 increased from \$166,260,613. Other financing sources and uses were \$10,994,999 and the net change in fund balance for the year was a decrease of \$4,565,995 where last year there was an decrease of \$3,699,830.

CAPITAL ASSETS

At the end of the fiscal year, the school district had the following invested in land, construction in progress, buildings and building improvements, furniture and equipment.

	2020			2019 Totals
	Governmental Activities	Business-Type Activities	Totals	
Land	\$ 5,198,539	\$ -	\$ 5,198,539	\$ 5,198,539
Construction in Progress	8,354,746	-	8,354,746	3,283,009
Site Improvements	15,279,085	-	15,279,085	15,279,085
Buildings and Building Improvements	251,093,756	-	251,093,756	250,407,857
Furniture and Equipment	34,653,097	590,405	35,243,502	35,501,850
Accumulated Depreciation	<u>(132,820,165)</u>	<u>(397,760)</u>	<u>(133,217,925)</u>	<u>(127,053,015)</u>
	<u>\$ 181,759,058</u>	<u>\$ 192,645</u>	<u>\$ 181,951,703</u>	<u>\$ 182,617,325</u>

Depreciation of the Year's Capital Asset Activity

- Overall capital assets decreased by \$665,622. This is due to current year disposals and depreciation offset by the acquisition of new equipment.
- Depreciation for governmental activities for the year was \$10,229,848.
- Depreciation for business - type activities for the year was \$24,849.

Debt Administration

Bond and Note Obligations – As of June 30, 2020 and 2019, the District had outstanding bond and note obligations of \$138,619,329 and \$150,538,680, respectively.

Capital Lease Obligations – As of June 30, 2020 and 2019, the District had outstanding capital lease obligations of \$2,178,818 and \$2,574,661, respectively.

Other obligations include accrued sick leave and experience payments for specific employees of the District, accrued other postemployment benefits for retiree healthcare, and the amount of the net pension liability discussed in Notes 8, 10, and 11 of the financial statements.

During the fiscal year on September 23, 2019, the District issued General Obligation Bonds Series 2019 in the principal amount of \$8,170,000.

The Bond issue was used to refund the 2014A Series General Obligation Bonds. The refunding of the bond issue resulted in a cash flow loss totaling \$330,240 over the life of the bonds and an economic gain of \$370,520.

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (CONTINUED)
YEAR ENDED JUNE 30, 2020

On September 15, 2020 the District issued General Obligation Notes, Series of 2020 in the amount of \$16,250,000 to refund the 2013, 2014AA, and 2015 Bonds.

RESERVED FUND BALANCES

Fund balances have been classified in accordance with GASB Statement No. 54, unassigned fund balance represents funds available for appropriation of \$6,075,127 in total for 2020.

CURRENT FINANCIAL ISSUES AND CONCERNS

The East Stroudsburg Area School District, like all school districts in Pennsylvania, has faced limited increases in in state funding and increases in the employer contribution rates for the Public School Employee's Retirement System (PSERS) that have driven up expenditures. Recent economic conditions significant increase in real estate appeals and a lower tax base. The East Stroudsburg Area School District has been able to establish significant fund balance reserves to offset these economic factors in the short term. The District's strong fund balance has also enabled them to undertake significant capital improvements without issuing new debt and avoiding an additional tax burden on the District's taxpayers. Monroe County completed a county wide reassessment in 2019. However, the new assessments will not take effect until the 2020 - 2021 Fiscal Year.

With the on-going global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to have a significant impact on all aspects of the District's operations. The District has received Federal and State Grants to help off-set increased spending in certain areas due to the additional supplies needed.

In conclusion, East Stroudsburg Area School District has committed itself to continuing and improving its educational program, while making sure that it is being fiscally responsible. The district will continually monitor and assess its programs, operations, and finances to ensure that it is providing the educational services the community desires within the ability of the community to provide the necessary resources.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mr. Thomas McIntyre, PCSBA - Chief Financial Officer, East Stroudsburg Area School District, 50 Vine Street, East Stroudsburg, Pennsylvania 18301.

EAST STROUDSBURG AREA SCHOOL DISTRICT
GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 36,665,822	\$ 285,871	\$ 36,951,693
Investments	39,114,472	-	39,114,472
Taxes Receivable, Net	14,841,019	-	14,841,019
Internal Balances	561,898	(561,898)	-
Due from Other Governments	4,918,212	550,436	5,468,648
Due from Fiduciary Funds	6,155	-	6,155
Other Receivables	206,692	-	206,692
Inventories	-	125,284	125,284
Insurance Reserve Provision	12,024,992	-	12,024,992
Prepaid Expenses	343,075	-	343,075
Capital Assets			
Land	5,198,539	-	5,198,539
Construction in Progress	8,354,746	-	8,354,746
Site Improvements	15,279,085	-	15,279,085
Building and Building Improvements	251,093,756	-	251,093,756
Furniture and Equipment	34,653,097	590,405	35,243,502
Accumulated Depreciation	(132,820,165)	(397,760)	(133,217,925)
Total Assets	<u>290,441,395</u>	<u>592,338</u>	<u>291,033,733</u>
Deferred Outflows of Resources			
Deferred Amount of Refunding	2,806,327	-	2,806,327
Deferred Outflows of Resources, Pension Activity	32,563,092	800,732	33,363,824
Deferred Outflows of Resources, OPEB Activity	3,291,216	116,231	3,407,447
Total Deferred Outflows of Resources	<u>38,660,635</u>	<u>916,963</u>	<u>39,577,598</u>
Liabilities			
Accounts Payable	3,073,428	168,045	3,241,473
Accrued Interest on Long-Term Debt	1,547,346	-	1,547,346
Accrued Salaries and Benefits	18,746,201	-	18,746,201
Due to Fiduciary Funds	109,196	-	109,196
Other Current Liabilities	265,828	-	265,828
Unearned Revenue	125,818	-	125,818
Long-Term Liabilities			
Portion Due or Payable Within One Year			
Bonds Payable	10,960,104	-	10,960,104
Notes Payable	29,586	-	29,586
Capital Leases	1,147,107	-	1,147,107
Portion Due or Payable After One Year			
Bonds Payable	127,276,787	-	127,276,787
Notes Payable	352,852	-	352,852
Capital Leases	1,031,711	-	1,031,711
Compensated Absences	7,672,990	282,395	7,955,385
Net Pension Liability	215,377,824	5,296,176	220,674,000
Net OPEB Obligation	41,342,773	728,084	42,070,857
Total Liabilities	<u>429,059,551</u>	<u>6,474,700</u>	<u>435,534,251</u>
Deferred Inflows of Resources			
Deferred Inflows of Resources, Pension Activity	16,211,360	398,640	16,610,000
Deferred Inflows of Resources, OPEB Activity	1,683,933	29,914	1,713,847
Total Deferred Inflows of Resources	<u>17,895,293</u>	<u>428,554</u>	<u>18,323,847</u>
Net Position			
Net Investment in Capital Assets	42,219,892	192,645	42,412,537
Restricted for			
Capital Projects	13,378,127	-	13,378,127
Special Activities	267,427	-	267,427
Unrestricted	(173,718,260)	(5,586,598)	(179,304,858)
Total Net Position	<u>\$ (117,852,814)</u>	<u>\$ (5,393,953)</u>	<u>\$ (123,246,767)</u>

The accompanying notes are an integral part of these financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities							
Instruction							
Regular Programs	\$ 65,093,433	\$ -	\$ 44,325,197	\$ -	\$ (20,768,236)	\$ -	\$ (20,768,236)
Special Programs	26,527,414	-	5,907,733	-	(20,619,681)	-	(20,619,681)
Vocational Programs	2,668,204	-	-	-	(2,668,204)	-	(2,668,204)
Other Instructional Programs	1,572,549	-	-	-	(1,572,549)	-	(1,572,549)
Support Services							
Pupil Personnel Services	6,393,741	-	-	-	(6,393,741)	-	(6,393,741)
Instructional Staff Services	2,821,076	-	-	-	(2,821,076)	-	(2,821,076)
Administrative Services	7,826,335	-	-	-	(7,826,335)	-	(7,826,335)
Pupil Health Services	1,861,466	-	1,531,292	-	(330,174)	-	(330,174)
Business Services	1,469,845	-	-	-	(1,469,845)	-	(1,469,845)
Operation & Maintenance of Plant Services	14,083,156	-	-	-	(14,083,156)	-	(14,083,156)
Facilities Acquisition, Construction and Improvement Services							
Improvement Services	2,604,419	-	-	-	(2,604,419)	-	(2,604,419)
Operation of Non-Instructional Services							
Student Transportation Services	10,046,159	-	2,674,470	-	(7,371,689)	-	(7,371,689)
Central and Other Support Services	5,076,553	-	-	-	(5,076,553)	-	(5,076,553)
Student Activities and Athletics	2,644,304	147,593	-	-	(2,496,711)	-	(2,496,711)
Community Services	97,386	-	-	-	(97,386)	-	(97,386)
Interest on Long-Term Debt	3,473,279	-	-	2,348,072	(1,125,207)	-	(1,125,207)
Total Governmental Activities	154,259,319	147,593	54,438,692	2,348,072	(97,324,962)	-	(97,324,962)
Business-Type Activities							
Food Service	4,936,532	783,078	3,777,533	-	-	(375,921)	(375,921)
Total School District Activities	<u>\$ 4,936,532</u>	<u>\$ 783,078</u>	<u>\$ 3,777,533</u>	<u>\$ -</u>	<u>(97,324,962)</u>	<u>(375,921)</u>	<u>(97,700,883)</u>
General Revenues							
Taxes							
Property Taxes, Levied for General Purposes, Net					96,849,150	-	96,849,150
Earned Income					3,728,576	-	3,728,576
Public Utility Taxes					95,524	-	95,524
Investment Earnings					1,304,227	2,736	1,306,963
Gain on Sale of Capital Assets					455,269	-	455,269
Miscellaneous Income					124,630	-	124,630
Total General Revenues					<u>102,557,376</u>	<u>2,736</u>	<u>102,560,112</u>
Change in Net Position					5,232,414	(373,185)	4,859,229
Net Position at Beginning of Year					(123,085,228)	(5,020,768)	(128,105,996)
Net Position at End of Year					<u>\$ (117,852,814)</u>	<u>\$ (5,393,953)</u>	<u>\$ (123,246,767)</u>

The accompanying notes are an integral part of these financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Capital Projects Fund	Nonmajor Special Revenue Fund	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 21,587,226	\$ 14,835,766	\$ 242,830	\$ 36,665,822
Investments	39,073,054	-	41,418	39,114,472
Taxes Receivable, Net	14,841,019	-	-	14,841,019
Due from Other Funds	847,767	-	-	847,767
Due from Other Governments	4,918,212	-	-	4,918,212
Due from Fiduciary Funds	6,155	-	-	6,155
Other Receivables, Net	206,692	-	-	206,692
Prepaid Expenditures	343,075	-	-	343,075
Total Assets	<u>\$ 81,823,200</u>	<u>\$ 14,835,766</u>	<u>\$ 284,248</u>	<u>\$ 96,943,214</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	\$ 1,885,615	\$ 1,175,236	\$ 12,577	\$ 3,073,428
Due to Other Funds	-	282,403	3,466	285,869
Due to Fiduciary Funds	109,196	-	-	109,196
Unearned Revenue	125,818	-	-	125,818
Accrued Salaries and Benefits	18,746,201	-	-	18,746,201
Other Current Liabilities	265,050	-	778	265,828
Total Liabilities	<u>21,131,880</u>	<u>1,457,639</u>	<u>16,821</u>	<u>22,606,340</u>
Deferred Inflows of Resources				
Unavailable Revenue, Property Taxes	<u>11,546,377</u>	<u>-</u>	<u>-</u>	<u>11,546,377</u>
Fund Balances				
Nonspendable, Prepaid Expenditures	343,075	-	-	343,075
Restricted	-	13,378,127	267,427	13,645,554
Committed	24,545,532	-	-	24,545,532
Assigned				
Capital Projects	5,700,000	-	-	5,700,000
Student Athletics	21,924	-	-	21,924
Future Budget Expenditures	8,488,285	-	-	8,488,285
Future Educational Programs	3,971,000	-	-	3,971,000
Unassigned	<u>6,075,127</u>	<u>-</u>	<u>-</u>	<u>6,075,127</u>
Total Fund Balances	<u>49,144,943</u>	<u>13,378,127</u>	<u>267,427</u>	<u>62,790,497</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 81,823,200</u>	<u>\$ 14,835,766</u>	<u>\$ 284,248</u>	<u>\$ 96,943,214</u>

The accompanying notes are an integral part of these financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS COMBINED BALANCE SHEETS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Governmental Funds Balances	<u>\$ 62,790,497</u>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	5,198,539
Construction in Progress	8,354,746
Site Improvements	15,279,085
Building and Building Improvements	251,093,756
Furniture and Equipment	34,653,097
Accumulated Depreciation	(132,820,165)
	<u>181,759,058</u>

Additional receivables established that do not meet the availability criteria reflected in the fund financial statements.	<u>12,024,992</u>
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Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These consist of: Deferred Amount on Refunding	<u>2,806,327</u>
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Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.	<u>16,351,732</u>
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Deferred inflows and outflows of resources related to OPEB activities are not financial resources and therefore not reported in the governmental funds.	<u>1,607,283</u>
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Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	<u>11,546,377</u>
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of: Bonds Payable	(138,236,891)
Accrued Interest	(1,547,346)
Notes Payable	(382,438)
Capital Leases	(2,178,818)
Compensated Absences	(7,672,990)
Net Pension Liability	(215,377,824)
Other Postemployment Benefits	(41,342,773)
	<u>(406,739,080)</u>

Net Position of Governmental Activities	<u>\$ (117,852,814)</u>
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The accompanying notes are an integral part of these financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Fund	Nonmajor Special Revenue Fund	Total Governmental Funds
Revenues				
Local Sources	\$ 103,010,396	\$ 312,243	\$ 136,955	\$ 103,459,594
State Sources	50,709,676	-	-	50,709,676
Federal Sources	4,931,680	-	-	4,931,680
Total Revenues	158,651,752	312,243	136,955	159,100,950
Expenditures				
Regular Programs	58,052,192	-	-	58,052,192
Special Programs	26,193,574	-	129,195	26,322,769
Vocational Programs	2,659,769	-	-	2,659,769
Other Instructional Programs	1,587,910	-	-	1,587,910
Pupil Personnel Services	6,323,618	-	-	6,323,618
Instructional Staff Services	2,785,472	-	-	2,785,472
Administrative Services	7,653,376	-	-	7,653,376
Pupil Health Services	1,830,632	-	-	1,830,632
Business Services	1,433,963	-	-	1,433,963
Operation and Maintenance of Plant	14,295,285	-	-	14,295,285
Facilities Acquisition, Construction and Improvement Services	-	7,890,515	-	7,890,515
Student Transportation Services	10,855,439	-	-	10,855,439
Central and Other Support Services	4,392,383	-	-	4,392,383
Student Activities and Athletics	2,664,796	-	-	2,664,796
Community Services	97,386	-	-	97,386
Refund of Prior Year Revenues	486,604	-	-	486,604
Debt Service	17,010,234	8,319,601	-	25,329,835
Total Expenditures	158,322,633	16,210,116	129,195	174,661,944
Excess (Deficiency) of Revenues Over Expenditures	329,119	(15,897,873)	7,760	(15,560,994)
Other Financing Sources (Uses)				
Sale of Capital Assets	1,268,814	-	-	1,268,814
Issuance of Refunding Bonds	-	8,170,000	-	8,170,000
Bond Issuance Premium	-	370,663	-	370,663
Issuance of Capital Leases	1,185,522	-	-	1,185,522
Total Other Financing Sources (Uses)	2,454,336	8,540,663	-	10,994,999
Net Change in Fund Balances	2,783,455	(7,357,210)	7,760	(4,565,995)
Fund Balances at Beginning of Year	46,361,488	20,735,337	259,667	67,356,492
Fund Balances at End of Year	\$ 49,144,943	\$ 13,378,127	\$ 267,427	\$ 62,790,497

The accompanying notes are an integral part of these financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Net Changes in Fund Balances - Total Governmental Funds \$ (4,565,995)

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

Capital outlays are reported in Governmental Funds as expenditures and sale of capital assets are reported as revenues. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.

Capital Outlays	10,310,824
Depreciation	<u>(10,229,848)</u>
	<u>80,976</u>

When recognizing the disposal of capital assets, the governmental funds report the total proceeds of the sale. Only the gain or loss of the sale is reported in the governmental activities. (813,545)

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Unavailable tax revenues decreased by this amount. (64,486)

In the statement of activities, certain operating expenses - compensated absences (vacation and sick leave) - are measured by the amounts earned during the year. In the Governmental Funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (847,408)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds:

Accrued Interest	51,577
Insurance Provision	2,638,937
OPEB Plan Expense	<u>(1,482,088)</u>
Pension Plan Expense	<u>(1,844,348)</u>
	(635,922)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of Refunding Bonds	(8,170,000)
Repayment of Bond Principal	18,668,601
Amortization of Bond Discounts, Premiums and Refunding Loss	1,159,298
Repayment on Note Principal	25,052
Repayment of Capital Lease Obligations	<u>1,581,365</u>
Issuance of Capital lease Obligations	<u>(1,185,522)</u>
	12,078,794

Change in Net Position of Governmental Activities \$ 5,232,414

The accompanying notes are an integral part of these financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

	Enterprise Fund
	Food Service Fund
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 285,871
Due from Other Governments	550,436
Inventories	125,284
Total Current Assets	961,591
Capital Assets, Net	192,645
Total Assets	1,154,236
Deferred Outflows of Resources	
Deferred Outflows of Resources - Pension Activity	800,732
Deferred Outflows of Resources - OPEB Activity	116,231
Total Deferred Outflows of Resources	916,963
Liabilities	
Accounts Payable	168,045
Due to Other Funds	561,898
Compensated Absences	282,395
Long-Term Liabilities	
Net Pension Liability	5,296,176
Other Postemployment Benefits	728,084
Total Liabilities	7,036,598
Deferred Inflows of Resources	
Deferred Inflows of Resources - Pension Activity	398,640
Deferred Inflows of Resources - OPEB Activity	29,914
Total Deferred Inflows of Resources	428,554
Net Position	
Net Investment in Capital Assets	192,645
Unrestricted	(5,586,598)
Total Net Position	\$ (5,393,953)

The accompanying notes are an integral part of these financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020

	Enterprise Fund
	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ 783,078
Operating Expenses	
Personnel	3,028,631
Operating	354,550
Purchased Services	1,528,502
Depreciation	24,849
Total Operating Expenses	4,936,532
Operating Loss	(4,153,454)
Nonoperating Revenues	
Earnings on Investments	2,736
Contributions	37,610
State Sources	483,129
Federal Sources	3,256,794
Total Nonoperating Revenues	3,780,269
Change in Net Position	(373,185)
Net Position at Beginning of Year	(5,020,768)
Net Position at End of Year	\$ (5,393,953)

The accompanying notes are an integral part of these financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020

	Enterprise Fund
	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 783,078
Cash Payments to Employees for Services	(2,922,533)
Cash Payments to Suppliers for Goods and Services	(963,901)
Net Cash Used By Operating Activities	(3,103,356)
Cash Flows From Noncapital Financing Activities	
State Sources	483,129
Federal Sources	2,691,180
Net Cash Provided by Noncapital Financing Activities	3,174,309
Cash Flows From Capital Financing Activities	
Capital Purchases	(91,796)
Net Cash Used by Capital Financing Activities	(91,796)
Cash Flows From Investing Activities	
Interest Received	2,736
Contributions Received	37,610
Net Cash Provided By Investing Activities	40,346
Net Increase In Cash and Cash Equivalents	19,503
Cash and Cash Equivalents At Beginning Of Year	266,368
Cash and Cash Equivalents at End of Year	\$ 285,871
Reconciliation of Operating Loss To Net Cash Used By Operating Activities	
Operating Loss	\$ (4,153,454)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	24,849
Donated Foods	278,191
Pension Expense	45,353
OPEB Expense	29,809
(Increase) Decrease in	
Due From Other Funds	28,837
Inventories	(789)
Increase (Decrease) in	
Due to Other Funds	561,898
Compensated Absences	30,936
Accounts Payable	51,014
Net Cash Used By Operating Activities	\$ (3,103,356)
Supplemental Disclosures	
Noncash Activities	
Donated Foods	\$ 278,191

The accompanying notes are an integral part of these financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Private Purpose Trust Funds		Agency Funds		Total
	Expendable Scholarships	Non-Expendable Scholarships	Student Activities	Concessions	Fiduciary Funds
Assets					
Cash and Cash Equivalents	\$ 31,775	\$ 18,712	\$ 74,612	\$ 27,848	\$ 152,947
Investments	56,126	34,559	-	-	90,685
Due from School District	58,792	-	32,265	18,135	109,192
Total Assets	146,693	53,271	106,877	45,983	352,824
Liabilities					
Due to School District	-	6,155	-	-	6,155
Due to Student Groups	-	-	106,020	42,377	148,397
Accounts Payable	-	-	857	3,606	4,463
Total Liabilities	-	6,155	106,877	45,983	159,015
Net Position					
Held in Trust for Benefits and Other Purposes	\$ 146,693	\$ 47,116	\$ -	\$ -	\$ 193,809

The accompanying notes are an integral part of these financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2020

	Private Purpose Trust Funds	
	Expendable Scholarships	Non- Expendable Scholarship
Additions		
Gifts and Contributions	\$ 72,333	\$ 1,000
Investment Income	1,020	679
Total Additions	73,353	1,679
Deductions		
Scholarships Awarded and Fees Paid	12,700	3,450
Change in Net Position	60,653	(1,771)
Net Position At Beginning of Year	86,040	48,887
Net Position At End of Year	\$ 146,693	\$ 47,116

The accompanying notes are an integral part of these financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the East Stroudsburg Area School District (the "School District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to 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 of the School District's accounting policies are described below.

School District

East Stroudsburg Area School District operates six elementary schools, two intermediate schools and two high schools in Monroe and Pike Counties, Pennsylvania. The School District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provision of the School Laws of Pennsylvania. East Stroudsburg Area School District is a unit established, organized and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II; Act 150, July 8, 1968). As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as, bodies corporate, with all necessary powers to carry out the provisions of this act" (Article II, Section 211).

Board of School Directors

The public school system of the Commonwealth shall be administered by a board of school directors, to be elected or appointed, as hereinafter provided. At each election of school directors, each qualified voter shall be entitled to cast one vote for each school director to be elected. The School District is governed by a board of nine School Directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term. The Board of School Directors has the power and duty to establish, equip, furnish and maintain a sufficient number of elementary, secondary and other schools necessary to educate every person, residing in such district, between the ages of 6 and 21 years, who may attend. In order to establish, enlarge, equip, furnish, operate and maintain any schools herein provided, or to pay any school's indebtedness which the School District is required to pay, or to pay any indebtedness that may at any time hereafter be created by the School District, the Board of School Directors is vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and is vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

Administration

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

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

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the School District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (1) the School District's ability to impose its will over a component unit, or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the School District. In addition, component units can be other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the School District's financial statements to be misleading. This report presents the activities of the East Stroudsburg Area School District. The School District is not a component unit of another reporting entity nor does it have any component units.

Joint Ventures

Monroe Career & Technical Institute (MCTI) is a separate entity. It was organized by the four public school districts in Monroe County to provide services in the county. Each of the public school districts appoints three members to serve on the joint operating committee, and each has an ongoing financial responsibility to fund MCTI.

Colonial Intermediate Unit #20 (CIU) is a separate legal entity. It was organized by the constituent school districts in Monroe, Pike and Northampton Counties to provide special education services to the school districts. Each member school district appoints one member to serve on the Board of Directors of the CIU. The School District contracts with the CIU to provide special education services for District students.

Basis of Presentation and Accounting

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Fund financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Accounting (Continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Fund financial statements report detailed information about the School District. The focus of Governmental and Proprietary Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column (Other Governmental Funds). Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The Proprietary Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Trust Funds are reported using the economic resources measurement focus.

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

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and improvements in accordance with the applicable general obligation bond agreements.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The School District's *Athletic Fund* is accounted for in this fund type.

Proprietary Fund

Enterprise Fund - The Enterprise Fund (Food Service Fund) is used to account for operations (1) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Private-Purpose Trust Funds - Private-Purpose Trust Funds account for the receipts and disbursements of monies contributed to the School District for scholarships and memorials.

Agency Funds - The Agency Funds account for the receipts and disbursements of monies from student activity organizations. These organizations exist at the explicit approval, subject to revocation, of the School District governing body. This accounting reflects the School District agency relationship with the student activity organizations. Accordingly, receipts and disbursements of the Agency Funds are not included in the revenues and expenditures of the School District. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cash and Cash Equivalents

The School 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 and no restrictions on withdrawal.

Investments

The School District has adopted GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 79, *Certain External Investment Pools and Pool Participants*. Under GASB Statement No. 31, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Under GASB Statement No. 79, investments in qualifying external investment pools are reported at amortized cost basis.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the Governmental Funds balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which, when present, are shown as internal balances.

Inventories

Inventory of purchased food and paper supplies within the Proprietary Fund is carried at cost using the first-in, first-out method of accounting and is subsequently charged to expense when consumed. Inventory of donated foods is valued at fair market value as established by the U.S. Department of Agriculture.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The School District defines a capital asset as an asset with an initial, individual cost equal to or greater than \$1,500 or purchased with debt proceeds and must also have an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant and equipment of the School District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and building improvements	15-50
Furniture, fixtures, equipment and vehicles	5-15

Provision for Insurance Reserve

The School District participates in an insurance pool for employee health. The excess deposits have been recorded as a long-term receivable in the governmental activities column of the government-wide statement of net position.

Long-Term Obligations

In the government-wide financial statements and the Proprietary Fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund statement of net

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Funds 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.

Compensated Absences

The School District's policies regarding vacation, personal and sick time permit employees to accumulate earned but unused time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. A liability for these amounts is reported in the Governmental Funds only if they have matured, for example, as a result of employee resignations or retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualify for reporting in this category. They are the deferred amounts on refunding, deferred outflows related to pension activity, and deferred outflows related to OPEB activity, all of which are reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow related to pension activity is the result of the difference between expected and actual experience, changes in assumptions, the difference between projected and actual investment earnings, changes in proportions, the difference between actual employer contributions and the School District's proportionate share of total contributions, and actual contributions subsequent to the measurement date. The deferred outflow related to OPEB activity is the result of the difference between projected and actual investment earnings and actual contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category. The first item, unavailable revenues, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. The second item, deferred inflows related to pension activity, are reported in the government-wide statement of net position. The deferred inflow related to pension activity is the result of differences between expected and actual experience, changes in proportions, and difference between employer contributions and proportionate share of total contributions. The third item, deferred inflows related to OPEB activity, are reported in the government-wide statement of net position. The deferred inflow related to OPEB activity is the result of changes in assumptions, changes in proportions, and the difference between actual employer contributions and the School District's proportionate share of total contributions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Use of Estimates

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

Fund Balance and GASB Statement No. 54

The School District previously implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the School District's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints. Fund balance types of this category are prepaid expenses.
- ***Restricted*** - Amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation.
- ***Committed*** - Amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority (the Board of Directors) and do not lapse at year-end. To be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest level action to remove or change the constraint.
- ***Assigned*** - Amounts the School District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. The School District has delegated such authority to the School District's Chief Financial Officer.
- ***Unassigned*** - Amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

The Board of School Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is intended to be used by the government for specific purposes but does not meet the criteria to be classified as restricted or committed. The details of the fund balances are included in the Governmental Funds balance sheet (page 14). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of School

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Directors. The School District does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

Adoption of Governmental Accounting Standards Board (GASB) Statements

The District adopted the provisions of GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The adoption of this Statement has no effect on previously reported amounts.

The District adopted the provisions of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The District postponed the adoption of certain accounting standards due to adoption of GASB Statement No. 95.

Pending Changes in Accounting Principles

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The District is required to adopt Statement No. 84 for its fiscal 2021 financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The District is required to adopt Statement No. 87 for its fiscal year 2022 financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The District is required to adopt Statement No. 89 for its fiscal year 2022 financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The District is required to adopt Statement No. 91 for its fiscal 2023 financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The District is required to adopt Statement No. 92 for its fiscal year 2022 financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Sections of this Statement are required to be adopted in two phases by the District for the year ending June 30, 2021 and 2022.

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The District is required to adopt Statement No. 94 for its fiscal year 2023 financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The District is required to adopt Statement No. 96 for its fiscal year 2023 financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans— an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This Statement is required to be adopted by the District for the year ending June 30, 2021.

District management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the District's financial reporting process.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 2 CASH AND CASH INVESTMENTS

Cash

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk. At June 30, 2020, the carrying amount of the District's deposits was \$37,104,640 and the bank balance was \$38,147,006. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$37,644,776 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the District's name.

Interest Rate Risk - The School District's investment policy limits investment maturities in accordance with the Commonwealth of Pennsylvania School Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments

As of June 30, 2020, the School District had the following investments and maturities:

Investment Type	Amortized Cost	Maturities	
		Less Than 1 Year	1 to 5 Years
State Investment Pools	\$ 39,073,055	\$ 39,073,055	\$ -
Certificates of Deposit	132,102	-	132,102
	<u>\$ 39,205,157</u>	<u>\$ 39,073,055</u>	<u>\$ 132,102</u>

A portion of the School District's investments is in the PSDLAF and PLGIT programs, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PSDLAF and PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at June 30, 2020, is \$39,073,055. These assets maintain a stable net asset value of \$1 per share. PSDLAF is not SEC-registered. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis. As of June 30, 2020, the School District's investment in the state investment pools was rated AAAM by Standard & Poor's.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79.

Certificates of deposit held by banks of \$132,102 are stated at cost plus interest earned.

Fair Value Measurement

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The School District did not have any recurring fair value measurements as of June 30, 2020.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 3 TAXES - REAL ESTATE AND OTHER

The School Board is authorized by state law to levy property taxes for School District operations, capital improvements and debt service. Property taxes are based on assessed values of all taxable property within the School District. Taxable real property was assessed at 640,635,450 combined for Monroe County 445,736,350, and Pike County for 194,899,100. The tax rate for the year was \$123.66 mills per \$1,000 of assessed valuation for Pike County and \$176.81 mills per \$1,000 of assessed valuation for Monroe County.

Taxes are levied on August 1 and payable in the following periods:

Discount period August 1 to September 30 - 2% of gross levy
Face period October 1 to November 30
Penalty period December 1 to January 1 - 10% of gross levy
Lien date January 1

School District taxes are billed and collected by the local elected tax collector. Property taxes attach as an enforceable lien on property as of August 1.

NOTE 4 RECEIVABLES

Receivables at June 30, 2020, consisted of taxes, other revenue and intergovernmental grants and entitlements. The real estate taxes receivable account represents real estate transfer taxes and prior year uncollected tax levies. All real estate taxes receivables are considered fully collectible due to the ability to lien property for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

A summary of receivables by fund is as follows:

	General Fund	Food Service Fund
Real Estate Taxes	\$ 14,072,942	\$ -
Other Taxes	768,077	-
Federal Subsidies	2,311,544	423,310
State Subsidies	2,514,671	55,815
Other Governments	91,997	-
Other Revenue	206,692	71,311
	<u>\$ 19,965,923</u>	<u>\$ 550,436</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2020, is as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	\$ 3,466
General Fund	Food Service Fund	561,898
General Fund	Capital Project Fund	282,403
		<u>\$ 847,767</u>

The amounts between the General Fund, Food Service Fund and the Capital Projects Fund are interfund borrowings to pay for operations. The amounts between the General Fund and Special Revenue Fund are for fees and other expenses for student athletics.

NOTE 6 CAPITAL ASSETS

Capital assets balances and activity for the year ending June 30, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 5,198,539	\$ -	\$ -	\$ 5,198,539
Construction in Progress	3,283,009	7,490,679	(2,418,942)	8,354,746
Total Capital Assets Not Being Depreciated	<u>8,481,548</u>	<u>7,490,679</u>	<u>(2,418,942)</u>	<u>13,553,285</u>
Capital Assets Being Depreciated				
Site Improvements	15,279,085	-	-	15,279,085
Buildings and Building Improvements	250,407,857	685,899	-	251,093,756
Furniture and Equipment	35,003,241	4,553,188	(4,903,332)	34,653,097
Total Capital Assets Being Depreciated	<u>300,690,183</u>	<u>5,239,087</u>	<u>(4,903,332)</u>	<u>301,025,938</u>
Accumulated Depreciation				
Site Improvements	(9,845,783)	(552,172)	-	(10,397,955)
Buildings and Building Improvements	(95,902,967)	(6,398,982)	-	(102,301,949)
Furniture and Equipment	(20,931,354)	(3,278,694)	4,089,787	(20,120,261)
Total Accumulated Depreciation	<u>(126,680,104)</u>	<u>(10,229,848)</u>	<u>4,089,787</u>	<u>(132,820,165)</u>
Total Capital Assets Being Depreciated, Net	<u>174,010,079</u>	<u>(4,990,761)</u>	<u>(813,545)</u>	<u>168,205,773</u>
Governmental Activities Capital Assets, Net	<u>182,491,627</u>	<u>2,499,918</u>	<u>(3,232,487)</u>	<u>181,759,058</u>
Business-Type Activities				
Capital Assets Being Depreciated				
Machinery and Equipment	498,609	91,796	-	590,405
Accumulated Depreciation	(372,911)	(24,849)	-	(397,760)
Business-Type Activities Capital Assets, Net	<u>125,698</u>	<u>66,947</u>	<u>-</u>	<u>192,645</u>
Total Capital Assets, Net	<u>\$ 182,617,325</u>	<u>\$ 2,566,865</u>	<u>\$(3,232,487)</u>	<u>\$ 181,951,703</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental activities as follows:

Regular Programs	\$ 7,075,183
Special Programs	16,780
Vocational Programs	1,560
Other Instructional Programs	4,276
Pupil Personnel Services	252
Instructional Staff Services	4,906
Administrative Services	4,598
Pupil Health Services	136
Business Services	3,585
Operation and Maintenance of Plant	1,242,475
Student Transportation Services	1,240,773
Central and Other Support Services	628,050
Student Activities and Athletics	7,274
	<u>\$10,229,848</u>

NOTE 7 LONG-TERM DEBT

Descriptions of debt outstanding as of June 30, 2020, are as follows:

Note Payable 2006 Issue - Colonial Academy

The School District incurred \$735,080, which is a portion of the debt issued to finance the Colonial Academy. The School District's obligations mature from June 30, 2006 to June 30, 2030. Interest is payable at 7.71%.

General Obligation Bonds 2010A Issue - Qualified School Construction Bond

The School District issued \$1,220,000 General Obligation Bonds, Series A of 2010, on October 6, 2010. Proceeds of the bond issue will be used to provide funds for the J.T. Lambert roof replacement. The bonds mature on September 1, 2027. Interest rate is 5.00%.

Qualified Zone Academy Bonds, Series 2011

The School District issued \$525,000 Qualified Zone Academy Bonds, Series 2011, on September 20, 2010. Proceeds of this bond issue will be used to provide funds to upgrade technology, electrical system, fire system, surveillance system, sounds system and a backup generator as capital expenditures of the School District at JM Hill Elementary School and to pay related costs and expenses, including the costs of issuing the 2011 bonds. The bonds mature September 1, 2029. Interest rate is 8%.

General Obligation Bonds - Series of 2013

On December 19, 2013, the School District issued \$7,900,000 General Obligation Bonds, Series of 2013. Proceeds of this bond issue will be used to partially refund the School District's outstanding General Obligation Bonds, Series A of 2007, and to pay the costs in connection with the issuance of the bonds. The bonds bear an interest rate of 3.11% over the life of the bonds and will fully mature in September 2027. The refunding resulted in an economic gain of \$1,277,640.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 7 LONG-TERM DEBT (CONTINUED)

On September 23, 2016, the School District entered into a rate modification agreement to reduce the interest rate from 3.11% to 1.99% per annum through the final maturity on September 1, 2027.

General Obligation Bonds - Series of 2014

On September 3, 2014, the School District issued \$16,350,000 General Obligation Bonds, Series of 2014. Proceeds of this bond issue will be used to refund the School District's outstanding General Obligation Notes, Series A of 2004, General Obligation Bonds, Series of 2009 and Series A of 2009, and to pay the costs in connection with the issuance of the bonds. The bonds bear an interest rate of 1.92% over the life of the bonds and will fully mature in April 2023. The refunding resulted in an economic gain of \$699,142. The refunding resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$99,330. This amount is included in deferred outflows of resources in the Statement of Net Position and will be amortized over the life of the new debt.

General Obligation Bonds - Series AA of 2014

On October 16, 2014, the School District issued \$7,640,000 General Obligation Bonds, Series AA of 2014. Proceeds of this bond issue will be used to partially refund the School District's outstanding General Obligation Bonds, Series A of 2007, and to pay the costs in connection with the issuance of the bonds. The bonds mature in 2026 at varying interest rates. The refunding resulted in an economic gain of \$1,705,111. The refunding resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$1,275,646. This amount is included in deferred outflows of resources in the Statement of Net Position and will be amortized over the life of the new debt.

General Obligation Bonds - Series of 2015

On August 26, 2015, the School District issued \$8,640,000 General Obligation Bonds, Series of 2015. Proceeds of this bond issue will be used to advance refund a portion of the School District's outstanding General Obligation Bonds, Series A of 2007, and to pay the costs in connection with the issuance of the bonds. The bonds mature in 2024 at varying interest rates. The refunding resulted in an economic gain of \$1,141,000. The refunding resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$1,239,007. This amount is included in deferred outflows of resources in the Statement of Net Position and will be amortized over the life of the new debt.

General Obligation Bonds - Series of 2016

On June 22, 2016, the School District issued \$9,500,000 General Obligation Bonds, Series of 2016. Proceeds of this bond issue will be used to advance refund the School District's outstanding General Obligation Bonds, Series of 2008, and to pay the costs in connection with the issuance of the bonds. The bonds mature in 2030 at varying interest rates. The refunding resulted in an economic gain of \$977,943. The refunding resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$1,339,306. This amount is included in deferred outflows of resources in the Statement of Net Position and will be amortized over the life of the new debt.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 7 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds - Series A of 2016

On August 18, 2016, the School District issued \$5,765,000 General Obligation Bonds, Series A of 2016. Proceeds of this bond issue will be used to currently refund the School District's outstanding General Obligation Bonds, Series of 2011 and Series A of 2011, and to pay the costs in connection with the issuance of the bonds. The bonds mature in 2030 at varying interest rates. The refunding resulted in an economic gain of \$294,680. The refunding resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$92,775. This amount is included in deferred outflows of resources in the Statement of Net Position and will be amortized over the life of the new debt.

General Obligation Bonds - Series of 2017

On January 12, 2017, the School District issued \$7,270,000 General Obligation Bonds, Series of 2017. Proceeds of this bond issue will be used to advance refund a portion of the School District's outstanding General Obligation Bonds, Series of 2008, and to pay the costs in connection with the issuance of the bonds. The bonds mature in 2029 at varying interest rates. The refunding resulted in an economic gain of \$802,873. The refunding resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$431,995. This amount is included in deferred outflows of resources in the Statement of Net Position and will be amortized over the life of the new debt.

General Obligation Bonds - Series A of 2017

On June 20, 2017, the School District issued \$1,870,000 General Obligation Bonds, Series A of 2017. Proceeds of this bond issue will be used to currently refund the School District's outstanding General Obligation Bonds, Series A of 2012, and to pay the costs in connection with the issuance of the bonds. The bonds mature in 2031 at varying interest rates. The refunding resulted in an economic gain of \$125,250. The refunding resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$6,271. This amount is included in deferred outflows of resources in the Statement of Net Position and will be amortized over the life of the new debt.

General Obligation Bonds - Series AA of 2017

On June 20, 2017, the School District issued \$68,235,000 General Obligation Bonds, Series AA of 2017. Proceeds of this bond issue will be used to currently refund the School District's outstanding General Obligation Note, Series of 2007, advance refund a portion of the School District's outstanding General Obligation Bond, Series A of 2007 and to pay the costs in connection with the issuance of the bonds. The bonds mature in 2031 at varying interest rates. The refunding resulted in an economic gain of \$11,347,310. The refunding resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$1,903,959. This amount is included in deferred outflows of resources in the Statement of Net Position and will be amortized over the life of the new debt.

General Obligation Bonds - Series AAA of 2017

On December 1, 2017, the School District issued \$16,085,000 General Obligation Bonds, Series AAA of 2017. Proceeds of this bond issue will be used to currently refund the School District's outstanding General Obligation Note, Series of 2008 and to pay the costs in connection with the issuance of the bonds. The bonds mature in 2031 at varying interest rates. The refunding resulted in an economic gain of \$2,677,545. The refunding resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$324,062.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 7 LONG-TERM DEBT (CONTINUED)

This amount is included in deferred inflows of resources in the Statement of Net Position and will be amortized over the life of the new debt.

General Obligation Bonds - Series 2019

On September 23, 2019, the School District issued \$8,170,000 General Obligation Bonds, Series 2019. Proceeds of this bond issue will be used to currently refund the School District's outstanding General Obligation Bond Series 2014A and to pay the costs in connection with the issuance of the bonds. The bonds mature in 2030 at varying interest rates. The refunding resulted in an economic gain of \$370,520. The refunding resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$330,240. This amount is included in deferred outflows of resources in the Statement of Net Position and will be amortized over the life of the new debt.

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Totals
2021	\$ 10,989,690	\$ 4,636,404	\$ 15,626,094
2022	11,432,054	4,191,360	15,623,414
2023	11,717,647	3,740,304	15,457,951
2024	12,279,241	3,233,843	15,513,084
2025	12,836,061	2,686,401	15,522,462
2026 to 2030	71,642,750	5,664,953	77,307,703
2031 to 2035	550,000	19,178	569,178
2036 to 2040	25,000	2,344	27,344
	<u>\$ 131,472,443</u>	<u>\$ 24,174,787</u>	<u>\$ 155,647,230</u>

Capital Leases

The School District from time to time enters into capital lease arrangements with its vendors to finance equipment purchases through the vendor. Currently, the School District holds several computer purchase leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Computer Equipment	\$ 5,348,491
Accumulated Depreciation	<u>(2,642,004)</u>
	<u>\$ 2,706,487</u>

The computer equipment acquired under capital leases is included in furniture and equipment in Note 6.

EAST STROUDSBURG AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

NOTE 7 LONG-TERM DEBT (CONTINUED)

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2020, are as follows:

Year Ending June 30,	Amount
2021	\$ 1,169,275
2022	750,074
2023	298,808
Amount Representing Interest	<u>(39,339)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,178,818</u>

Debt Payments

Payments on bonds, notes and leases are made by the General Fund. The vested and other employee benefits will be liquidated by the Governmental and Proprietary Funds. The School District currently does not have any bonds, notes or leases in the business-type activities.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 8 CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Reductions	Balances June 30, 2020	Due Within One Year
Governmental Activities					
General Obligation Notes:					
Series of 2006	\$ 407,490	\$ -	\$ (25,052)	\$ 382,438	\$ 29,856
Total General Obligation Notes	407,490	-	(25,052)	382,438	29,856
General Obligation Bonds:					
Series A 2010 QSCB	724,973	-	(60,630)	664,343	75,937
Series D 2011 QZAB	337,633	-	(22,971)	314,662	29,167
Series 2013	6,840,000	-	(5,000)	6,835,000	40,000
Series 2014	8,276,000	-	(3,340,000)	4,936,000	2,155,000
Series 2014A	8,305,000	-	(8,305,000)	-	-
Series 2014AA	6,870,000	-	(150,000)	6,720,000	160,000
Series 2015	7,605,000	-	(1,095,000)	6,510,000	2,100,000
Series 2016	9,040,000	-	(145,000)	8,895,000	150,000
Series 2016A	3,315,000	-	(850,000)	2,465,000	895,000
Series 2017	7,070,000	-	(70,000)	7,000,000	70,000
Series 2017A	1,765,000	-	(105,000)	1,660,000	105,000
Series 2017AA	65,360,000	-	(4,515,000)	60,845,000	5,170,000
Series 2017AAA	16,080,000	-	(5,000)	16,075,000	5,000
Series 2019	-	8,170,000	-	8,170,000	5,000
Total General Obligation Bonds	141,588,606	8,170,000	(18,668,601)	131,090,005	10,960,104
Deferred amounts					
Insurance premiums	8,542,584	370,663	(1,766,361)	7,146,886	-
Total General Obligation Bonds, Net	150,131,190	8,540,663	(20,434,962)	138,236,891	10,960,104
Other					
Capital Leases	2,574,661	1,185,522	(1,581,365)	2,178,818	1,147,107
Accrued Compensated Absences	6,825,582	847,408	-	7,672,990	-
Net Pension Liability	212,524,976	2,852,848	-	215,377,824	-
Other Postemployment Benefits	39,739,668	1,603,105	-	41,342,773	-
Total Other	261,664,887	6,488,883	(1,581,365)	266,572,405	1,147,107
Total Governmental Activities	\$ 412,203,567	\$ 15,029,546	\$ (22,041,379)	\$ 405,191,734	\$ 12,137,067
Business-Type Activities					
Balances					
	July 1, 2019	Additions	Reductions	June 30, 2020	Due Within One Year
Accrued Compensated Absences	\$ 251,459	\$ 30,936	\$ -	\$ 282,395	\$ -
Net Pension Liability	5,226,024	70,152	-	5,296,176	-
Other Postemployment Benefits	680,370	47,714	-	728,084	-
Total Business-Type Activities	\$ 6,157,853	\$ 148,802	\$ -	\$ 6,306,655	\$ -

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 9 DEFERRED INFLOW OF RESOURCES AND UNAVAILABLE AND UNEARNED REVENUE

General Fund

Unavailable revenues represent primarily delinquent taxes not collected within 60 days subsequent to the School District's year-end. It is expected that these receivables will be collected and included in revenues of future fiscal years. In the Governmental Funds financial statements, these receivables are reported as unearned revenue.

At June 30, 2020, deferred inflow of resources consisted of delinquent taxes receivable of \$11,546,377.

NOTE 10 PENSION PLAN

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

Benefits Provided - PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one 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 membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum three 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 on 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

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 10 PENSION PLAN (CONTINUED)

would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

Members 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 services rendered on or after January 1, 2002.
- Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (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 7.5% and 9.5% and the Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2020, was 34.29% of covered payroll (33.03% for 2019) which includes .09% for the Act 5 defined contribution plan members, 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 plan from the School District were \$22,206,824 for the year ended June 30, 2020.

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

At June 30, 2020, the School District reported a liability of \$220,674,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 10 PENSION PLAN (CONTINUED)

The School's proportion of the net pension liability was calculated utilizing the employer's reported covered payroll as a percentage of the collective covered payroll of all members of PSERS. At June 30, 2019, the School's proportion was 0.4717 percent, which was an increase of 0.0181 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized pension expense of \$24,096,525. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
Difference Between Expected and Actual Experience	\$ 1,185,840	\$ 7,138,464
Changes in Assumptions	2,059,360	-
Net Difference Between Projected and Actual		
Investment Earnings	-	616,832
Changes in Proportions	7,644,032	8,456,064
Contributions Subsequent to the Measurement Date	21,673,860	-
	\$ 32,563,092	\$ 16,211,360
Business-Type Activities		
Difference Between Expected and Actual Experience	\$ 29,160	\$ 175,536
Changes in Assumptions	50,640	-
Net Difference Between Projected and Actual		
Investment Earnings	-	15,168
Changes in Proportions	187,968	207,936
Contributions Subsequent to the Measurement Date	532,964	-
	\$ 800,732	\$ 398,640

The \$22,206,824 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2021	\$ 1,217,338	\$ 29,935
2022	(4,433,564)	(109,022)
2023	(2,554,415)	(62,813)
2024	448,513	11,028
	\$ (5,322,128)	\$ (130,872)

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Assumptions - The total pension liability as of June 30, 2020, was determined by rolling forward the System's total pension liability as of the June 30, 2018 actuarial valuation to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal level % of pay
- Investment return - 7.25%, includes inflation at 2.75%
- Salary increases - Effective average of 5.00%, which reflects an allowance for inflation of 2.75% and real wage growth and merit or seniority increases of 2.25%
- Mortality rates were based on the RP-2014 Mortality Tables (male and female) adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The Plan did not include an assumption for projected ad hoc postemployment benefit changes as they are not considered to be substantively automatic.

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.

Plan Assets

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

Asset Class	Allocation	Long-Term Expected Real Rate of Return
Global public equity	20%	5.6%
Fixed income	36%	1.9%
Commodities	8%	2.7%
Absolute return	10%	3.4%
Risk parity	10%	4.1%
Infrastructure/MLPs	8%	5.5%
Real estate	10%	4.1%
Alternative investments	15%	7.4%
Cash	3%	0.3%
Financing (LIBOR)	(20%)	0.7%
	100%	

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.58%.

EAST STROUDSBURG AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

NOTE 10 PENSION PLAN (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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School 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 pension 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%
School District's Proportionate Share of the Net Pension Liability	<u>\$ 274,873,000</u>	<u>\$ 220,674,000</u>	<u>\$ 174,780,000</u>

Pension Plan Fiduciary Net Position - Detailed information about PSERS's fiduciary net position is available in the PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.state.pa.us.

On June 12, 2017, the Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation established a new hybrid defined benefit/defined contribution retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. The current stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS – PSERS

Health Insurance Premium Assistance Program

PSERS provides a Health Insurance Premium Assistance Program (Premium Assistance) for all eligible annuitants who qualify and elect to participate. Under this program, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS – PSERS (CONTINUED)

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School's contractually required contribution rate for fiscal year ended June 30, 2020 was 0.84% 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 OPEB plan from the School were \$584,650 for the year ended June 30, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB:

At June 30, 2020, the School reported a liability of \$10,032,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2018 to June 30, 2019. The School's proportion of the net OPEB 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, 2020, the School's proportion was 0.4717 percent, which was an increase of 0.0181 percent from its proportion measured as of June 30, 2019.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS – PSERS (CONTINUED)

For the year ended June 30, 2020, the School recognized OPEB expense of \$48,379. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
Difference Between Expected and Actual Experience	\$ 54,656	\$ -
Changes in Assumptions	324,032	290,848
Net Difference Between Projected and Actual		
Investment Earnings	16,592	-
Changes in Proportions	321,104	566,080
Contributions Subsequent to the Measurement Date	570,618	-
	\$ 1,287,002	\$ 856,928
Business-Type Activities		
Difference Between Expected and Actual Experience	\$ 1,344	\$ -
Changes in Assumptions	7,968	7,152
Net Difference Between Projected and Actual		
Investment Earnings	408	-
Changes in Proportions	7,896	13,920
Contributions Subsequent to the Measurement Date	14,032	-
	\$ 31,648	\$ 21,072

\$584,650 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2021	\$ (3,051)	\$ (75)
2022	(3,051)	(75)
2023	271	7
2024	3,230	79
2025	(92,541)	(2,276)
Thereafter	(45,402)	(1,116)
	\$ (140,544)	\$ (3,456)

EAST STROUDSBURG AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS – PSERS (CONTINUED)

Actuarial Assumptions

The total OPEB liability as of June 30, 2019 was determined by rolling forward the PSERS' total OPEB liability as of the June 30, 2018 actuarial valuation to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.79% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit and seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on 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.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2017 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on 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.

Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the Program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Asset Class	Allocation	Long-Term Expected Real Rate of Return
Cash	13.2%	0.2%
US Core Fixed Income	83.1%	1.0%
Non-US Developed Fixed	3.7%	0.0%
	100%	

EAST STROUDSBURG AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS – PSERS (CONTINUED)

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, 2019.

Discount rate

The discount rate used to measure the total OPEB liability was 2.79%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date.

The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.79% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure total OPEB liability.

Sensitivity of the PSERS Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2019, retirees’ Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the District’s net OPEB liability for June 30, 2019, calculated using current Healthcare cost trends as well as what the School’s net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage higher than the current rate:

	1% Decrease (Between 4% to 6.50%)	Current Trend Rate (Between 5% to 7.50%)	1% Increase (Between 6% to 8.50%)
The School's proportionate share of net OPEB liability	\$ 10,031,000	\$ 10,032,000	\$ 10,034,000

EAST STROUDSBURG AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS – PSERS (CONTINUED)

Sensitivity of the School's Net OPEB Liability to Changes in the Discount Rate.

The following presents the net OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.79 percent) or higher (3.79 percent) than the current discount rate:

	1% Decrease	Current Rates 2.79%	1% Increase
The School's net OPEB liability	\$ 11,429,000	\$ 10,032,000	\$ 8,875,000

OPEB plan fiduciary net position.

Detailed information about PSERS' 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.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN

Plan Description

The School District provides medical and dental insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by the Board and can be amended by the Board through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the School District's General Fund.

Plan Membership

At July 1, 2018, plan membership consisted of the following:

Active Plan Members	1,229
Retired Members	61
	1,290

Funding Policy and Funding Status

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the year ending June 30, 2020 benefit payments paid as they came due were \$755,642.

EAST STROUDSBURG AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (CONTINUED)

Benefits Provided

The District's retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee is eligible for Medicare or becomes eligible for other group health coverage. In order to obtain coverage, retired employees must provide payment equal to the full premium rate.

In addition, for those administration who reach 20 years of service with the District or ten years as Administrator with the District, the District will pay the full premium toward medical, prescription drug, dental, and vision coverage for the member.

Assumptions

The following assumptions and actuarial methods and calculation were used:

Interest Rate – 3.36% Based on S&P Municipal Bond 20 Year High Grade Rate at July 1, 2019.

Salary – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.

Withdrawal – Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9% for both men and women and decrease with age and service.

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	2.57%	5.02%	45	1.37%	1.65%
30	2.57%	4.02%	50	1.92%	2.06%
35	1.50%	2.85%	55	3.38%	3.11%
40	1.34%	1.60%	60	5.57%	6.40%

Mortality – Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined pension plan actuarial valuation. Incorporated into that are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Disability – No disability was assumed.

Retirement – Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.

Percentage of Eligible Retirees Electing Coverage in the Plan – 100% of employees eligible for subsidy and 75% of employees not eligible for subsidy are assumed to elect coverage. 100% of Administrators eligible for Life Insurance are assumed to elect it.

Percentage Married at Retirement – 25% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age – Wives are assumed to be two years younger their husbands.

EAST STROUDSBURG AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (CONTINUED)

Per Capita Claims Cost – Making use of weighted averages for various plan designs, the per capita claims cost for medical and prescription drug is based on the expected portion of the group’s overall cost attributed to individuals in the specified age and gender brackets. Dental and vision are assuming to not vary with age or gender.

Life Insurance – It is assumed that the annual cost to provide life insurance varies by age. The assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation mortality table.

Retiree Contributions – Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

Health Care Cost Trend Rate – 6.0% in 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets – Equal to the Market Value of Assets

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

Participant Data – Based on census information as of January 2019. Due to the timing of school district turnover, the data is believed to be representative of the population for the 2019-2020 school year.

Changes in Assumptions - In the 2019 actuarial valuation, the discount rate changed from 2.98% to 3.36%. The trend assumption was updated.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School, as well as what the School’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.36 percent) or 1-percentage-point higher (4.36 percent) than the current discount rate:

	1% Decrease	Current Rates 3.36%	1% Increase
The School's net OPEB liability	\$ 34,492,897	\$ 32,038,857	\$ 29,703,985

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1- percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (Between 4% to 6.75%)	Current Trend Rate (Between 5% to 7.75%)	1% Increase (Between 6% to 8.75%)
The School's proportionate share of net OPEB liability	<u>\$ 28,113,084</u>	<u>\$ 32,038,857</u>	<u>\$ 36,689,163</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the School recognized OPEB expense of \$2,827,499. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
Difference Between Expected and Actual Experience	\$ 226,883	\$ -
Changes in Assumptions	1,007,437	827,005
Net Difference Between Projected and Actual Investment Earnings	-	-
Contributions Subsequent to the Measurement Date	769,894	-
	<u>\$ 2,004,214</u>	<u>\$ 827,005</u>
Business-Type Activities		
Difference Between Expected and Actual Experience	\$ 898	\$ -
Changes in Assumptions	74,248	8,842
Contributions Subsequent to the Measurement Date	9,437	-
	<u>\$ 84,583</u>	<u>\$ 8,842</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (CONTINUED)

\$473,619 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2021	\$ 68,130	\$ 8,477
2022	68,130	8,477
2023	68,130	8,477
2024	68,130	8,477
2025	68,130	8,477
Thereafter	66,665	23,919
	<u>\$ 407,315</u>	<u>\$ 66,304</u>

NOTE 13 CONTINGENCIES AND COMMITMENTS

Grant Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

NOTE 14 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages in the 2019-2020 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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

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

The latest financial statements of the Trust are available at the School District's business office for the year ended June 30, 2020.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 15 FUND BALANCES

As of June 30, 2020, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Nonspendable				
Prepaid Expenses	\$ 343,075	\$ -	\$ -	\$ 343,075
Restricted				
Capital Projects	-	13,378,127	-	13,378,127
Student Activities	-	-	267,427	267,427
Committed				
Future Retirement Benefits	18,545,532	-	-	18,545,532
Future Healthcare Costs	6,000,000	-	-	6,000,000
Assigned				
Capital Projects	5,700,000	-	-	5,700,000
Student Athletics	21,924	-	-	21,924
Future Budget Expenditures	8,488,285	-	-	8,488,285
Future Educational Programs	3,971,000	-	-	3,971,000
Unassigned	<u>6,075,127</u>	<u>-</u>	<u>-</u>	<u>6,075,127</u>
Total Fund Balance	<u>\$49,144,943</u>	<u>\$13,378,127</u>	<u>\$ 267,427</u>	<u>\$62,790,497</u>

NOTE 16 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through December 15, 2020, the date the financial statements were available to be issued.

On September 15, 2020, the District issued General Obligation Notes, Series of 2020 in the amount of \$16,250,000 to refund the 2013, 2014AA, and 2015 Bonds.

Prior to year-end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to have a significant impact on all aspects of the District's operations. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, State and Federal tax revenues may also be significantly decreased. This decrease could result in less grant money that is relied upon by local municipalities to fund specific projects. In addition, the District's own source revenue or derived revenues could be affected negatively.

REQUIRED
SUPPLEMENTARY
INFORMATION

EAST STROUDSBURG AREA SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 108,700,223	\$ 108,700,223	\$ 103,010,396	\$ (5,689,827)
State sources	45,797,839	45,797,839	50,709,676	4,911,837
Federal sources	4,884,253	4,884,253	4,931,680	47,427
Total Revenues	<u>159,382,315</u>	<u>159,382,315</u>	<u>158,651,752</u>	<u>(730,563)</u>
Expenditures				
Regular Programs	58,411,933	58,402,892	58,052,192	350,700
Special Programs	26,603,547	26,487,329	26,193,574	293,755
Vocational Programs	2,879,326	2,879,326	2,659,769	219,557
Other Instructional Programs	1,331,629	1,401,502	1,587,910	(186,408)
Pupil Personnel Services	6,393,052	6,402,446	6,323,618	78,828
Instructional Staff Services	2,602,676	2,622,907	2,785,472	(162,565)
Administrative Services	7,832,917	7,839,419	7,653,376	186,043
Pupil Health Services	1,977,814	1,979,482	1,830,632	148,850
Business Services	1,572,085	1,566,066	1,433,963	132,103
Operation and Maintenance of Plant	15,393,149	15,398,556	14,295,285	1,103,271
Student Transportation Services	11,066,602	11,066,602	10,855,439	211,163
Central and Other Support Services	4,590,888	4,608,513	4,392,383	216,130
Student Activities and Athletics	3,152,673	3,155,152	2,664,796	490,356
Community Services	107,997	107,997	97,386	10,611
Refund of Prior Year Revenues	465,000	465,000	486,604	(21,604)
Debt Service	17,332,673	17,330,772	17,010,234	320,538
Total Expenditures	<u>161,713,961</u>	<u>161,713,961</u>	<u>158,322,633</u>	<u>3,391,328</u>
Other Financing Sources (Uses):				
Issuance of capital leases	-	-	1,185,522	1,185,522
Sale of capital assets	1,500,000	1,500,000	1,268,814	(231,186)
Proceeds from bond issuance	1,325,426	1,325,426	-	(1,325,426)
Total Other Financing Sources (Uses)	<u>2,825,426</u>	<u>2,825,426</u>	<u>2,454,336</u>	<u>(371,090)</u>
Net Change in Fund Balance	493,780	493,780	2,783,455	2,289,675
Fund Balance at Beginning of Year	<u>46,361,488</u>	<u>46,361,488</u>	<u>46,361,488</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 46,855,268</u>	<u>\$ 46,855,268</u>	<u>\$ 49,144,943</u>	<u>\$ 2,289,675</u>

See accompanying notes to the budgetary comparison schedule.

EAST STROUDSBURG AREA SCHOOL DISTRICT
 NOTES TO THE BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2020

NOTE 1 BUDGETARY INFORMATION

An operating budget is adopted prior to the beginning of each year for the General Fund on a basis consistent with generally accepted accounting principles. The General Fund is the only fund for which a budget is legally required.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School District's budget and reporting of its financial statements, specifically:

- The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The School District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located and within 15 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the School District.
- Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Pennsylvania School Code allows the Board to make budgetary transfers between major function and major object code only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the Pennsylvania Department of Education's 2028 Report when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2019-2020 budget transfers.

NOTE 2 COMPLIANCE

Excess of Expenditures Over Appropriations

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess %</u>
<u>General Fund:</u>			
Other Instructional Programs	\$ 1,401,502	\$1,587,910	11.74%
Instructional Staff Services	2,622,907	2,785,472	5.84%
Refund of Prior Year Revenues	465,000	486,604	4.44%

Funds sufficient to provide for the excess expenditures were made available from other functions within the fund and other financing sources.

EAST STROUDSBURG AREA SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 LAST 10 YEARS*

	Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.4717%	0.4536%	0.4655%	0.4979%	0.4816%	0.4727%
District's proportionate share of the net pension liability	\$ 220,674,000	\$ 217,751,000	\$ 229,903,000	\$ 246,743,000	\$ 208,606,000	\$ 187,098,000
District's covered payroll	\$ 64,883,727	\$ 61,803,727	\$ 61,975,884	\$ 64,481,384	\$ 61,968,592	\$ 60,318,006
District's proportionate share of the net pension liability as a percentage of its covered payroll	340.11%	352.33%	370.96%	382.66%	336.63%	310.19%
Plan fiduciary net position as a percentage of the total pension liability	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 YEARS*

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 22,206,824	\$ 21,124,000	\$ 19,248,000	\$ 19,218,000	\$ 17,831,000	\$ 15,775,000	\$ 12,435,000
Contributions in relation to the contractually required contribution	<u>22,206,824</u>	<u>21,124,000</u>	<u>21,432,525</u>	<u>19,218,000</u>	<u>17,831,000</u>	<u>15,775,000</u>	<u>12,435,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,184,525)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	69,601,136	65,053,554	64,883,727	61,803,727	61,975,884	64,481,384	61,968,592
Contributions as a percentage of covered payroll	31.91%	32.47%	33.03%	31.10%	28.77%	24.46%	20.07%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREES HEALTH PLAN
LAST 10 YEARS

	Measurement Date		
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability			
Service cost	\$ 1,787,136	\$ 1,727,780	\$ 1,644,481
Interest	963,757	944,768	680,070
Changes of assumptions	(919,432)	28,867	1,454,840
Differences between expected and actual experience	-	278,399	-
Benefit payments	<u>(755,642)</u>	<u>(1,032,654)</u>	<u>(940,582)</u>
Net change in total OPEB liability	1,075,819	1,947,160	2,838,809
Total OPEB liability - beginning	<u>30,963,038</u>	<u>29,015,878</u>	<u>26,177,069</u>
Total OPEB liability - ending	<u><u>\$ 32,038,857</u></u>	<u><u>\$ 30,963,038</u></u>	<u><u>\$ 29,015,878</u></u>
Covered payroll	\$ 57,904,669	\$ 57,904,669	\$ 58,055,233
District's total OPEB liability as a percentage of covered payroll	55.33%	53.47%	49.98%

Changes of Assumptions

- The discount rate changed from 2.98% to 3.36% in 2019
- The discount rate changed from 3.13% to 2.98% in 2018

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

EAST STROUDSBURG AREA SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PSERS PLAN
 *LAST 10 YEARS

	Measurement Date		
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net OPEB liability	0.4717%	0.4536%	0.4655%
District's proportionate share of the net OPEB liability	\$ 10,032,000	\$ 9,457,000	\$ 9,484,000
District's covered payroll	\$ 64,883,727	\$ 61,803,727	\$ 61,975,884
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	15.46%	15.30%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	5.56%	5.73%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

EAST STROUDSBURG AREA SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - PSERS PLAN
 *LAST 10 YEARS

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually determined contribution	\$ 584,650	\$ 540,000	\$ 507,000	\$ 503,000
Contributions in relation to the contractually determined contribution	<u>584,650</u>	<u>540,000</u>	<u>507,000</u>	<u>503,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 69,601,136	\$ 65,053,554	\$ 64,883,727	\$ 61,803,727
Contributions as a percentage of covered payroll	0.84%	0.83%	0.78%	0.81%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

SINGLE
AUDIT
SUPPLEMENT



Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

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*

Independent Auditor's Report

To the Board of School Directors
East Stroudsburg Area School District
East Stroudsburg, 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 East Stroudsburg Area School District ("the District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2020.

Internal Control Over Financial Reporting

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



Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

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.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
December 15, 2020



Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of School Directors
East Stroudsburg Area School District
East Stroudsburg, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the East Stroudsburg Area School District's (District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The 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 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 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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2020.



Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

Report on Internal Control Over Compliance

Management of the 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 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 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.

Purpose of this Report

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.

Zelenkofske Axlerod LLC

ZELENKOFSCHE AXELROD LLC

Jamison, Pennsylvania
December 15, 2020

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Source	Federal CFDA Number	Pass- Through Grantor's Number	Grant Period	Total Received For The Year	Accrued (Unearned) Revenue at 7/1/2019	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at 6/30/2020	Passed Through to Subrecipients
U.S. Department of Education Impact Aid	Direct	84.041	N/A	7/1/19-6/30/20	\$ 830,109	\$ -	\$ 830,109	\$ 830,109	\$ -	\$ -
Passed Through Pennsylvania Department of Education:										
Title I Grants to Local Educational Agencies	Indirect	84.010	013-180129	7/1/18-9/30/19	609,080	361,405	247,675	247,675	-	-
Title I Grants to Local Educational Agencies	Indirect	84.010	013-180129	7/1/19-6/30/20	1,663,742	-	1,948,489	1,948,489	284,747	-
Total CFDA #84.010					<u>2,272,822</u>	<u>361,405</u>	<u>2,196,164</u>	<u>2,196,164</u>	<u>284,747</u>	<u>-</u>
Improving Teacher Quality State Grants	Indirect	84.367	020-180129	7/1/18-9/30/19	110,341	83,101	27,240	27,240	-	-
Improving Teacher Quality State Grants	Indirect	84.367	020-180129	7/1/19-6/30/20	179,098	-	221,224	221,224	42,126	-
Total CFDA #84.367					<u>289,439</u>	<u>83,101</u>	<u>248,464</u>	<u>248,464</u>	<u>42,126</u>	<u>-</u>
English Language Acquisition State Grants	Indirect	84.365	010-180129	7/1/18-9/30/19	14,551	6,056	8,495	8,495	-	-
English Language Acquisition State Grants	Indirect	84.365	010-180129	7/1/19-6/30/20	9,134	-	12,642	12,642	3,508	-
Total CFDA #84.365					<u>23,685</u>	<u>6,056</u>	<u>21,137</u>	<u>21,137</u>	<u>3,508</u>	<u>-</u>
Student Support and Academic Enrichment Program	Indirect	84.424	144-190129	7/1/18-9/30/19	47,729	1,240	46,489	46,489	-	-
Student Support and Academic Enrichment Program	Indirect	84.424	144-190129	7/1/19-6/30/20	103,677	-	94,400	94,400	(9,277)	-
Total CFDA #84.424					<u>151,406</u>	<u>1,240</u>	<u>140,889</u>	<u>140,889</u>	<u>(9,277)</u>	<u>-</u>
Passed Through the Colonial Intermediate Unit										
Special Education - Grants to States	Indirect	84.027	N/A	7/1/19-6/30/20	441,696	-	1,053,806	1,053,806	612,110	-
Special Education - Grants to States	Indirect	84.027	N/A	7/1/18-6/30/19	625,210	625,210	-	-	-	-
Special Education - Grants to States	Indirect	84.027	N/A	7/1/19-6/30/20	6,061	-	6,061	6,061	-	-
Special Education - Grants to States	Indirect	84.027	N/A	7/1/18-6/30/19	6,805	6,805	-	-	-	-
Special Education - Grants to States	Indirect	84.027	N/A	7/1/19-6/30/20	12,000	-	12,000	12,000	-	-
Total Special Education Cluster					<u>1,091,772</u>	<u>632,015</u>	<u>1,071,867</u>	<u>1,071,867</u>	<u>612,110</u>	<u>-</u>
Total U.S. Department of Education					<u>4,659,233</u>	<u>1,083,817</u>	<u>4,508,630</u>	<u>4,508,630</u>	<u>933,214</u>	<u>-</u>
U.S. Department of Treasury										
Coronavirus Relief Fund	Indirect	21.019	N/A	3/1/20-10/30/20	-	-	10,708	10,708	10,708	-
COVID-19 Governor's Emergency Education Relief Fund	Indirect	84.425c	N/A	5/18/20-9/30/21	-	-	11,166	11,166	11,166	-
COVID-19 Elementary and Secondary School Emergency Relief Fund	Indirect	84.425d	N/A	3/1/20-12/30/20	-	-	26,252	26,252	26,252	-
Total U.S. Department of Treasury					<u>-</u>	<u>-</u>	<u>48,126</u>	<u>48,126</u>	<u>48,126</u>	<u>-</u>
U.S. Department of Health and Human Services										
Medical Assistance Program	Indirect	93.778	N/A	7/1/18-6/30/19	39,609	39,609	-	-	-	-
Medical Assistance Program	Indirect	93.778	N/A	7/1/19-6/30/20	45,016	-	118,300	118,300	73,284	-
Total Medicaid Cluster					<u>84,625</u>	<u>39,609</u>	<u>118,300</u>	<u>118,300</u>	<u>73,284</u>	<u>-</u>
Total U.S. Department of Health and Human Services					<u>84,625</u>	<u>39,609</u>	<u>118,300</u>	<u>118,300</u>	<u>73,284</u>	<u>-</u>
U.S. Department of Agriculture										
Passed Through the Pennsylvania Department of Education:										
Child Nutrition Discretionary Grants Limited Availability	Indirect	10.579	N/A	3/1/20-6/22/20	-	-	88,572	88,572	88,572	-
School Breakfast Program	Indirect	10.553	N/A	7/1/19-6/30/20	812,611	41,284	900,524	900,524	129,197	-
National School Lunch Program	Indirect	10.555	N/A	7/1/19-6/30/20	1,895,243	111,278	1,989,506	1,989,506	205,541	-
Passed Through the Pennsylvania Department of Agriculture:										
National School Lunch Program	Indirect	10.555	N/A	7/1/19-6/30/20	99,441	(70,722)	278,191	278,191	108,028	-
Total Child Nutrition Cluster					<u>2,807,295</u>	<u>81,840</u>	<u>3,168,221</u>	<u>3,168,221</u>	<u>442,766</u>	<u>-</u>
Total U.S. Department of Agriculture					<u>2,807,295</u>	<u>81,840</u>	<u>3,256,793</u>	<u>3,256,793</u>	<u>531,338</u>	<u>-</u>
Total Federal Awards					<u>\$ 7,551,153</u>	<u>\$ 1,205,266</u>	<u>\$ 7,931,849</u>	<u>\$ 7,931,849</u>	<u>\$ 1,585,962</u>	<u>\$ -</u>

* Program tested as major

The accompanying notes are an integral part of this schedule.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

NOTE A SCOPE OF THIS SCHEDULE

The federal programs as listed in the schedule of expenditures of federal awards are accounted for by the School District in the General Fund for U.S. Department of Education and in the Food Service Fund for U.S. Department of Agriculture programs.

NOTE B BASIS OF ACCOUNTING

The School District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note C. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C NONMONETARY FEDERAL AWARDS – DONATED COMMODITIES

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under CFDA #10.555 represent surplus food consumed by the District during the 2019-2020 fiscal year. The District has food commodities totaling \$108,028 in inventory as of June 30, 2020.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2020 was \$1,247,642.

NOTE F ARRA PROGRAMS

The Qualified School Construction Bond Program ("QSCB") and Qualified Zone Academy Program ("QZAB") were authorized through the American Recovery and Reinvestment Tax Act ("ARRA"). These ARRA-funded programs are not covered by the single audit requirements and are not required to be included in the schedule of expenditures of federal awards ("SEFA") or in the determination of major programs. Federal subsidy reimbursements related to the QSCB and QZAB debt service payments are, therefore, not considered federal awards as it relates to the SEFA. The total amount of federal subsidy reimbursements received totaled \$80,849 for the year ended June 30, 2020.

NOTE F INDIRECT COST RATES

The School District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

I. Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ___ no X
- Significant deficiencies identified that are not considered to be material weakness(es)?
Yes _____ none reported X

Noncompliance material to financial statements noted? Yes ___ No X

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes ___ no X
- Significant deficiencies identified that are not considered to be material weakness(es)?
Yes ___ none reported X

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes ___ no X

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
----------------	------------------------------------

84.010	Title I Grants to Local Educational Agencies
--------	----------------------------------------------

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

Auditee qualified as low-risk auditee? Yes X no ___

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

None to be reported.

III. Findings and questioned costs for federal awards.

None to be reported.

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020

No prior year findings were reported.

V. ITEMS FOR DISCUSSION

b. Computer Bid Results and Financing

Apple Computers

A. Why are you requesting the service/needs?

Why: We are requesting Six (6) iMac Desktops and Two Hundred Ninety -ive (295) Macbook Laptops and related peripherals for the Six Elemenetary Schools.

Need: East Stroudsburg Area School District is on a Four (4) Year Computer Replacement Cycle. FY 2021 is the year the Six Elementary Schools are up for replacement in the cycle.

Suggested replacement: Apple Equipment as indicated on the attached quote.

B. Cost Estimate: if over \$5,000, were 3 quotes obtained? If yes, please list the vendors and the amounts. No. Apple is a sole source provide for K-12 Education. Pricing is per the Chester County School Districts' Joint Purchasing Agreement.

1. Apple - \$483,163.25

C. Procurement Method:

Apple provided a quote based on specs provided. Pricing is per the Chester County School Districts' Joint Purchasing.

D. Funds account to be charged for Procurement (Was this purchase budgeted?)

- Yes – 2021-2022 Fiscal Year
- Fund 10
- Account #10-5110-911-000-00-000-100-909-9090
 - Technology Services Lease Initiatives Account

E. Selection of winning proposal

- Apple is a sole source provider for K-12 Education. The recommendation is to approve the attached Apple quote in the amount of \$483,163.25

F. Other

N/A

Apple Inc. Education Price Quote

Customer:	Brian Borosh EAST STROUDSBURG AREA SCHOOLS DIST Phone: 5704248500 email: brian-borosh@esasd.net	Apple Inc:	Christy Spielberger 5505 W Parmer Lane Bldg 7 Austin, TX 78727 Phone: +1-512-6746526 email: spielberger@apple.com
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Apple Quote: 2206745761

Quote Date: Thursday, January 07, 2021

Quote Valid Until: Monday, February 08, 2021

Quote Comments:

Please reference Apple Quote number on your Purchase Order.

Pricing Per CCSDJP Apple Bid 2020

Row #	Details & Comments	Qty	Unit List Price	Extended List Price
1	13-inch MacBook Air – Space Gray (5-Pack) Part Number: Z12D Configuration: <ul style="list-style-type: none"> • 065-C99J 16-core Neural Engine • 065-C99K Apple M1 chip with 8-core CPU and 7-core GPU • 065-C99N 16GB unified memory • 065-C99T 512GB SSD storage • 065-C9CK Touch ID • 065-C9CJ Two Thunderbolt / USB 4 ports • 065-C9CH Force Touch trackpad • 065-C9CL Retina display with True Tone • 065-C9DG Backlit Magic Keyboard – US English • 065-C9DN Accessory Kit 	295	\$1,239.00	\$365,505.00
2	3-YR ARA FOR MB/MB AIR/13IN MB PRO-USA Part Number: S3059LL/A	295	\$149.00	\$43,955.00
3	21.5-inch iMac with Retina 4K display Part Number: Z147 Configuration: <ul style="list-style-type: none"> • 065-C7GK 3.6GHz quad-core 8th-generation Intel Core i3 processor • 065-C6YV 16GB DDR4 memory • 065-C6YY 1TB Fusion Drive storage • 065-C7GT Radeon Pro 555X with 2GB video memory • 065-C6XC Wired Apple Mouse (Must be ordered with Wired Keyboard) • 065-C6XM Wired Keyboard with numeric 	6	\$1,429.00	\$8,574.00

keypad (English) – Must be ordered with Wired Mouse

4	3 Year AppleCare Repair Agreement iMac Part Number: S3058LL/A	6	\$95.00	\$570.00
5	16-inch MacBook Pro with Touch Bar: 2.3GHz 8-core 9th-generation Intel Core i9 processor, 1TB – Space Gray Part Number: MVVK2LL/A Configuration: <ul style="list-style-type: none"> • 065-C87C 2.3GHz 8-core 9th-generation Intel Core i9 processor, Turbo Boost up to 4.8GHz • 065-C87G AMD Radeon Pro 5500M with 4GB of GDDR6 memory • 065-C87J 16GB 2666MHz DDR4 memory • 065-C87N 1TB SSD storage • 065-C87V Retina display with True Tone • 065-C87W Four Thunderbolt 3 ports • 065-C87X Touch Bar and Touch ID • 065-C8F6 Backlit Keyboard – US English 	2	\$2,599.00	\$5,198.00
6	ARA MBK PRO-A/E-USA/E-USA Part Number: S3060LL/A	2	\$189.00	\$378.00
7	CalDigit Thunderbolt 3 Mini Dock Part Number: HMX02ZM/A	295	\$129.95	\$38,335.25
8	96W USB-C Power Adapter Part Number: MX0J2AM/A	6	\$79.00	\$474.00
9	30W USB-C Power Adapter Part Number: MY1W2AM/A	295	\$49.00	\$14,455.00
10	USB-C Charge Cable (2m) Part Number: MLL82AM/A	301	\$19.00	\$5,719.00

Edu List Price Total	\$483,163.25
- Additional Tax	\$0.00
- Estimated Tax	\$0.00
Extended Total Price*	\$483,163.25

*In most cases Extended Total Price does not include Sales Tax
 *If applicable, eWaste/Recycling Fees are included.
 Standard shipping is complimentary

Complete your order by one of the following:

- This document has been created for you as Apple Quote ID 2206745761. Please contact your institution's Authorized Purchaser to submit the above quote online. For account access or new account registration, go to <https://ecommerce.apple.com>. Simply go to the

Quote area of your Apple Education Online Store, click on it and convert to an order.

- For registration assistance, call 1.800.800.2775
- If you are unable to submit your order online, please send a copy of this Quote with your Purchase Order via email to institutionorders@apple.com. **Be sure to reference the Apple Quote number on the PO to ensure expedited processing of your order.**
 - For more information, go to provision C below, for details.

THIS IS A QUOTE FOR THE SALE OF PRODUCTS OR SERVICES. YOUR USE OF THIS QUOTE IS SUBJECT TO THE FOLLOWING PROVISIONS WHICH CAN CHANGE ON SUBSEQUENT QUOTES:

- A. ANY ORDER THAT YOU PLACE IN RESPONSE TO THIS QUOTE WILL BE GOVERNED BY (1) ANY CONTRACT IN EFFECT BETWEEN APPLE INC. ("APPLE") AND YOU AT THE TIME YOU PLACE THE ORDER OR (2), IF YOU DO NOT HAVE A CONTRACT IN EFFECT WITH APPLE, CONTACT contracts@apple.com.
- B. ALL SALES ARE FINAL. PLEASE REVIEW RETURN POLICY BELOW IF YOU HAVE ANY QUESTIONS. IF YOU USE YOUR INSTITUTION'S PURCHASE ORDER FORM TO PLACE AN ORDER IN RESPONSE TO THIS QUOTE, APPLE REJECTS ANY TERMS SET OUT ON THE PURCHASE ORDER THAT ARE INCONSISTENT WITH OR IN ADDITION TO THE TERMS OF YOUR AGREEMENT WITH APPLE.
- C. YOUR ORDER MUST REFER SPECIFICALLY TO THIS QUOTE AND IS SUBJECT TO APPLE'S ACCEPTANCE. ALL FORMAL PURCHASE ORDERS SUBMITTED BY EMAIL MUST SHOW THE INFORMATION BELOW:
 - APPLE INC. AS THE VENDOR
 - BILL-TO NAME AND ADDRESS FOR YOUR APPLE ACCOUNT
 - PHYSICAL SHIP-TO NAME AND ADDRESS (NO PO BOXES)
 - PURCHASE ORDER NUMBER
 - VALID SIGNATURE OF AN AUTHORIZED PURCHASER
 - APPLE PART NUMBER AND/OR DESCRIPTION OF PRODUCT AND QUANTITY
 - TOTAL DOLLAR AMOUNT AUTHORIZED OR UNIT PRICE AND EXTENDED PRICE ON ALL LINE ITEMS
 - CONTACT INFORMATION: NAME, PHONE NUMBER AND EMAIL
- D. UNLESS THIS QUOTE SPECIFIES OTHERWISE, IT REMAINS IN EFFECT UNTIL Monday, February 08, 2021 UNLESS APPLE WITHDRAWS IT BEFORE YOU PLACE AN ORDER, BY SENDING NOTICE OF ITS INTENTION TO WITHDRAW THE QUOTE TO YOUR ADDRESS SET OUT IN THE QUOTE.
 - APPLE MAY MODIFY OR CANCEL ANY PROVISION OF THIS QUOTE, OR CANCEL ANY ORDER YOU PLACE PURSUANT TO THIS QUOTE, IF IT CONTAINS A TYPOGRAPHIC OR OTHER ERROR.
- E. THE AMOUNT OF THE VOLUME PURCHASE PROGRAM (VPP) CREDIT SHOWN ON THIS QUOTE WILL ALWAYS BE AT UNIT LIST PRICE VALUE DURING REDEMPTION ON THE VPP STORE.
- F. UNLESS SPECIFIED ABOVE, APPLE'S STANDARD SHIPPING IS INCLUDED IN THE TOTAL PRICE.

Opportunity ID: 18000004667540
<https://ecommerce.apple.com>

Fax:

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Document rev 10.6.1

Date of last revision – June 20th, 2016

\$1 Purchase Option

Thank you for considering Apple Financial Services to fund your technology plan. Please find your \$1 Purchase Option financing proposal below.

Financed Amount	Annual Payments in Advance	Lease Term
\$483,163.25	\$120,790.81	4 Years

Budgetary pricing provided at 0% Promotional APR

What is a \$1 Purchase Option?

This is a financing option designed for equipment ownership at the end of the financed term. The \$1 Purchase Option creates predictable payments while enabling universities and schools to deploy years' worth of equipment today using budgeted funds.

Why use a \$1 Purchase Option?

This option is usually recommended for educational institutions that know they want to own equipment at the end of term. Once the financed term ends, ownership will enable flexibility: continue using the equipment or trade it in to recover value toward new gear.

What are my options at the end of the financed term?

End of term options will be detailed in the final documents. The options include:

1. Purchase the equipment at end of term for \$1.
2. Trade in equipment for value toward a new purchase or financed term.

Overall, the \$1 Purchase Option enables administrators to buy more equipment today, while providing the flexibility that ownership allows.

Please do not hesitate to call or email me at the contact information below with any questions.

Amanda Curran

Northeast Area Finance Manager--North US | Apple Financial Services

T: 610.392.3629 | E: amandac@apple.com

Pricing Notes and Conditions

This proposal is for informational purposes and does not constitute a legally binding obligation of either party. Subject to the satisfactory completion of the Lessor's standard credit approval process and the completion of documentation acceptable to the Lessor. Apple Financial Services is not a financial advisor and does not have a fiduciary duty to you under federal securities laws. Consult with your financial advisor regarding the options offered.

Lease Discount Disclosure Statement: Apple Inc. through the Apple Financial Services program may provide an equipment discount to certain third-party investors. The discount may be applied to facilitate a lease rate discount. The actual interest rate paid on any resulting lease may be reflected in an amortization table provided with lease documents. The quoted payment amount does not include amounts that may be due for taxes or fees, if applicable.

The lease charge portion of the payments can be determined by applying to the total adjusted cost the rate which will amortize the total adjusted cost down to the purchase option amount. The lease charge rate may be higher than the actual annual interest rate because of the amortization of certain costs and fees incurred by the third-party investor. Rates may be subject to verification that the Lessee is a state or political subdivision as defined in Sec. 103 of the IRS Code, 1986.

HP Computers and Peripherals

A. Why are you requesting the service/needs?

Why: We are requesting Twenty-One (21) HP Desktop Computers & Related Peripherals and Sixty-Seven (67) HP Laptops and related Peripherals for the Six Elementary School

Need: East Stroudsburg Area School District is on a Four (4) Year Computer Replacement Cycle. FY 2021 is the year the six Elementary Schools are up for replacement in the cycle.

Suggested replacement: HP Desktop/Laptop Computers & Peripherals as indicated on the attached quote.

B. Cost Estimate: if over \$5,000, were 3 quotes obtained? If yes, please list the vendors and the amounts. Yes. Eleven (11) quotes were obtained in this instance through a bid.

<u>Vendors</u>	
Y&S Technologies	No Bid
B&H	Incomplete
En-Net	\$131,465.60
Mvation	\$170,303.26
IntegraOne	\$128,382.65
Virtucom	\$127,398.15
Staples	\$119,643.35
Firefly	No Bid
BITDirect	\$134,681.62
RTII	\$126,597.80
Adorama	\$139,640.37
SHI	\$131,594.00
Unistar Sparco	\$176,008.69

C. Procurement Method:

- An RFQ was issued on December 4, 2020 for HP Desktop/Laptop Computers & Related Peripherals and sent to approximately twenty-five (25) vendors, as well as advertised on the district website and PASchoolBids.com. RFQ's were due January 4, 2021 at 11am. They were reviewed and evaluated on January 4 & 5, 2021

D. Funds account to be charged for Procurement (Was this purchase budgeted?)

- Yes – 2021-2022 Fiscal Year
- Fund 10
- Account #10-5110-911-000-00-000-100-909-9093
 - Technology Services Lease Initiatives Account

E. Selection of winning proposal

- The lowest priced/qualified/responsible bidder is Staples. The recommendation is to award the bid to this vendor in the amount of \$119,643.35.

F. Other

N/A

Pricing Confirmation



Expiration Date
1/9/2021

Thank you for the opportunity to partner with you for your technology needs. Please see information below regarding your quote.

Thank you,
Kent Rollin

SLED Contract #
Sourcewell - 012320-SCC
must show on PO

Quote #	Quote Date	Customer Name	Sales Rep	Total
202012-405477	1/4/2021	East Stroudsburg District	Kent Rollin	\$ 119,643.35

Qty.	Part No.	Product Description	UOM	Unit Price	Extended Price
		HP			
21	20J45UT	HP EliteDesk800 G6Desktop Mini PC	EA	\$ 765.59	\$ 16,077.39
67	1C9H7UT	HP EliteBook 850G7 Laptop	EA	\$ 1,048.46	\$ 70,246.82
67	U4414E	Warranty –Electronic HP CarePack Next BusinessDay HardwareSupport, Extendedservice agreement,parts & labor, 3years on-site, 9x5,response time:NBD.	EA	\$ 56.97	\$ 3,816.99
67	2SC66AA	HP Executive 15.6Midnight Top LoadBag	EA	\$ 22.54	\$ 1,510.18
67	H6Y89UT	HP Spare Chargerfor EliteBook 850G7	EA	\$ 20.81	\$ 1,394.27
70	2UK37AT	HP ThunderboltDock 120W G2	EA	\$ 184.68	\$ 12,927.60
70	T6L04UT	HP Keyboard andMouse set(wireless, 2.4 Ghz,US)	EA	\$ 35.12	\$ 2,458.40
81	9UJ12A8	HP ProDisplay P22HG4 21.5" Monitor	EA	\$ 112.57	\$ 9,118.17
67	1WC36AT	HP USB-C to HDMI2.0 Adapter	EA	\$ 15.83	\$ 1,060.61
14	G1V61AA	HP Integrated WorkCenter Stand	EA	\$ 55.33	\$ 774.62
14	6KD15AA	HP Quick ReleaseKit	EA	\$ 18.45	\$ 258.30
				Total*	\$ 119,643.35

*Tax, eWaste and freight charges are additional where applicable

Customer Information
East Stroudsburg District
Not In Salesforce
Not in salesforce
Not in salesforce

Staples Sales Rep Information
Staples Technology Solutions
Kent Rollin
(908) 403-0575
Kent.Rollin@Staples.Com

Please remit payments to:
Staples Technology Solutions
P.O. Box 95230
Chicago, IL 60694-5230

You can lease this monthly for only: \$ 3,310.53
Leasing Options: Staples can help you overcome budget constraints, avoid obsolescence, and reduce upfront cost by leasing your IT assets.
Leasing Offer: 36 Mo FMV lease, your actual payment may vary. Lease subject to customer credit approval and lessor terms & conditions. Other restrictions may apply.

Based upon the impact of COVID-19 driven product shortages we suggest prompt placement of a Purchase Order, which will help establish the highest likelihood of fulfillment for constrained products. Your account team is ready to assist you with this order and any subsequent updates.

Qty.	Part No.	Product Description	UOM	Unit Price	Extended Price
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Terms: This quote is valid thru Expiration Date above and is subject to change. Seller also reserves the right to reasonably adjust a Product's price if extraordinary market events require immediate adjustment (e.g., epidemics, shortages, trade disputes, natural disasters, etc.) and to adjust pricing with the impact of tariffs, customs, or duties imposed on products. This proposal is confidential and meant for the client recipient above, any unauthorized review, use, disclosure or distribution is prohibited. Credit cards may be used only at the time of purchase and not for the payment of invoices. Purchase subject to Staples Terms and Conditions here : https://sts.staples.com/tech_services_STS.html and Staples Return Policy found here: <https://sts.staples.com/returns.html>

Lenovo Chromebooks

A. Why are you requesting the service/needs?

Why: We are requesting One Thousand Four Hundred Eighty-Seven (1,487) Lenovo Chromebooks to deploy to all students in Grades 1 & 5 (at each elementary school) as well as Grade 9 (at both high schools).

Need: This deployment aligns to the districts' Digital Transformation Initiative started in 2017 and follows suite with issuing each student a district issued Chromebook.

Suggested replacement: Lenovo Chromebooks as indicated on the attached quote.

B. Cost Estimate: if over \$5,000, were 3 quotes obtained? If yes, please list the vendors and the amounts. Yes. Eleven (11) quotes were obtained in this instance through an RFQ.

Vendors	
Y&S Technologies	\$548,375.86
B&H	No Bid
En-Net	\$547,676.97
Mvation	\$630,640.78
IntegraOne	\$556,732.80
Virtucom	\$544,167.65
Staples	\$557,237.20
Firefly	\$591,067.63
BITDirect	No Bid
RTII	\$536,137.85
Adorama	Incomplete
SHI	\$536,063.50
Unistar Sparco	\$558,918.69

C. Procurement Method:

- An RFQ was issued on December 4, 2020 for Lenovo Chromebooks and sent to approximately twenty-five (25) vendors, as well as advertised on the district website and PASchoolBids.com. RFQ's were due January 4, 2021 at 11am. They were reviewed and evaluated on January 4 & 5, 2021.

D. Funds account to be charged for Procurement (Was this purchase budgeted?)

- Yes – 2021-2022 Fiscal Year
- Fund 10
- Account #10-5110-911-000-00-000-100-909-9093
 - Technology Services Lease Initiatives Account

E. Selection of winning proposal

- The lowest priced/qualified/responsible bidder is SHI. The recommendation is to award the bid to this vendor in the amount of \$536,063.50.

F. Other

N/A



Pricing Proposal
 Quotation #: 19880097
 Created On: 1/5/2021
 Valid Until: 7/31/2021

East Stroudsburg Area School District

Account Executive

Brian Borosh
 50 VINE STREET
 EAST STROUDSBURG, PA 18301
 United States
 Phone: 570-424-8060
 Fax:
 Email: brian-borosh@esasd.net

Angela Mensch
 290 Davidson Ave
 Somerset, NJ 08873
 Phone: 732-564-8672
 Fax: 732-564-8673
 Email: Angela_Mensch@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 Lenovo 300e Chromebook (2nd Gen) 81MB - Flip design - Celeron N4020 / 1.1 GHz - Chrome OS - 4 GB RAM - 32 GB eMMC - 11.6" IPS touchscreen 1366 x 768 (HD) - UHD Graphics 600 - Wi-Fi, Bluetooth - black - kbd: US Lenovo - Part#: 81MB001DUS Contract Name: COSTARS-3 Hardware Contract #: 003-339	1487	\$255.00	\$379,185.00
2 Lenovo Depot - Extended service agreement - parts and labor - 3 years (School Year Term) - for 100e Chromebook (2nd Gen) MTK; 14; 14e Chromebook; 500e Chromebook (2nd Gen) Lenovo - Part#: 5WS0N75691 Contract Name: COSTARS-3 Hardware Contract #: 003-339	1487	\$23.50	\$34,944.50
3 Lenovo Accidental Damage Protection - Accidental damage coverage - 3 years (School Year Term) - for 100e Chromebook (2nd Gen) MTK; 14; 14e Chromebook; 500e Chromebook (2nd Gen) Lenovo - Part#: 5PS0F04089 Contract Name: COSTARS-3 Hardware Contract #: 003-339	1487	\$48.00	\$71,376.00
4 Google Chrome OS Management Console - License - academic Google - Part#: CROSSWDISEDU Contract Name: Omnia Partners - IT Solutions Contract #: 2018011-02	1487	\$24.00	\$35,688.00
5 Chromebook Services, White Glove, Domain Join, Asset Tagging, Kitting SHI International Corp - Part#: SHI-SVCS-WG Contract Name: Omnia Partners - IT Solutions Contract #: 2018011-02	1487	\$10.00	\$14,870.00
		Total	\$536,063.50

Additional Comments

Please Note: Lenovo has a zero returns policy on any custom build machines. Lenovo also does not allow returns on open box/phased out products.

Please note: Google has a zero returns policy.

Thank you for choosing SHI International Corp! The pricing offered on this quote proposal is valid through the expiration date listed above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order. For any additional information including Hardware, Software and Services Contracts, please contact an SHI Inside Sales Representative at (888) 744-4084. SHI International Corp. is 100% Minority Owned, Woman Owned Business. TAX ID# 22-3009648; DUNS# 61-1429481; CCR# 61-243957G; CAGE 1HTF0

Please note, due to manufacturing delays with Lenovo, shipment of the following Lenovo products could be delayed (current lead times below). Please let us know if you would like to see pricing for an alternative product.

- Lenovo 100e Intel Chrome (Q1 2021)
- Lenovo 100e AMD Chrome (Not Orderable until backlog is clear or new product is announced)
- Lenovo 300e Intel Chrome (Q1 2021)
- Lenovo 300e AMD Chrome (Not Orderable until backlog is clear or new product is announced)
- Lenovo 500e Chrome (Late Q1 2021)
- Lenovo 10e Chrome Tablet (Not Orderable until backlog is clear, may open up again in December)
- Lenovo 100e Windows (Late Q1 2021)
- Lenovo 300e Windows (Late Q1 2021)
- Lenovo 14e Chrome (Not Orderable until backlog is clear or new product is announced)
- Lenovo 14e Windows (Late Q1 2021)

T&C

Google will present the Google TOS upon each Customer first log in to the Services. Customer must accept the Google TOS prior to using the services. SHI will not accept the TOS on the customer's behalf.

Google Chrome TOS: <https://www.google.com/chrome/terms/chrome-device-management/index.html>

Hardware items on this quote may be updated to reflect changes due to industry wide constraints and fluctuations.

The products offered under this proposal are resold in accordance with the terms and conditions of the Contract referenced under that applicable line item.

COMPUTER LEASE TABULATION

1/7/2021

HP/Lenovo \$ 655,706.85

VENDOR	Capital LEASE ANNUAL PMT	Capital LEASE INTEREST RATE
American Capital	\$ 167,248.49	1.354%
First American	\$ 168,228.15	1.750%
TEQ lease	\$ 170,183.71	
M&T Bank	\$ 170,272.86	2.496%
HPE Financial Services	\$ 170,470.34	2.680%
Lenovo Financial Services	\$ 172,052.23	3.09%
Vantage Financial, LLC	\$ 175,965.00	3.590%
Insight Financial Services		N/A
Trinity3 Financial Services		N/A
TD Equipment Finance		N/A
ESSA Bank		N/A

V. ITEMS FOR DISCUSSION

- c. Additional Licenses for ESACA Elementary Software – Edgenuity
- \$64,000.00



Invoice

8860 E. Chaparral Road
Suite 100
Scottsdale AZ 86250
877-725-4257 x1037

Date 12/16/2020
Invoice # 792887
Account # 87289
PO # 21000914_Overage
Terms Net 30
Due Date 1/16/2021

Bill To

East Stroudsburg Area School Distr...
Business Office Attn: A/P
60 Vine Street
East Stroudsburg PA 18301
United States

Ship To

Blended School - JT Lambert Inter...
2000 Milford Road
East Stroudsburg PA 18301
United States

Description	Quantity	Unit Price	Amount	Tax
FT Elementary Student License (Content only) - One School Year (Fall 2020 - Spring 2021, up to 6 courses, not reusable) IS Overage Usage - December 2020 - (K5 Fall 2020)	322		64,400.00	0.0%

Subtotal	64,400.00
Shipping Cost (USPS Media Mail)	0.00
Total	64,400.00
Amount Due	\$64,400.00

PLEASE NOTE THAT OUR PAYMENT REMIT ADDRESS HAS CHANGED:
EDGENUITY INC
DEPT LA 24561
PASADENA CA 91185-4561

Wire and ACH Instructions:

Account Name: Edgenuity Inc.
Account Number: 3301864536
Routing/ABA Number: 121140399
SWIFT #: 0VBKUS68
Bank Name: Silicon Valley Bank
3003 Tasman Drive
Santa Clara CA 95054

V. ITEMS FOR DISCUSSION

d. Current Projects within the District

