

V. ITEMS FOR DISCUSSION

a. FY 2018 Audit - Maillie

January 10, 2019

Mr. Thomas J. McIntyre, PCSBO, Chief Financial Officer
East Stroudsburg Area School District
50 Vine Street
East Stroudsburg, PA 18301-2150

Dear Mr. McIntyre:

I have enclosed 25 copies of the annual financial report of the East Stroudsburg Area School District for the year ended June 30, 2018.

Also enclosed are 15 copies of the communication with those charged with governance to be distributed to the Board of School Directors.

We will electronically file Form SF-SAC, Data Collection Form, along with a pdf copy of the Uniform Grant Guidance reporting package. Your online form will not be processed until the Federal Audit Clearinghouse receives your online certification. You will receive an e-mail from the Federal Audit Clearinghouse with instructions on using their Internet Data Entry System for certifying the Form SF-SAC, Data Collection Form. The Federal Audit Clearinghouse is no longer requiring or accepting hard copy submission of the form.

To comply with the Pennsylvania Single Audit Report Electronic Submission Process, we will forward a pdf copy of your single audit report to the Commonwealth of Pennsylvania's Office of Budget.

Please call if you have any questions or if I can be of assistance in any other way.

Very truly yours,

MAILLIE LLP

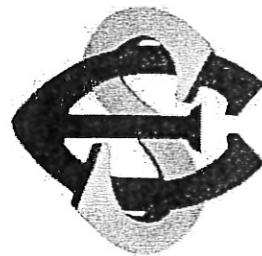
Edward J. Furman, CPA

Enclosures

EAST STROUDSBURG AREA SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2018



INTRODUCTORY SECTION

EAST STROUDSBURG AREA SCHOOL DISTRICT
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FINANCIAL SECTION

Independent Auditors' 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, 2018, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

For the year ended June 30, 2018, East Stroudsburg Area School District adopted new accounting guidance, implementing Governmental Accounting Standards Board Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. 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 on pages 6 through 12, budgetary comparison information on pages 64 and 65, schedules of the school district's proportionate share of the net pension liability on page 66, schedules of the school district's contributions on page 67, schedule of the school district's proportionate share of the PSERS net other postemployment benefit plan liability on page 68, schedule of the school district's PSERS other postemployment benefit plan contributions on page 69, and the schedule of changes in the total other postemployment benefit plan liability and related ratios on page 70 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 supplementary information listed in the table of contents and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, on our consideration of the East Stroudsburg Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the East Stroudsburg Area School District's internal control over financial reporting and compliance.

Oaks, Pennsylvania

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2018

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, 2018. 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

Key government-wide financial highlights for 2018 are as follows:

- In total, net position increased from (\$138,821,957) in 2017 (restated) to (\$133,521,111) in 2018.
- General revenues accounted for \$105,803,438 in revenue or 66% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$53,702,710 or 34% of total revenues of \$159,506,148.
- Total assets and deferred outflows of resources of governmental activities were \$341,819,353, of which \$83,942,989 represents unrestricted cash and investments. Governmental capital assets, net of accumulated depreciation were \$183,409,802.
- The School District had \$155,163,159 in expenses; only \$54,660,567 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 \$105,803,438 were adequate to provide for these programs.
- Expenses, after program revenue was \$100,347,445 which decreased from \$106,785,522 in 2017.
- Federal and state subsidies this year were \$49,861,869, which increased from \$48,614,082 in 2017.
- Considerable debt refinancing activities were experienced in 2017 and 2018.

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2018

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. Nonfinancial 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.

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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2018

- **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 (Major 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.

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, 2018 and 2017

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current assets	\$ 111,285,781	\$ 105,223,668	\$ 888,752	\$ 784,036	\$ 112,174,533	\$ 106,007,704
Capital assets	183,309,077	186,296,413	100,725	119,660	183,409,802	186,416,073
TOTAL ASSETS	<u>294,594,858</u>	<u>291,520,081</u>	<u>989,477</u>	<u>903,696</u>	<u>295,584,335</u>	<u>292,423,777</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>45,382,018</u>	<u>54,278,997</u>	<u>853,000</u>	<u>1,030,000</u>	<u>46,235,018</u>	<u>55,308,997</u>
LIABILITIES						
Long-term liabilities	433,415,047	426,635,425	5,429,096	5,415,296	438,844,143	432,050,721
Other liabilities	22,059,885	29,391,221	96,436	56,242	22,156,321	29,447,463
TOTAL LIABILITIES	<u>455,474,932</u>	<u>456,026,646</u>	<u>5,525,532</u>	<u>5,471,538</u>	<u>461,000,464</u>	<u>461,498,184</u>
DEFERRED INFLOWS OF RESOURCES	<u>14,054,000</u>	<u>2,143,000</u>	<u>286,000</u>	<u>44,000</u>	<u>14,340,000</u>	<u>2,187,000</u>
NET POSITION						
Net investment in capital assets	22,767,812	12,832,967	100,725	119,660	22,868,537	12,952,627
Restricted	23,931,974	279,553	-	-	23,931,974	279,553
Unrestricted	<u>(176,251,842)</u>	<u>(125,483,088)</u>	<u>(4,069,780)</u>	<u>(3,701,502)</u>	<u>(180,321,622)</u>	<u>(129,184,590)</u>
TOTAL NET POSITION	<u>\$ (129,552,056)</u>	<u>\$ (112,370,568)</u>	<u>\$ (3,969,055)</u>	<u>\$ (3,581,842)</u>	<u>\$ (133,521,111)</u>	<u>\$ (115,952,410)</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, decrease by \$28,113,702 from the 2017 restated unrestricted fund balance \$(148,118,140) to the 2018 unrestricted fund balance of \$(176,251,842).

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2018

Condensed Statements of Activities
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
REVENUES						
Charges for services	\$ 1,189,582	\$ 1,246,112	\$ 1,226,968	\$ 1,263,912	\$ 2,416,550	\$ 2,510,024
Operating grants and contributions	46,897,558	45,629,443	2,964,311	2,984,639	49,861,869	48,614,082
Capital grants and contributions	1,424,291	2,998,232	-	-	1,424,291	2,998,232
Property taxes and other taxes levied for general purposes	100,676,023	97,679,209	-	-	100,676,023	97,679,209
Taxes levied for specific purposes	3,795,206	3,884,367	-	-	3,795,206	3,884,367
Gain on sale of capital assets	104,041	241,227	-	-	104,041	241,227
Investment earnings	1,048,414	438,801	2,429	896	1,050,843	439,697
Other	177,325	130,103	-	-	177,325	130,103
TOTAL REVENUES	155,312,440	152,247,494	4,193,708	4,249,447	159,506,148	156,496,941
EXPENSES						
Instruction	87,540,735	89,043,860	-	-	87,540,735	89,043,860
Support services	33,137,101	33,974,944	-	-	33,137,101	33,974,944
Facilities acquisition, construction and improvement services	387,525	841,918	-	-	387,525	841,918
Operation of non-instructional services	14,888,037	15,553,624	-	-	14,888,037	15,553,624
Debt service	5,202,383	6,747,085	-	-	5,202,383	6,747,085
Unallocated depreciation	9,660,952	10,295,507	-	-	9,660,952	10,295,507
Food service	-	-	4,346,426	4,450,922	4,346,426	4,450,922
TOTAL EXPENSES	150,816,733	156,456,938	4,346,426	4,450,922	155,163,159	160,907,860
CHANGE IN NET POSITION	4,495,707	(4,209,444)	(152,718)	(201,475)	4,342,989	(4,410,919)
NET POSITION AT BEGINNING OF YEAR, restated	(135,005,620)	(108,111,124)	(3,816,337)	(3,380,367)	(138,821,957)	(111,541,491)
NET POSITION AT END OF YEAR	\$ (130,509,913)	\$ (112,370,568)	\$ (3,969,055)	\$ (3,581,842)	\$ (134,478,968)	\$ (115,952,410)

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

Net Cost of Services

	2018	2017	2016	2015	2014
GOVERNMENTAL ACTIVITIES					
Instruction	\$ (42,135,958)	\$ (45,663,910)	\$ (44,197,052)	\$ (44,373,782)	\$ (41,847,480)
Support services	(32,812,038)	(33,809,658)	(30,202,129)	(29,132,252)	(23,555,101)
Facilities acquisition, construction and improvement services	(292,733)	(696,986)	93,437	(332,816)	(100,544)
Operation of non-instructional services	(11,667,672)	(12,368,237)	(11,459,990)	(11,571,058)	(13,883,664)
Debt service	(3,778,092)	(3,748,853)	(7,512,231)	(6,182,320)	(7,120,847)
Unallocated depreciation	(9,660,952)	(10,295,507)	(10,073,621)	(10,185,680)	(9,903,815)
TOTAL GOVERNMENTAL ACTIVITIES	(100,347,445)	(106,583,151)	(103,351,586)	(101,777,908)	(96,411,451)
BUSINESS-TYPE ACTIVITIES					
Food service	(155,147)	(202,371)	(233,509)	(433,498)	(334,319)
TOTAL DISTRICT NET COST	\$ (100,502,592)	\$ (106,785,522)	\$ (103,585,095)	\$ (102,211,406)	\$ (96,745,770)

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2018

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 66%. 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 \$638,993,170. The tax rate for the year was \$122.91 mills per \$1,000 of assessed valuation for Pike County and \$177.86 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)
YEAR ENDED JUNE 30, 2018

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 \$155,759,675 increased from \$151,277,945 and operating expenditures of \$154,679,123 increased from \$144,827,010. Other financing sources and uses were \$629,705 and the net change in fund balance for the year was an increase of \$1,710,257 where last year there was a decrease of \$10,878,753.

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.

	2018			2017 Totals
	Governmental Activities	Business-Type Activities	Totals	
Land	\$ 5,198,539	\$ -	\$ 5,198,539	\$ 5,198,539
Construction in progress	1,724,073	-	1,724,073	89,098
Site improvements	13,507,817	-	13,507,817	13,507,817
Buildings and building improvements	250,402,457	-	250,402,457	250,402,457
Furniture and equipment	30,582,800	452,755	31,035,555	26,137,093
Accumulated depreciation	<u>(118,106,609)</u>	<u>(352,030)</u>	<u>(118,458,639)</u>	<u>(108,918,931)</u>
	<u>\$ 183,309,077</u>	<u>\$ 100,725</u>	<u>\$ 183,409,802</u>	<u>\$ 186,416,073</u>

Depreciation of the Year's Capital Asset Activity

- o Overall capital assets decreased by \$3,106,996. This is due to current year disposals and depreciation offset by the acquisition of new equipment.
- o Depreciation for the year was \$9,660,952.

RESERVED FUND BALANCES

Fund balances have been classified in accordance with GASB Statement No. 54, unassigned fund balance represents funds available for appropriation of \$13,934,021 in total for 2018.

EAST STROUDSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2018

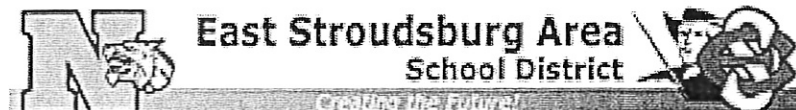
CURRENT FINANCIAL ISSUES AND CONCERNS

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. A substantial portion of the East Stroudsburg Area School District is in Monroe County. Recent economic conditions and the lack of a county reassessment of properties in recent years has led to a 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.

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, PCSBO - Chief Financial Officer, East Stroudsburg Area School District, 50 Vine Street, East Stroudsburg, Pennsylvania 18301.



GOVERNMENT-WIDE STATEMENTS

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 40,982,868	\$ 573,297	\$ 41,556,165
Investments	42,960,121	-	42,960,121
Taxes receivable, net	13,927,957	-	13,927,957
Internal balances	299,118	(299,118)	-
Due from other governments	3,603,318	458,525	4,061,843
Due from fiduciary funds	11,163	-	11,163
Other receivables	165,810	-	165,810
Inventories	-	156,048	156,048
Insurance reserve provision	9,200,840	-	9,200,840
Prepaid expenses	134,586	-	134,586
Capital assets			
Land	5,198,539	-	5,198,539
Construction in progress	1,724,073	-	1,724,073
Site improvements	13,507,817	-	13,507,817
Building and building improvements	250,402,457	-	250,402,457
Furniture and equipment	30,582,800	452,755	31,035,555
Accumulated depreciation	(118,106,609)	(352,030)	(118,458,639)
TOTAL ASSETS	294,594,858	989,477	295,584,335
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	3,591,018	-	3,591,018
Deferred outflows of resources, pension activity	40,279,000	822,000	41,101,000
Deferred outflows of resources, OPEB activity	2,760,466	107,770	2,868,236
TOTAL DEFERRED OUTFLOWS OF RESOURCES	46,630,484	929,770	47,560,254
LIABILITIES			
Accounts payable	2,073,753	96,436	2,170,189
Accrued interest on long-term debt	2,149,952	-	2,149,952
Accrued salaries and benefits	17,281,998	-	17,281,998
Due to fiduciary funds	857	-	857
Other current liabilities	161,714	-	161,714
Unearned revenue	391,611	-	391,611
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	9,853,105	-	9,853,105
Notes payable	523,985	-	523,985
Capital leases	680,705	-	680,705
Portion due or payable after one year			
Bonds payable	152,028,233	-	152,028,233
Notes payable	407,139	-	407,139
Capital leases	639,116	-	639,116
Compensated absences	6,080,353	228,629	6,308,982
Net pension liability	225,305,000	4,598,000	229,903,000
Net OPEB obligation	37,897,411	602,467	38,499,878
TOTAL LIABILITIES	455,474,932	5,525,532	461,000,464
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	12,985,000	265,000	13,250,000
Deferred inflows of resources, OPEB activity	1,026,000	20,000	1,046,000
TOTAL DEFERRED INFLOWS OF RESOURCES	14,011,000	285,000	14,296,000
NET POSITION			
Net investment in capital assets	22,580,010	100,725	22,680,735
Restricted for			
Capital projects	23,669,248	-	23,669,248
Special activities	262,726	-	262,726
Unrestricted	(174,772,574)	(3,992,010)	(178,764,584)
TOTAL NET POSITION	\$ (128,260,590)	\$ (3,891,285)	\$ (132,151,875)

See accompanying notes to the basic financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

Functions/Programs	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	\$ 58,466,318	\$ 984,840	\$ 39,711,969	\$ (17,769,509)	\$ -	\$ (17,769,509)
Special programs	23,996,604	-	4,320,670	(19,675,934)	-	(19,675,934)
Vocational programs	2,507,806	-	-	(2,507,806)	-	(2,507,806)
Other instructional programs	1,706,950	-	387,298	(1,319,652)	-	(1,319,652)
Support services						
Pupil personnel services	5,657,162	-	-	(5,657,162)	-	(5,657,162)
Instructional staff services	2,690,832	-	-	(2,668,492)	-	(2,668,492)
Administrative services	7,207,554	-	22,340	(7,207,554)	-	(7,207,554)
Pupil health services	1,969,370	-	302,723	(1,666,647)	-	(1,666,647)
Business services	1,414,384	-	-	(1,414,384)	-	(1,414,384)
Operation and maintenance of plant services	13,889,185	-	-	(13,889,185)	-	(13,889,185)
Facilities acquisition, construction and improvement services		94,792	-	(292,733)	-	(292,733)
Operation of non-instructional services	387,525	-	-	-	-	-
Student transportation services	8,535,962	-	2,928,788	(5,607,174)	-	(5,607,174)
Central and other support services	3,253,377	-	-	(3,253,377)	-	(3,253,377)
Student activities and athletics	2,813,259	109,950	181,627	(2,521,682)	-	(2,521,682)
Community services	165,644	-	-	(165,644)	-	(165,644)
Interest on long-term debt	5,202,383	-	-	(3,778,092)	-	(3,778,092)
Unallocated depreciation	9,660,952	-	1,424,291	(9,660,952)	-	(9,660,952)
TOTAL GOVERNMENTAL ACTIVITIES	<u>149,525,267</u>	<u>1,189,582</u>	<u>47,855,415</u>	<u>(99,055,979)</u>	<u>-</u>	<u>(99,055,979)</u>
BUSINESS-TYPE ACTIVITIES						
Food service	4,268,656	1,226,968	2,964,311	-	(77,377)	(77,377)
TOTAL SCHOOL DISTRICT ACTIVITIES	<u>\$ 153,793,923</u>	<u>\$ 2,416,550</u>	<u>\$ 50,819,726</u>	<u>(99,055,979)</u>	<u>(77,377)</u>	<u>(99,133,356)</u>
		GENERAL REVENUES				
		Taxes				
		Property taxes, levied for general purposes, net		100,676,023	-	100,676,023
		Earned income		3,689,640	-	3,689,640
		Public utility taxes		105,566	-	105,566
		Investment earnings		1,048,414	2,429	1,050,843
		Gain on sale of capital assets		104,041	-	104,041
		Miscellaneous income		177,325	-	177,325
		TOTAL GENERAL REVENUES		<u>105,801,009</u>	<u>2,429</u>	<u>105,803,438</u>
		CHANGE IN NET POSITION		6,670,030	(74,948)	6,670,082
		NET POSITION AT BEGINNING OF YEAR, restated		<u>(135,005,620)</u>	<u>(3,816,337)</u>	<u>(138,821,957)</u>
		NET POSITION AT END OF YEAR		<u>\$ (128,260,590)</u>	<u>\$ (3,891,285)</u>	<u>\$ (132,151,875)</u>

See accompanying notes to the basic financial statements.

GOVERNMENTAL FUNDS STATEMENTS

EAST STROUDSBURG AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 17,338,702	\$ 23,406,110	\$ 238,056	\$ 40,982,868
Investments	42,920,000	-	40,121	42,960,121
Taxes receivable, net	14,681,942	-	-	14,681,942
Due from other funds	307,568	264,783	-	572,351
Due from other governments	3,603,318	-	-	3,603,318
Due from fiduciary funds	11,258	-	-	11,258
Other receivables	165,810	-	-	165,810
Prepaid expenditures	134,586	-	-	134,586
TOTAL ASSETS	<u>\$ 79,163,184</u>	<u>\$ 23,670,893</u>	<u>\$ 278,177</u>	<u>\$ 103,112,254</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,065,895	\$ 1,645	\$ 6,213	\$ 2,073,753
Due to other funds	264,783	-	-	264,783
Due to fiduciary funds	952	-	8,450	9,402
Unearned revenue	391,611	-	-	391,611
Accrued salaries and benefits	17,281,998	-	-	17,281,998
Other current liabilities	160,926	-	788	161,714
TOTAL LIABILITIES	<u>20,166,165</u>	<u>1,645</u>	<u>15,451</u>	<u>20,183,261</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes	11,872,671	-	-	11,872,671
FUND BALANCES				
Nonspendable, prepaid expenditures	134,586	-	-	134,586
Restricted	-	23,669,248	262,726	23,931,974
Committed	24,545,532	-	-	24,545,532
Assigned				
Student athletics	21,924	-	-	21,924
Future budget expenditures	8,488,285	-	-	8,488,285
Future educational programs	4,000,000	-	-	4,000,000
Unassigned	9,934,021	-	-	9,934,021
TOTAL FUND BALANCES	<u>47,124,348</u>	<u>23,669,248</u>	<u>262,726</u>	<u>71,056,322</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 79,163,184</u>	<u>\$ 23,670,893</u>	<u>\$ 278,177</u>	<u>\$ 103,112,254</u>

See accompanying notes to the basic financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ <u>71,056,322</u>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Land	5,198,539
Construction in progress	1,724,073
Site improvements	13,507,817
Building and building improvements	250,402,457
Furniture and equipment	30,582,800
Accumulated depreciation	<u>(118,106,609)</u>
	<u>183,309,077</u>
<p>Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Deferred amount on refunding	<u>3,591,018</u>
<p>Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.</p>	
	<u>27,294,000</u>
<p>Deferred inflows and outflows of resources related to OPEB activities are not financial resources and therefore not reported in the governmental funds.</p>	
	<u>1,734,466</u>
<p>Provision for insurance reserve recorded as an expenditure in the Governmental Funds and a prepaid expense in the statement of net position.</p>	
	<u>9,200,840</u>
<p>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.</p>	
	<u>11,118,686</u>
<p>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:</p>	
Bonds payable	(161,881,338)
Accrued interest	(2,149,952)
Notes payable	(931,124)
Capital leases	(1,319,821)
Compensated absences	(6,080,353)
Net pension liability	(225,305,000)
Other postemployment benefits	<u>(37,897,411)</u>
	<u>(435,564,999)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>(128,260,590)</u></u>

See accompanying notes to the basic financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
REVENUES				
Local sources	\$ 106,445,155	\$ 112,999	\$ 279,331	\$ 106,837,485
State sources	45,654,571	-	-	45,654,571
Federal sources	3,267,619	-	-	3,267,619
TOTAL REVENUES	<u>155,367,345</u>	<u>112,999</u>	<u>279,331</u>	<u>155,759,675</u>
EXPENDITURES				
Regular programs	56,092,481	-	-	56,092,481
Special programs	23,418,239	-	-	23,418,239
Vocational programs	2,476,978	-	-	2,476,978
Other instructional programs	1,694,419	-	-	1,694,419
Pupil personnel services	5,494,878	-	-	5,494,878
Instructional staff services	2,539,954	-	-	2,539,954
Administrative services	6,983,150	-	-	6,983,150
Pupil health services	1,902,978	-	-	1,902,978
Business services	1,372,601	-	-	1,372,601
Operation and maintenance of plant	13,444,390	-	-	13,444,390
Facilities acquisition, construction and improvement services	-	2,089,850	-	2,089,850
Student transportation services	12,712,022	-	-	12,712,022
Central and other support services	3,690,612	-	-	3,690,612
Student activities and athletics	2,462,750	-	296,158	2,758,908
Community services	164,685	-	-	164,685
Refund of prior year revenues	513,756	-	-	513,756
Debt service	17,158,637	-	-	17,158,637
Bond issuance costs	-	170,585	-	170,585
TOTAL EXPENDITURES	<u>152,122,530</u>	<u>2,260,435</u>	<u>296,158</u>	<u>154,679,123</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,244,815</u>	<u>(2,147,436)</u>	<u>(16,827)</u>	<u>1,080,552</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	108,539	-	-	108,539
Proceeds from capital leases	530,581	-	-	530,581
Proceeds from issuance of refunding bonds	-	17,587,557	-	17,587,557
Payment to refunded bond escrow agent	(180,000)	(17,416,972)	-	(17,596,972)
Operating transfers in	-	14,500,000	-	14,500,000
Operating transfers out	(14,500,000)	-	-	(14,500,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,040,880)</u>	<u>14,670,585</u>	<u>-</u>	<u>629,705</u>
NET CHANGE IN FUND BALANCES	(10,796,065)	12,523,149	(16,827)	1,710,257
FUND BALANCES AT BEGINNING OF YEAR	<u>57,920,413</u>	<u>11,146,099</u>	<u>279,553</u>	<u>69,346,065</u>
FUND BALANCES AT END OF YEAR	<u>\$ 47,124,348</u>	<u>\$ 23,669,248</u>	<u>\$ 262,726</u>	<u>\$ 71,056,322</u>

See accompanying notes to the basic 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, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,710,257

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	6,678,114
Depreciation	<u>(9,660,952)</u>
	<u>(2,982,838)</u>

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.

406,581

In the statement of activities, certain operating expenses--compensated absences (vacation and sick leave)--and other postemployment benefits 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).

(24,025)

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	(797,794)
Insurance provision	39,124
Loss on sale of fixed assets	(4,498)
Pension plan expense	<u>(4,519,000)</u>
	<u>(5,282,168)</u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of 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.

Repayment of bond principal	26,760,878
Issuance of general obligation bonds	(17,030,585)
Amortization of bond discounts, premiums and refunding loss	1,285,303
Repayment on note principal	1,302,813
Repayment of capital lease obligations	1,129,395
Issuance of capital lease obligations	<u>(530,581)</u>
	<u>12,917,223</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,745,030

See accompanying notes to the basic financial statements.

PROPRIETARY FUND STATEMENTS

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	Enterprise Fund <u>Food Service Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 573,297
Due from other governments	458,525
Inventories	<u>156,048</u>
TOTAL CURRENT ASSETS	1,187,870
CAPITAL ASSETS, net	<u>100,725</u>
TOTAL ASSETS	<u>1,288,595</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pension activity	822,000
Deferred outflows of resources - OPEB activity	<u>107,770</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>929,770</u>
LIABILITIES	
Accounts payable	96,436
Due to other funds	299,118
Compensated absences	228,629
Long-term liabilities	
Net pension liability	4,598,000
Other postemployment benefits	<u>602,467</u>
TOTAL LIABILITIES	<u>5,824,650</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension activity	265,000
Deferred inflows of resources - OPEB activity	<u>20,000</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>285,000</u>
NET POSITION	
Net investment in capital assets	100,725
Unrestricted	<u>(3,992,010)</u>
TOTAL NET POSITION	<u>\$ (3,891,285)</u>

See accompanying notes to the basic financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2018

	Enterprise Fund <u>Food Service Fund</u>
OPERATING REVENUES	
Food service revenue	\$ <u>1,226,968</u>
OPERATING EXPENSES	
Personnel	2,565,186
Operating	1,554,564
Purchased services	129,971
Depreciation	18,935
TOTAL OPERATING EXPENSES	<u>4,268,656</u>
OPERATING LOSS	<u>(3,041,688)</u>
NONOPERATING REVENUES	
Earnings on investments	2,429
Contributions	42,482
State sources	413,969
Federal sources	2,507,860
TOTAL NONOPERATING REVENUES	<u>2,966,740</u>
CHANGE IN NET POSITION	(74,948)
NET POSITION AT BEGINNING OF YEAR	<u>(3,816,337)</u>
NET POSITION AT END OF YEAR	<u>\$ (3,891,285)</u>

See accompanying notes to the basic financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2018

	Enterprise Fund <u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 1,226,968
Cash payments to employees for services	(2,565,186)
Cash payments to suppliers for goods and services	(914,431)
NET CASH USED BY OPERATING ACTIVITIES	<u>(2,252,649)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	413,969
Federal sources	2,179,000
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>2,592,969</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	2,429
Contributions received	42,482
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>44,911</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	385,231
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>188,066</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 573,297</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (3,041,688)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	18,935
Donated foods	282,236
Pension expense	92,000
OPEB expense	(132,765)
(Increase) decrease in	
Due from other funds	83,758
Inventories	(55,737)
Increase (decrease) in	
Due to other funds	299,118
Accounts payable	40,194
Employee benefits payable	161,300
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (2,252,649)</u>
SUPPLEMENTAL DISCLOSURES	
Noncash activities	
Donated foods	\$ 282,236

See accompanying notes to the basic financial statements.

FIDUCIARY FUNDS STATEMENTS

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private Purpose Trust Funds		Agency Funds		Total Fiduciary Funds
	Expendable Scholarships	Non - Expendable Scholarships	Student Activities	Concessions	
ASSETS					
Cash and cash equivalents	\$ 31,291	\$ 18,426	\$ 72,684	\$ 27,427	\$ 149,828
Investments	56,128	34,559	-	-	90,687
Due from school district	95	-	857	-	952
TOTAL ASSETS	<u>87,514</u>	<u>52,985</u>	<u>73,541</u>	<u>27,427</u>	<u>241,467</u>
LIABILITIES					
Accounts payable	1,750	1,000	3,197	18,563	24,510
Due to school district	-	2,394	-	8,864	11,258
Due to student groups	-	-	70,344	-	70,344
TOTAL LIABILITIES	<u>1,750</u>	<u>3,394</u>	<u>73,541</u>	<u>27,427</u>	<u>106,112</u>
NET POSITION					
Held in trust for benefits and other purposes	\$ <u>85,764</u>	\$ <u>49,591</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>135,355</u>

See accompanying notes to the basic financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Private Purpose Trust Funds</u>	
	<u>Expendable Scholarships</u>	<u>Non- Expendable Scholarships</u>
ADDITIONS		
Gifts and contributions	\$ 18,716	\$ -
Investment income	910	658
TOTAL ADDITIONS	<u>19,626</u>	<u>658</u>
DEDUCTIONS		
Scholarships awarded and fees paid	<u>17,177</u>	<u>2,449</u>
CHANGE IN NET POSITION	2,449	(1,791)
NET POSITION AT BEGINNING OF YEAR	<u>83,315</u>	<u>51,382</u>
NET POSITION AT END OF YEAR	<u>\$ 85,764</u>	<u>\$ 49,591</u>

See accompanying notes to the basic financial statements.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - 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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - 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 advance payments held in reserve representing future expenses have been recorded in the accompanying statement of net position as a prepaid expense (asset).

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 governmentwide 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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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 15). 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 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.

NOTE B - CASH AND INVESTMENTS

Cash

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. Deposits are insured under Act 72 of the 191 Session of the Pennsylvania General Assembly whereby financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of FDIC limits. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2018, the School District's bank balance of \$41,704,195 was exposed to custodial credit risk as follows:

FDIC insured	\$ 250,000
Uninsured and collateral held by pledging bank's trust department not in the School District's name	5,906,669
Covered by Act 72	<u>35,547,526</u>
	<u>\$ 41,704,195</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE B - CASH AND INVESTMENTS (Continued)

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, 2018, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Maturities</u>	
		<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
State investment pools	\$ 42,920,000	\$ 42,920,000	\$ -
Certificates of deposit	130,808	-	130,808
	<u>\$ 43,050,808</u>	<u>\$ 42,920,000</u>	<u>\$ 130,808</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, 2018, is \$42,920,000. 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, 2018, 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 \$130,808 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, 2018.

Concentration of Credit Risk - As of June 30, 2018, the School District's investments in certificates of deposits did not exceed 5% of the School District's total investments.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE C - 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 \$638,993,170 combined for Monroe County \$443,980,570, and Pike County for \$195,012,600. The tax rate for the year was \$122.9 mills per \$1,000 of assessed valuation for Pike County and \$177.9 mills per \$1,000 of assessed valuation for Monroe County.

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

Discount periodAugust 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 D - RECEIVABLES

Receivables at June 30, 2018, 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	\$ 14,575,649	\$ -
Earned income taxes	8,984	-
Local service taxes	371	-
Transfer taxes	96,938	-
Federal subsidies	979,937	402,622
State subsidies	2,509,741	55,903
Other governments	113,640	-
Other revenue	165,810	-
	<u>\$ 18,451,070</u>	<u>\$ 458,525</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2018, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 8,450
General Fund	Non-Expendable Scholarship Fund	2,394
General Fund	Concession Fund	8,864
General Fund	Food Service Fund	299,118
Capital Project Fund	General Fund	264,783
Expendable Trust Fund	General Fund	95
Student Activities Fund	General Fund	857
		<u>\$ 584,561</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, Expendable Scholarship Fund and the Non-expendable Scholarship Fund are for fees and other expenses for student athletics.

Interfund transfers for the year ended June 30, 2018, are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ <u>14,500,000</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE F - CAPITAL ASSETS

Capital assets balances and activity for the year ending June 30, 2018, 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	89,098	1,634,975	-	1,724,073
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	5,287,637	1,634,975	-	6,922,612
Capital assets being depreciated				
Site improvements	13,507,817	-	-	13,507,817
Buildings and building improvements	250,402,457	-	-	250,402,457
Furniture and equipment	25,684,338	5,043,139	(144,677)	30,582,800
TOTAL CAPITAL ASSETS BEING DEPRECIATED	289,594,612	5,043,139	(144,677)	294,493,074
Accumulated depreciation				
Site improvements	(8,722,740)	(523,647)	-	(9,246,387)
Buildings and building improvements	(83,090,580)	(6,413,650)	-	(89,504,230)
Furniture and equipment	(16,772,516)	(2,723,655)	140,179	(19,355,992)
TOTAL ACCUMULATED DEPRECIATION	(108,585,836)	(9,660,952)	140,179	(118,106,609)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	181,008,776	(4,617,813)	(4,498)	176,386,465
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	186,296,413	(2,982,838)	(4,498)	183,309,077
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Machinery and equipment	452,755	-	-	452,755
Accumulated depreciation	(333,095)	(18,935)	-	(352,030)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	119,660	(18,935)	-	100,725
TOTAL CAPITAL ASSETS, net	\$ 186,416,073	\$ (3,001,773)	\$ (4,498)	\$ 183,409,802

NOTE G - LONG-TERM DEBT

Descriptions of debt outstanding as of June 30, 2018, are as follows:

General Obligation Notes - Series 1998

The School District incurred general obligation notes for \$10,000,000 on January 2, 1998. Proceeds of the notes were used for general construction costs and to pay the costs of issuing the notes. The notes mature from June 1, 1998 to June 1, 2018. Interest rates are variable based on market rates.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE G - LONG-TERM DEBT (Continued)

General Obligation Notes - Series 1999

The School District incurred general obligation notes for \$7,000,000 on April 14, 1999. Proceeds of the notes were used for general construction costs and to pay the costs of issuing the notes. The notes mature from December 1, 2000 to December 1, 2019. Interest rates are variable based on market rates.

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 - Series 2007A

The School District issued \$37,500,000 General Obligation Bonds, Series A of 2007, on November 1, 2007. Proceeds of the bonds were used to provide additional funds for designing, acquiring, constructing, equipping and furnishing additions, alterations and renovations to the High School South and other capital improvements to facilities owned and operated by the School District, to capitalize a portion of the interest on the bonds and to pay the costs of issuing the bonds. Interest rate is 7.75%. These bonds were paid off during the current fiscal year.

General Obligation Bonds - Series 2008

The School District issued \$32,320,000 General Obligation Bonds, Series of 2008, on April 15, 2009. Proceeds of the bonds were used to provide additional funds for designing, acquiring, constructing, equipping and furnishing additions, alterations and renovations to the Middle Smithfield Elementary School, to provide for the acquisition of real estate, and other capital improvements to facilities owned and operated by the School District, to capitalize a portion of the interest on the bonds and to pay the costs of issuing the bonds. The bonds mature from September 1, 2010 to September 1, 2029. Interest rates vary from 4.00% to 5.00%. The bonds were fully refunded in December 2017 with the issuance of General Obligation Bond, Series AAA of 2017.

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%.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE G - LONG-TERM DEBT (Continued)

General Obligation Bonds - Series of 2012

The School District issued \$7,495,000 General Obligation Bonds, Series 2012, on January 3, 2012. Proceeds of this bond issue will be used to provide funds to currently refund General Obligation Bonds, Series 2004A and to pay related costs and expenses, including the costs of issuing the 2012 bonds. The bonds mature in 2019 at various interest rates of the refunded bonds.

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.

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 A of 2014

On September 17, 2014, the School District issued \$8,720,000 General Obligation Bonds, Series A of 2014. Proceeds of this bond issue will be used to partially refund the School District's outstanding General Obligation Notes, Series of 2009, 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 \$1,273,966.

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 \$189,669. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE G - LONG-TERM DEBT (Continued)

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 A of 2015

On October 8, 2015, the School District issued \$6,163,000 General Obligation Bonds, Series A of 2015. Proceeds of this bond issue will be used to refund the School District's outstanding General Obligation Bonds, Series A of 2010, and to pay the costs in connection with the issuance of the bonds. The bonds mature in 2019 at varying interest rates. The refunding resulted in an economic gain of \$49,654.

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 \$57,248. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE G - LONG-TERM DEBT (Continued)

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.

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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE G - LONG-TERM DEBT (Continued)

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. 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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE G - LONG-TERM DEBT (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 10,377,090	\$ 5,437,466	\$ 15,814,556
2020	10,548,095	5,095,025	15,643,120
2021	10,989,688	4,672,633	15,662,321
2022	11,432,054	4,227,988	15,660,042
2023	11,843,878	3,777,061	15,620,939
2024 to 2028	66,592,621	11,062,893	77,655,514
2029 to 2033	30,534,069	953,516	31,487,585
2034 to 2038	25,000	4,219	29,219
2039 to 2040	10,000	375	10,375
	<u>\$ 152,352,495</u>	<u>\$ 35,231,176</u>	<u>\$ 187,583,671</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 from Apple, HP and Cisco. 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	\$ 5,316,904
Accumulated depreciation	<u>(3,091,196)</u>
	<u>\$ 2,225,708</u>

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

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE G - LONG-TERM DEBT (Continued)

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2018, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 707,775
2020	526,442
2021	129,999
Amount representing interest	<u>(44,395)</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$ 1,319,821</u>

Defeased Debt

The School District has advance-refunded various bond issues by creating separate irrevocable trust funds containing U.S. Government securities or securities collateralized by U.S. Government securities. The securities and earnings thereon are considered sufficient to fully service the bonds until they are called or mature. For financial reporting purposes, the bonds are considered defeased and the liability for those bonds has been removed from the accounts of the School District. As of June 30, 2018, the School District has defeased debt outstanding of \$19,600,000

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE H - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions/ Refundings	Reductions/ Maturities	Balance June 30, 2018	Amount Due Within One Year
GOVERNMENTAL ACTIVITIES					
GENERAL OBLIGATION NOTES					
Series of 1998	\$ 800,000	\$ -	\$ (800,000)	\$ -	\$ -
Series of 1999	980,000	-	(480,000)	500,000	500,000
Series of 2006	453,937	-	(22,813)	431,124	23,985
TOTAL GENERAL OBLIGATION NOTES	2,233,937	-	(1,302,813)	931,124	523,985
GENERAL OBLIGATION BONDS					
Series A of 2007	1,750,000	-	(1,750,000)	-	-
Series of 2008	17,045,000	(17,040,000)	(5,000)	-	-
Series of 2010 QSCB	852,363	-	(64,547)	787,816	75,938
Series D of 2011 QZAB	386,060	-	(24,562)	361,498	29,167
Series of 2012	3,970,000	-	(3,235,000)	735,000	735,000
Series of 2013	7,240,000	-	(250,000)	6,990,000	150,000
Series of 2014	12,502,000	-	(884,769)	11,617,231	3,340,000
Series A of 2014	8,315,000	-	(5,000)	8,310,000	5,000
Series AA of 2014	7,385,000	-	(265,000)	7,120,000	250,000
Series of 2015	7,990,000	-	(190,000)	7,800,000	195,000
Series A of 2015	3,135,000	-	(1,547,000)	1,588,000	1,588,000
Series of 2016	9,305,000	-	(130,000)	9,175,000	135,000
Series A of 2016	4,910,000	-	(785,000)	4,125,000	810,000
Series of 2017	7,210,000	-	(70,000)	7,140,000	70,000
Series A of 2017	1,870,000	-	(10,000)	1,860,000	95,000
Series AA of 2017	68,235,000	-	(505,000)	67,730,000	2,370,000
Series of AAA of 2017	-	16,085,000	-	16,085,000	5,000
TOTAL GENERAL OBLIGATION BONDS	162,100,423	(955,000)	(9,720,878)	151,424,545	9,853,105
Deferred amounts					
Issuance premiums	11,025,490	1,322,557	(1,891,254)	10,456,793	-
TOTAL DEFERRED AMOUNTS	11,025,490	1,322,557	(1,891,254)	10,456,793	-
TOTAL GENERAL OBLIGATION BONDS, net	173,125,913	367,557	(11,612,132)	161,881,338	9,853,105
CAPITAL LEASES	1,918,635	530,581	(1,129,395)	1,319,821	680,705
COMPENSATED ABSENCES	5,819,280	261,073	-	6,080,353	-
NET PENSION LIABILITY	241,808,000	-	(16,503,000)	225,305,000	-
OTHER POSTEMPLOYMENT BENEFITS	36,399,992	3,648,662	(2,151,243)	37,897,411	-
	\$ 461,305,757	\$ 4,807,873	\$ (32,698,583)	\$ 433,415,047	\$ 11,057,795

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE H - CHANGES IN LONG-TERM LIABILITIES (Continued)

	Balance July 1, 2017	Additions/ Refundings	Reductions/ Maturities	Balance June 30, 2018	Amount Due Within One Year
BUSINESS-TYPE ACTIVITIES					
COMPENSATED					
ABSENCES	\$ 212,714	\$ 15,915	\$ -	\$ 228,629	\$ -
NET PENSION LIABILITY	4,935,000	-	(337,000)	4,598,000	-
OTHER POSTEMPLOYMENT					
BENEFITS	502,077	130,729	(30,339)	602,467	-
	<u>\$ 5,649,791</u>	<u>\$ 146,644</u>	<u>\$ (367,339)</u>	<u>\$ 5,429,096</u>	<u>\$ -</u>

NOTE I - 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, 2018, deferred inflow of resources consisted of delinquent taxes receivable of \$11,872,671.

NOTE J - 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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE J - PENSION PLAN (Continued)

Benefits Provided - PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 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 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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE J - PENSION PLAN (Continued)

- 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, 2017, was 29.20% of covered payroll, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the School District were \$17,831,000 for the year ended June 30, 2017.

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

At June 30, 2018, the School District reported a liability of \$229,903,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016 to June 30, 2017. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2017, the School District's proportion was 0.4655%, which was an increase of 0.0324% from its proportion measured as of June 30, 2016.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE J - PENSION PLAN (Continued)

For the year ended June 30, 2018, the School District recognized pension expense of \$22,843,000. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ 2,351,000	\$ 1,361,000
Changes in assumptions	6,120,000	-
Net difference between projected and actual investment earnings	5,221,000	-
Changes in proportions	7,009,000	11,538,000
Difference between employer contributions and proportionate share of total contributions	744,000	86,000
Contributions subsequent to the measurement date	<u>18,834,000</u>	<u>-</u>
	<u>\$ 40,279,000</u>	<u>\$ 12,985,000</u>
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	\$ 48,000	\$ 28,000
Changes in assumptions	125,000	-
Net difference between projected and actual investment earnings	107,000	-
Changes in proportions	143,000	235,000
Difference between employer contributions and proportionate share of total contributions	15,000	2,000
Contributions subsequent to the measurement date	<u>384,000</u>	<u>-</u>
	<u>\$ 822,000</u>	<u>\$ 265,000</u>

The \$19,218,000 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 new pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2019	\$ 3,587,000	\$ 73,000
2020	5,830,000	119,000
2021	2,801,000	57,000
2022	<u>(3,758,000)</u>	<u>(76,000)</u>
	<u>\$ 8,460,000</u>	<u>\$ 173,000</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE J - PENSION PLAN (Continued)

Actuarial Assumptions - The total pension liability as of June 30, 2017, was determined by rolling forward the System's total pension liability as of the June 30, 2016 actuarial valuation to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Changes in assumptions used in the measurement of the Total Pension Liability beginning June 30, 2017:

- Actuarial cost method – entry age normal – level percent of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases
- Mortality rates were based on RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The long-term expected rate of return on 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 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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE J - PENSION PLAN (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.3%
Fixed income	36.0%	2.1%
Commodities	8.0%	2.5%
Absolute return	10.0%	3.3%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	4.8%
Real estate	10.0%	4.0%
Alternative investments	15.0%	6.6%
Cash	3.0%	0.2%
Financing (LIBOR)	-20.0%	0.5%
	100.0%	

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, 2017.

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	\$ 282,991,000	\$ 229,903,000	\$ 185,082,000

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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE K - OTHER POST-EMPLOYMENT BENEFITS – PSERS

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. 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 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, 2017 there were no assumed future benefit increases to participating eligible retirees.

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.

Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in 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.pfers.pa.gov.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE K - OTHER POST-EMPLOYMENT BENEFITS – PSERS (Continued)

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, 2017 there were no assumed future benefit increases to participating eligible retirees.

Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 0.83% 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 District were \$507,000 for the year ended June 30, 2017.

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

At June 30, 2018, the District reported a liability of \$9,484,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, 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, 2016 to June 30, 2017. The District'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, 2018, the District's proportion was 0.4655% percent, which was a decrease of 0.0324% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District recognized OPEB expense of \$(205,000). At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ 10,000	\$ -
Changes in assumptions	-	432,000
Net difference between projected and actual investment earnings	-	-
Changes in proportions	-	587,000
Difference between employer contributions and proportionate share of total contributions	-	7,000
Contributions subsequent to the measurement date	<u>493,000</u>	<u>-</u>
	<u>\$ 503,000</u>	<u>\$ 1,026,000</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE K - OTHER POST-EMPLOYMENT BENEFITS – PSERS (Continued)

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	9,000
Net difference between projected and actual investment earnings	-	-
Changes in proportions	-	11,000
Difference between employer contributions and proportionate share of total contributions	-	-
Contributions subsequent to the measurement date	<u>10,000</u>	<u>-</u>
	<u>\$ 10,000</u>	<u>\$ 20,000</u>

\$503,000 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2019	\$ (169,000)	\$ (3,000)
2020	(169,000)	(3,000)
2021	(169,000)	(3,000)
2022	(169,000)	(3,000)
2023	(169,000)	(3,000)
Thereafter	<u>(171,000)</u>	<u>(5,000)</u>
	<u>\$ (1,016,000)</u>	<u>\$ (20,000)</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE K - OTHER POST-EMPLOYMENT BENEFITS – PSERS (Continued)

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2017, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2016 to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 3.13% - 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 or 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, 2015 determined the employer contribution rate for fiscal year 2017.
- 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 and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE K - OTHER POST-EMPLOYMENT BENEFITS – PSERS (Continued)

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	76.4%	0.6%
Fixed income	23.6%	1.5%
	<u>100.0%</u>	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 3.13%. 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 3.13% which represents the S&P 20 year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE K - OTHER POST-EMPLOYMENT BENEFITS – PSERS (Continued)

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2017, 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, 2016, 91,797 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2016, 1,354 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 System net OPEB liability for June 30, 2017, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ <u>9,482,000</u>	\$ <u>9,484,000</u>	\$ <u>9,486,000</u>

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Change in the Discount Rates

The following presents the net OPEB liability, calculated using the discount rate of 3.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13%) or 1-percentage-point higher (4.13%) than the current rate:

	<u>1% Decrease 2.13%</u>	<u>Current Discount Rate 3.13%</u>	<u>1% Increase 4.13%</u>
District's proportionate share of the net OPEB liability	\$ <u>10,781,000</u>	\$ <u>9,484,000</u>	\$ <u>8,407,000</u>

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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE L – OTHER POST-EMPLOYMENT 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, 2017, plan membership consisted of the following:

Active plan members	1,170
Retired members	75
	<hr/>
	1,245
	<hr/> <hr/>

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, 2018 benefit payments paid as they came due were \$940,582.

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 – 3.13% Based on S&P Municipal Bond 20 Year High Grade Rate at July 1, 2017.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE L - OTHER POST-EMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (Continued)

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	2.5700%	5.0200%	45	1.3700%	1.6500%
30	2.5700%	4.0200%	50	1.9200%	2.0600%
35	1.5000%	2.8500%	55	3.3000%	3.1100%
40	1.3400%	1.6000%	60	5.5700%	6.4000%

Mortality – Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined pension plan actuarial valuation.

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.

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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE L - OTHER POST-EMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (Continued)

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 serve to reduce or increase the Unfunded Accrued Liability.

Participant Data – Based on census information as of September 2016. Due to the timing of school district turnover, the data is believed to be representative of the population for the 2016-2017 school year.

Changes in Assumptions - In the 2017 actuarial valuation, the discount rate changed from 4.50% to 3.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ <u>26,177,069</u>
Changes for the year	
Service cost	1,644,481
Interest cost	680,070
Changes for experience	-
Changes in assumptions	1,454,840
Benefit payments	<u>(940,582)</u>
Net changes	<u>2,838,809</u>
Balance at June 30, 2018	<u>\$ <u>29,015,878</u></u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE L - OTHER POST-EMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (Continued)

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 (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
Total OPEB liability	\$ <u>31,367,868</u>	\$ <u>29,015,878</u>	\$ <u>26,787,143</u>

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	Current Rates	1% Increase
Total OPEB liability	\$ <u>25,225,485</u>	\$ <u>29,015,878</u>	\$ <u>33,548,202</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2018, the School recognized OPEB expense of \$254,000. At June 30, 2018, 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		
Changes in assumptions	\$ 1,231,587	\$ -
Contributions subsequent to the measurement date	<u>1,025,879</u>	<u>-</u>
	\$ <u>2,257,466</u>	\$ <u>-</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE L - OTHER POST-EMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
BUSINESS-TYPE ACTIVITIES		
Changes in assumptions	\$ 90,995	\$ -
Contributions subsequent to the measurement date	<u>6,775</u>	<u>-</u>
	<u>\$ 97,770</u>	<u>\$ -</u>

\$1,032,654 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2019	\$ 123,158	\$ 9,100
2020	123,158	9,100
2021	123,158	9,100
2022	123,158	9,100
2023	123,158	9,100
Thereafter	<u>615,797</u>	<u>45,495</u>
	<u>\$ 1,231,587</u>	<u>\$ 90,995</u>

NOTE M - 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.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE N - 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 2017-2018 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, 2018.

NOTE O - FUND BALANCES

As of June 30, 2018, 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	\$ 134,586	\$ -	\$ -	\$ 134,586
Restricted				
Capital projects	-	23,669,248	-	23,669,248
Student activities	-	-	262,726	262,726
Committed				
Future retirement benefits	18,545,532	-	-	18,545,532
Future healthcare costs	6,000,000	-	-	6,000,000
Assigned				
Capital projects	-	-	-	-
Student athletics	21,924	-	-	21,924
Future budget expenditures	8,488,285	-	-	8,488,285
Future Educational Programs	4,000,000	-	-	4,000,000
Unassigned	9,934,021	-	-	9,934,021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCE	\$ <u>47,124,348</u>	\$ <u>23,669,248</u>	\$ <u>262,726</u>	\$ <u>71,056,322</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE P - PRIOR PERIOD RESTATEMENT

The School District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefit (OPEB) plans. GASB Statement No. 75 states that the School District must record their share of the Public School Employees' Retirement System (PSERS) unfunded liability. In addition, the School also must record the total liability of their single employer other postemployment benefit plan.

For the government-wide governmental activities, the School District has treated their proportionate share of the beginning of year PSERS net OPEB liability of \$10,510,000 and the beginning of year single employer OPEB plan liability of \$12,124,552 as having been recognized in the period incurred. As part of the implementation, the previously recognized obligation for OPEB under GASB 45 in the amount of \$13,764,940 will be reversed. The School District has adjusted beginning net position for the governmental activities from (\$112,370,568) to (\$135,005,620).

For the government-wide business-type activities and the proprietary fund food service fund, the School District has treated their proportionate share of the beginning of year PSERS net OPEB liability of \$214,500 and the beginning of year single employer OPEB plan liability of \$19,995 as having been recognized in the period incurred. As part of the implementation, the previously recognized obligation for OPEB under GASB 45 in the amount of \$267,582 will be reversed. The School District has adjusted beginning net position for the governmental activities from (\$3,581,842) to (\$3,816,337).

REQUIRED SUPPLEMENTARY INFORMATION

EAST STROUDSBURG AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual (GAAP Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 104,021,036	\$ 104,021,036	\$ 106,445,155	\$ 2,424,119
State sources	43,694,866	43,694,866	45,654,571	1,959,705
Federal sources	2,445,516	2,445,516	3,267,619	822,103
TOTAL REVENUES	<u>150,161,418</u>	<u>150,161,418</u>	<u>155,367,345</u>	<u>5,205,927</u>
EXPENDITURES				
Regular programs	55,989,443	55,989,443	56,092,481	(103,038)
Special programs	23,331,885	23,331,885	23,418,239	(86,354)
Vocational programs	2,835,873	2,835,873	2,476,978	358,895
Other instructional programs	2,632,452	2,632,452	1,694,419	938,033
Pupil personnel services	5,109,522	5,109,522	5,494,878	(385,356)
Instructional staff services	2,414,381	2,414,381	2,539,954	(125,573)
Administrative services	7,068,941	7,068,941	6,983,150	85,791
Pupil health services	2,230,541	2,230,541	1,902,978	327,563
Business services	1,269,365	1,269,365	1,372,601	(103,236)
Operation and maintenance of plant	13,878,055	13,878,055	13,444,390	433,665
Student transportation services	13,250,595	13,250,595	12,712,022	538,573
Central and other support services	5,135,986	5,135,986	3,690,612	1,445,374
Other support services	45,000	45,000	-	45,000
Student activities and athletics	2,550,971	2,550,971	2,462,750	88,221
Community services	182,129	182,129	164,685	17,444
Refund of prior year revenues	-	-	513,756	(513,756)
Debt service	18,435,701	18,435,701	17,158,637	1,277,064
TOTAL EXPENDITURES	<u>156,360,840</u>	<u>156,360,840</u>	<u>152,122,530</u>	<u>4,238,310</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,199,422)</u>	<u>(6,199,422)</u>	<u>3,244,815</u>	<u>9,444,237</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,268,960	2,268,960	108,539	(2,160,421)
Proceeds from capital leases	-	-	530,581	530,581
Proceeds from issuance of refunding bonds	1,687,236	1,687,236	-	(1,687,236)
Payment to refunded bond escrow agent	-	-	(180,000)	(180,000)
Transfer out	-	-	(14,500,000)	(14,500,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,956,196</u>	<u>3,956,196</u>	<u>(14,040,880)</u>	<u>(17,648,924)</u>
NET CHANGE IN FUND BALANCE	<u>(2,243,226)</u>	<u>(2,243,226)</u>	<u>(10,796,065)</u>	<u>(8,204,687)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>57,920,413</u>	<u>57,920,413</u>	<u>57,920,413</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 55,677,187</u>	<u>\$ 55,677,187</u>	<u>\$ 47,124,348</u>	<u>\$ (8,204,687)</u>

See accompanying note to the budgetary comparison schedule.

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2018

NOTE A - 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 2017-2018 budget transfers.

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULES OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST FOUR FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
SCHOOL DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY (ASSET)	<u>0.4655%</u>	<u>0.4979%</u>	<u>0.4816%</u>	<u>0.4727%</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	<u>\$ 229,903,000</u>	<u>\$ 246,743,000</u>	<u>\$ 208,606,000</u>	<u>\$ 187,098,000</u>
SCHOOL DISTRICT'S COVERED-EMPLOYEE PAYROLL	<u>\$ 61,975,884</u>	<u>\$ 64,481,384</u>	<u>\$ 61,968,592</u>	<u>\$ 60,318,006</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL	<u>370.96%</u>	<u>382.66%</u>	<u>336.63%</u>	<u>310.19%</u>
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>51.84%</u>	<u>50.14%</u>	<u>54.36%</u>	<u>57.24%</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULES OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
LAST FOUR FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 19,218,000	\$ 17,831,000	\$ 15,775,000	\$ 12,435,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>19,218,000</u>	<u>17,831,000</u>	<u>15,775,000</u>	<u>12,435,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SCHOOL DISTRICT'S COVERED-EMPLOYEE PAYROLL	<u>\$ 61,803,727</u>	<u>\$ 61,975,884</u>	<u>\$ 64,481,384</u>	<u>\$ 61,968,592</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>31.10%</u>	<u>28.77%</u>	<u>24.46%</u>	<u>20.07%</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE
PSERS NET OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY
LAST FISCAL YEAR

SCHOOL DISTRICT'S PROPORTION OF THE NET OPEB LIABILITY (ASSET)	<u>0.4655%</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)	<u>\$ 9,484,000</u>
SCHOOL DISTRICT'S COVERED-EMPLOYEE PAYROLL	<u>\$ 61,803,727</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL	<u>15.35%</u>
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u>5.73%</u>

NOTES TO SCHEDULE

The District's covered employee payroll noted above is as of the measurement date of the net pension liability (June 30, 2017).

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PSERS OTHER POSTEMPLOYMENT
BENEFIT PLAN CONTRIBUTIONS
LAST FISCAL YEAR

CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 503,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>503,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u><u>-</u></u>
SCHOOL DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ <u><u>61,803,727</u></u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u><u>0.81%</u></u>

NOTE TO SCHEDULE

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT
BENEFIT PLAN LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR

TOTAL OPEB LIABILITY	
Service cost	\$ 1,644,481
Interest	680,070
Changes of assumptions	1,454,840
Benefit payments	<u>(940,582)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	2,838,809
TOTAL OPEB LIABILITY, BEGINNING	<u>26,177,069</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 29,015,878</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 58,055,233</u>
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>49.98%</u>

NOTES TO SCHEDULE

No assets are accumulated in a trust to pay benefits related to this plan.

Changes in assumptions: In the 2017 actuarial valuation, the discount rate changed from 4.50% to 3.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

***Independent Auditors' 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***

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of East Stroudsburg Area School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the East Stroudsburg Area School District's basic financial statements, and have issued our report thereon dated _____.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Stroudsburg Area School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Stroudsburg Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Stroudsburg Area School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Stroudsburg Area School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

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.

Oaks, Pennsylvania

***Independent Auditors' Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance and Report in Accordance With the Uniform
Guidance***

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 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 East Stroudsburg Area School District's major federal programs for the year ended June 30, 2018. The East Stroudsburg Area School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of East Stroudsburg Area School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 East Stroudsburg Area School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the East Stroudsburg Area School District's compliance.

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

Opinion on Each Major Federal Program

In our opinion, the East Stroudsburg Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the East Stroudsburg Area School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the East Stroudsburg Area School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 East Stroudsburg Area School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Oaks, Pennsylvania

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>
U.S. DEPARTMENT OF EDUCATION				
Impact Aid	84.041	N/A	July 1, 2017 to June 30, 2018	N/A
Passed through the Pennsylvania Department of Education				
Title I	84.010	013-170129	July 1, 2016 to September 30, 2017	1,766,212
Title I	84.010	013-180129	July 1, 2017 to September 30, 2018	1,849,291
TOTAL TITLE I				
Title II, Improving Teacher Quality 16-17	84.367	020-170129	July 1, 2016 to September 30, 2017	192,448
Title II, Improving Teacher Quality 17-18	84.367	020-180129	July 1, 2017 to September 30, 2018	289,882
TOTAL TITLE II				
Title III, Language Instruction 16-17	84.365	010-170129	July 1, 2016 to September 30, 2017	25,627
Title III, Language Instruction 17-18	84.365	010-180129	July 1, 2017 to September 30, 2018	26,077
TOTAL TITLE III				
Title IV, Student Support & Academic Enrichment	84.424	144-180129	July 1, 2017 to September 30, 2018	42,047
Keystone to Opportunity	84.371	143-160129	July 1, 2016 to September 30, 2017	195,341
SUBTOTAL FORWARD				

<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at July 1, 2017</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2018</u>	<u>Passed Through to Subrecipients</u>
\$ 612,150	\$ -	\$ 612,150	\$ 612,150	\$ -	\$ -
935,174	511,073	424,101	424,101	-	-
<u>1,333,544</u>	<u>-</u>	<u>1,518,571</u>	<u>1,518,571</u>	<u>185,027</u>	<u>-</u>
<u>2,268,718</u>	<u>511,073</u>	<u>1,942,672</u>	<u>1,942,672</u>	<u>185,027</u>	<u>-</u>
76,673	76,043	630	630	-	-
<u>166,990</u>	<u>-</u>	<u>168,199</u>	<u>168,199</u>	<u>1,209</u>	<u>-</u>
<u>243,663</u>	<u>76,043</u>	<u>168,829</u>	<u>168,829</u>	<u>1,209</u>	<u>-</u>
8,542	(3,885)	12,427	12,427	-	-
<u>7,451</u>	<u>-</u>	<u>9,913</u>	<u>9,913</u>	<u>2,462</u>	<u>-</u>
<u>15,993</u>	<u>(3,885)</u>	<u>22,340</u>	<u>22,340</u>	<u>2,462</u>	<u>-</u>
<u>12,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,013)</u>	<u>-</u>
<u>45,835</u>	<u>(8,096)</u>	<u>53,931</u>	<u>53,931</u>	<u>-</u>	<u>-</u>
\$ <u>3,198,372</u>	\$ <u>575,135</u>	\$ <u>2,799,922</u>	\$ <u>2,799,922</u>	\$ <u>176,685</u>	\$ <u>-</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount
U.S. DEPARTMENT OF EDUCATION				
SUBTOTAL FORWARDED				
Passed through the Colonial Intermediate Unit				
Special Education - Grants to the States (I.D.E.A.)	84.027	N/A	July 1, 2016 to June 30, 2017	1,049,604
Special Education - Grants to the States (I.D.E.A.)	84.027	N/A	July 1, 2017 to June 30, 2018	1,060,543
Special Education - Grants to the States (I.D.E.A.)	84.027	N/A	July 1, 2017 to June 30, 2018	4,620
School Based Behavioral Health	84.027	N/A	July 1, 2016 to June 30, 2017	10,000
School Based Behavioral Health	84.027	N/A	July 1, 2017 to June 30, 2018	12,000
TOTAL SPECIAL EDUCATION CLUSTER				
TOTAL U.S. DEPARTMENT OF EDUCATION				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Public Welfare Access	93.778	N/A	July 1, 2016 to September 30, 2017	78,994
Public Welfare Access	93.778	N/A	July 1, 2017 to September 30, 2018	
TOTAL MEDICAID CLUSTER				
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the Pennsylvania Department of Education				
National School Breakfast Program	10.553			N/A
National School Lunch Program	10.555			N/A
Passed through the Pennsylvania Department of Agriculture				
U.S.D.A. Donated Commodities	10.555			N/A
TOTAL CHILD NUTRITION CLUSTER				
Farm to School	10.560		January 15, 2016 to December 31, 2017	1,000
TOTAL U.S. DEPARTMENT OF AGRICULTURE				
TOTAL FEDERAL AWARDS				

See accompanying notes to the schedule of expenditures of federal awards.

<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at July 1, 2017</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2018</u>	<u>Passed Through to Subrecipients</u>
\$ 3,198,372	\$ 575,135	\$ 2,799,922	\$ 2,799,922	\$ 176,685	\$ -
391,867	391,867	-	-	-	-
633,916	-	1,060,543	1,060,543	426,627	-
4,620	-	4,620	4,620	-	-
10,000	10,000	-	-	-	-
-	-	12,000	12,000	12,000	-
<u>1,040,403</u>	<u>401,867</u>	<u>1,077,163</u>	<u>1,077,163</u>	<u>438,627</u>	<u>-</u>
<u>4,238,775</u>	<u>977,002</u>	<u>3,877,085</u>	<u>3,877,085</u>	<u>615,312</u>	<u>-</u>
40,131	40,131	-	-	-	-
<u>34,686</u>	<u>-</u>	<u>76,544</u>	<u>76,544</u>	<u>41,858</u>	<u>-</u>
<u>74,817</u>	<u>40,131</u>	<u>76,544</u>	<u>76,544</u>	<u>41,858</u>	<u>-</u>
<u>74,817</u>	<u>40,131</u>	<u>76,544</u>	<u>76,544</u>	<u>41,858</u>	<u>-</u>
536,161	92,949	546,134	546,134	102,922	-
1,648,765	268,975	1,679,490	1,679,490	299,700	-
<u>289,099</u>	<u>(84,727)</u>	<u>282,237</u>	<u>282,237</u>	<u>(91,589)</u>	<u>-</u>
<u>2,474,025</u>	<u>277,197</u>	<u>2,507,861</u>	<u>2,507,861</u>	<u>311,033</u>	<u>-</u>
<u>400</u>	<u>(541)</u>	<u>257</u>	<u>257</u>	<u>(684)</u>	<u>-</u>
<u>2,474,425</u>	<u>276,656</u>	<u>2,508,118</u>	<u>2,508,118</u>	<u>310,349</u>	<u>-</u>
<u>\$ 6,788,017</u>	<u>\$ 1,293,789</u>	<u>\$ 6,461,747</u>	<u>\$ 6,461,747</u>	<u>\$ 967,519</u>	<u>\$ -</u>

EAST STROUDSBURG AREA SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

NOTE A - ORGANIZATION AND SCOPE

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. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C - DONATED FOOD

Donated food has been valued according to market value estimates provided by the U.S.D.A.

NOTE D - PROGRAM DISCLOSURES

U.S. Department of Education

Funds passed through the Pennsylvania Department of Education under Title I are used primarily to provide education to economically disadvantaged children. Funds received under other grants are used to support instructional programs.

U.S. Department of Agriculture

Funds passed through the Pennsylvania Departments of Education and Agriculture are used to provide nutritional meals to economically disadvantaged children.

NOTE E - INDIRECT COST RATES

The School District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

EAST STROUDSBURG AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **No**

Noncompliance material to financial statements noted: **No**

Federal Awards

Internal control over major programs:

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **No**

Type of auditors' report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Guidance: **No**

Identification of major programs:

Program	CFDA
Special Educations Cluster	84.027
Impact Aid	84.041

The threshold used for distinguishing Types A and B programs was \$750,000.

Auditee qualified as a low-risk auditee: **Yes**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

EAST STROUDSBURG AREA SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018

None.

V. ITEMS FOR DISCUSSION

b. Blackboard Website and Mass Notification Renewal - \$32,452.50

Blackboard Website Renewal

In Spring of 2011, the school district migrated its website and content management system software with web hosting to Schoolwires along with upgrading the district website. The district's current agreement with Blackboard (Blackboard bought out Schoolwires back in 2015/16) expires on June 30th, 2019. A committee consisting of teachers, technology coaches, information technologists, principals, and central office administrators reviewed three website solutions: Blackboard, Edlio, and Schoolpointe. Each provider demonstrated their products during 2 hour presentations for the committee. The overwhelming consensus of the committee was to renew with Blackboard. Additionally, we felt it was imperative to have a student voice in the decision. We asked twenty-four intermediate school students who are members of the iTeam and thirty-two high school students who are members of the eTeam to review websites that each of the three companies provided as references. The majority of the students picked Blackboard.

The criteria used for reviewing each solution is as follows:

- Simple, consistent page layout throughout the site
- Searchability
- Translation
- Backend use friendly
- Tiered editing permissions
- Ease of integration with SIS (Student Information System)
- Customer service/training resources
- ADA/OCR compliance

In negotiating pricing, we are able to leverage our Blackboard Connect-Ed mass notification system into the bundle with our website content management with web hosting bundle, as well as adding the Ally product which insures our website is ADA/OCR compliant.

The current cost for both products is \$31,969.28.

The renewal cost for both products, plus the ADA/OCR Ally software is \$32,452.50.

Annual renewal cost increases by \$483.22

Proposed Solution and Pricing for East Stroudsburg Area SD – CE Bundle at \$4.67/Student

The following section is a pricing overview that includes the items that are appropriate for your district based on our discussions and my understanding of the scope of your project. The chart below shows you the summary of the costs during the initial period, as well as the recurring annual costs.

Please review the proposed solution and contact me, Kaitlin Ford, at (570) 337-8891 or kaitlin.ford@blackboard.com with questions. The pricing below is valid until 04/01/2019.

Contract Term: 39 Months, from 04-01-2019 to 06-30-2022

Your total costs on an annual basis are as defined in the pricing table(s) below.

Upgrading website to Essentials	Description	Qty / Sites	Term Period #1 04/01/2019 - 06/30/2019	Term Period #2 07/01/2019 - 06/30/2020	Term Period #3 07/01/2020 - 06/30/2021	Term Period #4 07/01/2021 - 06/30/2022
BLACKBOARD WCM ESSENTIAL, 2,001 - 20,000 Users	Website and content management system software with reliable web hosting.	11	\$2,742.47	\$11,000.00	\$11,000.00	\$11,000.00
ACTIVATION: WCM ESSENTIAL UPGRADE	Configuration of the new features of the Web Community Manager software package.	1				
IMPLEMENTATION: WCM ESSENTIAL SECURE LDAP	Implementation service; authenticate login credentials to the district's directory server and provide single sign-on access.	1				

Product	Description	Qty / Sites	Term Period #1 04/01/2019 - 06/30/2019	Term Period #2 07/01/2019 - 06/30/2020	Term Period #3 07/01/2020 - 06/30/2021	Term Period #4 07/01/2021 - 06/30/2022
WCM ALLY IMPL BUNDLE, 4001-8000 Users	Web Community Engagement Ally Implementation Bundle	1	\$2,165.93	\$8,687.51	\$8,687.51	\$8,687.51
ALLY IMPLEMENTATION FOR WCM	Implementation services for Ally for the Web Community Manager	1				

Product	Description	Qty / Sites	Term Period #1 04/01/2019 - 06/30/2019	Term Period #2 07/01/2019 - 06/30/2020	Term Period #3 07/01/2020 - 06/30/2021	Term Period #4 07/01/2021 - 06/30/2022
CREATIVE: MYWAY ULTRA SINGLE TEMPLATE	Creative: MyWay Ultra Single Template	1	\$8,500.00			

Product	Description	Qty / Sites	Term Period #1 04/01/2019 - 06/30/2019	Term Period #2 07/01/2019 - 06/30/2020	Term Period #3 07/01/2020 - 06/30/2021	Term Period #4 07/01/2021 - 06/30/2022
BLACKBOARD MASS NOTIFICATIONS	Reliable mass notification system for sending messages via voice, text, email, push notification, website announcement, website alert, and social media	6,950	\$2,599.11	\$10,424.99	\$10,424.99	\$10,424.99
IMPLEMENTATION: MASS NOTIFICATIONS	Implementation service for Mass Notifications	1	\$1,500.00			
MASS NOTIFICATIONS: ONLINE TRAINING (ADV/CUSTOM)	One instructor-led online training for up to 15 attendees.	1	\$450.00			
MASS NOTIFICATIONS: ONLINE TRAINING (BASIC/INTERM)	One instructor-led online training for up to 15 attendees.	1	\$360.00			
		Totals	\$4,909.11	\$10,424.99	\$10,424.99	\$10,424.99

Product	Description	Qty / Sites	Term Period #1 04/01/2019 - 06/30/2019	Term Period #2 07/01/2019 - 06/30/2020	Term Period #3 07/01/2020 - 06/30/2021	Term Period #4 07/01/2021 - 06/30/2022
BLACKBOARD MOBILE COMMUNICATIONS APP	Blackboard Mobile Communications App	6,950	\$583.40	\$2,340.00	\$2,340.00	\$2,340.00

Total Costs			\$18,900.91	\$32,452.50	\$32,452.50	\$32,452.50
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****There will be an unused license credit applied to the first invoice in the amount of \$7,970.37.**

Current annual renewal for Website and Connect is \$31,969.08.

V. ITEMS FOR DISCUSSION

c. CBI Healthcare Education – Contract Proposal - \$9,000.00

January 9, 2019

Ryan Moran
Assistant Superintendent for Curriculum and Instruction
East Stroudsburg Area School District
50 Vine Street
East Stroudsburg, PA 18301
ryan-moran@esasd.net
570-424-8500

Dear Mr. Moran,

The Center for Business & Industry's Healthcare Education Department at Northampton Community College (hereinafter referred to as "NCC") proposes to provide EMSCT107 Emergency Medical Responder training, to East Stroudsburg Area School District, 50 Vine Street, East Stroudsburg, PA (Hereinafter referred to as "Contracting Party").

Details of the proposal are:

COURSE DESCRIPTION: This is a skills oriented course, involving extensive hands-on training in the evaluation and treatment of the sick and injured, and provides the fundamental training required for emergency services medical personnel. Topics covered include CPR, preparatory, airway, patient assessment, traumatic injuries, fractures, thoracic injuries, patient immobilization and lifting.

OUTCOMES/OBJECTIVES:

Upon completion of this training program the participant will be able to:

1. Communicate effectively in both oral and written format.
2. Utilize computer technology in the emergency service setting.
3. Utilize skills to develop decision making and problem solving abilities in an emergency situation.
4. Function safely and effectively as a member of an emergency services team.

COURSE ACTIVITIES:

A combination of lecture, audiovisual presentation, and practical demonstration techniques will be utilized.

COURSE MATERIALS:

All audio/visual materials, text materials, student handouts, and appropriate lab supplies will be supplied by the Center for Business and Industry at Northampton Community College, and are owned by NCC or its agents and/or suppliers. Duplication or reproduction of any of these materials, without prior written permission, is prohibited. Additional costs for program materials apply as noted in the Pricing section listed below. Reference. Resource or learning materials: American Academy of Orthopedic Surgeons (AAOS). Emergency Medical Responder, Enhanced Sixth Edition Includes Navigate 2 Advantage Access, ISBN-13:9781284107272.



EVALUATION:

The training program presented will be evaluated through multiple methodologies. Curricula will be evaluated during the course of training and adapted as required to meet training goals and objectives. Feedback, verbal and written, is solicited during the course and at course completion. NCC Instructors are evaluated yearly by the Program Director to ensure the highest quality instruction and employee feedback related to course and instructor effectiveness is also utilized as an evaluation tool.

DELIVERY:

Length of Course: 89 hours

Anticipated Number of Participants: 15-18

Minimum Number of Participants: 6

Dates and Times of Training: Tentative

Dates and times: Mon-Fri; Jan 30-Apr 16, 2019; Time to be confirmed

Local Practical Testing: Wed, Apr 17, 2019

Local Written Testing: Th, Apr 18, 2019

State Testing: TBD

Location of Training: East Stroudsburg South High School, 279 North Courtland Street, East Stroudsburg, PA

State Testing: TBD

Registration: All participants will complete an NCC credit registration form prior to beginning the course. Please complete an attached registration form for each participant and return them with the contract.

Continuing Education Units (CEUs): Upon completion of the course, the participants will receive 8.9 Continuing Education Units (CEUs) for 89 contact hours of training completed. Participants that do not attend the entire training will not receive the CEUs amount listed above. Certificates will be mailed to the Contracting Party for employees completing the program. The students will also take the Pennsylvania Emergency Medical Responder Certification Examination

STAFFING:

Instructors/Consultants: Qualified instructors will be assigned to meet the content and scheduling needs of proposed training upon an agreement between both parties.

Communication: Exchange of mutual communication will occur as to the student outcomes and evaluations.

Additional Consultation: Specific consultation meetings related to the development and evaluation of this training project are considered complete. Additional consultation discussions with management for this project, and/or facilitation, organizational development and programming will be billed separately at \$90.00 per hour.

MATERIALS and FACILITIES:

Materials, Facilities and Equipment provided by NCC: The appropriate text materials and instructional supplies required for the training program.

Instructional Materials: Unless otherwise specified, all student handouts and visual aids used in training are owned by NCC. Reproduction of any of these materials, without express written permission, is prohibited.

Materials, Facilities and Equipment Provided By Contracting Party: If the program is to be delivered on-site per request of contracting party, then a classroom with sufficient seating and space clear for any demonstrations must be provided by contracting party and the site will be approved by the PA Dept. of Health in advance.

PROGRAM COSTS:

Flat Fee Per Course Offering (includes instruction and materials): \$10,000
Min/Max participants per course offering: 6/18

BILLING AND TERMS

Contracting Party will be billed at the start of the training. Terms: Due upon receipt. Instructors will not collect any fees. These prices are valid for 60 days from the date of proposal.

Delinquent accounts are referred to an outside collection agency. Any and all costs and charges including collection costs and legal fees for delinquent accounts are the sole responsibility of the Contracting Party.

CANCELLATION

Cancellation by Contracting Party after acceptance of this proposal result in a cancellation fee which includes reasonable development, purchased materials, and administration costs incurred by NCC prior to project cancellation.

INDEMNITY

Necessary measures have been taken to ensure the accuracy, reliability and effectiveness of this training program and its instructor(s). Although customer satisfaction with the quality of the program is implied, Northampton Community College disclaims any liability or responsibility for loss or damages resulting from the instruction used, the training materials, or for the violation of any regulations with which any of the information may conflict. Any application or use of this training must be determined by the user to be in accordance with policies within the user's organization and with applicable federal, state, and local laws and regulation.

AGREEMENT:

East Stroudsburg Area School District shall signify its acceptance of this proposal by signing and returning a copy of this document. Upon receiving this document, materials will be ordered and dates will be reserved. This agreement will be in effect until December 31, 2019, and may be extended by written agreement of both parties.

If you have any questions or concerns about this proposal, please contact Eileen Truscott, Associate Director
Healthcare Education 610-861-4141 etruscott@northampton.edu

Thank you for giving the Center for Business & Industry the opportunity to respond to your training needs.

Sincerely,



Eileen Truscott, Associate Director, Center for Business and Industry, Healthcare Education

Agreed and Accepted by: _____ Date _____

Print Name: _____ Title: _____

V. ITEMS FOR DISCUSSION

d. Budget Review – 7000 Function

7000 – Revenue from State Sources

Revenue originating from Commonwealth of PA appropriations and directly disbursed to the recipient. Funding source information is provided for those who use this to accumulate expenditures by source of funds for reporting requirements. Examples are Basic Ed Subsidies, Transportation, and Property Tax Reduction Allocation.

The 7000 function series is broken down into several sub categories as directed by the Pennsylvania Department of Education (PDE.)

7100 – Basic Instruction and Operating Subsidies

- We record the subsidy from the Commonwealth designated for Basic Education. This is usually our largest subsidy from the Commonwealth.

7200 – Revenue for Specific Educational Programs

- Revenue received from the Commonwealth for specific educational programs.
- For Example Driver Education and Special Education subsidies are coded to this function.

7300 – Revenues for Non-Educational Programs

- Revenue received from the Commonwealth for non-educational programs.
- For example, Transportation, State Property Tax reduction Allocation, and Rental Reimbursement subsidies are coded to this function.
- Rental Reimbursement is the Commonwealth's share of our interest of the bonds for building projects that went through the PlanCon program.

7500 – Other State Revenue

- The Ready to Learn Block Grant is coded to this function. Revenue received from the Commonwealth of PA, authorized by Act 126 of 2014, to provide resources for public schools that focus on student achievement and academic success and for pre-k and full-day kindergarten and other proven educational programs.

7800 – Revenue from the Commonwealth of PA

- Revenue received from the Commonwealth of Pa for employee benefits.
- In the 7810 function we code the Commonwealth's matching share of the employer's contribution of the Social Security and Medicare Taxes for covered employees who are not federally funded.
- In the 7820 function we code the Commonwealth's matching share of the employer's contribution of Retirement Contributions for active members of the Public School Employees Retirement System.

V. ITEMS FOR DISCUSSION

g. Lyman & Ash Invoice - \$9,367.50

Lyman & Ash

1612 Latimer Street
 Philadelphia, PA 19103
 (215) 732-7040

Client Invoice

DATE	INVOICE #
12/21/2018	3114

BILL TO
East Stroudsburg Area School District 50 Vine Street East Stroudsburg, PA 18301-0298

Case/Matter

Special Construction Counsel

DATE	ATTY/EXP	DESCRIPTION	TIME	RATE	AMOUNT
11/20/2018	CPL	Conference with MTS.	0.17	250.00	42.50
11/28/2018	CPL	Conference with MTS, MSF re: statute of limitations.	0.33	250.00	82.50
		Total for Cletus P. Lyman, Esq.			125.00
11/19/2018	MSF	Meet with MTS.	0.5	250.00	125.00
11/20/2018	MSF	Meetings with MTS; review messages.	0.5	250.00	125.00
11/28/2018	MSF	Meetings with MTS, CPL; review messages; legal research.	1	250.00	250.00
11/29/2018	MSF	Review boxes of documents at school district building with MTS, L. Dymond; meetings with L. Dymond, S. Ihle.	3.5	250.00	875.00
11/30/2018	MSF	Review boxes of documents at ESASD with MTS and L. Dymond. Meetings with L. Dymond and S. Ihle and E. Forsyth.	3	250.00	750.00
12/3/2018	MSF	Meet with MTS; review messages.	0.25	250.00	62.50
12/4/2018	MSF	Review messages.	0.25	250.00	62.50
12/5/2018	MSF	Review messages; meet with MTS.	0.25	250.00	62.50
12/10/2018	MSF	Meetings with MTS.	0.25	250.00	62.50
12/11/2018	MSF	Exchange messages with MTS.	0.25	250.00	62.50
12/13/2018	MSF	Meet with MTS; review messages.	0.25	250.00	62.50
		Total for Michael S. Fettner, Esq.			2,500.00

	Total
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Lyman & Ash

1612 Latimer Street
Philadelphia, PA 19103
(215) 732-7040

Client Invoice

DATE	INVOICE #
12/21/2018	3114

BILL TO
East Stroudsburg Area School District 50 Vine Street East Stroudsburg, PA 18301-0298

Case/Matter
Special Construction Counsel

DATE	ATTY/EXP	DESCRIPTION	TIME	RATE	AMOUNT
11/19/2018	MTS	Tel. conf. with L. Dymond. Emails with ESASD re: Document inspection on 11/29-11/30/18. Tel. conf. with Jill Paris.	0.75	250.00	187.50
11/20/2018	MTS	Emails with Chris Brown, Esq. Conf. with MSF. Conf. with CPL.	0.8	250.00	200.00
11/26/2018	MTS	Emails with Lisa Van Why.	0.08	250.00	20.00
11/27/2018	MTS	Emails with Scott Ihle, Emails with L. Dymond. Emails with L. Van Why.	0.17	250.00	42.50
11/28/2018	MTS	Conf. with CPL. Conf. with MSF. Review of documents. Legal research re: Statues of Limitations. Tel. conf. with L. Dymond. Review of documents for Review 11/29-11/30.	1.75	250.00	437.50
11/29/2018	MTS	Meet with Scott Ihle. Meet with L. Dymond. Conf. with MSF. Review of documents with MSF. Legal research. Review of documents after meeting. Meet with Chris Brown, Esq.	3.67	250.00	917.50
11/30/2018	MTS	Conf. with MSF. Conf. with Scott Ihle. Conf. with L. Dymond. Review of documents. Legal research after review.	3.5	250.00	875.00
12/3/2018	MTS	Review of documents. Conf. with MSF. Emails with Scott Ihle.	0.33	250.00	82.50

	Total
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Lyman & Ash

1612 Latimer Street
 Philadelphia, PA 19103
 (215) 732-7040

Client Invoice

DATE	INVOICE #
12/21/2018	3114

BILL TO
East Stroudsburg Area School District 50 Vine Street East Stroudsburg, PA 18301-0298

Case/Matter

Special Construction Counsel

DATE	ATTY/EXP	DESCRIPTION	TIME	RATE	AMOUNT
12/5/2018	MTS	Emails with S. Ihle. Emails with L. Dymond. Review of documents.	0.75	250.00	187.50
12/10/2018	MTS	Emails to S. Ihle. Tel. conf. with L. Dymond. Prep for document Production and meeting on 12/11 and 12/12	0.75	250.00	187.50
12/11/2018	MTS	Review of documents. Meeting with S. Ihle. Meet with L. Dymond. Meet with L. VanWhy.	6.5	250.00	1,625.00
12/11/2018	MTS	Review of documents. Email with CPL and MSF.	2.5	250.00	625.00
12/12/2018	MTS	Review of documents. Meet with L. Dymond. Meet with S. Ihle.	3.67	250.00	917.50
12/13/2018	MTS	Conf. with RDE. Review of documents from production. Emails with L. VanWhy. Emails with Facilities Committee. Emails with S. Ihle. Emails with E. Forsyth.	1.75	250.00	437.50
		Total for Michael T. Sweeney, Esq.			6,742.50

	Total	\$9,367.50
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Attorneys:

CPL - Cletus P. Lyman, Esq. MSF - Michael S. Fettner, Esq. MTS - Michael T. Sweeney, Esq.
 PVT - Pearlette Toussant, Esq., of Counsel MJL - Maura J. Lynch, Esq., of Counsel

Legal Staff:

RDE - R. Dave Eldridge, SRB - Stephen R. Betts
 PRA - Peter R. Abraldes

V. ITEMS FOR DISCUSSION

h. Stereomono Headphones – Quote – SHI - \$26,250.00

Procurement Summary Sheet - Curriculum and Instruction - Dr. Bradley

A. Why are you requesting the service/needs?

- **3,000 CALIFONE SWITCHABLE STEREO/MONO HEADPHONES WIRED**

Why:

- Online personalized learning programs at the elementary level contain sounds.
- Some online assessments also have sound features.
- Discovery Education gives students access to an online digital library with a variety of multimedia materials.

Need:

- To supply each elementary students with headphones so the sounds from these various learning programs and assessments will not be distracting to other students in the various class.

Suggested replacement:

B. Cost Estimate: if over \$5,000, were 3 quotes obtained? If yes, please list the vendors and the amounts.

- SHI - \$26,250.00
- COMPUTER DISCOUNT WAREHOUSE - \$33,036.00
- SCHOOL SPECIALITY - \$30,534.00

C. Procurement Method:

- QUOTES

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

- YES
- Fund 10
- Account 10-1110-610-000-10-000-004-000-0600

E. Selection of winning proposal

- Was the lowest price selected? If not, explain why and the process of selecting the vendor. YES IT WAS - SHI

F. Other



Pricing Proposal
Quotation #: 16459220
Created On: 1/2/2019
Valid Until: 2/28/2019

East Stroudsburg Area School District

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

Account Executive

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 CALIFONE SWITCHABLE STEREO/MONO HEADPHONES WIRED Ergoguys - Part#: 3068AV Contract Name: National IPA - IT Solutions & Services Contract #: 2018011-02 Note: In Stock - Free Shipping!	3000	\$8.75	\$26,250.00
		Total	\$26,250.00

Additional Comments

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

The Products offered under this proposal are resold in accordance with the SHI Online Customer Resale Terms and Conditions, unless a separate resale agreement exists between SHI and the Customer.



**School
Specialty®**

P.O. Box 8030
APPLETON WI 54912-8030

Send Orders & Correspondence to:

SCHOOL SPECIALTY
PO BOX 1579
APPLETON WI 54912-1579

Toll Free Phone: (888) 388-3224
Toll Free Fax: (888) 388-6344

Corporate FID# 39-0971239

Quote

Quote Number: 7789395586 (Ver. 1) Page 1 of 1
 Quote Effective Date: 02-Jan-2019
 Quote Expiration Date: 02-Apr-2019 Currency: USD
 Customer Number: 261651
 PO Number:

Ship To: EAST STROUDSBURG AREA SCHOOL DIST
50 VINE ST
EAST STROUDSBURG PA 18301-2150

Bill To: EAST STROUDSBURG AREA SCHOOL DIST
50 VINE ST
EAST STROUDSBURG PA 18301-2150

Quantity	UOM	Quoted Item	Our Item (If different)	Description	Unit Price	Net Price	Extended Price
The following item(s) will ship to:							
300	EA	1544150	1544150	EAST STROUDSBURG AREA SCHOOL DIST 50 VINE ST EAST STROUDSBURG PA 18301-2150 CALIFONE SWITCHABLE MONO/STEREO HEADPHONES 10 PACK - NO CASE - BLACK - 3.5MM W/ 1/4 ADAPTER - 3068AV-10L	126.95	101.78	30,534.00
						Taxes:	\$0.00
						Shipping/Handling:	\$0.00
						Total:	\$30,534.00

QUOTE CONFIRMATION



DEAR KELLI ONEY,

Thank you for considering CDW•G for your computing needs. The details of your quote are below. [Click here](#) to convert your quote to an order.

QUOTE #	QUOTE DATE	QUOTE REFERENCE	CUSTOMER #	GRAND TOTAL
KHGP745	12/11/2018	KHGP745	1007825	\$33,036.00

QUOTE DETAILS				
ITEM	QTY	CDW#	UNIT PRICE	EXT. PRICE
Califone Classroom Pack 3068AV-10L - headphones Mfg. Part#: 3068AV-10L UNSPSC: 52161514 *10 pack Contract: COSTARS 3 IT Hardware Contract (COSTARS-003-32)	300	3126460	\$110.12	\$33,036.00

PURCHASER BILLING INFO Billing Address: EAST STROUDSBURG AREA SCHOOL DIST. ATTN: ACCTS PAYABLE 50 VINE ST EAST STROUDSBURG, PA 18301-2150 Phone: (570) 424-8505 Payment Terms: NET 30 Days-Govt/Ed	SUBTOTAL	\$33,036.00
	SHIPPING	\$0.00
	SALES TAX	\$0.00
	GRAND TOTAL	\$33,036.00
DELIVER TO Shipping Address: EAST STROUDSBURG AREA SCHOOL DIST. KELLI ONEY 50 VINE ST EAST STROUDSBURG, PA 18301-2150 Phone: (570) 424-8505 Shipping Method: DROP SHIP-COMMON CARRIER	Please remit payments to: CDW Government 75 Remittance Drive Suite 1515 Chicago, IL 60675-1515	

Need Assistance? CDW•G SALES CONTACT INFORMATION

	Mike Patka		(866) 613-1172		mp@cdw.com
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This quote is subject to CDW's Terms and Conditions of Sales and Service Projects at <http://www.cdw.com/content/terms-conditions/product-sales.aspx>
 For more information, contact a CDW account manager

© 2018 CDW•G LLC, 200 N. Milwaukee Avenue, Vernon Hills, IL 60061 | 800.808.4239

V. ITEMS FOR DISCUSSION

- i. Emergency Services for Mold Remediation @ Resica – Mellon Certified Restoration – Invoice #17923 - \$73,613.80

P.O.# 19002455



We bring order to chaos

Restoring Property Damaged By
FIRE * WATER * SMOKE * WIND & Other Perils Since 1982

Invoice Date: 11-07-2018
Customer ID: EASTSBG
Invoice ID: 17923

Claim Number

Invoice

Job Number
118-0077-ES

To: East Stroudsburg Area School
ATTN: Scott Ihle
Director of Facilities
50 Vine Street
East Stroudsburg, PA 18301

Job Location: Resica Elementary School
East Stroudsburg ASD
1 Gravel Ridge Road
E. Stroudsburg, PA 18302

Description

Emergency Services for Labor, Materials and Equipment performed at above mentioned property per estimate "ESASD - Resica Ele. - 180077-E" due to Mold Damage occurring on 8/22/2018.

Amount

\$73,613.80



Inv# 17923 **\$73613.80**
JIM MELLON GENERAL CONTRACTING INC
01/04/2019 # Pages 1 **FP1 DOC18S10937**
P.O.# 19002455

32-4600-431 - 000 - 10 - 215-000 - 000 - 3058

Federal Tax ID# 23-2590104

Amount Billed \$73,613.80

A service charge of 1.5% monthly will be added to past due balances.

Due Upon Receipt

\$73,613.80

www.melloncr.com

- Phila. Metro/Corp. Office
436 S. Lansdowne Ave.
Yeadon, PA 19050
610-822-8860
610-822-1288 Fax
- Exton
504 Gordon Dr.
Exton, PA 19341
610-362-8387
610-383-0417 Fax
- Harrisburg
6005 Devonshire Rd.
Harrisburg, PA 17109
717-232-1551
717-232-1563 Fax
- Huntingdon Valley
611 County Line Rd.
Huntingdon Valley, PA 19006
215-357-6000
215-357-8002 Fax
- Lehigh Valley
801 E. Fairmont St.
Allentown, PA 18109
610-837-8860
610-837-9860 Fax
- Scranton
900 Lillibridge St.
Peckville, PA 18452
610-342-8827
610-342-8266 Fax
- Williamsport
1217 West 4th St.
Williamsport, PA 17701
570-323-6600
570-323-6601 Fax

Licensed In: PA HIC - # PA004644 NJ - # 13VH04088800 DE - # 1995113634



V. ITEMS FOR DISCUSSION

j. WhiteBoard Resurfacing – J. T. Lambert



Everase Corporation

90 Industrial Drive
 Ivyland, PA 18974
 Phone: (800) 494-5677
 Fax: (215) 323-4135
 orders@everase.com

QUOTE

DATE: 11/2/2018
 QUOTE # 10597

To:
 Craig Reichl
 J T Lambert Intermediate School
 2000 Milford Rd
 East Stroudsburg, PA 18301-8549
 Phone: 570-424-8430
 Email: craig-reichl@esasd.net

Salesperson	Ship via	Price Good Thru	Terms
Mike Reid	Installed	1/1/2019	Net 30 days

Quantity	Description	Unit Price	Discount	Discounted Unit Price	UOM	Amount
583.00	Turnkey installation of Everase Dry Erase High Gloss Resurfacing Material, 50" high AA11NA-I	\$ 25.00	8	\$ 23.00	LF	\$ 13,409.00
COSTAR Information; Contract # 004-082; Vendor # 381-779; Vendor Name - Everase Corporation						
TOTAL						\$ 13,409.00

Terms and Conditions:

- 1) This price quote is only valid if all line items are purchased under one purchase order.
- 2) Attached is a list of classrooms included in this price quote for your reference.
- 3) Our installation terms & conditions and 10 year warranty are attached.
- 4) Please forward your purchase order to orders@everase.com or fax # 215-323-4135.
- 5) All prices are in U.S. dollars.
- 6) Buyer is responsible to pay any necessary sales and/or county sales and use tax as required by law.



QUOTE

DATE: 11/2/2018
 QUOTE # 10597

Room Numbers Included in Price Quote

AA11NA-I

Floor	Room#	Bd 1	Bd 2	Bd 3	Comments
3	326	16			board is magnetic, school to remove SB
3	320	20			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners
3	* 323	3	3	3	boards (sliders) have no handles in them
3	322	20			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners
3	314	20			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners; school to remove SB
3	313	20			boards are magnetic, no frame/trim on right & left side; boards has curved edges top & bottom, ok'd not to resurface rounded corners
3	311	20			
3	308	20			
2	216	20			
2	214	20			
2	212	20			
2	211	20			
2	* 223	3	3	3	boards (sliders) have no handles in them
2	* 224	3	3	3	boards (sliders) have no handles in them
2	208	20			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners
2	209	20			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners; school to remove SB
1	106	16			resurface existing W/B, board is magnetic. Board has curved edges top & bottom - ok'd not to resurface curved edges. School to remove existing W/B material - prior to installation
1	108	20			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners
1	111	20			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners
1	122	20			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners, W/B's badly scratched
1	112	20			boards are magnetic, no frame/trim on right & left side; boards has curved edges top & bottom, ok'd not to resurface rounded corners
1	113	20			
1	114	20			
1	115	20			
1	116	20			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners, resurface exiting WB - poor condition
1	117	16			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners
1	118	16			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners
1	119	20			boards are magnetic, no frame/trim on right & left side; boards have curved edges top & bottom, ok'd not to resurface rounded corners, school to remove SB's
1	120	20			
1	121	20			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners
1	* 123	3	3	3	boards (sliders) have no handles in them
1	* 124	3	3	3	boards (sliders) have no handles in them
1	125	14			board is magnetic, no frame/trim on right & left side; board has curved edges top & bottom, ok'd not to resurface rounded corners



W158 N9332 Nor-X-Way Avenue
Menomonee Falls, WI 53051

Telephone: (800) 335-7319
Fax: (262) 250-7176
E-mail: sales@everwhiteboards.com
www.everwhiteboards.com

Bill to

J.T. Lambert Intermediate
2000 Milford Road
East Stroudsburg, PA 18301

QUOTE

Quote #: 20755-1

Date: 1/3/2019

Ship to

J.T. Lambert Intermediate
2000 Milford Road
East Stroudsburg, PA 18301

Item number	Configuration	Description	Quantity	Price each	Amount
L1000	48.00 x 96.00	48" x 96" EverWhite 1/16" Thick Magnetic Resurfacing Panel with Adhesive Backing	43.000	170.00	7,310.00
L1000	48.00 x 120.00	48" x 120" EverWhite 1/16" Thick Magnetic Resurfacing Panel with Adhesive Backing	43.000	230.00	9,890.00
free starter kit		EverWhite Starter Kit (1 evercloth and 1 set of markers)	86.000		0.00
		Upgrade to a pro kit for an additional \$4. Pro kit includes 4 markers, 1 EverCloth, 2 button magnets and 2 clip magnets.			
Freight		Freight Charge	1.000	1,926.50	1,926.50
				Total	19,126.50

Note:

It is the customers responsibility to unload shipments from the delivery truck. Special delivery accommodations must be requested at the time order is placed. Additional charges may apply.

Quote based on pricing effective March 2015. This quote is valid for 30 days from the issue date. Prices subject to change. Sales tax may be charged when shipping to WI, CA, NJ, OH, GA, AZ, TX, WA, CO, IL, IN, MD, MI, MN, NC, SC, SD, IA, LA, NE, UT & NY.

We know you will enjoy the EverWhite Difference!

Accepted by: _____ Title: _____ Date: _____

V. ITEMS FOR DISCUSSION

I. Property & Facilities Items

- i. PA System Upgrades Bushkill – CSI Proposal - \$24,853.60



PEPPM Proposal

To:	East Stroudsburg Area School District	Date:	1/3/2019
Address:	Business Office East Stroudsburg, PA 18301	From:	Emily Schenkel
Contact:	Brian Borosh	Phone:	610-841-9632
Phone:	(570) 424-8500 1329	Email:	eschenkel@comsysinc.com
Email:	brian-borosh@esasd.net	Proposal #:	C00Q9474
		Project:	ESASD Bushkill TCU

Dear Brian,

Thank you for the opportunity to provide you with a proposal for the Rauland TCU solution at Bushkill Elementary.

1. PROJECT SUMMARY

CSi will provide a Rauland TCU IP based solution for Bushkill Elementary School that will allow for the programming of: speaker zone announcements, school wide announcements and future district wide announcements (any TCU equipped sites). The solution will utilize the same software that is currently in place at High School North and JT Lambert Intermediate School.

2. OPERATIONAL SCOPE

The system provides a host of features and functions for making day-to-day paging announcements as well as emergency announcements and clock and time tone management. The system is capable of storing pre-recorded messages that can be activated in an emergency situation on a local or district wide (amongst buildings with TCU software) basis from any authorized and password protected computer. CSi will train the designated end user on the recording of messages.

The system will utilize existing speakers and cabling. (Proposal assumes all speakers and cabling is in good condition and working order. This can be repaired if required for an additional charge. ESASD will be notified of any issues before repairs are made.)

The system hardware from Rauland is warranted for a period of 5 years. This excludes any service issues that arise from the use of existing speaker circuit cabling and speakers. Please see below warranty section for more details.

CSi is the only designated Rauland dealer for North East Pennsylvania. CSi has been the only designated integrator for Rauland products in this area for over 25 years.

3. PROJECT SCOPE

Scope: TCU Zone Page

1. CSi to decommission existing intercom equipment. CSi will label and disconnect existing cabling. Removal of equipment is ESASD's responsibility.
2. CSi will utilize existing cabinet.
3. CSi will furnish and install a TCU controller and (1) TCU Console.
4. CSi to furnish and install (5) ZPM's and (2) Ashly amp for 5-zone paging.
 - a. Zones will be set up for the Corridors, Exterior, Gym, Caf , Classrooms
5. CSi to re-terminate existing cabling to interface with TCU.
6. CSi to furnish and install new master clock.



7. CSI to program and complete final connections at head end.
8. CSI to set up, adjust and test the solution.
9. CSI to train and demo solution to end user.
10. ESASD is responsible for server, and other network licenses needed to run TCU software. Owner responsible for CAT5 cabling to devices, between IDF's, and power at strobe locations.

Optional Desk Mic:

1. CSI to provide and install desktop mic.

4. EQUIPMENT LIST

Qty	Manuf..	Part No	Item	Price	Extended
			ZONE PAGE		
	PEPPM Products		PEPPM Products		
1	Rauland Borg Corporation	TCC2000	Telecenter Campus Controller	\$3,944.75	\$3,944.75
3	Rauland Borg Corporation	TCC2099	Universal Mounting Kit	\$57.35	\$172.05
5	Rauland Borg Corporation	TCC2022	Telecenter Campus Zone Module	\$492.90	\$2,464.50
1	Rauland Borg Corporation	TCC2033	Telecenter Campus Auxio Module	\$492.90	\$492.90
1	Rauland Borg Corporation	TCC2055	Telecenter Campus Prog Module	\$492.90	\$492.90
1	Rauland Borg Corporation	TCC2044	Telecenter Campus Ip Console	\$1,255.50	\$1,255.50
1	Rauland Borg Corporation	TCAMCS	Atomic To Master Clock Synch	\$923.80	\$923.80
1	Rauland Borg Corporation	TCAMCSRMK	Tcamcs Rack Mount Kit	\$122.45	\$122.45
5	Rauland Borg	2305CS	Stainless Stl Call-in Switch	\$20.15	\$100.75
			Total PEPPM Products		\$9,969.60
	Non PEPPM Products		Non PEPPM Products		
2	Ashly Audio, Inc	TRA-4075	Power Amplifier 4 x 75W @ 4 Ohms with Xfmr Isolated 25V, 70V, & 100V Outputs	\$1,510.00	\$3,020.00
6	Allen Tel	25-3-PC-10-GY	Allen Tel 25-3-PC-10-GY Plug In Connector Cable Patch Cord, 10-Foot Length, 90 Degree Male Plug And 90 Degree Female Connector	\$22.00	\$132.00
3	Siemon	M4-2W	Pre-Wired M4 Series Block, Two female 25-pair connectors	\$97.00	\$291.00
3	Siemon	MC4LH-9	Siemon Orange Block 66 Covers	\$3.25	\$9.75
6	Allen Tel	25-3-PP-15-GY-LYN	15' m/m cat3 25 pair cable	\$25.00	\$150.00
			Total Non-PEPPM Products		\$3,602.75
	PEPPM Labor		PEPPM Labor		



23		PPS3000	PEPPM Professional Services	\$150.00	\$3,450.00
75		PIBS1000	PEPPM Installation Services	\$95.00	\$7,125.00
			Total PEPPM Labor		\$10,575.00
			TOTAL for ZONE PAGING		\$24,147.35
			DESKTOP MIC		
1	Rauland Borg	TCC2077	Telecenter Mic Input Module	\$581.25	\$581.25
1	Shure	CVG12-B/C	Cardioid-12" Dual-Section Gooseneck Condenser Microphone, Inline Pre-amplifier, Flange Mount, Black	\$124.00	\$124.00
			Total for DESKTOP MIC		\$705.25

Applicable Sales Tax will be charged

**This product is not in stock.
Please indicate if you require special shipping on the return order.**

5. TRAINING

Training is an important part of the success of a system implementation. A system will function only as well as the user understands all of its features and functions. Because it is not possible to learn all of the features and functions of the system in training sessions, CSI and the manufacturer has provided tools for you to access on your own time to learn at your own pace. Our training outline for this system includes the following;

- a. We will provide (2) hours of training on system operation and review maintenance requirements.

Additional and ongoing training is available for your system. Training can be customized to your needs and purchased hourly or as part of our Service Level Agreement, available for all systems we provide.

6. DOCUMENTATION AND DELIVERABLES

- a. We will provide product specifications in electronic format.
- b. Includes engineered system documentation for future referral, service and maintenance.

7. PROJECT SCHEDULE

- a. Typical project installation lead time is approximately 4-6 weeks from receipt of signed proposal / PO and mobilization payment. In the event there are any product backorders or unforeseen circumstances that could affect this lead time, you will be notified by the CSI project manager assigned to your project.

8. WORK BY OTHERS

ESASD is responsible for server, and other network licenses needed to run TCU software. Owner responsible for CAT5 cabling to devices, between IDF's, and power at strobe locations.

9. WHAT IS NOT INCLUDED

- a. Materials and services not specifically listed in the equipment list or project scope are not included.
- b. System and CAD drawings, submittals and programming documentation available upon request. Additional charges may apply.

10. SYSTEM INVESTMENT

Select	Description	Ext Price
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<input checked="" type="checkbox"/>	Zone Paging TCU Solution	\$24,147.35
<input checked="" type="checkbox"/>	Desktop Microphone Option	\$705.25
Total Cost with Selected Options		\$24,853.60

11. PAYMENT TERMS

Payment Schedule
Mobilization
<i>Invoice for Materials upon Delivery. Due upon receipt.</i>
Installation & Completion – Progressive Invoicing for Remaining Balance
<i>Includes Engineering and Project Management, Physical Installation on Client Premise, Testing, Calibration, Demonstration and Training. Due upon receipt.</i>

12. ORDERING AND ACCEPTANCE

The person to whom this Proposal is addressed (the "Client") may accept this Proposal by signing at the space provided below and returning it to CSI along with an approved purchase order within thirty (30) days of the date of this Proposal. By doing so, the Client acknowledges that it has read and understands this Proposal and that Client is entering into a legally binding contract with CSI on the terms and conditions set forth in this Proposal, including the Standard Terms and Conditions set forth in the "Terms and Conditions" section below (which are an integral part of the contract). If the Client signs this Proposal and returns it to CSI more than thirty (30) days after the date of this Proposal, CSI reserves the right to reject the Client's acceptance by written notice to the Client. Each individual signing this Proposal on behalf of an entity represents that he or she is a duly authorized officer or other representative of such entity. This order will be processed upon receipt of payment in full or Mobilization amount and be invoiced as indicated in the "Payment Terms" section above. Past due accounts are subject to interest penalties. Work may be suspended on accounts that are not current. (See credit policy). Please note that the following must be included with your Purchase Order to qualify as a PEPPM purchase.

- All PEPPM orders should be emailed to orders@peppm.org.
- In the body of the purchase order, please include the following language: "As per PEPPM 2019"
- Address all orders to: Communication Systems Integrators, LLC 4670 Schantz Road, Allentown, PA 18104
- The PO MUST list CSI's Payment Terms
- The PO MUST be accompanied by a signed copy of CSI's Proposal

Client Signature

CSi Signature

Client Print Name

CSi Print Name

Date

Date

Purchase Order #

Tax Status: Exempt (copy of current certificate required)

Non-Exempt

Providing an Authorized Acceptance Signature indicates that you have read and understand the Terms & Conditions attached to this agreement. This document represents the entire agreement. No conversations or other forms of communication shall be considered part of this agreement.



This proposal was prepared in good faith, exclusively for the individual(s) to whom it is addressed. It contains information that is privileged, confidential and exempt from disclosure under applicable law. The recommendations described herein are based on client consultations, site visits, engineering, and research, computer-aided designs and/or expertise earned through education, training and experience. It is considered an unfair business practice to use this information for competitive negotiations.

13. PREVENTATIVE MAINTENANCE AND SUPPORT

The system described in this proposal has been designed to provide you with many years of reliable service and an excellent return on your investment (ROI). However to uphold the warranties of the equipment and achieve maximum longevity, managed services and ROI, regularly scheduled maintenance is required. CSI provides managed services and scheduled maintenance programs for your system that will keep it running smooth and reduce the total cost of ownership.

14. WARRANTY AND EXTENDED SERVICE

CSI is proud to offer many of the best in class life safety, security and communications equipment manufacturers. These manufacturers have expressed warranties which guarantee certain rights under Pennsylvania law. Most products used in our installations have a full one-year warranty from the date of purchase. At our option, CSI will repair or replace defective products and product defects caused by improper installation by CSI within one year from the date of purchase. Product only sales are covered solely by the manufacturer's warranty. Products carrying a limited manufacturer's warranty will be facilitated by CSI on the customer's behalf. Products requiring repair will be assessed by the manufacturer and charges may apply to cover applicable non warranty repair costs. Electro-mechanical products such as motors, fuses, hard drives and lamps, unless otherwise specified by the manufacturer, carry a 90-day warranty from the date of purchase. Defects caused by misuse, mishandling, and unauthorized modification and repairs made by non CSI authorized personnel or acts of God are not covered by this warranty. Our proposal includes a pre-paid one year Software Support License when specified in the project scope above.

15. TERMS AND CONDITIONS

- a. This proposal does not include any material or services other than that stated in the project scope and equipment list above, permits, applicable sales tax, bonds, special shipping and services to repair, trouble shoot or correct problems related directly or indirectly to pre-existing site conditions, wiring or installation errors by others.
- b. System drawings and submittals are not included. If drawings or submittals are required, there will be an additional charge based on actual engineering and clerical time and materials. We will advise you at the time of placing your order what the turn-around time for this order will be.
- c. Our price will remain valid for 30 days.
- d. Payment terms are as specified in "payment terms", upon approved credit.
- e. CSI reserves the right to modify payment terms as stated or implied in this proposal, pursuant to results from our credit approval process.
- f. Product that is authorized to return for credit must be returned within 30 days from the invoice date in the original unopened cartons. Material that is not returned under these conditions is subject to inspection and may be rejected for credit by the manufacturer.
- g. Applicable sales taxes will be added to all invoices. Tax exemption certificates must be remitted with an executed proposal to be applicable.
- h. Any product ordered for the project and then returned at the discretion of the Client will be subject to a 25% restocking fee.
- i. Source code for all software developed within the scope of this offering remains the property of CSI. Licensing terms are available upon request.
- j. When integrating hardware and/or software with the client's existing network; demarcations will be established to identify clear points of responsibility. If an issue would arise that impacts system design and/or functionality, additional IT engineering will be charged at the current IT service rate.
- k. Data backup is the sole responsibility of the customer. CSI is not held responsible for any loss of data.
- l. Project schedule changes and delays outside of the control of CSI will be accommodated whenever possible. Costs incurred by CSI because of delays outside of CSI's control will be considered outside of scope and may be considered billable.
- m. The cost of any permits required by Authorities Having Jurisdiction, (AHJ), will be borne by the owner.



- n. These terms cannot be altered by verbal or implied communication. All variances from these terms must be requested in writing.
- o. This proposal was prepared in good faith, exclusively for the individual(s) to whom it is addressed. It contains information that is privileged, confidential and exempt from disclosure under applicable law.
- p. Any changes to the Scope of Work (SOW) requested by the Owner or AHJ will require the Client to submit a Change Order Request in writing.
- q. CSI best practice is to provide all of the equipment for a turn-key solution that supports predictable outcomes. Should the Owner prefer to provide equipment to be used in the proposed solution, CSI will not assume any liability or responsibility for the Owner furnished equipment's (OFE) reliability, operation or compatibility with CSI provided equipment and software. Project schedule changes and delays outside of the control of CSI due to the use of OFE will be accommodated whenever possible. Costs incurred by CSI to resolve any issues due to OFE compatibility will be considered outside of the scope and are billable.

16. INDEMNIFICATION

To the fullest extent permitted by law, the owner shall indemnify and hold harmless the CSI, and agents and employees of any of them from and against claims, damages, losses and expenses, including but not limited to attorney's fees, arising out of or resulting from performance of the Work under this proposal, provided that any such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Work itself), but only to the extent caused by the negligent acts or omissions of CSI, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, regardless of whether or not such claim, damage, loss or expense is caused in part by a party indemnified hereunder. Such obligation shall not be construed to negate, abridge, or otherwise reduce other rights or obligations of indemnity which would otherwise exist.

V. ITEMS FOR DISCUSSION

i. Property & Facilities Items

ii. PA System Upgrade Middle Smithfield – CSI Proposal - \$22,964.25



PEPPM Proposal

To:	East Stroudsburg Area School District	Date:	1/7/2019
Address:	Business Office East Stroudsburg, PA 18301	From:	Emily Schenkel
Contact:	Brian Borosh	Phone:	610-841-9632
Phone:	(570) 424-8500 1329	Email:	eschenkel@comsysinc.com
Email:	brian-borosh@esasd.net	Proposal #:	C00Q9473
		Project:	ESASD Middle Smithfield TCU

Dear Brian,

Thank you for the opportunity to provide you with a proposal for the Rauland TCU solution at Middle Smithfield Elementary School.

1. PROJECT SUMMARY

CSi will provide a Rauland TCU IP based solution for Middle Smithfield Elementary School that will allow for the programming of: speaker zone announcements, school wide announcements and future district wide announcements (any TCU equipped sites). The solution will utilize the same software that is currently in place at High School North and JT Lambert Intermediate School.

2. OPERATIONAL SCOPE

The system provides a host of features and functions for making day-to-day paging announcements as well as emergency announcements and clock and time tone management. The system is capable of storing pre-recorded messages that can be activated in an emergency situation on a local or district wide (amongst buildings with TCU software) basis from any authorized and password protected computer. CSi will train the designated end user on the recording of messages.

The system will utilize existing speakers and cabling. (Proposal assumes all speakers and cabling is in good condition and working order. This can be repaired if required for an additional charge. ESASD will be notified of any issues before repairs are made.)

The system hardware from Rauland is warranted for a period of 5 years. This excludes any service issues that arise from the use of existing speaker circuit cabling and speakers. Please see below warranty section for more details.

CSi is the only designated Rauland dealer for North East Pennsylvania. CSi has been the only designated integrator for Rauland products in this area for over 25 years.

3. PROJECT SCOPE

Scope: TCU Zone Page

1. CSi to decommission existing intercom equipment. CSi will label and disconnect existing cabling. Removal of equipment is ESASD's responsibility.
2. CSi will furnish and install a TCU controller and (1) TCU Console.
3. CSi to furnish and install (6) Zone Page Modules and (2) Ashly amp for 6-zone paging.
 - a. Zones will be set up for the Corridors, Exterior, Gym, Aux Gym, Café, Classrooms
4. CSi to re-terminate existing cabling to interface with TCU.
5. CSi to program and complete final connections at head end.
6. CSi to set up, adjust and test the solution.



7. CSI to train and demo solution to end user.
8. ESASD is responsible for server, and other network licenses needed to run TCU software. Owner responsible for CAT5 cabling to devices, between IDF's, and power at strobe locations.

Optional Desk Mic:

1. CSI to provide and install desktop mic.

4. EQUIPMENT LIST

Qty	Manuf..	Part No	Item	Price	Extended
			ZONE PAGE		
1	Rauland Borg	TCC2000	Telecenter Campus Controller	\$3,944.75	\$3,944.75
1	Rauland Borg	TCC2044	Telecenter Campus Ip Console	\$1,255.50	\$1,255.50
6	Rauland Borg	TCC2022	Telecenter Campus Zone Module	\$492.90	\$2,957.40
1	Rauland Borg	TCC2055	Telecenter Campus Prog Module	\$492.90	\$492.90
1	Rauland Borg	TCC2033	Telecenter Campus Auxio Module	\$492.90	\$492.90
3	Rauland Borg	TCC2099	Universal Mounting Kit	\$57.35	\$172.05
5	Rauland Borg	2305CS	Stainless Stl Call-in Switch	\$20.15	\$100.75
			Total PEPPM Products		\$9,416.25
	Non PEPPM Products		Non PEPPM Products		
2	Ashly Audio, Inc	TRA-4075	Power Amplifier 4 x 75W @ 4 Ohms with Xfmr Isolated 25V, 70V, & 100V Outputs	\$1,510.00	\$3,020.00
6	Allen Tel	25-3-PC-10-GY	Allen Tel 25-3-PC-10-GY Plug In Connector Cable Patch Cord, 10-Foot Length, 90 Degree Male Plug And 90 Degree Female Connector	\$22.00	\$132.00
3	Siemon Company	M4-2W	Pre-Wired M4 Series Block, Two female 25-pair connectors	\$97.00	\$291.00
3	Siemon Company	MC4LH-9	Siemon Orange 66 block covers	\$3.25	\$9.75
6	Allen Tel	25-3-PP-15-GY-LYN	15' m/m cat3 25 pair cable	\$25.00	\$150.00
			Total Non PEPPM Products		\$3,602.75
16		PPS3000	PEPPM Professional Services	\$150.00	\$2,400.00
72		PIBS1000	PEPPM Installation Services	\$95.00	\$6,840.00
			Total PEPPM Labor		\$9,240.00
			TOTAL Zone Page Solution		\$22,259.00
			DESKTOP MIC		
1	Rauland Borg	TCC2077	Telecenter Mic Input Module	\$581.25	\$581.25
1	Shure	CVG12-B/C	Cardioid-12" Dual-Section Gooseneck Condenser Microphone, Inline Preamplifier, Flange Mount, Black	\$124.00	\$124.50
			Total for DESKTOP MIC		\$705.25

Applicable Sales Tax will be charged

This product is not in stock.



Please indicate if you require special shipping on the return order.

5. TRAINING

Training is an important part of the success of a system implementation. A system will function only as well as the user understands all of its features and functions. Because it is not possible to learn all of the features and functions of the system in training sessions, CSI and the manufacturer has provided tools for you to access on your own time to learn at your own pace. Our training outline for this system includes the following;

- a. We will provide (2) hours of training on system operation and review maintenance requirements as follows;

Additional and ongoing training is available for your system. Training can be customized to your needs and purchased hourly or as part of our Service Level Agreement, available for all systems we provide.

6. DOCUMENTATION AND DELIVERABLES

- a. We will provide product specifications and equipment manufacturer's operation manuals in electronic format.
- b. Includes engineered system documentation for future referral, service and maintenance.

7. PROJECT SCHEDULE

- a. Typical project installation lead time is approximately 4-6 weeks from receipt of signed proposal / PO and mobilization payment. In the event there are any product backorders or unforeseen circumstances that could affect this lead time, you will be notified by the CSI project manager assigned to your project.

8. WORK BY OTHERS

ESASD is responsible for server, and other network licenses needed to run TCU software. Owner responsible for CAT5 cabling to devices, between IDF's, and power at strobe locations.

9. WHAT IS NOT INCLUDED

- a. Materials and services not specifically listed in the equipment list or project scope are not included.
- b. System and CAD drawings, submittals and programming documentation available upon request. Additional charges may apply.

10. SYSTEM INVESTMENT

Select	Description	Ext Price
<input checked="" type="checkbox"/>	Zone Paging TCU Solution	\$22,259.00
<input checked="" type="checkbox"/>	Desktop Microphone Option	\$705.25
Total Cost with Selected Options		\$22,964.25

11. PAYMENT TERMS

Payment Schedule
Mobilization <i>Invoice for Materials upon Delivery. Due upon receipt.</i>
Installation & Completion – Progressive Invoicing for Remaining Balance <i>Includes Engineering and Project Management, Physical Installation on Client Premise, Testing, Calibration, Demonstration and Training. Due upon receipt.</i>



12. ORDERING AND ACCEPTANCE

The person to whom this Proposal is addressed (the "Client") may accept this Proposal by signing at the space provided below and returning it to CSI along with an approved purchase order within thirty (30) days of the date of this Proposal. By doing so, the Client acknowledges that it has read and understands this Proposal and that Client is entering into a legally binding contract with CSI on the terms and conditions set forth in this Proposal, including the Standard Terms and Conditions set forth in the "Terms and Conditions" section below (which are an integral part of the contract). If the Client signs this Proposal and returns it to CSI more than thirty (30) days after the date of this Proposal, CSI reserves the right to reject the Client's acceptance by written notice to the Client. Each individual signing this Proposal on behalf of an entity represents that he or she is a duly authorized officer or other representative of such entity. This order will be processed upon receipt of payment in full or Mobilization amount and be invoiced as indicated in the "Payment Terms" section above. Past due accounts are subject to interest penalties. Work may be suspended on accounts that are not current. (See credit policy). Please note that the following must be included with your Purchase Order to qualify as a PEPPM purchase.

- All PEPPM orders should be emailed to orders@peppm.org.
- In the body of the purchase order, please include the following language: "As per PEPPM 2019"
- Address all orders to: Communication Systems Integrators, LLC 4670 Schantz Road, Allentown, PA 18104
- The PO MUST list CSI's Payment Terms
- The PO MUST be accompanied by a signed copy of CSI's Proposal

Client Signature

CSi Signature

Client Print Name

CSi Print Name

Date

Date

Purchase Order #

Tax Status: Exempt (copy of current certificate required) Non-Exempt

Providing an Authorized Acceptance Signature indicates that you have read and understand the Terms & Conditions attached to this agreement. This document represents the entire agreement. No conversations or other forms of communication shall be considered part of this agreement.

This proposal was prepared in good faith, exclusively for the individual(s) to whom it is addressed. It contains information that is privileged, confidential and exempt from disclosure under applicable law. The recommendations described herein are based on client consultations, site visits, engineering, and research, computer-aided designs and/or expertise earned through education, training and experience. It is considered an unfair business practice to use this information for competitive negotiations.

13. PREVENTATIVE MAINTENANCE AND SUPPORT

The system described in this proposal has been designed to provide you with many years of reliable service and an excellent return on your investment (ROI). However to uphold the warranties of the equipment and achieve maximum longevity, managed services and ROI, regularly scheduled maintenance is required. CSI provides managed services and scheduled maintenance programs for your system that will keep it running smooth and reduce the total cost of ownership.



14. WARRANTY AND EXTENDED SERVICE

CSI is proud to offer many of the best in class life safety, security and communications equipment manufacturers. These manufacturers have expressed warranties which guarantee certain rights under Pennsylvania law. Most products used in our installations have a full one-year warranty from the date of purchase. At our option, CSI will repair or replace defective products and product defects caused by improper installation by CSI within one year from the date of purchase. Product only sales are covered solely by the manufacturer's warranty. Products carrying a limited manufacturer's warranty will be facilitated by CSI on the customer's behalf. Products requiring repair will be assessed by the manufacturer and charges may apply to cover applicable non warranty repair costs. Electro-mechanical products such as motors, fuses, hard drives and lamps, unless otherwise specified by the manufacturer, carry a 90-day warranty from the date of purchase. Defects caused by misuse, mishandling, and unauthorized modification and repairs made by non CSI authorized personnel or acts of God are not covered by this warranty. Our proposal includes a pre-paid one year Software Support License when specified in the project scope above.

15. TERMS AND CONDITIONS

- a. This proposal does not include any material or services other than that stated in the project scope and equipment list above, permits, applicable sales tax, bonds, special shipping and services to repair, trouble shoot or correct problems related directly or indirectly to pre-existing site conditions, wiring or installation errors by others.
- b. System drawings and submittals are not included. If drawings or submittals are required, there will be an additional charge based on actual engineering and clerical time and materials. We will advise you at the time of placing your order what the turn-around time for this order will be.
- c. Our price will remain valid for 30 days.
- d. Payment terms are as specified in "payment terms", upon approved credit.
- e. CSI reserves the right to modify payment terms as stated or implied in this proposal, pursuant to results from our credit approval process.
- f. Product that is authorized to return for credit must be returned within 30 days from the invoice date in the original unopened cartons. Material that is not returned under these conditions is subject to inspection and may be rejected for credit by the manufacturer.
- g. Applicable sales taxes will be added to all invoices. Tax exemption certificates must be remitted with an executed proposal to be applicable.
- h. Any product ordered for the project and then returned at the discretion of the Client will be subject to a 25% restocking fee.
- i. Source code for all software developed within the scope of this offering remains the property of CSI. Licensing terms are available upon request.
- j. When integrating hardware and/or software with the client's existing network; demarcations will be established to identify clear points of responsibility. If an issue would arise that impacts system design and/or functionality, additional IT engineering will be charged at the current IT service rate.
- k. Data backup is the sole responsibility of the customer. CSI is not held responsible for any loss of data.
- l. Project schedule changes and delays outside of the control of CSI will be accommodated whenever possible. Costs incurred by CSI because of delays outside of CSI's control will be considered outside of scope and may be considered billable.
- m. The cost of any permits required by Authorities Having Jurisdiction, (AHJ), will be borne by the owner.
- n. These terms cannot be altered by verbal or implied communication. All variances from these terms must be requested in writing.
- o. This proposal was prepared in good faith, exclusively for the individual(s) to whom it is addressed. It contains information that is privileged, confidential and exempt from disclosure under applicable law.
- p. Any changes to the Scope of Work (SOW) requested by the Owner or AHJ will require the Client to submit a Change Order Request in writing.
- q. CSI best practice is to provide all of the equipment for a turn-key solution that supports predictable outcomes. Should the Owner prefer to provide equipment to be used in the proposed solution, CSI will not assume any liability or responsibility for the Owner furnished equipment's (OFE) reliability, operation or compatibility with CSI provided equipment and software. Project schedule changes and delays outside of the control of CSI due to the use of OFE will be accommodated whenever possible. Costs incurred by CSI to resolve any issues due to OFE compatibility will be considered outside of the scope and are billable.



16. INDEMNIFICATION

To the fullest extent permitted by law, the owner shall indemnify and hold harmless the CSI, and agents and employees of any of them from and against claims, damages, losses and expenses, including but not limited to attorney's fees, arising out of or resulting from performance of the Work under this proposal, provided that any such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Work itself), but only to the extent caused by the negligent acts or omissions of CSI, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, regardless of whether or not such claim, damage, loss or expense is caused in part by a party indemnified hereunder. Such obligation shall not be construed to negate, abridge, or otherwise reduce other rights or obligations of indemnity which would otherwise exist.

V. ITEMS FOR DISCUSSION

1. Property & Facilities Items

- iii. Security Camera Upgrade – TLC & South Bus Garage – IntegraOne Proposal -
\$24,787.00

Allentown
7248 Tilghman Street
Suite 120
Allentown, PA 18106
1-800-582-6399
www.integra1.net

ATTACHMENT VI.B.1

IntegraONE

Meraki Cameras

Quote # 017272 Version 1

December 19, 2018

Prepared for:
East Stroudsburg Area School District

Prepared by:
Ashley Miller

Hardware

Description		Price	Qty	Ext. Price
MV72-HW	Cisco Meraki Varifocal MV72 Outdoor HD Dome Camera With 256GB Storage - Network surveillance camera - dome - outdoor - vandal / weatherproof - color (Day&Night) - 4 MP - 1920 x 1080 - 1080p - vari-focal - wireless - Wi-Fi - GbE - H.264 - PoE	\$646.00	11	\$7,106.00
MA-MNT-MV-10	Cisco Meraki - Camera dome mounting arm - wall mountable	\$95.00	11	\$1,045.00
MV12W-HW	Cisco Meraki Wide Angle MV12 Mini Dome HD Camera - Network surveillance camera - dome - color (Day&Night) - 4 MP - 2688 x 1520 - 1080p - fixed focal - audio - Wi-Fi - GbE - H.264 - PoE	\$455.00	8	\$3,640.00
LIC-MV-10YR	Cisco Meraki Enterprise - Subscription license (10 years) + 10 Years Enterprise Support - 1 camera	\$684.00	19	\$12,996.00
Subtotal:				\$24,787.00

per COSTARS contract # HW 003-085

Meraki Cameras

Prepared by:

Allentown

Ashley Miller
 484-223-3480 ext. 1115
 Fax 484-223-3427
 amiller@Integra1.net

Prepared for:

East Stroudsburg Area School District

Accounts Payable
 East Stroudsburg, PA 18301
 Brian Borosh
 (570) 424-8060
 brian-borosh@esasd.net

Quote Information:

Quote #: 017272

Version: 1
 Delivery Date: 12/19/2018
 Expiration Date: 01/18/2019

Quote Summary

Description	Amount
Hardware	\$24,787.00
Total:	\$24,787.00

Pricing subject to change without advanced notice from the manufacturer. Leasing rates are subject to final configuration, pricing, and credit approval.

Restock fees will apply for any items returned. Returns must be made within 21 days of receipt of items unopened. Shipping fees not included. The information provided to you in this communication is regarded by integraONE to be Confidential and Proprietary Information. This includes the description of the materials/products for sale, the prices quoted, and any description of consulting services to be performed by integraONE. This information shall not be disclosed or made available to any party unrelated to this agreement without our express written consent. You must also exercise reasonable care to protect this information from the unauthorized disclosure by others.

Ship to Address:

Additional Information:

Allentown

East Stroudsburg Area School District

Signature: _____

Signature: _____

Name: Ashley Miller

Name: Brian Borosh

Title: Account Manager

Date: _____

Date: 12/19/2018

V. ITEMS FOR DISCUSSION

1. Property & Facilities Items

iv. Indoor Air Quality Testing – Hillman Consulting Proposal - \$16,250.00



Rebecca Lopez <rebecca-lopez@esasd.net>

ATTACHMENT VI.D.1

Pricing Proposal

1 message

Kristin Worrell <kworrell@hillmannconsulting.com>
To: "rebecca-lopez@esasd.net" <rebecca-lopez@esasd.net>

Wed, Nov 7, 2018 at 5:30 PM

Hello Rebecca

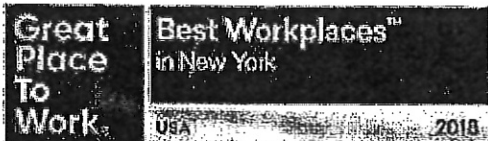
Attached is the pricing you requested for IAQ services at the East Stroudsburg Schools. Please call me if you have any questions or need anything else.

Regards,

Kristin Worrell
Regional Director
Hillmann Consulting, LLC
304 Harper Drive, Suite #207
Moorestown, NJ. 08057
908-378-0070 Cell

kworrell@hillmannconsulting.com
www.hillmannconsulting.com

Your Property. Our Priority.



IAQ Proposal - East Stroudsburg Schools.pdf
77K

**East Stroudsburg Area School District
Request for Proposals for Indoor Air Quality Monitoring**

The East Stroudsburg Area School District requests proposals for Bi-Annual Indoor Air Quality Monitoring (IAQ) within ten school buildings.

The Bi-annual Mold – Fungi (indoor air quality) testing will be performed at ten (10) buildings located throughout the East Stroudsburg Area School District campuses; two (2) times per year and based upon common ASTM Guidelines and Governmental practices and with the ability to submit a proposal outlining separate pricing per building as well as total pricing based on the district's criteria listed below.

- J.M. Hill Elementary School. 151 East Broad St. East Stroudsburg, Pa. 18301
Sample 6 Classrooms and 1 Common Area **Fee** \$704.00

- Smithfield Elementary School 245 River Road East Stroudsburg, PA 18301
Sample 6 Classrooms and 1 Common Area **Fee** \$704.00

- Middle Smithfield Elementary 5180 Milford Road East Stroudsburg, PA 18302
Sample 7 Classrooms and 1 Common Area **Fee** \$739.00

- Resica Falls Elementary School 1 Gravel Ridge Rd East Stroudsburg, PA 18302
Sample 6 Classrooms, 1 POD and 2 Common Areas **Fee** \$774.00

- J.T. Lambert Intermediate School 2000 Milford Rd East Stroudsburg PA 18301
Sample 11 Classrooms, 1 POD Sample and 2 Common Areas **Fee** \$949.00

- Bushkill Elementary School 131 North School Drive Dingmans Ferry, PA 18328
Sample 6 Classrooms and 1 Common Area **Fee** \$704.00

- Lehman Intermediate School 257 Timberwolf Drive Dingmans Ferry, PA 18328
Sample 10 Classrooms and 1 Common Area **Fee** \$844.00

- Senior High School North 279 Timberwolf Drive Dingmans Ferry, PA 18328
Sample 12 Classrooms and 2 Common Areas **Fee** \$949.00

- East Stroudsburg Elementary School 93 Independence Rd East Stroudsburg, PA 18302
Sample 8 Classrooms and 1 Common Area **Fee** \$774.00

- Senior High School South 279 North Courtland St. East Stroudsburg, PA 18301
Sample 13 Classrooms and 2 Common Areas **Fee** \$984.00

The district requires that initial testing be implemented in the months between November and January to ensure that the heating season and associated equipment is functioning to its proper potential.

The district also requires that the second sampling procedure takes place sometime mid-July to early August to ensure the HVAC systems are functioning and seasonal dehumidification is taking place. This program will initiate an O&M (Operations and Maintenance Program) for the East Stroudsburg Area School District.

The sampling protocol shall be in accordance with all applicable federal, state, and local regulations. Sample collections shall be analyzed as routine sampling to establish a baseline level for each site. Humidity and Moisture readings shall be taken in each of the rooms sampled and documented in a report issued upon completion of the site sampling.

Final hard copy reports shall be forwarded to the District at project completion.

Below, please provide pricing per sample for any additional samples requested by the district.

Bi Annual IAQ Air Sampling
Additional Standard Air Sample **Fee** \$35.00

Bi Annual IAQ Air Sampling
Additional Standard Swab Sample **Fee** \$35.00

Bi Annual IAQ Air Sampling
Additional 1 Day Air Sample **Fee** \$45.00

Bi Annual IAQ Air Sampling
Additional 1 Day Air Swab Sample **Fee** \$45.00