

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**BOROUGH OF STROUDSBURG**

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## INDEPENDENT AUDITORS' REPORT

To the Borough Council  
Borough of Stroudsburg  
Stroudsburg, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Stroudsburg as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the basic 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 Borough of Stroudsburg, Pennsylvania, at December 31, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 6–14 and 55–58 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 Borough of Stroudsburg's basic financial statements. The introductory section, and combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Kirk, Summa & Co., LLP*

September 1, 2017  
East Stroudsburg, Pennsylvania

**BOROUGH OF STROUDSBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE 2016 YEAR**

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The management discussion and analysis of the Borough of Stroudsburg's financial performance provides an overall review of the Borough's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the Borough's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Borough's financial performance.

**FINANCIAL HIGHLIGHTS**

- The Borough's total net position increased by \$158,374 from the prior year ended December 31, 2015.
- Total revenues for the Borough were \$5,865,863 for the year ended December 31, 2016.
- Total expenses for the Borough were \$5,707,489 for the year ended December 31, 2016.
- As of December 31, 2016, the Borough's governmental funds reported combining ending fund balances of \$5,408,132.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to Borough of Stroudsburg's basic financial statements. The Borough's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) combined fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Entity-Wide Statements**

The two entity-wide statements, which are on pages 15 through 18, report the Borough's net position and how they have changed. Net position, the difference between the Borough's assets and liabilities, are one way to measure the Borough's financial health or position. Over time, increases or decreases in the Borough's net position are an indication of whether its financial health is improving or deteriorating.

Descriptions of the entity-wide financial statements of the Borough are:

Government Activities – Governmental funds are used to account for essentially the same functions reported as governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance and spendable resources available at fiscal year.

Borough of Stroudsburg maintains eleven governmental funds. The data is combined for the funds and the information is presented in a combined presentation in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for the governmental-type funds.

Business-type Activities – Business-type activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flows. All assets and liabilities are included on the Statement of Net Position. Borough of Stroudsburg maintains one business-type fund – the Sewer Operating Fund.



**BOROUGH OF STROUDSBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE 2016 YEAR**

Figure A-2 summarizes the major features of the financial statements, including the portion of the program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2  
Major Features of Borough of Stroudsburg's  
Government-wide and Fund Financial Statements  
Fund Statements**

	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Borough (except fiduciary funds).	The activities of the Borough that is not proprietary or fiduciary, such as general administration, highways and parks.	Activities the Borough operates similar to private business – Sewer Fund.	Instances in which the Borough is the trustee or agent to someone else's resources – Pension Fund.
Required financial statements.	Statement of net position and Statement of activities.	Balance Sheet, Statement of revenues, expenditures, and changes in fund balance.	Statement of net position Statement of revenues, expenses and changes in net position, Statement of cash flows.	Statement of fiduciary net position Statement of changes in fiduciary net position.
Accounting basis and measurement focus.	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information.	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow-outflow information.	All revenues and expenses during year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.



**BOROUGH OF STROUDSBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE 2016 YEAR**

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Fund Financial Statements

The Borough's funds financial statements provide detailed information about the most significant funds – not the Borough's as a whole. Some funds are required by state law.

- Governmental funds – Most of the Borough's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Borough's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's 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.
- Proprietary funds – These funds are used to account for the Borough's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, and changes in financial position, and a significant portion of funding through user charges. Where the Borough charges customers for services it provides – whether to outside customers or to other units in the Borough, these services are generally reported in proprietary funds.
- Fiduciary funds – The Borough is the trustee for assets that belong to others, such as Non-uniform Pension fund. The Borough is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Borough excludes these activities from the Borough-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE

A portion of the Borough's net position are invested in capital assets (buildings, land and equipment), net of related debt. The remaining unrestricted net assets are a combination of designated and undesignated amounts. The designated balances are amounts set-aside to fund future equipment purchases or for capital projects as may be planned by the Borough.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Borough's activities that are supported by other general revenues. The largest general revenue category is real estate tax collections.

**BOROUGH OF STROUDSBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
COMPARATIVE STATEMENTS OF NET POSITION  
DECEMBER 31, 2016 AND 2015**

	Governmental-type Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>ASSETS</b>						
Cash	\$ 5,580,588	\$ 3,883,799	\$ 2,843,404	\$ 2,865,158	\$ 8,423,992	\$ 6,748,957
Taxes receivable, net	84,106	145,647	-	-	84,106	145,647
User fees receivable, net	-	-	514,583	474,471	514,583	474,471
Other receivables	17,268	28,174	-	-	17,268	28,174
Brodhead Creek note receivable - current	209,338	219,292	-	-	209,338	219,292
Brodhead Creek note receivable - non-current	2,891,806	3,101,144	-	-	2,891,806	3,101,144
Interfund balance	16,829	(62,199)	(16,829)	62,199	-	-
Due from fiduciary funds	-	-	98,824	-	98,824	-
Due from financial institutions	289,603	1,971,678	-	-	289,603	1,971,678
<b>Capital Assets:</b>						
Land	616,562	616,562	187,711	187,711	804,273	804,273
Construction in process	1,632,815	950,591	-	-	1,632,815	950,591
Buildings and plant	838,932	838,932	13,572,020	13,572,020	14,410,952	14,410,952
Improvements	2,173,472	2,168,372	-	-	2,173,472	2,168,372
Parking deck	2,755,263	2,755,263	-	-	2,755,263	2,755,263
Vehicles	2,571,560	1,980,888	-	-	2,571,560	1,980,888
Machinery and equipment	4,806,150	4,479,884	612,548	594,959	5,418,698	5,074,843
Infrastructure	1,973,697	1,933,093	-	-	1,973,697	1,933,093
Sewer rights	-	-	6,261,753	6,261,753	6,261,753	6,261,753
Less: accumulated depreciation and amortization	(7,692,470)	(7,274,929)	(9,136,739)	(8,741,697)	(16,829,209)	(16,016,626)
<b>Total Capital Assets, net</b>	<b>9,675,981</b>	<b>8,448,656</b>	<b>11,497,293</b>	<b>11,874,746</b>	<b>21,173,274</b>	<b>20,323,402</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>18,765,519</b>	<b>17,736,191</b>	<b>14,937,275</b>	<b>15,276,574</b>	<b>33,702,794</b>	<b>33,012,765</b>
Deferred outflows - pension	319,694	368,479	-	-	319,694	368,479
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 19,085,213</b>	<b>\$ 18,104,670</b>	<b>\$ 14,937,275</b>	<b>\$ 15,276,574</b>	<b>\$ 34,022,468</b>	<b>\$ 33,381,244</b>

**BOROUGH OF STROUDSBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
COMPARATIVE STATEMENTS OF NET POSITION - CONTINUED  
DECEMBER 31, 2016 AND 2015**

	Governmental-type Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>LIABILITIES</b>						
Accounts payable	\$ 85,928	\$ 64,153	\$ 16,929	\$ 666	\$ 102,857	\$ 64,819
Accrued wages	12,971	9,643	5,452	7,431	18,423	17,074
Accrued interest	36,464	28,310	13,053	12,993	49,517	41,303
Escrow payable	24,641	21,733	-	-	24,641	21,733
Deposits payable	5,345	5,300	-	-	5,345	5,300
Due to fiduciary funds	120,480	-	-	-	120,480	-
<b>Long-term liabilities:</b>						
Due in one year	548,715	443,941	255,667	17,658	804,382	461,599
Due in more than one year	4,261,522	4,027,164	6,859,222	7,181,256	11,120,744	11,208,420
Net OPEB liability	289,687	249,033	-	-	289,687	249,033
Accrued compensated absences	4,944	14,739	3,058	7,573	8,002	22,312
Net pension liability	1,133,623	1,097,367	-	-	1,133,623	1,097,367
<b>TOTAL LIABILITIES</b>	<b>6,524,320</b>	<b>5,961,383</b>	<b>7,153,381</b>	<b>7,227,577</b>	<b>13,677,701</b>	<b>13,188,960</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows - pension	24,777	30,648	-	-	24,777	30,648
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>24,777</b>	<b>30,648</b>	<b>-</b>	<b>-</b>	<b>24,777</b>	<b>30,648</b>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	4,865,744	3,977,551	7,822,386	8,077,660	12,688,130	12,055,211
Restricted	172,219	(137,406)	-	-	172,219	(137,406)
Unrestricted	7,498,153	8,272,494	(38,492)	(28,663)	7,459,661	8,243,831
<b>TOTAL NET POSITION</b>	<b>12,536,116</b>	<b>12,112,639</b>	<b>7,783,894</b>	<b>8,048,997</b>	<b>20,320,010</b>	<b>20,161,636</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 19,085,213</b>	<b>\$ 18,104,670</b>	<b>\$ 14,937,275</b>	<b>\$ 15,276,574</b>	<b>\$ 34,022,488</b>	<b>\$ 33,381,244</b>

**BOROUGH OF STROUDSBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
COMPARATIVE STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Governmental-type Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>Program Expenses:</b>						
<b>Governmental Activities:</b>						
General government and administration	\$ 302,579	362,909	\$ -	\$ -	\$ 302,579	\$ 362,909
Public safety and protective inspection	1,720,708	1,871,949	-	-	1,720,708	1,871,949
Sanitation	88,834	76,543	-	-	88,834	76,543
Highways	525,309	480,569	-	-	525,309	480,569
Parking facilities	255,737	263,068	-	-	255,737	263,068
Culture and recreation	103,620	133,164	-	-	103,620	133,164
Flood control	11,505	20,784	-	-	11,505	20,784
Economic development	59	6,506	-	-	59	6,506
Bond issuance costs	9,137	68,695	-	-	9,137	68,695
Interest expense - unallocated	75,618	61,616	171,235	810,911	246,853	872,527
Insurance	110,468	73,995	-	-	110,468	73,995
Employee benefits	170,659	114,172	-	-	170,659	114,172
Pension expense	223,036	219,094	-	-	223,036	219,094
Unemployment	10,095	9,118	-	-	10,095	9,118
Miscellaneous	3,036	904	-	-	3,036	904
Depreciation and Amortization - unallocated	436,431	399,935	-	-	436,431	399,935
<b>Total Governmental Activities</b>	<b>4,046,831</b>	<b>4,163,021</b>	<b>171,235</b>	<b>810,911</b>	<b>4,218,066</b>	<b>4,973,932</b>
<b>Sewer Fund</b>	<b>-</b>	<b>-</b>	<b>1,489,423</b>	<b>1,343,602</b>	<b>1,489,423</b>	<b>1,343,602</b>
<b>Total Governmental Expenses</b>	<b>4,046,831</b>	<b>4,163,021</b>	<b>1,660,658</b>	<b>2,154,513</b>	<b>5,707,489</b>	<b>6,317,534</b>
<b>Program Revenues:</b>						
Fees, fines and charges for services	547,230	503,972	1,388,993	1,362,127	1,936,223	1,866,099
Operating grants and contributions	266,355	236,337	-	-	266,355	236,337
<b>Total Program Revenues</b>	<b>813,585</b>	<b>740,309</b>	<b>1,388,993</b>	<b>1,362,127</b>	<b>2,202,578</b>	<b>2,102,436</b>
<b>General Revenues</b>						
Taxes	2,950,247	2,987,014	-	-	2,950,247	2,987,014
License and permits	200,051	211,720	-	-	200,051	211,720
Fines	330,408	310,591	-	-	330,408	310,591
Investment earnings and rents	140,046	126,455	6,562	6,410	146,608	132,865
Interfund transfers	-	138	-	(138)	-	-
Miscellaneous	35,971	18,063	-	-	35,971	18,063
<b>Total General Revenues</b>	<b>3,656,723</b>	<b>3,653,981</b>	<b>6,562</b>	<b>6,272</b>	<b>3,663,285</b>	<b>3,660,253</b>
<b>Change in Net Position</b>	<b>423,477</b>	<b>231,269</b>	<b>(265,103)</b>	<b>(786,114)</b>	<b>158,374</b>	<b>(554,845)</b>
<b>NET POSITION:</b>						
<b>Beginning of Year - as adjusted</b>	<b>12,112,639</b>	<b>11,881,370</b>	<b>8,048,997</b>	<b>8,835,111</b>	<b>20,161,636</b>	<b>20,716,481</b>
<b>End of Year</b>	<b>\$ 12,536,116</b>	<b>\$ 12,112,639</b>	<b>\$ 7,783,894</b>	<b>\$ 8,048,997</b>	<b>\$ 20,320,010</b>	<b>\$ 20,161,636</b>

**BOROUGH OF STROUDSBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE 2016 YEAR**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, 2016, the Borough had \$12,688,130 invested in capital assets, net of related debt, which was invested in a broad range of capital assets, including land, buildings, furniture and equipment.

A summary of the changes in governmental-type activities' fixed assets are as follows:

	Balance 01/01/16	Additions	Disposals	Balance 12/31/16
Land	\$ 616,562	\$ -	\$ -	\$ 616,562
Construction in progress	950,591	682,224	-	1,632,815
Buildings	1,414,689	-	-	1,414,689
Improvements	1,883,947	5,100	-	1,889,047
Parking deck	2,755,263	-	-	2,755,263
Vehicles	1,689,556	590,672	-	2,280,228
Machinery and equipment	4,479,884	345,155	18,890	4,806,149
Infrastructure	1,933,093	40,604	-	1,973,697
	15,723,585	1,663,755	18,890	17,368,450
Less: Accumulated Depreciation	7,274,929	436,431	18,890	7,692,470
Total Fixed Assets, Net	<u>\$ 8,448,656</u>	<u>\$ 1,227,324</u>	<u>\$ -</u>	<u>\$ 9,675,980</u>

Depreciation expense of \$436,431 in governmental-type activities was charged to general government and administration area expenses.

A summary of the changes in business-type activities capital assets are as follows:

	Balance 01/01/16	Additions	Disposals	Balance 12/31/16
Land	\$ 187,711	\$ -	\$ -	\$ 187,711
Buildings and plant	13,572,020	-	-	13,572,020
Machinery and equipment	594,959	17,589	-	612,548
Sewer rights	6,261,753	-	-	6,261,753
	20,616,443	17,589	-	20,634,032
Less: Accumulated Depreciation	8,741,697	395,042	-	9,136,739
Total Capital Assets, Net	<u>\$ 11,874,746</u>	<u>\$ (377,453)</u>	<u>\$ -</u>	<u>\$ 11,497,293</u>

**Debt Administration**

Governmental activities long-term liability balances and activity for the year ended December 31, 2016 were:

	Balances 01/01/16	Additions	Reductions	Balances 12/31/16
Long-Term Debt:				
Bonds, notes and leases payable	\$ 4,471,108	\$ 796,332	\$ 457,203	\$ 4,810,237
Total Long-Term Debt	4,471,108	796,332	457,203	4,810,237
Other post-employment benefits	249,042	40,645	-	289,687
Accrued compensated absences	14,739	-	9,795	4,944
Totals	<u>\$ 4,734,889</u>	<u>\$ 836,977</u>	<u>\$ 466,998</u>	<u>\$ 5,104,868</u>

**BOROUGH OF STROUDSBURG  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE 2016 YEAR**

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Business-type activities long-term liability balances and activity for the year ended December 31, 2016 were:

	<u>Balances 01/01/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances 12/31/16</u>
Long-Term Debt:				
Bonds, notes and leases payable	\$ 7,198,913	\$ -	\$ 84,024	\$ 7,114,889
Total Long-Term Debt	<u>7,198,913</u>	<u>-</u>	<u>84,024</u>	<u>7,114,889</u>
Accrued compensated absences	<u>7,573</u>	<u>-</u>	<u>4,515</u>	<u>3,058</u>
Totals	<u>\$ 7,206,486</u>	<u>\$ -</u>	<u>\$ 88,539</u>	<u>\$ 7,117,947</u>

**BUDGET HIGHLIGHTS**

Overall, the Borough's General Fund ended the year with an excess of \$158,852 in revenue collections over budgeted amounts.

**ANALYSIS OF CURRENT ECONOMIC STATUS**

The economy showed some improvement in 2016 and Borough of Stroudsburg took steps to improve its economic posture due to the outlook of a continued slow recovery. Revenues in 2016 were better than projected with regards to real estate transfer, earned income and local services taxes which are a good indicator of a recovering economy and allowed the Borough to avoid any tax increase and carry over a healthy fund balance to the 2016 fiscal year.

Business activity within the Borough is trending positive, with two major in-fill developments on Main Street on the horizon. The first one would fill in a major vacancy in the 600 block of Main Street with a multi-story building proposing to include retail, office space and apartments. The second is at the corner of 8<sup>th</sup> and Main Streets, also a multi-story building expected to include the same three elements as the first. One or both of these developments would provide a significant economic boost to the Borough, initially with jobs created for construction of the buildings and in the long-term would provide a sizable jump in real estate tax revenues along with increases in the earned income and local services taxes.

**BOROUGH'S FINANCIAL ADMINISTRATION CONTACT INFORMATION**

This financial report is designed to provide a general overview of Borough of Stroudsburg's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Borough of Stroudsburg, 700 Sarah Street, Stroudsburg, Pennsylvania, 18360 or by phone at (570) 421-5444.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>Current Assets:</b>			
Cash - unrestricted	\$ 5,580,588	\$ 2,843,404	\$ 8,423,992
<i>Receivables, net:</i>			
Taxes	84,106	-	84,106
Users fees	-	514,583	514,583
Other	17,268	-	17,268
<i>Note receivable - Brodhead Creek Regional Authority:</i>			
Receivable within one year	209,338	-	209,338
Receivable after one year	2,891,806	-	2,891,806
Due from fiduciary funds	-	98,824	98,824
Interfund balances	16,829	(16,829)	-
<b>Total Current Assets</b>	<b>8,799,935</b>	<b>3,439,982</b>	<b>12,239,917</b>
<b>Capital Assets:</b>			
Land	616,562	187,711	804,273
Construction in process	1,632,815	-	1,632,815
Buildings and plant	838,932	13,572,020	14,410,952
Improvements	2,173,472	-	2,173,472
Parking deck	2,755,263	-	2,755,263
Vehicles	2,571,560	-	2,571,560
Machinery and equipment	4,806,150	612,548	5,418,698
Infrastructure	1,973,697	-	1,973,697
Sewer rights	-	6,261,753	6,261,753
	17,368,451	20,634,032	38,002,483
Less: accumulated depreciation and amortization	7,692,470	9,136,739	16,829,209
<b>Total Capital Assets, net</b>	<b>9,675,981</b>	<b>11,497,293</b>	<b>21,173,274</b>
<b>Other Assets</b>			
Due from financial institutions	289,603	-	289,603
<b>TOTAL ASSETS</b>	<b>18,765,519</b>	<b>14,937,275</b>	<b>33,702,794</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Changes in assumptions	111,958	-	111,958
Net difference between projected and actual earnings on pension plan investments	207,736	-	207,736
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>319,694</b>	<b>-</b>	<b>319,694</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 19,085,213</b>	<b>\$ 14,937,275</b>	<b>\$ 34,022,488</b>

See accompanying notes to basic financial statements.

BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
GOVERNMENT-WIDE STATEMENT OF NET POSITION - continued  
DECEMBER 31, 2016

<u>LIABILITIES</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>Current Liabilities:</b>			
Accounts payable	\$ 85,928	\$ 16,929	\$ 102,857
Accrued wages	12,971	5,452	18,423
Accrued interest	36,464	13,053	49,517
Escrow payable	24,641	-	24,641
Deposits payable	5,345	-	5,345
Due to fiduciary funds	120,480	-	120,480
<b>Total Current Liabilities</b>	<b>285,829</b>	<b>35,434</b>	<b>321,263</b>
<b>Long-term debt:</b>			
Portion due within one year	463,725	255,667	719,392
Portion due after one year	4,001,296	6,859,222	10,860,518
<b>Total long-term debt</b>	<b>4,465,021</b>	<b>7,114,889</b>	<b>11,579,910</b>
<b>Long-term leases:</b>			
Portion due within one year	84,990	-	84,990
Portion due after one year	260,226	-	260,226
<b>Total long-term leases</b>	<b>345,216</b>	<b>-</b>	<b>345,216</b>
<b>Other Non-Current Liabilities</b>			
Net OPEB liability	289,687	-	289,687
Accrued compensated absences	4,944	3,058	8,002
Net pension liability	1,133,623	-	1,133,623
<b>Total Other Non-Current Liabilities</b>	<b>1,428,254</b>	<b>3,058</b>	<b>1,431,312</b>
<b>TOTAL LIABILITIES</b>	<b>6,524,320</b>	<b>7,153,381</b>	<b>13,677,701</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Differences between expected and actual experience in the measurement of total pension liability	24,777	-	24,777
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>24,777</b>	<b>-</b>	<b>24,777</b>
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	4,865,744	7,677,561	12,543,305
Restricted	172,219	-	172,219
Unrestricted	7,498,153	106,333	7,604,486
<b>TOTAL NET POSITION</b>	<b>12,536,116</b>	<b>7,783,894</b>	<b>20,320,010</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 19,085,213</b>	<b>\$ 14,937,275</b>	<b>\$ 34,022,488</b>

See accompanying notes to basic financial statements.



**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Program Activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Governmental activities:</b>						
General government administration	\$ 302,579	\$ 15,516	\$ 14,088	\$ (272,975)	\$ -	\$ (272,975)
Public safety and protective inspection	1,720,708	44,862	142,223	(1,533,623)	-	(1,533,623)
Sanitation	88,834	-	-	(88,834)	-	(88,834)
Highways	525,309	-	110,044	(415,265)	-	(415,265)
Parking facilities	255,737	486,850	-	231,113	-	231,113
Culture and recreation	103,620	-	-	(103,620)	-	(103,620)
Flood control	11,505	-	-	(11,505)	-	(11,505)
Economic development	59	-	-	(59)	-	(59)
Bond issuance costs	9,137	-	-	(9,137)	-	(9,137)
Interest expense - unallocated	75,618	-	-	(75,618)	(171,234)	(246,852)
Insurance	110,468	-	-	(110,468)	-	(110,468)
Employee benefits	170,659	-	-	(170,659)	-	(170,659)
Pension expense	223,036	-	-	(223,036)	-	(223,036)
Unemployment	10,095	-	-	(10,095)	-	(10,095)
Miscellaneous	3,036	-	-	(3,036)	-	(3,036)
Depreciation - unallocated	436,431	-	-	(436,431)	-	(436,431)
<b>Total governmental activities</b>	<b>4,046,831</b>	<b>547,228</b>	<b>266,355</b>	<b>(3,233,248)</b>	<b>(171,234)</b>	<b>(3,404,482)</b>
<b>Business-type activities:</b>						
Sewer	1,489,424	1,388,993	-	-	(100,431)	(100,431)
<b>Total Government</b>	<b>\$ 5,536,255</b>	<b>\$ 1,936,221</b>	<b>\$ 266,355</b>	<b>(3,233,248)</b>	<b>(271,665)</b>	<b>(3,504,913)</b>

See accompanying notes to basic financial statements.

BOROUGH OF STROUDSBURG  
 MONROE COUNTY, PENNSYLVANIA  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - continued  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Totals
<b>General revenues:</b>			
Taxes	2,950,247	-	2,950,247
License and permits	200,051	-	200,051
Fines	330,408	-	330,408
Investment earnings and rents	140,048	6,562	146,610
Miscellaneous	35,971	-	35,971
<b>Total general revenues and transfers</b>	<b>3,656,725</b>	<b>6,562</b>	<b>3,663,287</b>
<b>Change in Net Position</b>	<b>423,477</b>	<b>(265,103)</b>	<b>158,374</b>
<b>Net position at beginning of year, as adjusted</b>	<b>12,112,639</b>	<b>8,048,997</b>	<b>20,161,636</b>
<b>Net Position at End of Year</b>	<b>\$ 12,536,116</b>	<b>\$ 7,783,894</b>	<b>\$ 20,320,010</b>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
COMBINED BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	<u>General Fund</u>	<u>Capital Equipment Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash	\$ 1,835,281	\$ 1,950,908	\$ 707,613	\$ 1,086,785	\$ 5,580,587
<i>Taxes receivable:</i>					
Real estate tax assessment	25,632	-	2,927	10,727	39,286
Real estate transfer	3,528	-	-	-	3,528
Accounts receivable, net	7,036	-	-	10,232	17,268
<i>Interfund receivables:</i>					
Governmental-type-funds	19,965	1,150,591	8,017	15,194	1,193,767
Fiduciary-type-funds	-	-	-	6,345	6,345
Business-type-funds	-	-	-	62,830	62,830
<b>TOTAL ASSETS</b>	<b>\$ 1,891,442</b>	<b>\$ 3,101,499</b>	<b>\$ 718,557</b>	<b>\$ 1,192,113</b>	<b>\$ 6,903,611</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ 66,181	\$ -	\$ 319	\$ 19,428	\$ 85,928
Accrued wages	12,349	-	-	622	12,971
<i>Interfund payables:</i>					
Governmental-type-funds	23,211	-	1,150,591	19,965	1,193,767
Fiduciary-type-funds	116,556	-	3,691	6,579	126,826
Business-type-funds	46,001	-	-	-	46,001
Escrow payable	24,641	-	-	-	24,641
Deposits payable	5,345	-	-	-	5,345
<b>TOTAL LIABILITIES</b>	<b>294,284</b>	<b>-</b>	<b>1,154,601</b>	<b>46,594</b>	<b>1,495,479</b>
<b><u>FUND BALANCES</u></b>					
Restricted	-	-	(436,044)	608,263	172,219
Assigned	-	3,101,499	-	537,256	3,638,755
Unassigned	1,597,158	-	-	-	1,597,158
<b>TOTAL FUND BALANCES</b>	<b>1,597,158</b>	<b>3,101,499</b>	<b>(436,044)</b>	<b>1,145,519</b>	<b>5,408,132</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,891,442</b>	<b>\$ 3,101,499</b>	<b>\$ 718,557</b>	<b>\$ 1,192,113</b>	<b>\$ 6,903,611</b>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET-MODIFIED ACCRUAL BASIS -  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

<b>Total fund balance - governmental funds</b>	<b>\$ 5,408,132</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Taxes receivable are not accrued because they are not available within sixty days of the end of the year to pay current liabilities in the current year.	41,294
Notes were issued and not drawn down on and will not be drawn down on within sixty days, therefore they are due from financial institution at year end.	289,603
Long-term receivables are not receivable within the current period and, therefore, they are not reported in the governmental fund's balance sheet.	
Receivable within one year	209,338
Receivable in more than one year	2,891,806
Capital assets used in governmental activities are not current financial resources and therefore are not reported on the governmental funds balance sheet.	17,368,451
Accumulated depreciation of capital assets used in governmental activities is not a current financial resource and therefore is not reported on the governmental funds balance sheet.	(7,692,470)
Accrued other postemployment benefits are not accrued in governmental-type funds	(289,687)
Accrued compensated absences are not accrued in governmental-type funds.	(4,944)
Accrued interest is not accrued in governmental-type funds.	(36,464)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental-type fund statements.	(1,133,623)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental-type fund:	
Deferred inflow of difference between expected and actual experience	(24,777)
Deferred outflow of changes in assumptions	111,958
Deferred outflow of the net difference between projected and actual earnings on investments	207,736
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	
Portion due within one year	(548,715)
Portion due in more than one year	<u>(4,261,522)</u>
<b>Net position of governmental activities</b>	<b>\$ <u>12,536,116</u></b>
See accompanying notes to basic financial statements.	

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General Fund	Capital Equipment Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 2,223,485	\$ -	\$ 158,900	\$ 601,519	\$ 2,983,904
Licenses and permits	200,051	-	-	-	200,051
Fines	330,408	-	-	-	330,408
Interest and rents	7,760	5,217	2,092	1,629	16,698
Intergovernmental	124,132	-	-	142,223	266,355
Charges for services	547,230	-	-	-	547,230
Miscellaneous	15,338	-	-	20,633	35,971
<b>Total Revenues</b>	<b>3,448,404</b>	<b>5,217</b>	<b>160,992</b>	<b>766,004</b>	<b>4,380,617</b>
<b>Other Financing Sources;</b>					
Interfund operating transfers in	-	-	-	224,716	224,716
Proceeds from debt	-	1,112,076	1,051,242	-	2,163,318
Proceeds from sale of Authority rights	-	342,640	-	-	342,640
<b>Total Revenues and Other Financing Sources</b>	<b>3,448,404</b>	<b>1,459,933</b>	<b>1,212,234</b>	<b>990,720</b>	<b>7,111,291</b>
<b>Expenditures:</b>					
General government	299,487	165,428	4,599	45,472	514,986
Public safety and protective inspection	1,705,083	-	1,094,450	-	2,799,533
Health and human services	80	-	-	-	80
Highways and streets	389,755	-	-	141,535	531,290
Storm water & flood control	93,801	-	-	-	93,801
Parking facilities	241,469	-	-	-	241,469
Culture and recreation	16,282	-	-	92,437	108,719
Economic development	9,719	-	-	-	9,719
Debt service - principal	16,263	69,200	6,018	365,971	457,452
Debt service - interest	2,137	34,572	761	29,744	67,214
Insurance	146,143	-	-	-	146,143
Employee benefits	170,659	-	-	-	170,659
Pension	143,866	-	-	-	143,866
Refunds	-	-	-	3,057	3,057
Unemployment	9,787	-	-	309	10,096
<b>Total Expenditures</b>	<b>3,244,531</b>	<b>269,200</b>	<b>1,105,828</b>	<b>678,525</b>	<b>5,298,084</b>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS - continued  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General Fund	Capital Equipment Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
<b>Other Financing Uses:</b>					
Interfund operating transfers out	224,716	-	-	-	224,716
<b>Total Expenditures and Other Financing Uses</b>	<u>3,469,247</u>	<u>269,200</u>	<u>1,105,828</u>	<u>678,525</u>	<u>5,522,800</u>
<b>Net changes in fund balances</b>	(20,843)	1,190,732	106,406	312,195	1,588,490
<b>Fund balances at beginning of year, as adjusted</b>	<u>1,618,001</u>	<u>1,910,767</u>	<u>(542,450)</u>	<u>833,324</u>	<u>3,819,642</u>
<b>Fund balances at end of year</b>	<u>\$ 1,597,158</u>	<u>\$ 3,101,499</u>	<u>\$ (436,044)</u>	<u>\$ 1,145,519</u>	<u>\$ 5,408,132</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
RECONCILIATION OF THE GOVERNMENTAL FUNO STATEMENTS OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUNO BALANCES-MODIFIED ACCRUAL BASIS- TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENOED DECEMBER 31, 2016**

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<b>Net change in fund balances - governmental funds</b>	<b>\$ 1,588,490</b>
Amounts reported for governmental activites in the statement of activities are different because:	
Some taxes will not be collected for several months after the Borough's fiscal year end, they are not considered "available" revenues in the governmental funds.	(33,656)
Amounts received on long-term receivables are not accrued for on the governmental-type statement of revenues, expenditures and changes in fund balances.	(219,292)
Government funds report capital outlay as expenditures. However, in the government-wide statement of activites and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	1,357,801
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(436,431)
Changes in other postemployment benefits that are not accrued for the modified basis accrual basis of accounting.	(40,654)
Interest that is accrued on the government-wide financial statements that is not accrued for the modified accrual basis of accounting.	(8,154)
Change in accrued compensated absences that are not accrued for the modified accrual basis of accounting.	9,795
Contributions to the pension plan are not included on the statement of activities	173,650
Pension expense in relation to net pension liability is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, pension expense is not reported as an expenditure in governmental funds	(252,820)
The issuance of long-term debt provides current financial resources to governmetnal funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net positions. The amount is the net effect of these differences for the treatment of long-term debt and related items:	
Repayment of principal portion of long-term debt:	457,201
Proceeds from issuance of debt:	(2,163,316)
Debt issuance costs:	(9,137)
<b>Change in net position of governmental activities</b>	<b><u>\$ 423,477</u></b>

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See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG  
 MONROE COUNTY, PENNSYLVANIA  
 COMBINING STATEMENTS OF NET POSITION  
 BUSINESS-TYPE FUNDS  
 DECEMBER 31, 2016**

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	<u>Sewer Fund</u>
<b><u>ASSETS</u></b>	
<b>Current Assets;</b>	
Cash - unrestricted	\$ 2,843,404
User fees receivable, net	514,583
Interfund receivables - fiduciary-type funds	98,824
<b>Total Current Assets</b>	<u>3,456,811</u>
<b>Capital Assets:</b>	
Land	187,711
Buildings and plant	13,572,020
Machinery and equipment	612,548
Sewer rights	6,261,753
	<u>20,634,032</u>
Less: accumulated depreciation and amortization	9,136,739
<b>Total Capital Assets</b>	<u>11,497,293</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 14,954,104</u></u>

See accompanying notes to basic financial statements.

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**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
COMBINING STATEMENTS OF NET POSITION - continued  
BUSINESS-TYPE FUNDS  
DECEMBER 31, 2016**

	<u>Sewer Fund</u>
<b><u>LIABILITIES AND NET POSITION</u></b>	
<b><u>LIABILITIES</u></b>	
<b>Current Liabilities:</b>	
Accounts payable	\$ 16,929
Accrued wages	5,452
Accrued interest	13,053
Current portion long-term debt	255,667
Interfund payables - governmental-type-funds	16,829
<b>Total Current Liabilities</b>	<u>307,930</u>
<b>Non-Current Liabilities:</b>	
Non-current portion long-term debt	6,859,222
Accrued compensated absences	3,058
<b>Total Non-Current Liabilities</b>	<u>6,862,280</u>
<b>TOTAL LIABILITIES</b>	<u>7,170,210</u>
<b><u>NET POSITION</u></b>	
Invested in capital assets, net of related debt	4,382,404
Unrestricted	3,401,490
<b>TOTAL NET POSITION</b>	<u>7,783,894</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 14,954,104</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
BUSINESS-TYPE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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	<u>Sewer Fund</u>
<b>Operating Revenues:</b>	
User charges and penalties	\$ 1,387,668
<b>Total Operating Revenues</b>	<u>1,387,668</u>
<b>Operating Expenses:</b>	
<b>General Government Expenses:</b>	
Salaries & benefits	94,895
Travel & training	5,269
Computer & office	12,396
Billing, postage & printing	8,809
Dues	297
Audit	3,358
Engineer	11,942
Legal	10,952
Occupancy	6,899
<b>Total General Government Expenses</b>	<u>154,817</u>
<b>Recycling and Sewage Expenses:</b>	
Supplies	7,242
Electric	656
Equipment repair & maintenance	2,932
<b>Total Recycling and Sewage Expenses</b>	<u>10,830</u>
<b>Highway Expenses:</b>	
Salaries & benefits	103,791
Computer & office	2,101
Vehicle	7,523
Occupancy	3,917
Equipment maintenance & repair	3,589
Small tools & supplies	1,217
<b>Total Highway Expenses</b>	<u>122,138</u>

See accompanying notes to basic financial statements.

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**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION-continued  
BUSINESS-TYPE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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	<u>Sewer Fund</u>
<b>Other Operating Expenses:</b>	
General insurance	39,979
Depreciation and amortization	395,042
Employee benefits	104,669
<b>Total Other Operating Expenses</b>	<u>539,690</u>
<b>Total Expenditures</b>	<u>673,224</u>
<b>Operating Income</b>	560,193
<b>Non-Operating Revenues (Expenses):</b>	
Regional costs	-
Interest expense	(172,150)
Interest income	6,561
Miscellaneous income	1,325
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(164,264)</u>
<b>Change in Net Position</b>	395,929
<b>Net Position at Beginning of Year, as adjusted</b>	<u>8,048,997</u>
<b>Net Position at End of Year</b>	<u><u>\$ 8,444,926</u></u>

See accompanying notes to basic financial statements.

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**BOROUGH OF STROUDSBURG  
 MONROE COUNTY, PENNSYLVANIA  
 COMBINING STATEMENTS OF CASH FLOWS  
 BUSINESS-TYPE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Sewer Fund</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,358,944
Cash payments for materials and services	(198,115)
Cash payments for wages	(205,180)
Cash payments for administrative expenses	(19,370)
	<u>936,279</u>
<b>Net Cash provided by operating activities</b>	
<b>Cash flows from non-capital financing activities:</b>	
Miscellaneous income	1,325
Payment of regional costs	(661,032)
	<u>(659,707)</u>
<b>Net cash (used) by non-capital financing activities</b>	
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(17,589)
Interest paid on capital debt	(172,090)
Principal paid on capital debt	(84,025)
	<u>(273,704)</u>
<b>Net cash (used) by capital and related financing activities</b>	
<b>Cash flows from investing activities:</b>	
Interfund borrowings	(31,185)
Interest earned on cash and investments	6,562
	<u>(24,623)</u>
<b>Net cash (used in) investing activities</b>	
<b>Net (decrease) in cash and cash equivalents</b>	(21,755)
<b>Cash at beginning of year</b>	<u>2,865,159</u>
<b>Cash at end of year</b>	<u><u>\$ 2,843,404</u></u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
COMBINING STATEMENTS OF CASH FLOWS-continued  
BUSINESS-TYPE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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	<u>Sewer Fund</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities:</b>	
Income from operations:	\$ 560,194
<b>Adjustments to reconcile operating income to cash provided (used) by operating activities:</b>	
Depreciation and amortization	395,042
<b>(Increase) in current assets</b>	
Accounts receivable	(28,728)
<b>Increase (decrease) in current liabilities</b>	
Accounts payable	16,264
Accrued wages	(1,979)
Accrued compensated absences	(4,515)
<b>Total Adjustments</b>	<u>376,084</u>
<b>Net cash provided by operating activities</b>	<u>\$ 936,278</u>

See accompanying notes to basic financial statements.

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**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
STATEMENT OF PLAN NET POSITION  
NON-UNIFORM PENSION FUND  
DECEMBER 31, 2016**

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**ASSETS**

Current Assets:

Prepaid pension benefits	\$	18,024
Members' contributions		4,804
<b>Total Current Assets</b>		<u>22,828</u>

Investments:

Domestic equity		2,104,761
Fixed income		1,089,496
<b>Total Investments</b>		<u>3,194,257</u>

**Total Assets** \$ 3,217,085

**NET POSITION**

**Held in Trust for Pension Benefits** \$ 3,217,085

See accompanying notes to basic financial statements.

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**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
STATEMENT OF CHANGES IN PLAN NET POSITION  
NON-UNIFORM PENSION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Additions:**

Minimum municipal obligation	\$ 74,369
Member contributions	141,343
<b>Total Additions</b>	<u>215,712</u>

**Investment Income:**

Change in market value	204,910
<b>Total Investment Income</b>	<u>204,910</u>

**Total Additions and Investment Income** 420,622

**Deductions:**

Payments to retirees	223,465
Management fees	24,202
<b>Total Deductions</b>	<u>247,667</u>

**Increase in Net Position** 172,955

**Held in Trust for Pension Benefits:**

<b>Beginning of year</b>	<u>3,044,130</u>
<b>End of year</b>	<u><u>\$ 3,217,085</u></u>

See accompanying notes to basic financial statements.

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**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
BALANCE SHEET  
AGENCY FUND - PAYROLL  
DECEMBER 31, 2016**

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**ASSETS**

Cash	\$	2,841
Interfund receivables - governmental-type funds		126,825
	<b>TOTAL ASSETS</b>	<b>\$ 129,666</b>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Interfund payables - governmental-type funds	\$	6,345
Interfund payables - business-type funds		98,824
	<b>TOTAL LIABILITIES</b>	<b>105,169</b>

**FUND BALANCE**

Unassigned		<u>24,497</u>
	<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 129,666</b>

See accompanying notes to basic financial statements.

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**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Borough of Stroudsburg (the Municipality) was organized in 1815 and operates as a borough in Monroe County, Pennsylvania. It operates using a Council as its governing body.

The Borough has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011.

**A. Financial Reporting Entity**

The report includes all of the services provided by the Borough to residents and businesses within its boundaries. Borough services provided include general administrative services, public safety (police and fire), highways and streets, planning and zoning, recreation and community services, sewer, water and sanitation services. The criteria for including organizations as component units within the Borough's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Borough holds the corporate powers of the organization
- The Borough appoints a voting majority of the organization's board
- The Borough is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Borough
- There is fiscal dependency by the organization on the Borough

Based on the aforementioned criteria, the Borough of Stroudsburg does not have any component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the Borough. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the business-type funds and fiduciary fund financial statements. 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.

Governmental fund financial statements are reported 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. For this purpose, the Borough considers revenues to be available if they are collected within 60 days of the end of the current 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 claims and judgments, are recorded only when payment is due.

Real estate, transfer and occupation taxes associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

- The General Fund is the main operating fund of the Borough. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid through the General Fund.
- The Capital Equipment fund accounts for amounts received for the sale of Authority rights as well as for the purpose of future major equipment purchases.
- The Fire Fund is used to account for tax monies received and expended that are restricted for fire services.

The government reports the following major proprietary fund:

- The general sewer fund accounts for the collection of amounts due from the activities of the Borough's sewer service.

Additionally, the Borough reports the following fund types:

- The highway fund accounts for the receipt and expenditures of the annual allocation received from the Pennsylvania Department of Transportation for road improvements and maintenance.
- The street fund is used to manage revenues and expenditures for funds collected other than from PennDOT for the maintenance of its highways and streets.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

**C. Measurement focus, basis of accounting, and financial statement presentation-continued**

- The Borough maintains six (6) other governmental funds for the allocation of revenues and expenditures of specific governmental programs, which include: parking fund, police building fund, recreation fund, street light fund, insurance dividends fund, and the debt service fund.
- The pension trust funds account for the activities of the Non-Uniformed Pension Plan, which accumulates resources for pension benefit payments to qualified employees.
- The agency fund accounts for the Borough's payroll checks and tax liabilities.

The Proprietary Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Funds are charges to customers for sales and services. Operating expense for the Sewer Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Budgets and Budgetary Accounting**

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are adjusted to the actual results for this comparison.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. At least 30 days prior to budget adoption, the Borough prepares a proposed budget for the ensuing year.
2. Notification of the proposed budget and hearings on it are held by the Borough prior to adoption.
3. Prior to December 31<sup>st</sup>, the budget is legally enacted by the Borough and the tax levy ordinance is adopted.
4. The Borough, during the budget year, is authorized to modify the budget through either budget transfers or supplemental appropriations.
5. The budget lapses at the end of the year.

Prior to December 31<sup>st</sup>, the budget is legally enacted by the Borough and the tax levy ordinance is adopted.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

**E. Capital Assets**

Capital assets, which include property, plant, and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings, plant and improvements	10-40 years
Vehicles and transportation equipment	5-10 years
Machinery and equipment	5-10 years
Infrastructure	25-50 years

**F. Compensated Absences**

The Borough's policy for accrual of compensated absences is to allow full-time employees to accrue time for compensated time, vacation and sick leave. The value of compensated absences at the end of the year is calculated by multiplying the number of accumulated hours by each employees pay rate as of the end of the year.

**G. Reservations of Net position**

The net position reserves for its pension plans because those funds are for the specific payment of the Borough's retirees benefit payments.

**H. Use of Estimates**

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

**I. Statement of Cash Flows**

The Borough adopted GASB Statement 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". For purposes of reporting cash flows all highly liquid investments (including restricted assets) with maturity of three months or less are considered to be cash equivalents.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

J. Fund Equity

Beginning with fiscal year 2011, the Borough 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 a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Borough itself, using its highest level of decision-making authority (i.e. Borough Council). To be reported as committed, amounts cannot be used for any other purpose unless the Borough makes the highest level action to remove or change the constraint.
- Assigned fund balance – amounts the Borough intends to use for a specific purpose. Intent can be expressed by the Borough Council or by an official or body to which the Borough Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Restricted or unrestricted amounts are considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The Borough's Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the business manager through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or other purposes).

K. Implementation of New Accounting Principles

The Borough has adopted the provisions of Governmental Accounting Standards Board (GASB) issued Statement No. 72, Fair Value Measurement and Application, Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments and Statement No.77, Tax Abatement Disclosures, Statement No. 79, Certain External Investment Pools and Pool Participants. The adoption of this standard does not have a material effect on these statements.

**BOROUGH OF STROUDSBURG  
 MONROE COUNTY, PENNSYLVANIA  
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
 DECEMBER 31, 2016**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

K. Implementation of New Accounting Principles

As of the year ended December 31, 2016, GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, Statement No. 74, Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans, Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, Statement No. 80, Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14, Statement No. 81, Irrevocable Split-Interest Agreements, Statement No. 82, Pension Issues-an amendment of GASB Statement No. 67, No. 68, and No. 73, Statement No. 83, Certain Asset Retirement Obligations, Statement No. 84, Fiduciary Activities, Statement No. 85, Omnibus 2017, and Statement No. 86, Certain Debt Extinguishment Issues. The City is analyzing the effects of these pronouncements and plans to adopt them as applicable by its effective date.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Borough’s deposits may not be recovered. The Borough’s policy for minimizing credit risk for bank balances exceeding the Federal Deposit Insurance Corporation’s insured limits relies upon the Pennsylvania Pledge Act 72 (72 P.S. section 3836-1et seq.). The act requires the financial institution to pool collateral for all of its government deposits in addition to having the collateral held by an approved custodian in the institution’s name. At December 31, 2016 the carrying amount and bank deposit balance of the Borough’s deposits were \$8,426,583 and \$8,484,292, respectively. Of the bank balance \$300,845 was covered by federal depository insurance.

Balances held in each category as of December 31, 2016 are as follows:

	<b>Carrying Balance</b>	<b>Bank Balance</b>
Total governmental funds	\$ 5,580,337	\$ 5,620,799
Business-type funds	2,843,405	2,850,674
Trust & agency	2,841	12,819
<b>Totals</b>	<b>\$ 8,426,583</b>	<b>\$ 8,484,292</b>

Custodial Credit Risks

For an investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Borough’s custodial relates to investments in its Non-Uniform Pension Fund.

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 – PROPERTY TAXES**

Based upon assessed valuation provided by the County (approximately \$56,084,150 in 2016), the Borough bills and collects its own property taxes through an elected tax collector. The schedule for property taxes levied for 2016 is as follows:

March 1	Levy Date
March 1 through April 30	2% Discount Period
May 1 through June 30	Face Payment Period
July 1 through December 31	10% Penalty Period
January 1 (following year)	Lien Date

The Borough's tax rate for all purposes for 2016 was 40.50 mills (\$40.50 per \$1,000 of assessed taxable valuations).

<u>Fund</u>	<u>Mills</u>
General Fund	26.270
Fire Fund	3.000
Street Lighting Fund	1.490
Police Building Fund	1.810
Recreation Fund	2.690
Street Fund	3.000
Debt Service Fund	2.237
Total Mills	<u>40.500</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016, was as follows:

	<u>Balance 1/1/16</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance 12/31/16</u>
<b>Governmental Activities:</b>				
Land	\$ 616,562	\$ -	\$ -	\$ 616,562
Construction in process	950,591	682,224	-	1,632,815
<b>Capital assets, being depreciated:</b>				
Buildings	1,414,689	-	-	1,414,689
Improvements	1,883,947	-	-	1,883,947
Parking deck	2,755,263	-	-	2,755,263
Vehicles	1,689,556	590,672	-	1,726,659
Machinery and equipment	4,479,884	345,155	18,890	4,278,884
Infrastructure	1,933,093	40,604	-	1,933,093
	15,723,585	1,663,755	18,890	17,368,450
Less: accumulated depreciation	7,274,929	436,431	18,890	7,692,470
<b>Governmental activities capital assets, net</b>	<b>\$ 7,998,656</b>	<b>\$ 1,227,324</b>	<b>\$ -</b>	<b>\$ 9,675,980</b>
<b>Business-type activities:</b>				
Land	\$ 187,711	\$ -	\$ -	\$ 187,711
<b>Capital assets, being depreciated:</b>				
Buildings, plant and improvements	13,572,020	-	-	13,572,020
Machinery and operating equipment	594,959	17,589	-	612,548
Sewer rights	6,261,753	-	-	6,261,753
	20,616,443	17,589	-	20,634,032
Less: accumulated depreciation/amortization	8,741,697	395,042	-	9,136,739
<b>Business activities capital assets, net</b>	<b>\$ 11,874,746</b>	<b>\$ (377,453)</b>	<b>\$ -</b>	<b>\$ 11,497,293</b>

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 5 –LONG-TERM DEBT**

Governmental and Business-type long-term debt consists of the following:

DESCRIPTION	Balance 1/1/16	Additions	Payments & Retirements	Balance 12/31/16
<b><u>Governmental-type Entities:</u></b>				
GON Series of 2016 10 year annual payments Interest rate 2.60% Matures March 30, 2026	\$ -	\$ 490,379	\$ -	\$ 490,379
PEMA Note – payable in monthly Installments of \$ 564, including Interest at 2.% annually, matures In May of 2022, collateralized by Fire equipment	40,807	-	6,016	34,789
GOB Series of 2013 18 year semi-annual payments 2.440% interest Matures October 15, 2031	520,800	-	27,000	493,800
GON Series A of 2013 20 year semi-annual payments 2.90% interest Matures August 1, 2033	1,971,677	-	42,200	1,929,477
GON Series A of 2015 7 year semi-annual payments 1.550% - 3.000% interest Matures December 1, 2021	1,807,286	-	290,710	1,807,286
<b>Total Governmental</b>	<u>4,340,570</u>	<u>490,379</u>	<u>365,927</u>	<u>4,465,021</u>
<b><u>Business-type Entities:</u></b>				
PENNVEST Loan 19 year monthly payments Interest rates 1.00% to 1.51% Matures August 1, 2032	1,298,736	-	72,055	1,226,681
GOB Series of 2015 AA 26 year semi-annual payments Interest rate 2.70% Matures December 1, 2040	5,870,960	-	5,000	5,865,960
<b>Total Business-type</b>	<u>7,169,696</u>	<u>-</u>	<u>77,055</u>	<u>7,092,641</u>
<b>Total Long-Term Debt</b>	<u>\$ 11,510,266</u>	<u>\$ 490,379</u>	<u>\$ 442,982</u>	<u>\$ 11,557,663</u>



**BOROUGH OF STROUDSBURG  
 MONROE COUNTY, PENNSYLVANIA  
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
 DECEMBER 31, 2016**

**NOTE 5 –LONG-TERM DEBT – continued**

The maturities of the governmental-type activities bonds, notes and loans are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 463,725	\$ 102,236	\$ 565,961
2018	463,610	93,128	556,738
2019	476,148	83,971	560,119
2020	489,892	74,564	564,456
2021	486,837	69,307	556,144
2022-2026	955,732	225,021	1,180,753
2027-2031	794,700	101,424	896,124
2032-2033	334,378	9,847	344,225
Totals	<u>\$ 4,465,021</u>	<u>\$ 759,498</u>	<u>\$ 5,224,519</u>

The maturities of the business-type activities bonds and notes are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 248,479	\$ 170,315	\$ 418,794
2018	254,759	166,234	420,993
2019	259,980	164,552	424,532
2020	266,726	158,384	425,110
2021	273,069	152,045	425,114
2022-2026	1,456,812	659,854	2,116,666
2027-2031	1,631,917	477,855	2,109,772
2032-2036	1,446,388	284,444	1,730,832
2037-2040	1,254,511	85,912	1,340,423
Totals	<u>\$ 7,092,641</u>	<u>\$ 2,319,595</u>	<u>\$ 9,412,236</u>

**NOTE 6 – CAPITAL LEASES**

The Borough uses capital leases to acquire vehicles and equipment. The following is the future minimum lease requirements for the Borough's capital leases:

	<u>Balance</u> <u>1/1/16</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/16</u>
<b><u>Governmental-type funds:</u></b>				
2016 Street sweeper	\$ -	\$ 305,685	\$ 54,589	\$ 251,090
Snow Blower	62,634	-	20,419	42,215
Two trucks	68,174	-	16,263	51,911
Governmental total	<u>\$ 130,538</u>	<u>\$ 305,685</u>	<u>\$ 91,274</u>	<u>\$ 345,216</u>
<b><u>Business-type funds</u></b>				
Two Trucks	\$ 29,218	\$ -	\$ 6,970	\$ 22,248
Business total	<u>\$ 29,218</u>	<u>\$ -</u>	<u>\$ 6,970</u>	<u>\$ 22,248</u>

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**NOTE 6 – CAPITAL LEASES - continued**

The maturities of the Borough's governmental type capital leases are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 84,990	\$ 10,106	\$ 95,096
2018	87,519	7,577	95,096
2019	68,019	4,972	72,991
2020	51,609	2,984	54,593
2021	53,079	1,512	54,591
<b>Totals</b>	<b>\$ 345,216</b>	<b>\$ 27,151</b>	<b>\$ 372,367</b>

Assets capitalized currently from the outstanding lease payable total \$822,235 and accumulated amortization totaled \$342,153.

The maturities of the Borough's business-type capital leases are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 7,188	\$ 697	\$ 7,885
2018	7,413	472	7,885
2019	7,647	240	7,887
<b>Totals</b>	<b>\$ 22,248</b>	<b>\$ 1,409</b>	<b>\$ 23,657</b>

**NOTE 7 – FUND BALANCES**

Governmental-type funds reports restricted fund balances of \$172,219 at December 31, 2016. The State Liquid Fuels Fund reports restricted fund balance of \$122,674, which is restricted by the Commonwealth of Pennsylvania for construction, reconstruction, maintenance and repair of public roads or streets. The Fire Fund reported restricted fund balance of \$(436,044), which is restricted by the ordinance of the 3.0 mill tax levy to provide funding to the Borough's fire company. The Recreation Fund reported restricted fund balance of \$101,231, which is restricted by the ordinance of the 2.69 mill tax levy to provide funding for the Borough's parks. The Street Light Fund reported restricted fund balance of \$130,760, which is restricted by the ordinance of the 1.49 mill tax levy to provide funding for the utility payments of the streetlights. The Debt Service Fund reported restricted fund balance of \$129,274, which is restricted by the ordinance of the 2.237 mill tax levy to provide funding to pay for certain portions of the Borough's debts.

**NOTE 8 – JOINT VENTURE – TWIN BOROUGH RECYCLING**

The Borough has a joint venture with the Borough of East Stroudsburg for curb-side recycling collection, processing and marketing of recyclable materials. All revenues and expenses are shared equally by each Borough. All revenues earned are deposited into a joint recycling account to pay the expenses of the program. All expenses must be approved by each Borough. Annual audited financial statements are available for review at each of the Borough offices.

**NOTE 9 – SALE OF STROUDSBURG MUNICIPAL AUTHORITY**

The Borough sold its equity interest in the Stroudsburg Municipal Authority on July 1, 2006 to the Brodhead Creek Regional Authority for the purpose of regionalizing the County's sewer collection and treatment services. The Borough signed an agreement to sell their equity interest for \$5,735,378. The agreement states that the Brodhead Creek Regional Authority will pay the Borough in quarterly installments of \$85,660, plus interest ranging from 4.75 to 5.45 percent. The loan receivable will mature on October 15, 2044.

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**NOTE 9 – SALE OF STROUDSBURG MUNICIPAL AUTHORITY-continued**

The following is a schedule of payments for the loan receivable from the Brodhead Creek Regional Authority:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 209,338	\$ 133,302	\$ 342,640
2018	199,638	143,002	342,640
2019	190,203	152,437	342,640
2020	181,037	161,603	342,640
2021	172,142	170,498	342,640
2022	163,526	179,114	342,640
2023	155,190	187,450	342,640
2024	147,135	195,505	342,640
2025	139,361	203,279	342,640
2026	131,870	210,770	342,640
2027	124,660	217,980	342,640
2028	117,729	224,911	342,640
2029	111,074	231,566	342,640
2030	105,980	236,660	342,640
2031	99,845	242,795	342,640
2032	93,973	248,667	342,640
2033	88,360	254,280	342,640
2034	83,002	259,638	342,640
2035	77,893	264,747	342,640
2036	73,027	269,613	342,640
2037	68,399	274,241	342,640
2038	64,002	278,638	342,640
2039	59,829	282,811	342,640
2040	55,873	286,767	342,640
2041	52,129	290,511	342,640
2042	48,589	294,051	342,640
2043	45,246	297,394	342,640
2044	42,094	300,548	342,642
Totals	<u>\$ 3,101,144</u>	<u>\$ 6,493,778</u>	<u>\$ 9,593,922</u>

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**NOTE 10 – POSTEMPLOYMENT BENEFITS**

In addition to providing pension benefits, the Borough provides coverage for medical benefits to Borough employees based on eligibility requirements set for each group of employees pursuant to Governmental Accounting Standards Board Statement No. 45. The benefits are based on negotiated memorandums of understanding with employee contracts. The costs of retiree health care benefits are recognized as expenditures and a net other post-employment benefit payable based on an actuarial valuation. For the year ended December 31, 2016, the accrued expense and liability for these benefits totaled \$289,687.

Health Care Cost Trend

The following health care cost trend rate assumption used in the January 1, 2012 valuation recognize increases due to health care inflation, utilization and intensity, technology and quality of care changes and regulatory requirements. The annual healthcare cost trend rate is assumed to be 0% for the calendar years 2013 and 2014, 7% during 2015 through 2017 and thereafter reduced by 0.25% per year to an ultimate level of 5% per year.

Actuarial Assumptions and Methods

A. Actuarial Cost Method

Entry Age Normal Cost Method. This cost method effectively spread liabilities over the future working lifetime of active participants as a level dollar amount.

B. Discount Rate

The discount rate is based upon the funding method that the sponsor employs. Since the Borough uses the pay-as-you-go method of funding, benefits are expected to be paid out of the general fund of the Borough, which is expected to earn a short-term investment rate of 4%.

C. Mortality

The rates of mortality are assumed to be RP 2000 Tables for Males and Females.

D. Valuation Date

First day of the fiscal year (January 1, 2012)

E. Withdrawal

Rates of withdrawal are based on Table W65

F. Disability

None assumed

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**NOTE 10 – POSTEMPLOYMENT BENEFITS – continued**

Actuarial Assumptions and Methods - continued

G. Retirement

Assumed at age 60 with a minimum of 10 years of service.

H. Participation

100% of eligible retirees are assumed to participate in post-retirement health and welfare coverage.

Summary of Principal Plan Provisions

1. Retiree Benefits

Medical coverage valued under GASB 45

2. Medical Coverage

a. Description – Medical, prescription drug, dental and vision coverage same as when active.

b. Eligibility – Minimum of age 60 and 10 years of service.

c. Period of Coverage

i) Coverage ends upon Medicare eligibility.

Summary of Participant Data

A. Summary of Lives

Active Lives:	
Fully Eligible	1
Not Fully Eligible	20
Total Active Lives	<u>21</u>
Retired Lives	<u>0</u>
Total Lives	<u>21</u>

B. Other Participant Data

i) Average service to full eligibility is 11.8 years.

ii) Average service years to assumed retirement is 11.1 years.

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**NOTE 11 – NON-UNIFORM PENSION PLAN**

The Stroudsburg Borough Non-Uniformed Pension Plan is a single-employer defined benefit pension plan that covers substantially all full-time, non-uniformed employees of Stroudsburg Borough and which is controlled by the provisions of Ordinance No. 817, as amended, adopted pursuant to Act 581. The plan is governed by the Borough Council which is responsible for the management of plan assets. Borough Council has appointed the Pension Board as the official body to which all related investment matters of the Fund are delegated. The Pension Board consists of seven members; the Council President, a Council Member, Borough Secretary/Treasurer and four plan participants. The Borough Council has delegated the authority to manage certain plan assets to TCG Investment Advisory, Inc., with Nationwide Financial as custodian.

**Employees Covered by the Plan**

Memberships of the plan consist of the following:

As of December 31, 2016, the Pension Plan's membership consisted of the following:

Active members	18
Retirees and beneficiaries currently receiving benefits	12
Inactive employees entitled to benefits but not yet receiving them	<u>9</u>
Total	<u>39</u>

**Contributions**

Act 205 requires that annual contributions to the plan be based upon the plan's Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation. In accordance with the plan's governing document, employees are not required to contribute to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

**Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The plan is maintained on the cash basis of accounting. Contributions are recognized when received. Benefits are recognized when paid.

**B. Valuation of Investments**

The plan values its investments at fair market value.

**NOTE 11 – NON-UNIFORM PENSION PLAN - continued**

**Investments**

**A. Investment Policy**

The Pension Board, with the assistance of TCG Investment Advisory, Inc., shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries.

It is not expected that the Investment Policy Statement will change frequently. In particular, short term changes in the financial markets should not require an adjustment in the Investment Policy Statement. However, any changes to the asset allocation model will only be implemented in accordance with formal authorization and instructions given by the Pension Board.

As of December 31, 2016, it shall be the policy of the Pension Board to invest the fund’s assets with the following allocations:

<b>Asset Class</b>	<b>Asset Weighting Range</b>	<b>Target Allocation</b>
Domestic Equity	47% - 52%	52%
International Equity	03% - 13%	8%
Fixed Income	30% - 40%	35%
Real Estate	00% - 00%	0%
Cash	00% - 10%	5%
		100%

**B. Rate of Return**

For the year ended December 31, 2016, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 6.08 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

**Pension Liability**

**A. Net Pension Liability**

The components of the net pension liability of the municipality as of December 31, 2016 were as follows:

Total Pension Liability (TPL)	\$ 4,350,708
Plan Fiduciary Net Position	\$ 3,217,085
Net Pension Liability (NPL)	\$ 1,133,623
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.94%

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**NOTE 11 – NON-UNIFORM PENSION PLAN – continued**

**B. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions:

Inflation	3.0 percent
Salary increases	4.5 percent, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation
Cost-of-living adjustments	None

Mortality rates were based on the RP2000 Table for Males or Females, as appropriate, and termination rates were based on Scale W65.

The actuarial assumptions used in the December 31, 2016 valuation were based on the same assumptions as the actuarial experience study as of January 1, 2015.

**C. Long-Term expected Rate of Return**

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 (see Note 3A) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
<i>Domestic Equity</i>		International Equity	8.75%
Large Cap	8.25%	Fixed Income	4.40%
Mid Cap	8.75%	Balanced/Blend	8.75%
Small Cap	9.00%	Cash	2.10%

**D. Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent. This discount rate is based on the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer must meet the funding requirements of Act 205 on an annual basis or be subject to an interest penalty as required. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100% funded status.



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**NOTE 11 – NON-UNIFORM PENSION PLAN – continued**

**E. Net Pension Liability Sensitivity**

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
Net Pension Liability	\$ 1,588,734	\$ 1,133,623	\$ 741,984

**F. Changes in Net Pension Liability**

The following table shows the changes in net pension liability recognized over the measurement period:

	<b>Increase/(Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balances at 12/31/2015</b>	\$ 4,141,496	\$ 3,044,130	\$ 1,097,366
<b>Changes for the year:</b>			
Service Cost	121,343	-	121,343
Interest	311,333	-	311,333
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions – Employer	-	99,281	(99,281)
Contributions – State Aid	-	74,369	(74,369)
Contributions – Member	-	42,062	(42,062)
Net Investment Income	-	180,708	(180,708)
Benefit Payments	(223,465)	(223,465)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
<b>Net Changes</b>	<u>209,211</u>	<u>172,955</u>	<u>36,256</u>
<b>Balances at 12/31/2016</b>	<u>\$ 4,350,707</u>	<u>\$ 3,217,085</u>	<u>\$ 1,133,622</u>

**BOROUGH OF STROUDSBURG  
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**NOTE 11 – NON-UNIFORM PENSION PLAN – continued**

**Pension Expense for Fiscal Year Ended December 31, 2016**

Service Cost	\$ 121,343
Interest on Total Pension Liability	311,333
Changes in Benefit Terms	-
Difference Between Expected and Actual Experience	(5,871)
Changes in Assumptions	26,531
Employee Contributions	(42,062)
Projected Earnings on Pension Plan Investments	(224,763)
Differences Between Projected and Actual Earnings on Investments	66,309
Administrative Expenses	-
Other Changes in Fiduciary Net Position	-
Total Pension Expense	<u>\$ 252,820</u>

**Deferred Outflows and Deferred Inflows of Resources**

For the year ended December 31, 2016, the municipality recognized a pension expense of \$252,820. At December 31, 2016, the municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ -	\$ 24,777
Changes in Assumptions	111,958	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	207,736	-
Total	<u>\$ 319,694</u>	<u>\$ 24,777</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

<b>Year Ended December 31:</b>	<b>Amount</b>
2017	\$ 86,969
2018	\$ 86,969
2019	\$ 86,967
2020	\$ 29,471
2021	\$ 4,541
Thereafter	\$ -

**NOTE 11 – NON-UNIFORM PENSION PLAN – continued**

**Salient Features of the Plan**

**A. Eligibility**

Every full time non-uniformed employee working a minimum 35 hours per week shall become a member of the plan on January 1 or July 1 next following the date the employee completes 1 year of service and attains age 21.

**B. Retirement Dates**

- a. Normal retirement date – Age 60 and 10 years of service. For those hired after December 31, 2012, age 65 and 10 years of service.
- b. Early Retirement - 20 years of service, actuarially reduced for each year or partial year prior to age 60. For those hired after December 31, 2012, 20 years of service, actuarially reduced for each year or partial year prior to age 65.

**C. Retirement Benefits**

The monthly pension shall be 5.0% credit for each year of service (maximum 50%) times the average annual compensation over the participant's highest five (5) consecutive years of employment. For those hired after December 31, 2012, the monthly pension shall be 2.0% credit for each year of service (maximum 50%) times the average annual compensation over the participant's highest five (5) consecutive years of employment.

**D. Survivor Benefit**

If eligible to retire at time of death, the beneficiary shall receive the present value of the member's accrued benefit. At retirement, the member may select a survivor benefit.

**NOTE 12 – DEFERRED COMPENSATION PLAN**

The Borough maintains deferred compensation plans for the administrative employees. The plans are administered by the International City Management Association Retirement Corporation (ICMA) and the Copeland Companies. The plan meets the requirement of IRC Section 457.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts properly, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Borough (without being restricted to the provisions of benefits under the plan), subject only to the claims the Borough's general creditors.

It is the opinion of the Borough's legal counsel that the Borough has no liability for losses under the plan agreements but does have the duty of due care that would be required of any ordinary prudent investor. The Borough believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**BOROUGH OF STROUDSBURG  
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**NOTE 13 – INTERFUND TRANSFERS**

Interfund transfers were approved to help cover operating expenses during the year ended December 31, 2016, were as follows:

<u>Transfers to</u>	<u>Transfers From</u>	
	<u>General Fund</u>	<u>Totals</u>
Police Building Fund	\$ 224,716	\$ 224,716
Totals	<u>\$ 224,716</u>	<u>\$ 224,716</u>

**NOTE 14 – INTERFUND BALANCES**

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>General Fund:</b>		
Recreation Fund	\$ 7,192	\$ -
Street Lighting Fund	5,655	-
Debt Service Fund	7,118	-
Street Fund	-	8,970
Fire Fund	-	8,017
Sewer fund	-	46,001
Police Building Fund	-	6,223
Payroll Fund	-	116,555
<b>Street Fund:</b>		
General Fund	8,970	-
Payroll Fund	-	1,850
<b>Fire Fund:</b>		
General Fund	8,017	-
Capital Equipment Fund	-	1,150,591
Payroll Fund	-	3,691
<b>Capital Equipment Fund:</b>		
Fire Fund	1,150,591	-
<b>Police Building Fund:</b>		
General Fund	6,223	-
Sewer Fund	62,830	-
Payroll Fund	4	-
<b>Sewer Fund:</b>		
General Fund	46,001	-
Payroll Fund	98,824	-
Police Building Fund	-	62,830
<b>Recreation Fund:</b>		
Payroll Fund	6,341	-
General Fund	-	7,192
<b>Street Light Fund:</b>		
General Fund	-	5,655
Payroll Fund	-	3,210
<b>Debt Service Fund:</b>		
General Fund	-	7,118
Payroll Fund	-	1,519

**BOROUGH OF STROUDSBURG  
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**NOTE 14 – INTERFUND BALANCES - continued**

Fund	Due From Other Funds	Due to Other Funds
<i>Payroll Fund</i>		
General Fund	116,555	-
Street Fund	1,850	-
Fire Fund	3,691	-
Street Light Fund	3,210	-
Debt Service Fund	1,519	-
Sewer Fund	-	98,824
Recreation Fund	-	6,341
Police Building Fund	-	4
<b>Totals</b>	<b>\$ 1,534,591</b>	<b>\$ 1,534,591</b>

**NOTE 15 – PRIOR PERIOD EQUITY ADJUSTMENTS**

The following prior period adjustments were made to reconcile previously posted balance sheet items that were not properly reconciled in previous years, and were no longer valid as of January 1, 2016:

Fund	Net Adjustment Increase (Decrease)
Governmental-type funds	
General Fund	\$ (52,038)
Police Building Fund	123,176
Debt Service Fund	(130,979)
Business-type fund:	
Sewer Fund	20,401
<b>Total Adjustments</b>	<b>\$ (39,440)</b>

**NOTE 16 – PRIOR PERIOD NET POSITION ADJUSTMENT**

Certain capital assets previously were not included on statement of net position. The addition of capital assets increased net position by \$116,600.

**NOTE 17 – SUBSEQUENT EVENTS**

In preparing these financial statements, management of the Borough of Stroudsburg has evaluated events and transactions subsequent to December 31, 2016 through September 1, 2017, the date these financial statements were available to be issued. Based on the definitions and requirements of the Subsequent Topics of the FASB Accounting Standards Codification, management of the Borough is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 2,130,117	\$ 2,130,117	\$ 2,223,485	\$ 93,368
Licenses and permits	177,900	177,900	200,051	22,151
Fines	327,000	327,000	330,408	3,408
Interest and rents	9,560	9,560	7,760	(1,800)
Intergovernmental	121,700	121,700	124,132	2,432
Charges for services	495,825	495,825	547,230	51,405
Miscellaneous	27,450	27,450	15,338	(12,112)
<b>Total Revenues</b>	<b>3,289,552</b>	<b>3,289,552</b>	<b>3,448,404</b>	<b>158,852</b>
<b>Other Financing Sources:</b>				
Interfund operating transfers in	-	-	-	-
<b>Total Revenues and Other Financing Sources</b>	<b>3,289,552</b>	<b>3,289,552</b>	<b>3,448,404</b>	<b>158,852</b>
<b>Expenditures:</b>				
General government	292,589	299,828	299,487	341
Public safety and protective inspection	1,754,624	1,702,908	1,705,083	(2,175)
Health & animal control	500	-	80	(80)
Sanitation, storm water & flood control	82,179	92,793	93,801	(1,008)
Highways and streets	376,994	403,921	389,755	14,166
Parking facilities	304,353	238,420	241,469	(3,049)
Culture and recreation	19,000	16,288	16,282	6
Community development	12,200	9,719	9,719	-
Debt service - principal and interest	-	-	18,400	(18,400)
Insurance	108,941	146,143	146,143	-
Employee benefits	119,061	136,551	170,659	(34,108)
Pension	121,555	143,866	143,866	-
Unemployment	11,139	9,202	9,787	(585)
<b>Total Expenditures</b>	<b>3,203,135</b>	<b>3,199,639</b>	<b>3,244,531</b>	<b>(44,892)</b>
<b>Other Financing Uses:</b>				
Interfund operating transfers out	-	-	224,716	(224,716)
<b>Total Expenditures and Other Financing Uses</b>	<b>3,203,135</b>	<b>3,199,639</b>	<b>3,469,247</b>	<b>(269,608)</b>
<b>Net changes in fund balances</b>	<b>86,417</b>	<b>89,913</b>	<b>(20,843)</b>	<b>\$ (110,756)</b>
<b>Fund Balance Forwarded</b>	<b>1,618,001</b>	<b>1,618,001</b>	<b>1,618,001</b>	
<b>Fund balance at end of year</b>	<b>\$ 1,704,418</b>	<b>\$ 1,707,914</b>	<b>\$ 1,597,158</b>	

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
SCHEDULE OF CHANGES IN MUNICIPALITY'S NET PENSION LIABILITY AND RELATED RATIOS - NON UNIFORMED PENSION  
DECEMBER 31, 2016**

	2014	2015	2016
<b>Total Pension Liability</b>			
Service Cost	\$ 91,432	\$ 116,118	\$ 121,343
Interest	288,545	295,973	311,333
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	-	(36,519)	-
Changes of Assumptions	-	165,020	-
Benefit Payments, Including Refunds of Member Contributions	(185,770)	(201,564)	(223,465)
<b>Net Change in Total Pension Liability</b>	<u>194,207</u>	<u>339,028</u>	<u>209,211</u>
<b>Total Pension Liability - Beginning</b>	<u>3,608,261</u>	<u>3,802,468</u>	<u>4,141,496</u>
<b>Total Pension Liability - Ending</b>	<u><u>\$ 3,802,468</u></u>	<u><u>\$ 4,141,496</u></u>	<u><u>\$ 4,350,707</u></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 99,286	\$ 102,715	\$ 74,369
Contributions - State Aid	65,836	66,654	99,281
Contributions - Member	40,691	42,014	42,062
Net Investment Income	96,582	(58,346)	180,708
Benefit Payments, Including Refunds of Member Contributions	(185,770)	(201,564)	(223,465)
Administrative Expense	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>116,625</u>	<u>(48,527)</u>	<u>172,955</u>
<b>Plan Net Position - Beginning</b>	<u>2,976,032</u>	<u>3,092,657</u>	<u>3,044,130</u>
<b>Plan Net Position - Ending</b>	<u><u>\$ 3,092,657</u></u>	<u><u>\$ 3,044,130</u></u>	<u><u>\$ 3,217,085</u></u>
<b>Municipality's Net Pension Liability</b>	<u><u>\$ 709,811</u></u>	<u><u>\$ 1,097,366</u></u>	<u><u>\$ 1,133,622</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	81.3%	73.5%	73.9%
<b>Covered Employee Payroll</b>	\$ 816,717	\$ 825,329	\$ 893,026
<b>Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	86.9%	133.0%	126.9%

**Notes to schedules:**  
Assumption Changes - In 2015, the interest rate assumption was lowered from 8.0% to 7.5% per annum and the salary scale was lowered from 5.0% to 4.5%.  
The schedule will present 10 years of information once it is accumulated.



**BOROUGH OF STROUDSBURG  
 MONROE COUNTY, PENNSYLVANIA  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS- NON UNIFORMED PENSION  
 DECEMBER 31, 2016**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 165,122	\$ 169,369	\$ 173,650
Contributions in Relation to the Actuarially Determined Contribution	<u>165,122</u>	<u>169,369</u>	<u>173,650</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 816,717	\$ 825,329	\$ 893,026
Contributions as a Percentage of Covered Employee Payroll	20.2%	20.5%	19.4%

**Notes to the Schedule:**

(1) Actuarial Assumptions

Valuation Date	January 1, 2015
Cost Method	Entry age
Actuarial Asset Valuation Method	Market
Assumed Rate of Return on Investments	7.5% per annum, net of investment expenses
Projected Salary Increases	4.5% compounded annually
Cost-of-living Adjustment	None
Amortization Method	Level dollar
Remaining Amortization Period	9 years

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

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**NOTE A – BUDGETARY COMPLIANCE**

The Borough's financial statements for the year ended December 31, 2016 present its legally adopted budget for the General Fund. The Borough approved to legally adopt the General Fund budget for the 2016 year.

The Budget has been adopted on the activity basis; expenditures at this level in excess of amounts budgeted are a violation of the Pennsylvania Borough Code. Comparison of actual results of operations to the budget of the General Fund as adopted by the Borough's Council is included in the required supplemental information of the basic financial statements.

There were no significant expenditures in excess of budgeted amounts in the General Fund for the year ended December 31, 2016.

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**SUPPLEMENTARY INFORMATION**

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**BOROUGH OF STROUDSBURG**  
**MONROE COUNTY, PENNSYLVANIA**  
**COMBINING BALANCE SHEETS**  
**OTHER GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2016**

	Highway Fund	Police Building Fund	Recreation Fund	Street Light Fund
<b><u>ASSETS</u></b>				
Cash	125,207	53,501	111,670	132,265
Taxes receivable - real estate	-	1,766	2,625	2,432
Accounts receivable	-	-	-	10,232
Interfund receivables - governmental-type funds	-	6,223	-	-
Interfund receivables - fiduciary-type funds	-	4	6,341	-
Interfund receivables - business-type funds	-	62,830	-	-
	<u>\$ 125,207</u>	<u>\$ 124,324</u>	<u>\$ 120,636</u>	<u>\$ 144,929</u>
<b>TOTAL ASSETS</b>	<b>\$ 125,207</b>	<b>\$ 124,324</b>	<b>\$ 120,636</b>	<b>\$ 144,929</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 2,533	\$ -	\$ 11,591	\$ 5,304
Accrued wages	-	-	622	-
Interfund payables - fiduciary-type funds	-	-	-	3,210
Interfund payables - governmental-type funds	-	-	7,192	5,655
	<u>2,533</u>	<u>-</u>	<u>19,405</u>	<u>14,169</u>
<b>TOTAL LIABILITIES</b>	<b>2,533</b>	<b>-</b>	<b>19,405</b>	<b>14,169</b>
<b><u>FUND BALANCES</u></b>				
Restricted	122,674	124,324	101,231	130,760
Assigned	-	-	-	-
Total Fund Balance	<u>122,674</u>	<u>124,324</u>	<u>101,231</u>	<u>130,760</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 125,207</b>	<b>\$ 124,324</b>	<b>\$ 120,636</b>	<b>\$ 144,929</b>

**BOROUGH OF STROUDSBURG  
 MONROE COUNTY, PENNSYLVANIA  
 COMBINING BALANCE SHEETS - continued  
 OTHER GOVERNMENTAL FUNDS  
 DECEMBER 31, 2016**

	Insurance Dividend Fund	Street Fund	Debt Service Fund	Total Other Governmental Totals
<b>ASSETS</b>				
Cash	\$ 182,451	\$ 344,986	\$ 136,705	\$ 1,086,785
Taxes receivable - real estate	-	2,698	1,206	10,727
Accounts receivable	-	-	-	10,232
Interfund receivables - governmental-type funds	-	8,971	-	15,194
Interfund receivables - fiduciary-type funds	-	-	-	6,345
Interfund receivables - business-type funds	-	-	-	62,830
<b>TOTAL ASSETS</b>	<b>\$ 182,451</b>	<b>\$ 356,655</b>	<b>\$ 137,911</b>	<b>\$ 1,192,113</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 19,428
Accrued wages	-	-	-	622
Interfund payables - fiduciary-type funds	-	1,850	1,519	6,579
Interfund payables - governmental-type funds	-	-	7,118	19,965
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>1,850</b>	<b>8,637</b>	<b>46,594</b>
<b>FUND BALANCES</b>				
Restricted	-	-	129,274	608,263
Assigned	182,451	354,805	-	537,256
Total Fund Balance	182,451	354,805	129,274	1,145,519
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 182,451</b>	<b>\$ 356,655</b>	<b>\$ 137,911</b>	<b>\$ 1,192,113</b>

**BOROUGH OF STROUDSBURG  
 MONROE COUNTY, PENNSYLVANIA  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016**

	Highway Fund	Police Building Fund	Recreation Fund	Street Light Fund
<b>Revenues:</b>				
Taxes	\$ -	\$ 97,125	\$ 144,276	\$ 80,548
Interest	58	72	53	62
Intergovernmental	142,223	-	-	-
Miscellaneous	-	-	-	8,244
<b>Total Revenues</b>	<b>142,281</b>	<b>97,197</b>	<b>144,329</b>	<b>88,854</b>
<b>Other Financing Sources</b>				
Interfund operating transfers in	-	224,716	-	-
<b>Total Revenues and Other Financing Sources</b>	<b>142,281</b>	<b>321,913</b>	<b>144,329</b>	<b>88,854</b>
<b>Expenditures:</b>				
General government	-	1,699	13,027	3,240
Highways	35,092	-	11,429	54,886
Culture and recreation	-	-	92,437	-
Debt service principal	-	290,710	-	-
Debt service interest	-	28,058	-	-
Unemployment	-	-	309	-
<b>Total Expenditures</b>	<b>35,092</b>	<b>320,467</b>	<b>117,202</b>	<b>58,126</b>
<b>Other Financing Uses:</b>				
Refund of prior year revenues	-	3,057	-	-
<b>Total Expenditures and Other Financing Uses</b>	<b>35,092</b>	<b>323,524</b>	<b>117,202</b>	<b>58,126</b>
<b>Net changes in fund balances</b>	<b>107,189</b>	<b>(1,611)</b>	<b>27,127</b>	<b>30,728</b>
<b>Fund balances at beginning of year</b>	<b>15,485</b>	<b>125,935</b>	<b>74,104</b>	<b>100,032</b>
<b>Fund balances at end of year</b>	<b>\$ 122,674</b>	<b>\$ 124,324</b>	<b>\$ 101,231</b>	<b>\$ 130,760</b>

**BOROUGH OF STROUDSBURG  
MONROE COUNTY, PENNSYLVANIA  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - continued  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Insurance Dividend Fund	Street Fund	Debt Service Fund	Total Other Governmental Fund
<b>Revenues:</b>				
Taxes	\$ -	\$ 156,278	\$ 123,292	\$ 601,519
Interest	354	974	56	1,629
Intergovernmental	-	-	-	142,223
Miscellaneous	12,389	-	-	20,633
<b>Total Revenues</b>	<b>12,743</b>	<b>157,252</b>	<b>123,348</b>	<b>766,004</b>
<b>Other Financing Sources:</b>				
Interfund operating transfers in	-	-	-	224,716
<b>Total Revenues and Other Financing Sources</b>	<b>12,743</b>	<b>157,252</b>	<b>123,348</b>	<b>990,720</b>
<b>Expenditures:</b>				
General government	-	25,968	1,538	45,472
Highways	-	40,128	-	141,535
Culture and recreation	-	-	-	92,437
Debt service principal	-	-	75,261	365,971
Debt service interest	-	-	1,686	29,744
Unemployment	-	-	-	309
<b>Total Expenditures</b>	<b>-</b>	<b>66,096</b>	<b>78,485</b>	<b>675,468</b>
<b>Other Financing Uses:</b>				
Refund of prior year revenues	-	-	-	3,057
<b>Total Expenditures and Other Financing Uses</b>	<b>-</b>	<b>66,096</b>	<b>78,485</b>	<b>678,525</b>
<b>Net changes in fund balances</b>	<b>12,743</b>	<b>91,156</b>	<b>44,863</b>	<b>312,195</b>
<b>Fund balances at beginning of year</b>	<b>169,708</b>	<b>263,649</b>	<b>84,411</b>	<b>833,324</b>
<b>Fund balances at end of year</b>	<b>\$ 182,451</b>	<b>\$ 354,805</b>	<b>\$ 129,274</b>	<b>\$ 1,145,519</b>