

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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, 2018, 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 at December 31, 2018, 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 and other post-employment benefits information on pages 6-14 and 56-60 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 statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Kirk, Summa & Co., LLP

September 18, 2019
East Stroudsburg, Pennsylvania

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2018 YEAR**

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, 2018. 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 decreased by \$538,765 from the prior year ended December 31, 2017.
- Total revenues for the Borough were \$6,439,714 for the year ended December 31, 2018.
- Total expenses for the Borough were \$6,651,989 for the year ended December 31, 2018.
- As of December 31, 2018, the Borough's governmental funds reported combining ending fund balances of \$6,187,756.

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 ten 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.

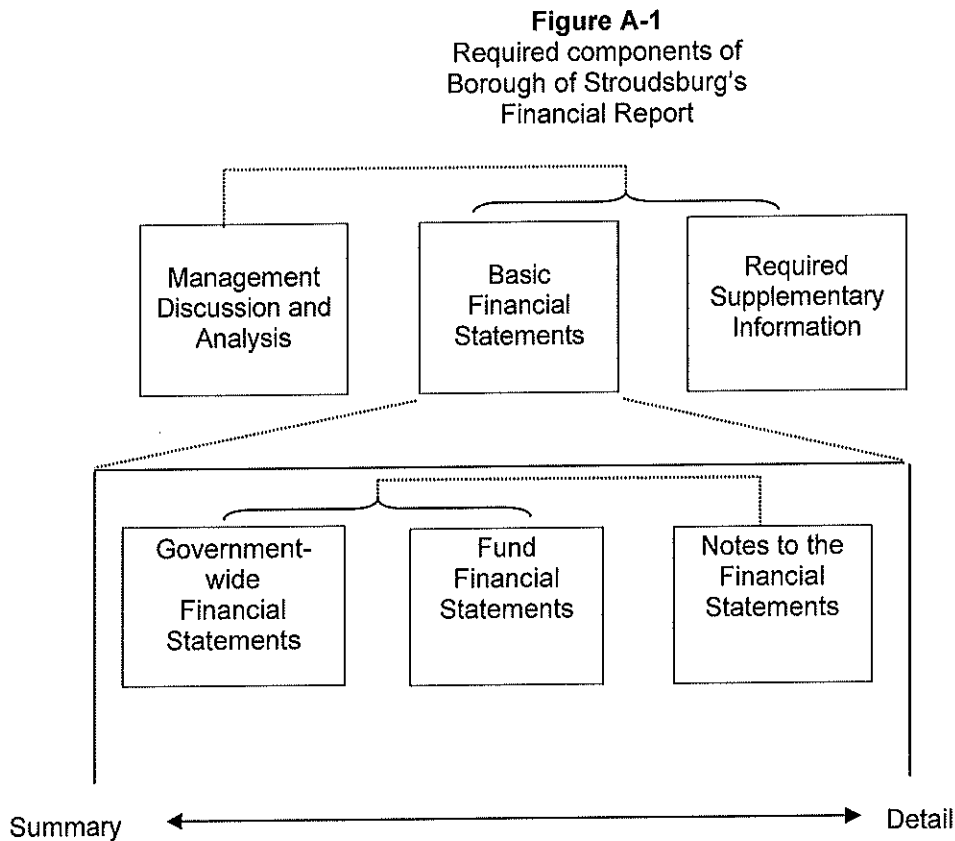
Business-type Activities – Business-type activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flows. All assets and liabilities are included on the Statement 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 2018 YEAR**

Fiduciary Activities – Fiduciary activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. The Borough's only fiduciary fund is the Non-uniform Pension Fund. While these funds are reported with the Borough's financial statements, the Borough cannot use these assets to finance its operations. The Borough's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Therefore, the net positions from these funds are not included in the Borough's reporting of net position.

Agency Fund – The agency fund accounts for the Borough's payroll checks and tax liabilities.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:



**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2018 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 2018 YEAR**

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, 2018 AND 2017**

	Governmental-type Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
ASSETS						
Cash	\$ 6,333,798	\$ 6,087,907	\$ 2,270,491	\$ 2,899,427	\$ 8,604,289	\$ 8,987,334
Taxes receivable, net	209,574	139,144	-	-	209,574	139,144
User fees receivable, net	-	-	597,506	512,740	597,506	512,740
Other receivables	5,919	14,970	-	-	5,919	14,970
Brodhead Creek note receivable - current	190,903	199,638	-	-	190,903	199,638
Brodhead Creek note receivable - non-current	2,501,265	2,692,168	-	-	2,501,265	2,692,168
Interfund balance	-	16,830	38,116	(16,830)	38,116	-
Due from other government entity	-	172,776	-	-	-	172,776
Capital Assets:						
Land	616,562	616,562	187,711	187,711	804,273	804,273
Construction in process	1,732,784	1,706,833	-	-	1,732,784	1,706,833
Buildings and plant	1,414,689	1,414,689	13,572,020	13,572,020	14,986,709	14,986,709
Improvements	1,889,047	1,889,047	-	-	1,889,047	1,889,047
Parking deck	2,755,263	2,755,263	-	-	2,755,263	2,755,263
Vehicles	2,381,108	2,403,903	-	-	2,381,108	2,403,903
Machinery and equipment	4,813,050	4,813,050	812,227	812,227	5,625,277	5,625,277
Infrastructure	2,566,895	1,973,696	-	-	2,566,895	1,973,696
Sewer rights	-	-	6,261,753	6,261,753	6,261,753	6,261,753
Less: accumulated depreciation and amortization	(8,627,070)	(8,197,157)	(9,947,282)	(9,539,634)	(18,574,352)	(17,736,791)
Total Capital Assets, net	9,542,328	9,375,886	10,886,429	11,294,077	20,428,757	20,689,963
DEFERRED OUTFLOWS OF RESOURCES	18,783,787	18,699,319	13,792,542	14,689,414	32,576,329	33,388,733
Deferred outflows - pension	546,686	206,480	-	-	546,686	206,480
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 19,330,473	\$ 18,905,799	\$ 13,792,542	\$ 14,689,414	\$ 33,123,015	\$ 33,595,213

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
COMPARATIVE STATEMENTS OF NET POSITION - CONTINUED
DECEMBER 31, 2018 AND 2017**

	Governmental-type Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
LIABILITIES						
Accounts payable	\$ 73,132	\$ 45,404	\$ 38,126	\$ 18,978	\$ 111,258	\$ 64,382
Accrued wages	28,280	13,778	5,218	5,743	33,498	19,521
Accrued interest	30,558	36,786	15,818	12,662	46,376	49,448
Escrow payable	62,677	24,641	-	-	62,677	24,641
Deposits payable	1,540	5,199	-	-	1,540	5,199
Due to fiduciary funds	38,116	3,453	-	1,201	38,116	4,654
Long-term liabilities:						
Due in one year	1,961,856	2,016,006	298,849	300,028	2,260,705	2,316,034
Due in more than one year	1,503,124	1,955,891	6,458,867	6,758,873	7,961,991	8,714,764
Total OPEB liability	680,055	327,565	-	-	680,055	327,565
Accrued compensated absences	19,080	3,757	4,727	3,058	23,807	6,815
Net pension liability	1,136,509	657,994	-	-	1,136,509	657,994
TOTAL LIABILITIES	5,534,927	5,090,474	6,821,605	7,100,543	12,356,532	12,191,017
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pension	246,828	345,776	-	-	246,828	345,776
TOTAL DEFERRED INFLOWS OF RESOURCES	246,828	345,776	-	-	246,828	345,776
NET POSITION						
Invested in capital assets, net of related debt	6,077,348	5,403,989	7,034,826	7,630,513	13,112,174	13,034,502
Restricted	439,348	439,005	-	-	439,348	439,005
Unrestricted	7,032,022	7,626,555	(63,889)	(41,642)	6,968,133	7,584,913
TOTAL NET POSITION	13,548,718	13,469,549	6,970,937	7,588,871	20,519,655	21,058,420
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 19,330,473	\$ 18,905,799	\$ 13,792,542	\$ 14,689,414	\$ 33,123,015	\$ 33,595,213

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	Governmental-type Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Program Expenses:						
Governmental Activities:						
General government and administration	\$ 442,627	\$ 391,280	\$ -	\$ -	\$ 442,627	\$ 391,280
Public safety and protective inspection	1,850,326	1,709,630	-	-	1,850,326	1,709,630
Sanitation	122,404	120,429	-	-	122,404	120,429
Highways	584,725	619,550	-	-	584,725	619,550
Parking facilities	278,226	204,519	-	-	278,226	204,519
Culture and recreation	92,054	91,275	-	-	92,054	91,275
Flood control	6,259	8,387	-	-	6,259	8,387
Economic development	-	95	-	-	-	95
Interest expense - unallocated	129,079	106,697	165,144	169,924	294,223	276,621
Insurance	147,361	134,164	-	-	147,361	134,164
Employee benefits	246,193	189,489	-	-	246,193	189,489
Pension expense	194,989	108,064	-	-	194,989	108,064
OPEB expense	26,002	-	-	-	26,002	-
Unemployment	11,014	9,319	-	-	11,014	9,319
Miscellaneous	120,043	14,265	141	98,828	120,184	113,093
Depreciation and Amortization - unallocated	452,708	504,687	125,235	125,235	577,943	629,922
Total Governmental Activities	4,704,010	4,211,850	290,520	393,987	4,994,530	4,605,837
Sewer Fund	-	-	1,657,459	1,190,290	1,657,459	1,190,290
Total Governmental Expenses	4,704,010	4,211,850	1,947,979	1,584,277	6,651,989	5,796,127
Program Revenues:						
Fees, fines and charges for services	585,173	542,341	1,198,507	1,376,293	1,783,680	1,918,634
Operating grants and contributions	409,349	268,669	-	-	409,349	268,669
Total Program Revenues	994,522	811,010	1,198,507	1,376,293	2,193,029	2,187,303
General Revenues						
Taxes	3,273,704	3,193,887	-	-	3,273,704	3,193,887
License and permits	201,068	150,414	-	-	201,068	150,414
Fines	367,159	367,355	-	-	367,159	367,355
Investment earnings and rents	195,913	166,287	18,289	12,960	214,202	179,247
Loan proceeds	44,213	-	-	-	44,213	-
Miscellaneous	33,090	258,846	113,249	-	146,339	258,846
Total General Revenues	4,115,147	4,136,789	131,538	12,960	4,246,685	4,149,749
Change in Net Position	405,659	735,949	(617,934)	(195,024)	(212,275)	540,925
NET POSITION:						
Beginning of Year - as adjusted	13,143,059	12,733,600	7,588,871	7,783,895	20,731,930	20,517,495
End of Year	<u>\$ 13,548,718</u>	<u>\$ 13,469,549</u>	<u>\$ 6,970,937</u>	<u>\$ 7,588,871</u>	<u>\$ 20,519,655</u>	<u>\$ 21,058,420</u>

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2018 YEAR**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2018, the Borough had \$13,112,174 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:

	<u>Balance 01/01/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/18</u>
Land	\$ 616,562	\$ -	\$ -	\$ 616,562
Construction in progress	1,706,833	27,696	1,745	1,732,784
Buildings	1,414,689	-	-	1,414,689
Improvements	1,889,047	-	-	1,889,047
Parking deck	2,755,263	-	-	2,755,263
Vehicles	2,403,903	-	22,795	2,381,108
Machinery and equipment	4,813,050	-	-	4,813,050
Infrastructure	1,973,696	593,199	-	2,566,895
	<u>17,573,043</u>	<u>620,895</u>	<u>24,540</u>	<u>18,169,398</u>
Less: Accumulated Depreciation	8,197,157	452,708	22,795	8,627,070
Total Fixed Assets, Net	<u>\$ 9,375,886</u>	<u>\$ 168,187</u>	<u>\$ 1,745</u>	<u>\$ 9,542,328</u>

Depreciation expense of \$452,708 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:

	<u>Balance 01/01/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/18</u>
Land	\$ 187,711	\$ -	\$ -	\$ 187,711
Buildings and plant	13,572,020	-	-	13,572,020
Machinery and equipment	812,227	-	-	812,227
Sewer rights	6,261,753	-	-	6,261,753
	<u>20,833,711</u>	<u>-</u>	<u>-</u>	<u>20,833,711</u>
Less: Accumulated Depreciation	9,539,634	407,648	-	9,947,282
Total Capital Assets, Net	<u>\$ 11,294,077</u>	<u>\$ (407,648)</u>	<u>\$ -</u>	<u>\$ 10,886,429</u>

Debt Administration

Governmental activities long-term liability balances and activity for the year ended December 31, 2018 were:

	<u>Balances 01/01/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances 12/31/18</u>
Long-Term Debt:				
Bonds, notes and leases payable	\$ 3,971,896	\$ 44,213	\$ 551,129	\$ 3,464,980
Total Long-Term Debt	<u>3,971,896</u>	<u>44,213</u>	<u>551,129</u>	<u>3,464,980</u>
Other post-employment benefits	327,565	352,490	-	680,055
Accrued compensated absences	3,757	15,323	-	19,080
Totals	<u>\$ 4,303,219</u>	<u>\$ 412,026</u>	<u>\$ 551,129</u>	<u>\$ 4,164,115</u>

The above includes the balance of GON Series A of 2013 which is presented differently in the financial statements, as this Note is not yet being amortized since it is not fully funded as of December 31, 2018. The beginning and ending balances are \$1,553,676 and \$1,509,089, respectively.

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2018 YEAR**

Business-type activities long-term liability balances and activity for the year ended December 31, 2018 were:

	<u>Balances 01/01/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances 12/31/18</u>
Long-Term Debt:				
Bonds, notes and leases payable	\$ 7,058,901	\$ -	\$ 301,185	\$ 6,757,716
Total Long-Term Debt	7,058,901	-	301,185	6,757,716
Accrued compensated absences	3,058	1,669	-	4,727
Totals	<u>\$ 7,061,959</u>	<u>\$ 1,669</u>	<u>\$ 301,185</u>	<u>\$ 6,762,443</u>

BUDGET HIGHLIGHTS

Overall, the Borough's General Fund ended the year with an excess of \$42,084 in revenue collections over budgeted amounts.

ANALYSIS OF CURRENT ECONOMIC STATUS

The economy showed some improvement in 2018 and Borough of Stroudsburg took steps to improve its economic posture due to the outlook of a continued recovery. Revenues in 2018 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 2018 fiscal year. However, fines were under budget, keeping the total revenue excess lower than anticipated.

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, 2018

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Current Assets:			
Cash - unrestricted	\$ 6,333,798	\$ 2,270,491	\$ 8,604,289
<i>Receivables, net:</i>			
Taxes	209,574	-	209,574
Users fees	-	597,506	597,506
Other	5,919	-	5,919
<i>Note receivable - Brodhead Creek Regional Authority:</i>			
Receivable within one year	190,903	-	190,903
Receivable after one year	2,501,265	-	2,501,265
Interfund balances	-	38,116	38,116
Total Current Assets	9,241,459	2,906,113	12,147,572
Capital Assets:			
Land	616,562	187,711	804,273
Construction in process	1,732,784	-	1,732,784
Buildings and plant	1,414,689	13,572,020	14,986,709
Improvements	1,889,047	-	1,889,047
Parking deck	2,755,263	-	2,755,263
Vehicles	2,381,108	-	2,381,108
Machinery and equipment	4,813,050	812,227	5,625,277
Infrastructure	2,566,895	-	2,566,895
Sewer rights	-	6,261,753	6,261,753
	18,169,398	20,833,711	39,003,109
Less: accumulated depreciation and amortization	8,627,070	9,947,282	18,574,352
Total Capital Assets, net	9,542,328	10,886,429	20,428,757
TOTAL ASSETS	18,783,787	13,792,542	32,576,329
DEFERRED OUTFLOWS OF RESOURCES			
Difference between projected and actual earnings	388,431	-	388,431
Changes in assumptions	158,255	-	158,255
TOTAL DEFERRED OUTFLOWS OF RESOURCES	546,686	-	546,686
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 19,330,473	\$ 13,792,542	\$ 33,123,015

See accompanying notes to basic financial statements.

BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
GOVERNMENT-WIDE STATEMENT OF NET POSITION - continued
DECEMBER 31, 2018

LIABILITIES	Governmental Activities	Business-type Activities	Totals
Current Liabilities:			
Accounts payable	\$ 73,132	\$ 38,126	\$ 111,258
Accrued wages	28,280	5,218	33,498
Accrued interest	30,558	15,818	46,376
Escrow payable	62,677	-	62,677
Deposits payable	1,540	-	1,540
Due to fiduciary funds	38,116	-	38,116
Total Current Liabilities	234,303	59,162	293,465
Long-term debt:			
Portion due within one year	1,893,837	298,849	2,192,686
Portion due after one year	1,398,436	6,458,867	7,857,303
Total long-term debt	3,292,273	6,757,716	10,049,989
Long-term leases:			
Portion due within one year	68,019	-	68,019
Portion due after one year	104,688	-	104,688
Total long-term leases	172,707	-	172,707
Other Non-Current Liabilities			
Total OPEB liability	680,055	-	680,055
Accrued compensated absences	19,080	4,727	23,807
Net pension liability	1,136,509	-	1,136,509
Total Other Non-Current Liabilities	1,835,644	4,727	1,840,371
TOTAL LIABILITIES	5,534,927	6,821,605	12,356,532
DEFERRED INFLOWS OF RESOURCES			
Differences between expected and actual experience in the measurement of total pension liability	246,828	-	246,828
TOTAL DEFERRED INFLOWS OF RESOURCES	246,828	-	246,828
NET POSITION			
Invested in capital assets, net of related debt	6,077,348	7,630,513	13,707,861
Restricted	439,348	-	439,348
Unrestricted	7,032,022	(659,576)	6,372,446
TOTAL NET POSITION	13,548,718	6,970,937	20,519,655
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 19,330,473	\$ 13,792,542	\$ 33,123,015

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

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
Governmental activities:						
General government administration	\$ 442,627	\$ 12,741	\$ 14,143	\$ (415,743)	\$ -	\$ (415,743)
Public safety and protective inspection	1,850,326	45,682	287,074	(1,517,570)	-	(1,517,570)
Sanitation	122,404	-	-	(122,404)	-	(122,404)
Highways	584,725	-	108,132	(476,593)	-	(476,593)
Parking facilities	278,226	526,750	-	248,524	-	248,524
Culture and recreation	92,054	-	-	(92,054)	-	(92,054)
Flood control	6,259	-	-	(6,259)	-	(6,259)
Interest expense - unallocated	129,079	-	-	(129,079)	-	(129,079)
Insurance	147,361	-	-	(147,361)	-	(147,361)
Employee benefits	214,834	-	-	(214,834)	-	(214,834)
Pension expense	194,989	-	-	(194,989)	-	(194,989)
OPEB expense	57,361	-	-	(57,361)	-	(57,361)
Unemployment	11,014	-	-	(11,014)	-	(11,014)
Miscellaneous	120,043	-	-	(120,043)	-	(120,043)
Depreciation - unallocated	452,708	-	-	(452,708)	-	(452,708)
Total governmental activities	4,704,010	585,173	409,349	(3,709,488)	-	(3,709,488)
Business-type activities:						
Sewer	1,947,979	1,198,507	-	-	(749,472)	(749,472)
Total Government	\$ 6,651,989	\$ 1,783,680	\$ 409,349	(3,709,488)	(749,472)	(4,458,960)

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, 2018

	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Totals
General revenues:			
Taxes	3,273,704	-	3,273,704
License and permits	201,068	-	201,068
Fines	367,159	-	367,159
Investment earnings and rents	195,913	18,289	214,202
Loan proceeds	44,213	-	44,213
Miscellaneous	33,090	113,249	146,339
Total general revenues and transfers	4,115,147	131,538	4,246,685
	405,659	(617,934)	(212,275)
Change in Net Position			
Net position at beginning of year	13,469,549	7,588,871	21,058,420
Impact of change in accounting principle	(326,490)	-	(326,490)
Net position at beginning of year, as restated	13,143,059	7,588,871	20,731,930
Net Position at End of Year	\$ 13,548,718	\$ 6,970,937	\$ 20,519,655

See accompanying notes to basic financial statements.

BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 COMBINED BALANCE SHEETS
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2018

	General Fund	Capital Equipment Fund	Street Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 1,904,146	\$ 2,411,046	\$ 384,899	\$ 30,583	\$ 1,603,124	\$ 6,333,798
<i>Taxes receivable:</i>						
Real estate tax assessment	26,531	-	4,969	4,019	7,691	43,210
Real estate transfer	6,879	-	-	-	-	6,879
Other tax receivables	1,695	-	-	-	-	1,695
Accounts receivable, net	5,919	-	-	-	-	5,919
<i>Interfund receivables:</i>						
Governmental-type-funds	146,105	1,178,669	-	-	-	1,324,774
Business-type-funds	-	-	-	7,885	-	7,885
TOTAL ASSETS	\$ 2,091,275	\$ 3,589,715	\$ 389,868	\$ 42,487	\$ 1,610,815	\$ 7,724,160
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 37,220	\$ 3,075	\$ 18,358	\$ 1,510	\$ 12,969	\$ 73,132
Accrued wages	25,897	-	-	-	2,383	28,280
<i>Interfund payables:</i>						
Governmental-type-funds	-	-	-	174,183	1,150,591	1,324,774
Fiduciary-type-funds	-	-	-	-	-	-
Business-type-funds	46,001	-	-	-	-	46,001
Escrow payable	62,677	-	-	-	-	62,677
Deposits payable	1,540	-	-	-	-	1,540
TOTAL LIABILITIES	173,335	3,075	18,358	175,693	1,165,943	1,536,404
FUND BALANCES						
Restricted	-	-	371,510	(133,206)	201,044	439,348
Assigned	-	3,586,640	-	-	243,828	3,830,468
Unassigned	1,917,940	-	-	-	-	1,917,940
TOTAL FUND BALANCES	1,917,940	3,586,640	371,510	(133,206)	444,872	6,187,756
LIABILITIES AND FUND BALANCES	\$ 2,091,275	\$ 3,589,715	\$ 389,868	\$ 42,487	\$ 1,610,815	\$ 7,724,160

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, 2018**

Total fund balance - governmental funds	\$ 6,187,756
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.	157,790
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	190,903
Receivable in more than one year	2,501,265
Capital assets used in governmental activities are not current financial resources and therefore are not reported on the governmental funds balance sheet.	18,169,398
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.	(8,627,070)
Accrued other postemployment benefits are not accrued in governmental-type funds	(680,055)
Accrued compensated absences are not accrued in governmental-type funds.	(19,080)
Accrued interest is not accrued in governmental-type funds.	(30,558)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental-type fund statements.	(1,136,509)
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 outflow of the net difference between projected and actual earnings on investments	388,431
Deferred outflow of changes in assumptions	158,255
Deferred inflow of difference between expected and actual experience	(246,828)
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	(452,767)
Portion due in more than one year	(3,012,213)
Net position of governmental activities	<u>\$ 13,548,718</u>

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, 2018**

	General Fund	Capital Equipment Fund	Street Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 2,302,752	\$ -	\$ 269,295	\$ 217,778	\$ 416,823	\$ 3,206,648
Licenses and permits	201,068	-	-	-	-	201,068
Fines	367,159	-	-	-	-	367,159
Interest and rents	15,943	14,599	3,061	1,493	17,812	52,908
Intergovernmental	122,275	-	130,670	-	156,406	409,351
Charges for services	585,173	-	-	-	-	585,173
Miscellaneous	14,074	-	-	-	29,247	43,321
Total Revenues	3,608,444	14,599	403,026	219,271	620,288	4,865,628
Other Financing Sources;						
Interfund operating transfers in	-	-	-	3,964	-	3,964
Loan proceeds	-	44,213	-	-	-	44,213
Proceeds from sale of Authority rights	-	342,640	-	-	-	342,640
Total Revenues and Other Financing Sources	3,608,444	401,452	403,026	223,235	620,288	5,256,445
Expenditures:						
General government	376,038	30,748	43,155	2,820	20,174	472,935
Public safety and protective inspection	1,817,839	-	-	-	-	1,817,839
Health and human services	5,207	-	-	-	-	5,207
Highways and streets	381,357	-	471,149	604	312,891	1,166,001
Storm water & flood control	122,560	55,852	-	-	-	178,412
Parking facilities	219,739	-	-	-	-	219,739
Culture and recreation	15,291	-	-	-	76,763	92,054
Economic development	1,509	-	-	-	-	1,509
Debt service - principal	-	-	-	471,863	79,266	551,129
Debt service - interest	-	-	-	67,611	23,483	91,094
Insurance	164,429	-	-	-	11,429	175,858
Employee benefits	246,265	-	-	-	-	246,265
Pension	155,628	-	-	-	-	155,628
Refunds	-	-	-	-	10,232	10,232
Unemployment	10,017	-	-	-	926	10,943
Total Expenditures	3,515,879	86,600	514,304	542,898	535,164	5,194,845

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, 2018**

	General Fund	Capital Equipment Fund	Street Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Uses:						
Interfund operating transfers out	5,047	-	-	-	117,213	122,260
Total Expenditures and Other Financing Uses	<u>3,520,926</u>	<u>86,601</u>	<u>514,304</u>	<u>542,899</u>	<u>652,377</u>	<u>5,317,107</u>
Net changes in fund balances	87,518	314,852	(111,278)	(319,664)	(32,089)	(60,661)
Fund balances at beginning of year	<u>1,830,422</u>	<u>3,271,788</u>	<u>482,788</u>	<u>186,458</u>	<u>476,961</u>	<u>6,248,417</u>
Fund balances at end of year	<u>\$ 1,917,940</u>	<u>\$ 3,586,640</u>	<u>\$ 371,510</u>	<u>\$ (133,206)</u>	<u>\$ 444,872</u>	<u>\$ 6,187,756</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES-MODIFIED ACCRUAL BASIS- TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Net change in fund balances - governmental funds	\$ (60,661)
Amounts reported for governmental activities 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.	67,057
Amounts received on long-term receivables are not accrued for on the governmental-type statement of revenues, expenditures and changes in fund balances.	(199,638)
Government funds report capital outlay as expenditures. However, in the government-wide statement of activities 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.	619,150
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.	(452,708)
Changes in other postemployment benefits that are not accrued for the modified basis accrual basis of accounting.	(26,002)
Interest that is accrued on the government-wide financial statements that is not accrued for the modified accrual basis of accounting.	6,228
Change in accrued compensated absences that are not accrued for the modified accrual basis of accounting.	(15,323)
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	(39,361)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction 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:	506,917
Change in net position of governmental activities	<u>\$ 405,659</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
STATEMENT OF NET POSITION
BUSINESS-TYPE FUNDS
DECEMBER 31, 2018**

	<u>Sewer Fund</u>
<u>ASSETS</u>	
Current Assets;	
Cash - unrestricted	\$ 2,270,490
User fees receivable, net	597,506
Interfund receivables	46,001
Total Current Assets	<u>2,913,997</u>
Capital Assets:	
Land	187,711
Buildings and plant	13,572,020
Machinery and equipment	812,227
Sewer rights	6,261,753
	<u>20,833,711</u>
Less: accumulated depreciation and amortization	9,947,282
Total Capital Assets	<u>10,886,429</u>
TOTAL ASSETS	<u><u>\$ 13,800,426</u></u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 STATEMENT OF NET POSITION - continued
 BUSINESS-TYPE FUNDS
 DECEMBER 31, 2018**

	<u>Sewer Fund</u>
<u>LIABILITIES AND NET POSITION</u>	
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	\$ 38,126
Accrued wages	5,218
Accrued interest	15,818
Current portion long-term debt	298,849
Interfund payables - governmental-type-funds	7,885
Total Current Liabilities	<u>365,896</u>
Non-Current Liabilities:	
Non-current portion long-term debt	6,458,867
Accrued compensated absences	4,727
Total Non-Current Liabilities	<u>6,463,594</u>
TOTAL LIABILITIES	<u>6,829,490</u>
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	4,382,404
Unrestricted	2,588,532
TOTAL NET POSITION	<u>6,970,936</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 13,800,426</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
 BUSINESS-TYPE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Sewer Fund</u>
Operating Revenues:	
User charges and penalties	\$ 1,187,906
Total Operating Revenues	<u>1,187,906</u>
Operating Expenses:	
General Government Expenses:	
Salaries & benefits	30,698
Travel & training	124
Computer & office	4,994
Billing, postage & printing	11,319
Dues	493
Audit	2,010
Engineer	74,947
Legal	7,943
Refunds of prior year revenues	141
Occupancy	4,928
Total General Government Expenses	<u>137,597</u>
Recycling and Sewage Expenses:	
Supplies	232,486
Electric	925
Equipment repair & maintenance	8,905
Total Recycling and Sewage Expenses	<u>242,316</u>
Highway Expenses:	
Salaries & benefits	160,525
Computer & office	542
Vehicle	11,149
Occupancy	4,179
Equipment maintenance & repair	19,474
Small tools & supplies	255
Total Highway Expenses	<u>196,124</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION-continued
BUSINESS-TYPE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Sewer Fund</u>
Other Operating Expenses:	
General insurance	25,432
Depreciation and amortization	407,648
Employee benefits	147,958
Total Other Operating Expenses	<u>581,038</u>
Total Expenditures	<u>1,157,075</u>
Operating Income	30,831
Non-Operating Revenues (Expenses):	
Regional costs	(625,760)
Miscellaneous income	10,600
Interest expense	(165,144)
Interest income	18,289
Interfund transfers in	113,249
Total Non-Operating Revenues (Expenses)	<u>(648,766)</u>
Change in Net Position	(617,935)
Net Position at Beginning of Year	<u>7,588,871</u>
Net Position at End of Year	<u><u>\$ 6,970,936</u></u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 STATEMENT OF CASH FLOWS
 BUSINESS-TYPE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,121,880
Cash payments for materials and services	(294,454)
Cash payments for wages	(190,079)
Cash payments for administrative expenses	<u>(261,854)</u>
Net Cash provided by operating activities	375,493
 Cash flows from non-capital financing activities:	
Miscellaneous income	10,600
Payment of regional costs	<u>(625,759)</u>
Net cash (used) by non-capital financing activities	(615,159)
 Cash flows from capital and related financing activities:	
Interest paid on capital debt	(161,988)
Principal paid on capital debt	<u>(301,185)</u>
Net cash (used) by capital and related financing activities	(463,173)
 Cash flows from investing activities:	
Interfund borrowings, net	(57,635)
Interfund operating transfers	113,249
Interest earned on cash and investments	<u>18,289</u>
Net cash provided by investing activities	<u>73,903</u>
Net (decrease) in cash and cash equivalents	(628,936)
Cash at beginning of year	<u>2,899,426</u>
Cash at end of year	<u><u>\$ 2,270,490</u></u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 STATEMENT OF CASH FLOWS-continued
 BUSINESS-TYPE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Sewer Fund</u>
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations:	\$ 30,831
Adjustments to reconcile operating income to cash provided (used) by operating activities:	
Depreciation and amortization	407,648
(Increase) in current assets	
Accounts receivable	(84,766)
Increase (decrease) in current liabilities	
Accounts payable	19,149
Accrued wages	(525)
Accrued interest	3,156
Total Adjustments	<u>344,662</u>
Net cash provided by operating activities	<u>\$ 375,493</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
STATEMENT OF PLAN NET POSITION
NON-UNIFORM PENSION FUND
DECEMBER 31, 2018**

ASSETS

Current Assets:		
Prepaid pension benefits	\$	21,185
Members' contributions		<u>3,691</u>
Total Current Assets		24,876
Investments:		
Domestic equity		2,191,565
Fixed income		<u>1,168,387</u>
Total Investments		<u>3,359,952</u>
Total Assets	\$	<u><u>3,384,828</u></u>

NET POSITION

Held in Trust for Pension Benefits	\$	<u><u>3,384,828</u></u>
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See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
STATEMENT OF CHANGES IN PLAN NET POSITION
NON-UNIFORM PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Additions:		
Minimum municipal obligation		\$ 207,504
Member contributions		48,732
	Total Additions	<u>256,236</u>
Investment (Loss):		
Change in market value		(261,919)
	Total Investment (Loss)	<u>(261,919)</u>
	Total Additions and Investment (Loss)	(5,683)
Deductions:		
Payments to retirees		254,221
Refunds of terminated members' contributions		2,375
Investment expense		28,738
	Total Deductions	<u>285,334</u>
	(Decrease) in Net Position	(291,017)
Held in Trust for Pension Benefits:		
	Beginning of year	<u>3,675,845</u>
	End of year	<u>\$ 3,384,828</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
BALANCE SHEET
AGENCY FUND - PAYROLL
DECEMBER 31, 2018**

ASSETS

Cash

\$ 1,713

TOTAL ASSETS \$ 1,713

LIABILITIES AND FUND BALANCE

LIABILITIES

Employee benefits payable

\$ 632

TOTAL LIABILITIES 632

FUND BALANCE

Unassigned

1,081

TOTAL LIABILITIES AND FUND BALANCE \$ 1,713

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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, 2018**

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 Street Fund is used to account for tax monies received and expended that are restricted for street repairs and maintenance.
- The Debt Service Fund is used to account for tax monies received and expended that are restricted to pay down the Borough's debt.

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 fire fund is used to account for tax monies received and expended that are restricted for fire services.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

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

- The Borough maintains four (4) other governmental funds for the allocation of revenues and expenditures of specific governmental programs, which include: police building fund, recreation fund, street light fund and insurance dividends 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 31st, 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 31st, 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, 2018**

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, 2018**

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. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which became effective in the current year as shown below:

Statement No.83 "*Certain Asset Retirement Obligations*" is effective for reporting periods beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations. The Borough is still analyzing the impact this pronouncement has on its financial statements.

Statement No.84 "*Fiduciary Activities*" is effective for reporting periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Borough is still analyzing the impact this pronouncement has on its financial statements.

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

K. Impact of Recently Issued Accounting Principles

Statement No.87 "Leases" is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Borough is still analyzing the impact this pronouncement has on its financial statements.

Statement No.88 "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*" is effective for reporting periods beginning after June 15, 2018. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Borough is still analyzing the impact this pronouncement has on its financial statements.

Statement No. 82, "*Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.*" The Objective of this Statement, effective for periods beginning after June 15, 2016, is to address certain issues with respect to Statements No. 67, "*Financial Reporting for Pension Plans*", No. 68, "*Accounting and Financial Reporting for Pensions*" and 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.*" The Borough is evaluating the impact this Statement may have on the financial statements.

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, 2018 the carrying amount and bank deposit balance of the Borough's deposits were \$8,567,566 and \$8,713,014, respectively. Of the bank balance \$500,000 was covered by federal depository insurance.

Balances held in each category as of December 31, 2018 are as follows:

	Carrying Balance	Bank Balance
Total governmental funds	\$ 6,295,362	\$ 6,354,245
Business-type funds	2,270,491	2,350,274
Trust & agency	1,713	8,495
Totals	<u>\$ 8,567,566</u>	<u>\$ 8,713,014</u>

Custodial Credit Risks

For 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, 2018**

NOTE 3 – PROPERTY TAXES

Based upon assessed valuation provided by the County (approximately \$55,955,990 in 2018), the Borough bills and collects its own property taxes through an elected tax collector. The schedule for property taxes levied for 2018 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 2018 was 40.50 mills (\$43.50 per \$1,000 of assessed taxable valuations).

Fund	Mills
General Fund	26.700
Fire Fund	3.000
Street Lighting Fund	1.493
Recreation Fund	3.260
Street Fund	5.000
Debt Service Fund	4.047
Total Mills	43.500

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 1/1/18	Additions	Retirements/ Adjustments	Balance 12/31/18
Governmental Activities:				
Land	\$ 616,562	\$ -	\$ -	\$ 616,562
Construction in process	1,706,833	27,696	1,745	1,732,784
Capital assets, being depreciated:				
Buildings	1,414,689	-	-	1,414,689
Improvements	1,889,047	-	-	1,889,047
Parking deck	2,755,263	-	-	2,755,263
Vehicles	2,403,903	-	22,795	2,381,108
Machinery and equipment	4,813,050	-	-	4,813,050
Infrastructure	1,973,696	593,199	-	2,566,895
	17,573,043	620,895	24,540	18,169,398
Less: accumulated depreciation	8,197,157	452,708	22,795	8,627,070
Governmental activities capital assets, net	\$ 9,375,886	\$ 168,187	\$ 1,745	\$ 9,542,328
Business-type activities:				
Land	\$ 187,711	\$ -	\$ -	\$ 187,711
Capital assets, being depreciated:				
Buildings, plant and improvements	13,572,020	-	-	13,572,020
Machinery and operating equipment	812,227	-	-	812,227
Sewer rights	6,261,753	-	-	6,261,753
	20,833,711	-	-	20,833,711
Less: accumulated depreciation/amortization	9,539,634	407,648	-	9,947,282
Business activities capital assets, net	\$ 11,294,077	\$ (407,648)	\$ -	\$ 10,886,429

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 –LONG-TERM DEBT

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

DESCRIPTION	Balance 1/1/18	Additions	Payments & Retirements	Balance 12/31/18
<u>Governmental-type Entities:</u>				
GON Series of 2016 10 year annual payments Interest rate 2.60% Matures March 30, 2026	\$ 446,809	\$ -	\$ 44,703	\$ 402,106
PEMA Note – payable in monthly Installments of \$ 564, including Interest at 2.% annually, matures In May of 2022, collateralized by Fire equipment	28,625	-	6,263	22,362
GOB Series of 2013 18 year semi-annual payments 2.440% interest Matures October 15, 2031	466,200	-	28,300	437,900
GON Series A of 2013 20 year semi-annual payments 2.90% interest Matures August 1, 2033	1,553,676	44,213	88,800	1,509,089
GON Series A of 2015 7 year semi-annual payments 1.550% - 3.000% interest Matures December 1, 2021	1,216,360	-	295,544	920,816
Total Governmental	<u>3,711,670</u>	<u>44,213</u>	<u>463,610</u>	<u>3,292,273</u>
<u>Business-type Entities:</u>				
PENNVEST Loan 19 year monthly payments Interest rates 1.00% to 1.51% Matures August 1, 2032	1,153,903	-	72,919	1,080,984
Wayne Bank Loan 5 year annual payments Interest rates 2.64% Matures March 6, 2022	199,679	-	39,013	160,666
GOB Series of 2015 AA 26 year semi-annual payments Interest rate 2.70% Matures December 1, 2040	5,690,260	-	181,840	5,508,420
Total Business-type	<u>7,043,842</u>	<u>-</u>	<u>293,772</u>	<u>6,750,070</u>
Total Long-Term Debt	<u>\$ 10,755,512</u>	<u>\$ 44,213</u>	<u>\$ 757,382</u>	<u>\$ 10,042,343</u>

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2018**

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>
2019	\$ 384,748	\$ 35,625	\$ 420,373
2020	395,792	28,888	424,680
2021	390,137	26,378	416,515
2022	83,542	15,123	98,665
2023	82,825	13,050	95,875
2024-2028	332,540	34,019	366,559
2029-2031	113,600	4,895	118,495
Totals	<u>\$ 1,783,184</u>	<u>\$ 157,978</u>	<u>\$ 1,941,162</u>

The above does not include the \$1,509,089 balance of the GON Series A of 2013, as this Note is not yet fully funded. This amount is included in current short-term debt until such time all funds have been drawn down.

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>
2019	\$ 298,850	\$ 168,883	\$ 467,733
2020	306,627	161,684	468,311
2021	314,047	154,268	468,315
2022	320,087	146,675	466,762
2023	285,026	138,901	423,927
2024-2028	1,520,798	589,604	2,110,402
2029-2033	1,592,566	399,797	1,992,363
2034-2038	1,467,060	207,908	1,674,988
2039-2040	645,009	26,287	671,296
Totals	<u>\$ 6,750,070</u>	<u>\$ 1,994,027</u>	<u>\$ 8,744,097</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>1/1/18</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/18</u>
<u>Governmental-type funds:</u>				
2016 Street sweeper	\$ 203,655	\$ -	\$ 48,788	\$ 154,867
Snow Blower	21,434	-	21,434	-
Two trucks	35,138	-	17,298	17,840
Governmental total	<u>\$ 260,227</u>	<u>\$ -</u>	<u>\$ 87,520</u>	<u>\$ 172,707</u>
<u>Business-type funds</u>				
Two Trucks	\$ 15,059	\$ -	\$ 7,413	\$ 7,646
Business total	<u>\$ 15,059</u>	<u>\$ -</u>	<u>\$ 7,413</u>	<u>\$ 7,646</u>

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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>
2019	\$ 68,019	\$ 4,972	\$ 72,991
2020	51,609	2,984	54,593
2021	53,079	1,512	54,591
Totals	<u>\$ 172,707</u>	<u>\$ 9,468</u>	<u>\$ 182,175</u>

Assets capitalized currently from the outstanding lease payable total \$822,235 and accumulated amortization totaled \$481,618.

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>
2019	\$ 7,646	\$ 240	\$ 7,886
Totals	<u>\$ 7,646</u>	<u>\$ 240</u>	<u>\$ 7,886</u>

NOTE 7 – FUND BALANCES

Governmental-type funds reports restricted fund balances of \$439,348 at December 31, 2018. The State Liquid Fuels Fund reports restricted fund balance of \$186,226, which is restricted by the Commonwealth of Pennsylvania for construction, reconstruction, maintenance and repair of public roads or streets. The Fire Fund reported a negative restricted fund balance of \$(227,273), 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 \$137,370, which is restricted by the ordinance of the 3.26 mill tax levy to provide funding for the Borough's parks. The Street Light Fund reported restricted fund balance of \$104,721, which is restricted by the ordinance of the 1.493 mill tax levy to provide funding for the utility payments of the streetlights. The Street Fund reported restricted fund balance of \$371,510, which is restricted by the ordinance of the 5.00 mill tax levy to provide funding for the maintenance and repairs of the Borough's streets. The Debt Service Fund reported a negative restricted fund balance of \$(133,206), which is restricted by the ordinance of the 4.047 mill tax levy to provide funding to pay for certain portions of the Borough's debts.

NOTE 8 – JOINT VENTURE – TWIN BOROUGHS 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.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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>
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>\$ 2,692,168</u>	<u>\$ 6,216,474</u>	<u>\$ 8,908,642</u>

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2018**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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. 75. 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 total other post-employment benefit payable based on an actuarial valuation. For the year ended December 31, 2018, the accrued expense and liability for these benefits totaled \$680,055.

General Information about the Plan

Plan Description

Stroudsburg Borough's Other Post-Employment Benefits offered to employees and retirees is a single-employer defined benefit plan for benefits other than pension which is controlled by the provisions of a collectively bargained agreement between Stroudsburg Borough and Teamster Local 773 most recently revised on January 1, 2018. This benefit is provided only to employees and retirees hired prior to January 1, 2015. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by the Plan

The following employees and retirees were covered by the plan:

Fully Eligible Active Employees	0
Other Active Employees Not Fully Eligible	9
Retirees and beneficiaries currently receiving benefits	<u>2</u>
Total	<u>11</u>

Benefits Provided

As of January 1, 2018 the OPEB plan provides medical, prescription drug, dental and vision coverages same as when active, at no cost to the employee or retiree. Coverage ends upon Medicare eligibility.

- a. If hired prior to January 1, 2015 – normal retirement is a minimum of age 60 and 10 years of service.
- b. If hired prior to January 1, 2013 – early retirement is a minimum of 20 years of service.
- c. If hired on or after January 1, 2015 – OPEB benefits are not provided.

Total OPEB Liability

The Borough's total OPEB liability of \$680,055 was determined as part of an actuarial valuation at January 1, 2018. Update procedures were used to roll forward to the Borough's fiscal year ending December 31, 2018. Actuarial valuations are performed biennially.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 10 – POSTEMPLOYMENT BENEFITS – continued

Actuarial Assumptions and Other Inputs

1. Economic Assumptions
 - a. Investment return – there are no invested assets.
 - b. Salary increases – 4.5% compounded annually.
 - c. Discount rate – 3.5%.

2. Healthcare Cost Trend Rate
 - a. Medical costs are assumed to increase by 17% in 2019, 7.5% in 2020, reduced by 0.25% per year to an ultimate level of 5% per year.
 - b. Dental and vision costs are assumed to increase by 0% during 2019 and 2% per year thereafter.

3. Demographic Assumptions
 - a. Mortality – RP-2000 Mortality Tables for Males and Females projected 17 years using Scale AA.
 - b. Termination – According to Table W65.
 - c. Disability – None assumed.
 - d. Retirement is assumed to occur at a minimum of age 60 with 10 years of service.
 - e. Participation – 100% of retirees who are eligible to participate in retiree medical coverage are assumed to do so.

The Borough does not have a GASB qualified Trust, and therefore, there are no investment.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at 12/31/2017	\$ 654,043
Changes for the year:	
Service Cost	31,270
Interest	23,483
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions & Cost Method	-
Benefit Payments **	(28,741)
Balances at 12/31/2018	\$ 680,055

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2018**

NOTE 10 – POSTEMPLOYMENT BENEFITS – continued

Changes in the Total OPEB Liability - continued

Total OPEB Liability Sensitivity – Discount Rate

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the total OPEB liability calculated using the discount rate of 3.5% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (2.5%) or 1 percent higher (4.5%) than the current rate:

	1% Decrease 2.5%	Discount Rate 3.5%	1% Increase 4.5%
Total OPEB Liability 12/31/18	\$ 725,158	\$ 680,055	\$ 637,321

Total OPEB Liability Sensitivity – Healthcare Trend

The following is a sensitivity analysis of the total OPEB liability to changes in the healthcare trend rate. The table below presents the total OPEB liability calculated using the current trend rate as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent lower and 1 percent higher than expected.

	1% Decrease	Current	1% Increase
Total OPEB Liability 12/31/18	\$ 617,268	\$ 680,055	\$ 752,008

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

For the year ended December 31, 2018, the Borough recognized OPEB expense of \$54,753. At December 31, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes in Assumptions & Cost Method	-	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

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

Year Ended December 31:		
2019	\$	-
2020		-
2021		-
2022		-
2023		-
Thereafter		-

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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, 2018, the Pension Plan's membership consisted of the following:

Active plan members	20
Inactive plan members or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	<u>9</u>
Total	<u>43</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.

For the year ended December 31, 2018, active members were required to contribute 5% of monthly compensation, on a pre-tax basis, to the plan.

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 accrual basis of accounting. Municipal and member contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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, 2018, it shall be the policy of the Pension Board to invest the fund's assets with the following allocations:

<u>Asset Class</u>	<u>Asset Weighting Range</u>	<u>Target Allocation</u>
Domestic Equity	46% - 56%	51%
International Equity	10% - 20%	15%
Fixed Income	27% - 37%	32%
Real Estate	0% - 0%	0%
Cash	0% - 10%	2%
		100%

B. Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was -8.08 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, 2018 were as follows:

Total Pension Liability (TPL)	\$ 4,521,337
Plan Fiduciary Net Position	\$ (3,384,828)
Net Pension Liability (NPL)	\$ 1,136,509
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.86%

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 11 – NON-UNIFORM PENSION PLAN – continued

B. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2018, 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 projected to 2017 using Scale AA for Males or Females, as appropriate, and termination rates were based on Scale W65.

The actuarial assumptions used in the December 31, 2018 valuation were based on the same assumptions as the actuarial experience study as of January 1, 2017.

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, 2018 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.

BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

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:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 1,620,627	\$ 1,136,509	\$ 720,756

F. Changes in Net Pension Liability

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

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2017	\$ 4,333,839	\$ 3,675,845	\$ 657,994
Changes for the year:			
Service Cost	119,701	-	119,701
Interest	324,393	-	324,393
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions – Employer	-	127,869	(127,869)
Contributions – State Aid	-	79,635	(79,635)
Contributions – Member	-	48,732	(48,732)
Net Investment Income	-	(290,657)	290,657
Benefit Payments	(256,596)	(256,596)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	<u>187,498</u>	<u>(291,071)</u>	<u>478,515</u>
Balances at 12/31/2018	<u>\$ 4,521,337</u>	<u>\$ 3,384,828</u>	<u>\$ 1,136,509</u>

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2018**

NOTE 11 – NON-UNIFORM PENSION PLAN – continued

Pension Expense for Fiscal Year Ended December 31, 2018

Service Cost	\$ 119,701
Interest on Total Pension Liability	324,393
Changes in Benefit Terms	-
Difference Between Expected and Actual Experience	(56,918)
Changes in Assumptions	48,225
Employee Contributions	(48,732)
Projected Earnings on Pension Plan Investments	(271,784)
Differences Between Projected and Actual Earnings on Investments	133,250
Administrative Expenses	-
Other Changes in Fiduciary Net Position	-
Total Pension Expense	<u>\$ 248,135</u>

Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2018, the municipality recognized a pension expense of \$248,135. At December 31, 2018, the municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 246,828
Changes in Assumptions	158,255	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	388,431	-
Total	<u>\$ 546,686</u>	<u>\$ 246,828</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:

Year Ended December 31:	Amount
2019	\$ 124,555
2020	\$ 67,059
2021	\$ 42,130
2022	\$ 83,136
2023	\$ (17,022)
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, property, 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
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 13 – INTERFUND TRANSFERS

Interfund transfers were approved to help cover operating expenses during the year ended December 31, 2018, were as follows:

<u>Transfers to</u>	<u>Transfers From</u>	
	<u>Police Building Fund</u>	<u>Totals</u>
Sewer Fund	\$ 113,249	\$ 113,249
Debt Service Fund	3,964	3,964
Totals	\$ 117,213	\$ 117,213

NOTE 14 – INTERFUND BALANCES

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Sewer Fund	\$ -	\$ 46,001
Debt Service Fund	146,105	-
Fire Fund:		
Capital Equipment Fund	-	1,150,591
Payroll Fund	-	-
Capital Equipment Fund:		
Fire Fund	1,150,591	-
Debt Service Fund	28,078	-
Sewer Fund:		
General Fund	46,001	-
Debt Service Fund	-	7,885
Debt Service Fund:		
General Fund	-	146,105
Capital Equipment Fund	-	28,078
Sewer Fund	7,885	-
Totals	\$ 1,378,660	\$ 1,378,660

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 15 – RESTATEMENT OF PRIOR PERIOD NET POSITION

The following prior period adjustment resulted in the restatement of net position:

Governmental Activities

Net position at December 31, 2017.	\$ 13,469,549
Government-wide adjustment of OPEB liability resulting from an increase in liability as of December 31, 2017 from \$327,565 to \$654,043. The increase is attributable to the implementation of GASB 75, and the liability is presumed to have been expensed in prior periods.	<u>(326,490)</u>
Net position at December 31, 2017, restated.	<u>\$ 13,143,059</u>

NOTE 16 – SUBSEQUENT EVENTS

In preparing these financial statements, management of the Borough of Stroudsburg has evaluated events and transactions subsequent to December 31, 2018 through September 18, 2019, 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 has noted the following subsequent events that would require recognition or disclosure in the financial statements:

- The Borough Manager has stepped down from her position effective September 11, 2019. The Borough is seeking to fill the position.
- A fire truck was purchased for \$798,951 with funds from the Fire Fund.

REQUIRED SUPPLEMENTARY INFORMATION

**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, 2018**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,280,981	\$ 2,280,981	\$ 2,302,752	\$ 21,771
Licenses and permits	176,700	176,700	201,068	24,368
Fines	479,000	479,000	367,159	(111,841)
Interest and rents	8,340	8,340	15,943	7,603
Intergovernmental	116,029	116,029	122,275	6,246
Charges for services	499,500	499,500	585,173	85,673
Miscellaneous	5,810	5,810	14,074	8,264
Total Revenues	3,566,360	3,566,360	3,608,444	42,084
Other Financing Sources:				
Interfund operating transfers in	17,132	17,132	-	(17,132)
Total Revenues and Other Financing Sources	3,583,492	3,583,492	3,608,444	24,952
Expenditures:				
General government	345,523	367,078	376,038	(8,960)
Public safety and protective inspection	1,882,644	1,850,076	1,817,839	32,237
Health & animal control	7,752	5,162	5,207	(45)
Sanitation, storm water & flood control	122,721	120,475	122,560	(2,085)
Highways and streets	411,638	386,415	381,357	5,058
Parking facilities	216,605	219,258	219,739	(481)
Culture and recreation	20,000	15,291	15,291	-
Community development	2,500	1,509	1,509	-
Insurance	131,907	135,932	164,429	(28,497)
Employee benefits	202,792	246,193	246,265	(72)
Pension	155,628	155,628	155,628	-
Unemployment	13,526	9,426	10,017	(591)
Total Expenditures	3,513,236	3,512,443	3,515,879	(3,436)
Other Financing Uses:				
Interfund operating transfers out	52,565	52,565	5,047	47,518
Total Expenditures and Other Financing Uses	3,565,801	3,565,008	3,520,926	44,082
Net changes in fund balances	17,691	18,484	87,518	\$ 69,034
Fund Balance Forwarded	-	-	1,830,422	
Fund balance at end of year	\$ 17,691	\$ 18,484	\$ 1,917,940	

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
SCHEDULE OF CHANGES IN MUNICIPALITY'S NET PENSION LIABILITY AND RELATED RATIOS - NON UNIFORMED PENSION
DECEMBER 31, 2018**

	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 91,432	\$ 116,118	\$ 121,343	\$ 114,547	\$ 119,701
Interest	288,545	295,973	311,333	311,059	324,393
Changes of Benefit Terms	-	-	-	-	-
Difference Between Expected and Actual Experience	-	(36,519)	-	(335,887)	-
Changes of Assumptions	-	165,020	-	142,747	-
Benefit Payments, Including Refunds of Member Contributions	(185,770)	(201,564)	(223,465)	(249,334)	(256,596)
Net Change in Total Pension Liability	194,207	339,028	209,211	(16,868)	187,498
Total Pension Liability - Beginning	3,608,261	3,802,468	4,141,496	4,350,707	4,333,839
Total Pension Liability - Ending	<u>\$ 3,802,468</u>	<u>\$ 4,141,496</u>	<u>\$ 4,350,707</u>	<u>\$ 4,333,839</u>	<u>\$ 4,521,337</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 99,286	\$ 102,715	\$ 99,281	\$ 121,302	\$ 127,869
Contributions - State Aid	65,836	66,654	74,369	78,000	79,635
Contributions - Member	40,691	42,014	42,062	43,749	48,732
Net Investment Income	96,582	(58,346)	180,708	465,043	(290,657)
Benefit Payments, Including Refunds of Member Contributions	(185,770)	(201,564)	(223,465)	(249,334)	(256,596)
Administrative Expense	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	116,625	(48,527)	172,955	458,760	(291,017)
Plan Net Position - Beginning	2,976,032	3,092,657	3,044,130	3,217,085	3,675,845
Plan Net Position - Ending	<u>\$ 3,092,657</u>	<u>\$ 3,044,130</u>	<u>\$ 3,217,085</u>	<u>\$ 3,675,845</u>	<u>\$ 3,384,828</u>
Municipality's Net Pension Liability	<u>\$ 709,811</u>	<u>\$ 1,097,366</u>	<u>\$ 1,133,622</u>	<u>\$ 657,994</u>	<u>\$ 1,136,509</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.3%	73.5%	73.9%	84.8%	74.9%
Covered Employee Payroll	\$ 816,717	\$ 825,329	\$ 893,026	\$ 788,391	\$ 876,813
Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll	86.9%	133.0%	126.9%	83.5%	129.6%
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%.					
In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2017 using Scale AA.					
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, 2018**

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 165,122	\$ 169,369	\$ 173,650	\$ 199,302	\$ 207,504
Contributions in Relation to the Actuarially Determined Contribution	165,122	169,369	173,650	199,302	207,504
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 816,717	\$ 825,329	\$ 893,026	\$ 788,391	\$ 876,813
Contributions as a Percentage of Covered Employee Payroll	20.22%	20.52%	19.45%	25.28%	23.67%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	January 1, 2017
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	8 years

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 SCHEDULE OF CHANGES IN MUNICIPALITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
 LAST 10 FISCAL YEARS**

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 31,270
Interest	23,483
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	<u>(28,741)</u>
Net Change in Total OPEB Liability	26,012
Total OPEB Liability - Beginning	<u>654,043</u>
Total OPEB Liability - Ending	<u>\$ 680,055</u>
Covered Employee Payroll	\$ 469,606
Total OPEB Liability as a Percentage of Covered Employee Payroll	144.8%

<p>* Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.</p>
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**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018**

NOTE A – BUDGETARY COMPLIANCE

The Borough's financial statements for the year ended December 31, 2018 present its legally adopted budget for the General Fund. The Borough approved to legally adopt the General Fund budget for the 2018 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.

For the year ended December 31, 2018, expenditures exceeded appropriations at the legal level of control in the General Fund as follows:

<u>Object Category</u>	<u>Expenditures Exceeding Appropriations</u>
General government	\$ 8,960
Sanitation, storm water, flood control	\$ 2,085
Insurance	\$28,497

SUPPLEMENTARY INFORMATION

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 COMBINING BALANCE SHEETS
 OTHER GOVERNMENTAL FUNDS
 DECEMBER 31, 2018**

	Highway Fund	Police Building Fund	Recreation Fund	Street Light Fund
ASSETS				
Cash	\$ 186,748	\$ -	\$ 144,172	\$ 108,039
Taxes receivable - real estate	-	-	3,241	1,469
TOTAL ASSETS	\$ 186,748	\$ -	\$ 147,413	\$ 109,508
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 522	\$ -	\$ 7,660	\$ 4,787
Accrued wages	-	-	2,383	-
Interfund payables - governmental-type funds	-	-	-	-
TOTAL LIABILITIES	522	-	10,043	4,787
FUND BALANCES				
Restricted	186,226	-	137,370	104,721
Assigned	-	-	-	-
Total Fund Balance	186,226	-	137,370	104,721
TOTAL LIABILITIES AND FUND BALANCES	\$ 186,748	\$ -	\$ 147,413	\$ 109,508

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 COMBINING BALANCE SHEETS - continued
 OTHER GOVERNMENTAL FUNDS
 DECEMBER 31, 2018**

	Insurance Dividend Fund	Fire Fund	Total Other Governmental Totals
ASSETS			
Cash	\$ 243,828	\$ 920,337	\$ 1,603,124
Taxes receivable - real estate	-	2,981	7,691
	<u>\$ 243,828</u>	<u>\$ 923,318</u>	<u>\$ 1,610,815</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 12,969
Accrued wages	-	-	2,383
Interfund payables - governmental-type funds	-	1,150,591	1,150,591
	-	1,150,591	1,165,943
TOTAL LIABILITIES			
FUND BALANCES			
Restricted	-	(227,273)	201,044
Assigned	243,828	-	243,828
Total Fund Balance	<u>243,828</u>	<u>(227,273)</u>	<u>444,872</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 243,828</u>	<u>\$ 923,318</u>	<u>\$ 1,610,815</u>

**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, 2018**

	Highway Fund	Police Building Fund	Recreation Fund	Street Light Fund
Revenues:				
Taxes	\$ -	\$ -	\$ 175,627	\$ 79,618
Interest	1,753	138	1,064	880
Intergovernmental	156,406	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	158,159	138	176,691	80,498
Expenditures:				
General government	-	342	12,124	2,945
Highways	185,667	-	77,957	49,266
Culture and recreation	-	-	76,763	-
Debt service principal	-	-	-	28,300
Debt service interest	-	-	-	11,360
Insurance	-	-	-	-
Unemployment	-	-	926	-
Total Expenditures	185,667	342	167,770	91,871
Other Financing Uses:				
Interfund operating transfers out	-	117,213	-	-
Refund of prior year revenues	-	-	-	10,231
Total Expenditures and Other Financing Uses	185,667	117,555	167,770	102,102
Net changes in fund balances	(27,508)	(117,417)	8,921	(21,604)
Fund balances at beginning of year	213,734	117,417	128,449	126,325
Fund balances at end of year	\$ 186,226	\$ -	\$ 137,370	\$ 104,721

**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, 2018**

	Insurance Dividend Fund	Fire Fund	Total Other Governmental Fund
Revenues:			
Taxes	-	\$ 161,577	\$ 416,822
Interest	1,596	12,381	17,812
Intergovernmental	-	-	156,406
Miscellaneous	29,248	-	29,248
Total Revenues	30,844	173,958	620,288
Expenditures:			
General government	-	4,764	20,175
Highways	-	-	312,890
Culture and recreation	-	-	76,763
Debt service principal	-	50,966	79,266
Debt service interest	-	12,123	23,483
Insurance	11,429	-	11,429
Unemployment	-	-	926
Total Expenditures	11,429	67,853	524,932
Other Financing Uses:			
Interfund operating transfers out	-	-	117,213
Refund of prior year revenues	-	-	10,231
Total Expenditures and Other Financing Uses	11,429	67,853	652,376
Net changes in fund balances	19,415	106,105	(32,088)
Fund balances at beginning of year	224,413	(333,378)	476,960
Fund balances at end of year	\$ 243,828	\$ (227,273)	\$ 444,872