

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019, 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, 2019, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the United States is currently operating under a state of National Emergency due to the Coronavirus Pandemic. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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

August 4, 2020
East Stroudsburg, Pennsylvania

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2019 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, 2019. The intent of this discussion and analysis is to look at the Borough's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Borough's financial performance.

FINANCIAL HIGHLIGHTS

- The Borough's total net position increased by \$603,298 from the prior year ended December 31, 2018.
- Total revenues for the Borough were \$7,463,752 for the year ended December 31, 2019.
- Total expenses for the Borough were \$6,860,454 for the year ended December 31, 2019.
- As of December 31, 2019, the Borough's governmental funds reported combining ending fund balances of \$5,767,137.

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 nine 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.

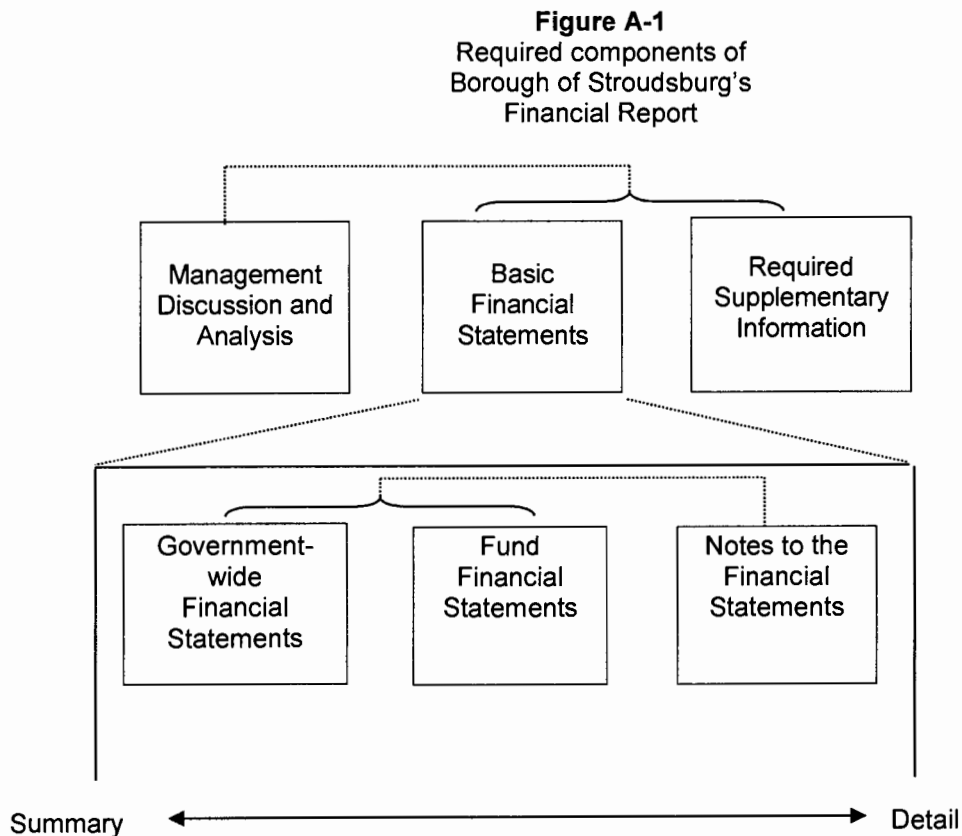
Business-type Activities – Business-type activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flows. All assets and liabilities are included on the Statement 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 2019 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 2019 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 2019 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, 2019 AND 2018**

	Governmental-type Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
ASSETS						
Cash	\$ 6,016,580	\$ 6,333,798	\$ 2,527,873	\$ 2,270,491	\$ 8,544,453	\$ 8,604,289
Taxes receivable, net	227,237	209,574	-	-	227,237	209,574
User fees receivable, net	-	-	300,516	597,506	300,516	597,506
Other receivables	242,285	5,919	-	-	242,285	5,919
Brodhead Creek note receivable - current	181,037	190,903	-	-	181,037	190,903
Brodhead Creek note receivable - non-current	2,320,928	2,501,265	-	-	2,320,928	2,501,265
Interfund balance	-	-	30,231	38,116	30,231	38,116
Due from agency fund	4,488	-	-	-	4,488	-
Capital Assets:						
Land	616,562	616,562	187,711	187,711	804,273	804,273
Construction in process	1,889,959	1,732,784	-	-	1,889,959	1,732,784
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	2,794,339	2,381,108	-	-	2,794,339	2,381,108
Machinery and equipment	5,092,488	4,813,050	812,227	812,227	5,904,715	5,625,277
Infrastructure	3,189,035	2,566,895	-	-	3,189,035	2,566,895
Sewer rights	-	-	6,261,753	6,261,753	6,261,753	6,261,753
Less: accumulated depreciation and amortization	(9,118,295)	(8,627,070)	(10,354,919)	(9,947,282)	(19,473,214)	(18,574,352)
Total Capital Assets, net	<u>10,523,087</u>	<u>9,542,328</u>	<u>10,478,792</u>	<u>10,886,429</u>	<u>21,001,879</u>	<u>20,428,757</u>
TOTAL ASSETS	<u>19,515,642</u>	<u>18,783,787</u>	<u>13,337,412</u>	<u>13,792,542</u>	<u>32,853,054</u>	<u>32,576,329</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pension	110,030	546,686	-	-	110,030	546,686
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 19,625,672</u>	<u>\$ 19,330,473</u>	<u>\$ 13,337,412</u>	<u>\$ 13,792,542</u>	<u>\$ 32,963,084</u>	<u>\$ 33,123,015</u>

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
COMPARATIVE STATEMENTS OF NET POSITION - CONTINUED
DECEMBER 31, 2019 AND 2018**

	Governmental-type Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
LIABILITIES						
Accounts payable	\$ 480,984	\$ 73,132	\$ 8,766	\$ 38,126	\$ 489,750	\$ 111,258
Accrued wages	27,397	28,280	5,201	5,218	32,598	33,498
Accrued interest	27,843	30,558	14,481	15,818	42,324	46,376
Escrow payable	22,096	62,677	-	-	22,096	62,677
Deposits payable	1,260	1,540	-	-	1,260	1,540
Interfund balance	30,231	38,116	-	-	30,231	38,116
Long-term liabilities:						
Due in one year	447,401	1,961,856	306,626	298,849	754,027	2,260,705
Due in more than one year	2,672,016	1,503,124	6,144,563	6,458,867	8,816,579	7,961,991
Total OPEB liability	722,448	680,055	-	-	722,448	680,055
Accrued compensated absences	10,689	19,080	1,321	4,727	12,010	23,807
Net pension liability	790,370	1,136,509	-	-	790,370	1,136,509
TOTAL LIABILITIES	5,232,735	5,534,927	6,480,958	6,821,605	11,713,693	12,356,532
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pension	126,439	246,828	-	-	126,439	246,828
TOTAL DEFERRED INFLOWS OF RESOURCES	126,439	246,828	-	-	126,439	246,828
NET POSITION						
Invested in capital assets, net of related debt	7,403,670	6,077,348	6,886,223	7,034,826	14,289,893	13,112,174
Restricted	242,670	439,348	-	-	242,670	439,348
Unrestricted	6,620,158	7,032,022	(29,769)	(63,889)	6,590,389	6,968,133
TOTAL NET POSITION	14,266,498	13,548,718	6,856,454	6,970,937	21,122,952	20,519,655
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 19,625,672	\$ 19,330,473	\$ 13,337,412	\$ 13,792,542	\$ 32,963,084	\$ 33,123,015

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	Governmental-type Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Program Expenses:						
Governmental Activities:						
General government and administration	\$ 453,198	\$ 442,627	\$ -	\$ -	\$ 453,198	\$ 442,627
Public safety and protective inspection	1,939,657	1,850,326	-	-	1,939,657	1,850,326
Sanitation	375,429	122,404	-	-	375,429	122,404
Highways	344,072	584,725	-	-	344,072	584,725
Parking facilities	251,966	278,226	-	-	251,966	278,226
Culture and recreation	154,608	92,054	-	-	154,608	92,054
Flood control	8,601	6,259	-	-	8,601	6,259
Economic development	-	-	-	-	-	-
Interest expense - unallocated	276,222	129,079	167,782	165,144	444,004	294,223
Insurance	212,610	147,361	-	-	212,610	147,361
Employee benefits	273,182	246,193	-	-	273,182	246,193
Pension expense	162,088	194,989	-	-	162,088	194,989
OPEB expense	42,393	26,002	-	-	42,393	26,002
Unemployment	9,337	11,014	-	-	9,337	11,014
Miscellaneous	-	120,043	830	141	830	120,184
Depreciation and Amortization - unallocated	491,225	452,708	125,235	125,235	616,460	577,943
Total Governmental Activities	4,994,588	4,704,010	293,847	290,520	5,288,435	4,994,530
Sewer Fund	-	-	1,572,019	1,657,459	1,572,019	1,657,459
Total Governmental Expenses	4,994,588	4,704,010	1,865,866	1,947,979	6,860,454	6,651,989
Program Revenues:						
Fees, fines and charges for services	517,239	585,173	1,712,653	1,198,507	2,229,892	1,783,680
Operating grants and contributions	585,506	409,349	-	-	585,506	409,349
Total Program Revenues	1,102,745	994,522	1,712,653	1,198,507	2,815,398	2,193,029
General Revenues						
Taxes	3,422,886	3,273,703	-	-	3,422,886	3,273,703
License and permits	125,247	201,068	-	-	125,247	201,068
Fines	368,177	367,159	-	-	368,177	367,159
Investment earnings and rents	270,202	195,913	38,730	18,289	308,932	214,202
Loan proceeds	198,605	44,213	-	-	198,605	44,213
Miscellaneous	224,507	33,090	-	113,249	224,507	146,339
Total General Revenues	4,609,624	4,115,146	38,730	131,538	4,648,354	4,246,684
Change in Net Position	717,781	405,658	(114,483)	(617,934)	603,298	(212,276)
NET POSITION:						
Beginning of Year	13,548,717	13,143,059	6,970,937	7,588,871	20,519,654	20,731,930
End of Year	\$ 14,266,498	\$ 13,548,717	\$ 6,856,454	\$ 6,970,937	\$ 21,122,952	\$ 20,519,654

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2019 YEAR**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2019, the Borough had \$15,034,183 invested in capital assets, net of related debt, which was invested in a broad range of capital assets, including land, buildings, furniture and equipment.

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

	Balance 01/01/19	Additions	Disposals	Balance 12/31/19
Land	\$ 616,562	\$ -	\$ -	\$ 616,562
Construction in progress	1,732,784	157,175	-	1,889,959
Buildings	1,414,689	-	-	1,414,689
Improvements	1,889,047	-	-	1,889,047
Parking deck	2,755,263	-	-	2,755,263
Vehicles	2,381,108	413,231	-	2,794,339
Machinery and equipment	4,813,050	279,438	-	5,092,488
Infrastructure	2,566,895	622,140	-	3,189,035
	<u>18,169,398</u>	<u>1,471,984</u>	<u>-</u>	<u>19,641,382</u>
Less: Accumulated Depreciation	8,627,070	491,225	-	9,118,295
Total Fixed Assets, Net	<u>\$ 9,542,328</u>	<u>\$ 980,759</u>	<u>\$ -</u>	<u>\$ 10,523,087</u>

Depreciation expense of \$491,225 in governmental-type activities was charged to general government and administration area expenses.

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

	Balance 01/01/19	Additions	Disposals	Balance 12/31/19
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	9,947,282	407,637	-	10,354,919
Total Capital Assets, Net	<u>\$ 10,886,429</u>	<u>\$ (407,637)</u>	<u>\$ -</u>	<u>\$ 10,478,792</u>

Debt Administration

Governmental activities long-term liability balances and activity for the year ended December 31, 2019 were:

	Balances 01/01/19	Additions	Reductions	Balances 12/31/19
Long-Term Debt:				
Bonds, notes and leases payable	\$ 3,464,980	\$ 198,605	\$ 544,168	\$ 3,119,417
Total Long-Term Debt	<u>3,464,980</u>	<u>198,605</u>	<u>544,168</u>	<u>3,119,417</u>
Other post-employment benefits	680,055	42,393	-	722,448
Accrued compensated absences	19,080	-	8,391	10,689
Totals	<u>\$ 4,164,115</u>	<u>\$ 240,998</u>	<u>\$ 552,559</u>	<u>\$ 3,852,554</u>

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2019 YEAR**

Business-type activities long-term liability balances and activity for the year ended December 31, 2019 were:

	<u>Balances 01/01/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances 12/31/19</u>
Long-Term Debt:				
Bonds, notes and leases payable	\$ 6,757,716	\$ -	\$ 306,527	\$ 6,451,189
Total Long-Term Debt	6,757,716	-	306,527	6,451,189
Accrued compensated absences	4,727	-	3,406	1,321
Totals	<u>\$ 6,762,443</u>	<u>\$ -</u>	<u>\$ 309,933</u>	<u>\$ 6,452,510</u>

BUDGET HIGHLIGHTS

Overall, the Borough's General Fund ended the year with an excess of \$80,923 in revenue collections over budgeted amounts.

ANALYSIS OF CURRENT ECONOMIC STATUS

The economy showed some improvement in 2019 and Borough of Stroudsburg took steps to improve its economic posture due to the outlook of a continued recovery. Revenues in 2019 were better than projected with regards to earned income and local services taxes, along with building permits, 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 2019 fiscal year. However, parking meter revenues 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, 2019**

ASSETS	Governmental Activities	Business-type Activities	Totals
Current Assets:			
Cash - unrestricted	\$ 6,016,580	\$ 2,527,873	\$ 8,544,453
<i>Receivables, net:</i>			
Taxes	227,237	-	227,237
Users fees	-	300,516	300,516
Other	242,285	-	242,285
<i>Note receivable - Brodhead Creek Regional Authority:</i>			
Receivable within one year	181,037	-	181,037
Receivable after one year	2,320,928	-	2,320,928
Interfund balances	-	30,231	30,231
Due from agency fund	4,488	-	4,488
Total Current Assets	8,992,555	2,858,620	11,851,175
Capital Assets:			
Land	616,562	187,711	804,273
Construction in process	1,889,959	-	1,889,959
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	2,794,339	-	2,794,339
Machinery and equipment	5,092,488	812,227	5,904,715
Infrastructure	3,189,035	-	3,189,035
Sewer rights	-	6,261,753	6,261,753
	19,641,382	20,833,711	40,475,093
Less: accumulated depreciation and amortization	9,118,295	10,354,919	19,473,214
Total Capital Assets, net	10,523,087	10,478,792	21,001,879
TOTAL ASSETS	19,515,642	13,337,412	32,853,054
DEFERRED OUTFLOWS OF RESOURCES			
Changes in assumptions	110,030	-	110,030
TOTAL DEFERRED OUTFLOWS OF RESOURCES	110,030	-	110,030
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 19,625,672	\$ 13,337,412	\$ 32,963,084

BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
GOVERNMENT-WIDE STATEMENT OF NET POSITION - continued
DECEMBER 31, 2019

LIABILITIES	Governmental Activities	Business-type Activities	Totals
Current Liabilities:			
Accounts payable	\$ 480,984	\$ 8,766	\$ 489,750
Accrued wages	27,397	5,201	32,598
Accrued interest	27,843	14,481	42,324
Escrow payable	22,096	-	22,096
Deposits payable	1,260	-	1,260
Interfund balance	30,231	-	30,231
Total Current Liabilities	589,811	28,448	618,259
Long-term debt:			
Portion due within one year	395,792	306,626	702,418
Portion due after one year	2,618,937	6,144,563	8,763,500
Total long-term debt	3,014,729	6,451,189	9,465,918
Long-term leases:			
Portion due within one year	51,609	-	51,609
Portion due after one year	53,079	-	53,079
Total long-term leases	104,688	-	104,688
Other Non-Current Liabilities			
Total OPEB liability	722,448	-	722,448
Accrued compensated absences	10,689	1,321	12,010
Net pension liability	790,370	-	790,370
Total Other Non-Current Liabilities	1,523,507	1,321	1,524,828
TOTAL LIABILITIES	5,232,735	6,480,958	11,713,693
DEFERRED INFLOWS OF RESOURCES			
Differences between expected and actual experience in the measurement of total pension liability	39,763	-	39,763
Net difference between projected and actual earnings on pension plan investments	86,676	-	86,676
TOTAL DEFERRED INFLOWS OF RESOURCES	126,439	-	126,439
NET POSITION			
Invested in capital assets, net of related debt	7,403,670	7,630,513	15,034,183
Restricted	242,670	-	242,670
Unrestricted	6,620,158	(774,059)	5,846,099
TOTAL NET POSITION	14,266,498	6,856,454	21,122,952
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 19,625,672	\$ 13,337,412	\$ 32,963,084

See accompanying notes to basic financial statements.

BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Program Activities	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:						
General government administration	\$ 453,198	\$ 12,530	\$ 20,286	\$ (420,382)	\$ -	\$ (420,382)
Public safety and protective inspection	1,939,657	75,951	189,991	(1,673,715)	-	(1,673,715)
Sanitation	375,429	-	232,285	(143,144)	-	(143,144)
Highways	344,072	-	132,944	(211,128)	-	(211,128)
Parking facilities	251,966	428,758	10,000	186,792	-	186,792
Culture and recreation	154,608	-	-	(154,608)	-	(154,608)
Flood control	8,601	-	-	(8,601)	-	(8,601)
Interest expense - unallocated	276,222	-	-	(276,222)	-	(276,222)
Insurance	212,610	-	-	(212,610)	-	(212,610)
Employee benefits	258,214	-	-	(258,214)	-	(258,214)
Pension expense	162,088	-	-	(162,088)	-	(162,088)
OPEB expense	57,361	-	-	(57,361)	-	(57,361)
Unemployment	9,337	-	-	(9,337)	-	(9,337)
Depreciation - unallocated	491,225	-	-	(491,225)	-	(491,225)
Total governmental activities	4,994,588	517,239	585,506	(3,891,843)	-	(3,891,843)
Business-type activities:						
Sewer	1,865,866	1,712,653	-	-	(153,213)	(153,213)
Total Government	\$ 6,860,454	\$ 2,229,892	\$ 585,506	(3,891,843)	(153,213)	(4,045,056)

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, 2019

	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Totals
General revenues:			
Taxes	3,422,886	-	3,422,886
License and permits	125,247	-	125,247
Fines	368,177	-	368,177
Investment earnings and rents	270,202	38,730	308,932
Loan proceeds	198,605	-	198,605
Miscellaneous	224,507	-	224,507
Total general revenues and transfers	<u>4,609,624</u>	<u>38,730</u>	<u>4,648,354</u>
Change in Net Position	717,781	(114,483)	603,298
Net position at beginning of year	13,548,717	6,970,937	20,519,654
Net Position at End of Year	<u>\$ 14,266,498</u>	<u>\$ 6,856,454</u>	<u>\$ 21,122,952</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
COMBINED BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General Fund	Capital Equipment Fund	Street Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 1,637,211	\$ 2,316,716	\$ 387,068	\$ 1,599	\$ 1,673,987	\$ 6,016,581
<i>Taxes receivable:</i>						
Real estate tax assessment	25,769	-	4,603	5,550	7,098	43,020
Real estate transfer	19,519	-	-	-	-	19,519
Other tax receivables	3,211	-	-	-	-	3,211
Accounts receivable, net	-	242,285	-	-	-	242,285
<i>Interfund receivables:</i>						
Governmental-type-funds	151,393	1,353,007	-	-	-	1,504,400
Business-type-funds	-	-	-	15,770	-	15,770
TOTAL ASSETS	\$ 1,837,103	\$ 3,912,008	\$ 391,671	\$ 22,919	\$ 1,681,085	\$ 7,844,786
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts payable	\$ 71,018	\$ 343,541	\$ 58,448	\$ -	\$ 7,977	\$ 480,984
Accrued wages	24,963	-	-	-	2,433	27,396
<i>Interfund payables:</i>						
Governmental-type-funds	-	-	-	349,321	1,150,591	1,499,912
Business-type-funds	46,001	-	-	-	-	46,001
Escrow payable	22,096	-	-	-	-	22,096
Deposits payable	1,260	-	-	-	-	1,260
TOTAL LIABILITIES	165,338	343,541	58,448	349,321	1,161,001	2,077,649
<u>FUND BALANCES</u>						
Restricted	-	-	333,223	(326,402)	235,849	242,670
Assigned	-	3,568,467	-	-	284,235	3,852,702
Unassigned	1,671,765	-	-	-	-	1,671,765
TOTAL FUND BALANCES	1,671,765	3,568,467	333,223	(326,402)	520,084	5,767,137
LIABILITIES AND FUND BALANCES	\$ 1,837,103	\$ 3,912,008	\$ 391,671	\$ 22,919	\$ 1,681,085	\$ 7,844,786

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, 2019**

Total fund balance - governmental funds	\$ 5,767,137
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.	161,485
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	181,037
Receivable in more than one year	2,320,928
Capital assets used in governmental activities are not current financial resources and therefore are not reported on the governmental funds balance sheet.	19,641,382
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.	(9,118,295)
Accrued other postemployment benefits are not accrued in governmental-type funds	(722,448)
Accrued compensated absences are not accrued in governmental-type funds.	(10,689)
Accrued interest is not accrued in governmental-type funds.	(27,843)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental-type fund statements.	(790,370)
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 changes in assumptions	110,030
Deferred inflow of difference between expected and actual experience	(39,763)
Deferred inflow of the net difference between projected and actual earnings on investments	(86,676)
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	(447,401)
Portion due in more than one year	<u>(2,672,016)</u>
Net position of governmental activities	<u><u>\$ 14,266,498</u></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, 2019**

	General Fund	Capital Equipment Fund	Street Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 2,391,096	\$ -	\$ 274,567	\$ 330,114	\$ 423,411	\$ 3,419,188
Licenses and permits	125,247	-	-	-	-	125,247
Fines	368,177	-	-	-	-	368,177
Interest and rents	43,961	32,538	7,981	2,406	30,880	117,766
Intergovernmental	153,230	242,285	-	-	189,991	585,506
Charges for services	517,239	-	-	-	-	517,239
Miscellaneous	16,167	-	-	-	53,944	70,111
Total Revenues	3,615,117	274,823	282,548	332,520	698,226	5,203,234
Other Financing Sources;						
Loan proceeds	-	198,605	-	-	-	198,605
Proceeds from sale of Authority rights	-	342,640	-	-	-	342,640
Total Revenues and Other Financing Sources	3,615,117	816,068	282,548	332,520	698,226	5,744,479
Expenditures:						
General government	433,154	158,387	5,083	3,968	21,091	621,683
Public safety and protective inspection	1,949,750	-	-	-	-	1,949,750
Health and human services	9,269	-	-	-	-	9,269
Sanitation	-	232,285	-	-	-	232,285
Highways and streets	384,416	426,159	315,752	-	364,138	1,490,465
Storm water & flood control	136,700	-	-	-	-	136,700
Parking facilities	235,196	17,411	-	-	-	252,607
Culture and recreation	27,933	-	-	-	126,675	154,608
Economic development	6,142	-	-	-	-	6,142
Debt service - principal	-	-	-	462,913	81,255	544,168
Debt service - interest	-	-	-	58,835	21,499	80,334
Insurance	205,159	-	-	-	7,451	212,610
Employee benefits	273,266	-	-	-	-	273,266
Pension	191,960	-	-	-	-	191,960
Unemployment	8,348	-	-	-	906	9,254
Total Expenditures	3,861,293	834,242	320,835	525,716	623,015	6,165,101
Net changes in fund balances	(246,176)	(18,174)	(38,287)	(193,196)	75,211	(420,622)
Fund balances at beginning of year	1,917,941	3,586,641	371,510	(133,206)	444,873	6,187,759
Fund balances at end of year	\$ 1,671,765	\$ 3,568,467	\$ 333,223	\$ (326,402)	\$ 520,084	\$ 5,767,137

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, 2019**

Net change in fund balances - governmental funds \$ (420,620)

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. 3,697

Amounts received on long-term receivables are not accrued for on the governmental-type statement of revenues, expenditures and changes in fund balances. (190,203)

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. 1,471,984

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. (491,225)

Changes in other postemployment benefits that are not accrued for the modified basis accrual basis of accounting. (42,393)

Interest that is accrued on the government-wide financial statements that is not accrued for the modified accrual basis of accounting. 2,715

Change in accrued compensated absences that are not accrued for the modified accrual basis of accounting. 8,391

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 29,872

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: 345,563

Change in net position of governmental activities \$ 717,781

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 STATEMENT OF NET POSITION
 BUSINESS-TYPE FUNDS
 DECEMBER 31, 2019**

	<u>Sewer Fund</u>
<u>ASSETS</u>	
Current Assets;	
Cash - unrestricted	\$ 2,527,873
User fees receivable, net	300,516
Interfund receivables	46,001
Total Current Assets	<u>2,874,390</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	10,354,919
Total Capital Assets	<u>10,478,792</u>
TOTAL ASSETS	<u><u>\$ 13,353,182</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, 2019**

	<u>Sewer Fund</u>
<u>LIABILITIES AND NET POSITION</u>	
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	\$ 8,766
Accrued wages	5,201
Accrued interest	14,481
Current portion long-term debt	306,626
Interfund payables - governmental-type-funds	15,770
Total Current Liabilities	<u>350,844</u>
Non-Current Liabilities:	
Non-current portion long-term debt	6,144,563
Accrued compensated absences	1,321
Total Non-Current Liabilities	<u>6,145,884</u>
TOTAL LIABILITIES	<u>6,496,728</u>
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	6,886,223
Unrestricted	(29,769)
TOTAL NET POSITION	<u>6,856,454</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 13,353,182</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, 2019**

	Sewer Fund
	<u> </u>
Operating Revenues:	
User charges and penalties	\$ 1,712,652
Total Operating Revenues	<u>1,712,652</u>
Operating Expenses:	
General Government Expenses:	
Salaries & benefits	31,171
Travel & training	361
Computer & office	7,029
Billing, postage & printing	10,729
Dues	576
Audit	2,425
Engineer	61,739
Legal	5,733
Refunds of prior year revenues	830
Occupancy	3,632
Total General Government Expenses	<u>124,225</u>
Recycling and Sewage Expenses:	
Supplies	10,505
Electric	1,041
Total Recycling and Sewage Expenses	<u>11,546</u>
Highway Expenses:	
Salaries & benefits	157,025
Computer & office	299
Vehicle	9,591
Occupancy	4,466
Equipment maintenance & repair	13,097
Small tools & supplies	613
Total Highway Expenses	<u>185,091</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, 2019**

	Sewer Fund
Other Operating Expenses:	
General insurance	43,521
Depreciation and amortization	407,637
Employee benefits	181,009
Total Other Operating Expenses	<u>632,167</u>
Total Expenditures	<u>953,029</u>
Operating Income	759,624
Non-Operating Revenues (Expenses):	
Regional costs	(745,055)
Interest expense	(167,782)
Interest income	38,730
Total Non-Operating Revenues (Expenses)	<u>(874,107)</u>
Change in Net Position	(114,483)
Net Position at Beginning of Year	<u>6,970,937</u>
Net Position at End of Year	<u>\$ 6,856,454</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, 2019**

	<u>Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 2,029,968
Cash payments for materials and services	(364,410)
Cash payments for wages	(191,619)
Cash payments for administrative expenses	(39,398)
Net Cash provided by operating activities	<u>1,434,541</u>
Cash flows from non-capital financing activities:	
Payment of regional costs	(745,055)
Net cash (used) by non-capital financing activities	<u>(745,055)</u>
Cash flows from capital and related financing activities:	
Interest paid on capital debt	(169,119)
Principal paid on capital debt	(306,527)
Net cash (used) by capital and related financing activities	<u>(475,646)</u>
Cash flows from investing activities:	
Interfund borrowings, net	4,813
Interest earned on cash and investments	38,730
Net cash provided by investing activities	<u>43,543</u>
Net increase in cash and cash equivalents	257,383
Cash at beginning of year	<u>2,270,490</u>
Cash at end of year	<u><u>\$ 2,527,873</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, 2019**

	<u>Sewer Fund</u>
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations:	\$ 759,624
Adjustments to reconcile operating income to cash provided (used) by operating activities:	
Depreciation and amortization	407,637
Decrease in current assets	
Accounts receivable	296,990
Increase (decrease) in current liabilities	
Accounts payable	(28,356)
Accrued wages	(17)
Accrued interest	(1,337)
Total Adjustments	<u>674,917</u>
Net cash provided by operating activities	<u><u>\$ 1,434,541</u></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, 2019**

ASSETS

Current Assets:

Prepaid pension benefits	\$	21,185
Members' contributions		<u>3,506</u>
Total Current Assets		24,691

Investments:

Domestic equity		2,726,538
Fixed income		<u>1,352,359</u>
Total Investments		4,078,897

Total Assets \$ 4,103,588

NET POSITION

Held in Trust for Pension Benefits \$ 4,103,588

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, 2019**

Additions:

Minimum municipal obligation	\$ 255,946
Member contributions	50,204
Total Additions	<u>306,150</u>

Investment Gain:

Change in market value	706,764
Total Investment Gain	<u>706,764</u>

Total Additions and Investment Gain 1,012,914

Deductions:

Payments to retirees	254,221
Refunds of terminated members' contributions	11,088
Investment expense	28,845
Total Deductions	<u>294,154</u>

Increase in Net Position 718,760

Held in Trust for Pension Benefits:

Beginning of year	<u>3,384,828</u>
End of year	<u><u>\$ 4,103,588</u></u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
BALANCE SHEET
AGENCY FUND - PAYROLL
DECEMBER 31, 2019**

ASSETS

Cash	\$	5,678
TOTAL ASSETS	\$	<u>5,678</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Employee benefits payable	\$	818
Due to General Fund		4,488
TOTAL LIABILITIES		<u>5,306</u>

FUND BALANCE

Unassigned		<u>372</u>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>5,678</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019**

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, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

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

- The Borough maintains three (3) other governmental funds for the allocation of revenues and expenditures of specific governmental programs, which include: 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.

E. 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.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

F. 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

G. 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.

H. 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.

I. Pension

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Non-Uniform Pension Plan and additions to/deductions from the Non-Uniform Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. 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, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

K. 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).

L. 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. This Statement has no impact on the Borough's 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. GASB has postponed the effective date of this Statement; therefore, 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, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

L. 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 has determined this Statement applies to their financial statements and has made the necessary changes in the disclosures.

Statement No.90 "*Majority Equity Interests – An Amendment of GASB #14 and #61*" is effective for reporting periods beginning after December 15, 2018. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Borough has determined this Statement has no impact 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, 2019 the carrying amount and bank deposit balance of the Borough's deposits were \$8,549,631 and \$8,567,566, respectively. Of the bank balance \$500,000 was covered by federal depository insurance.

Balances held in each category as of December 31, 2019 are as follows:

	Carrying Balance	Bank Balance
Total governmental funds	\$ 6,016,080	\$ 6,105,378
Business-type funds	2,527,873	2,629,133
Trust & agency	5,678	10,654
Totals	\$ 8,549,631	\$ 8,745,165

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, 2019**

NOTE 3 – PROPERTY TAXES

Based upon assessed valuation provided by the County (approximately \$55,941,015 in 2019), the Borough bills and collects its own property taxes through an elected tax collector. The schedule for property taxes levied for 2019 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 2019 was 46.750 mills (\$46.75 per \$1,000 of assessed taxable valuations).

<u>Fund</u>	<u>Mills</u>
General Fund	28.000
Fire Fund	3.000
Street Lighting Fund	2.750
Recreation Fund	2.000
Street Fund	5.000
Debt Service Fund	6.000
Total Mills	<u>46.750</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Balance 1/1/19</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance 12/31/19</u>
Governmental Activities:				
Land	\$ 616,562	\$ -	\$ -	\$ 616,562
Construction in process	1,732,784	157,175	-	1,889,959
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	2,381,108	413,231	-	2,794,339
Machinery and equipment	4,813,050	279,438	-	5,092,488
Infrastructure	2,566,895	622,140	-	3,189,035
	<u>18,169,398</u>	<u>1,471,984</u>		<u>19,641,382</u>
Less: accumulated depreciation	8,627,070	491,255	-	9,118,295
Governmental activities capital assets, net	<u>\$ 9,542,328</u>	<u>\$ 980,759</u>	<u>\$ -</u>	<u>\$ 10,523,087</u>
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
	<u>20,833,711</u>	<u>-</u>	<u>-</u>	<u>20,833,711</u>
Less: accumulated depreciation/amortization	9,947,282	407,637	-	10,354,919
Business activities capital assets, net	<u>\$ 10,886,429</u>	<u>\$ (407,637)</u>	<u>\$ -</u>	<u>\$ 10,478,792</u>

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 –LONG-TERM DEBT AND LIABILITIES

General Obligation Bonds

General obligation bonds provide funds for the acquisition and construction of major capital equipment and facilities. General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the Borough. General obligation bonds require the Borough to compute, at the time property taxes are levied, the rate of tax required to provide (in each year bonds re outstanding) a fund to pay interest and principal at maturity. The Borough is in compliance with this requirement.

As of December 31, 2019, general obligation bonds currently outstanding are as follows:

DESCRIPTION	Interest Rate %	Issue Date	Maturity Date	Outstanding
<u>Governmental-type Entities:</u>				
GOB Series A of 2013 18 year semi-annual payments	2.44%	3/26/2015	12/1/2021	\$ 617,322
GOB Series of 2013 26 year semi-annual payments	2.70%	9/10/2013	10/15/2031	408,900
Total General Obligation Bonds				<u>\$ 1,026,222</u>

The maturities of the general obligation bonds are as follows:

Year	Principal	Interest	Total
2020	\$ 342,216	\$ 19,366	\$ 361,582
2021	335,206	18,212	353,418
2022	31,200	8,321	39,521
2023	32,000	7,555	39,555
2024	32,800	6,769	39,569
2025-2029	176,200	21,377	197,577
2030-2031	76,600	2,349	78,949
Totals	<u>\$ 1,026,222</u>	<u>\$ 83,949</u>	<u>\$ 1,110,171</u>

Direct Borrowings and Direct Placements

Governmental-Type

GON Series of 2016 – Used to finance 85% of the purchase of a pumper truck for the fire department. Collateral is the full faith, credit and taxing power of the Borough. There is no prepayment penalty.

PEMA Note – Used for the remaining 15% of the purchase of the pumper truck for the fire department, which is used as collateral. There is no prepayment penalty.

GON Series A of 2013 – Used for the acquisition and construction of improvement, including fixtures and equipment, to the Borough’s Municipal Building and Fire House. The final draw down was received November 22, 2019. Collateral is the full faith, credit and taxing power of the Borough. There is no prepayment penalty.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 –LONG-TERM DEBT AND LIABILITIES – continued

Direct Borrowings and Direct Placements - continued

Business-Type

GON Series AA of 2015 – Refunded GOB of 2011. Collateral is the full faith, credit and taxing power of the Borough. There is no prepayment penalty.

PENNVEST loan – Used to finance the construction of major capital improvements for the sewer system, collateralized by the revenue of the sewer system.

Wayne Bank loan – Used to finance the purchase of a 2017 CCTV Ford E-450 Truck Mount, which is used as collateral for the loan. In the event of default, the interest rate will increase to 12.0%. There is no prepayment penalty.

The following are the general obligation notes and loans currently outstanding:

DESCRIPTION	Interest Rate %	Issue Date	Maturity Date	Outstanding
<u>Governmental-type Entities:</u>				
GON Series of 2016 10 year annual payments	2.60%	3/30/2016	3/30/2026	\$ 356,242
PEMA Note – monthly payments Collateralized by fire equipment	2.00%	5/24/2007	6/1/2022	15,972
GON Series A of 2013	2.65%	11/16/2013	8/1/2033	1,616,294
<u>Business-type Entities:</u>				
GON Series AA of 2015 26 year semi-annual payments	2.70%	3/26/2015	12/1/2040	\$ 5,320,540
PENNVEST Loan 19 year monthly payments	1.00%	5/1/2013	8/1/2032	1,008,883
Wayne Bank Loan – 5 annual payments Collateralized by CCTV truck	2.64%	3/6/2017	3/6/2022	121,766
Total Direct Borrowings and Direct Placements				<u>\$ 8,439,697</u>

The maturities of the governmental-type activities direct borrowings and placements are as follows:

Year	Principal	Interest	Total
2020	\$ 147,676	\$ 55,198	\$ 202,874
2021	151,631	51,095	202,726
2022	151,942	46,906	198,848
2023	153,325	42,689	196,014
2024	157,646	38,374	196,020
2025-2029	684,095	127,173	811,268
2030-2033	542,193	34,784	576,977
Totals	<u>\$ 1,988,508</u>	<u>\$ 396,219</u>	<u>\$ 2,384,727</u>

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 –LONG-TERM DEBT AND LIABILITIES – continued

Direct Borrowings and Direct Placements - continued

The maturities of the business-type activities direct borrowings and placements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 306,627	\$ 161,684	\$ 468,311
2021	314,047	154,268	468,315
2022	320,056	146,675	466,761
2023	285,026	138,901	423,927
2024	290,661	132,109	422,770
2025-2029	1,556,331	553,269	2,109,600
2030-2034	1,544,302	361,049	1,905,351
2035-2039	1,505,600	168,317	1,673,917
2040	328,540	8,871	337,411
Totals	<u>\$ 6,451,190</u>	<u>\$ 1,825,143</u>	<u>\$ 8,276,333</u>

Net Pension Liability

The net pension liability represents the actuarially-determined liability for employees' projected pension benefit payments to be provided to current active and inactive employees; that is attributed to those employees' past periods of service, less the pension plan's fiduciary net position.

Compensated Absences

Compensated Absences represent the estimated liability for employees' accrued sick leave for which employees are entitled to be paid. The retirement of this liability is paid from the General Fund. If an employee is terminated or resigns, however, they only receive 75% of this benefit.

Total OPEB Liability

The total OPEB liability represents an actuarially determined present value liability of retiree health benefits earned to date for active and retiree members of the closed defined benefit retiree health plan.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 –LONG-TERM DEBT AND LIABILITIES – continued

Transactions for the year ended December 31, 2019 are summarized as follows:

	Balance 1/1/19	Issues/ Additions	Reductions	Balance 12/31/19	Due within one year
Governmental Activities					
<i>Bonds Payable</i>					
GOB Series A of 2013	\$ 437,900	\$ -	\$ 29,000	\$ 408,900	\$ 29,700
GOB Series A of 2015	920,816	-	303,494	617,322	312,516
Total Bonds Payable	1,358,716	-	332,494	1,026,222	342,216
<i>Notes from Direct Borrowings</i>					
GON Series A of 2013	1,509,089	198,505	91,400	1,616,294	94,100
GON Series of 2016	402,106	-	45,865	356,241	47,058
PEMA Note	22,362	-	6,390	15,972	6,518
Total Direct Borrowings	1,933,557	198,505	143,655	1,988,507	147,676
Net Pension Liability	1,136,509	-	346,139	790,370	-
Compensated Absences	19,080	-	8,391	10,689	-
Other Post-Employment Benefits	680,055	42,393	-	722,448	-
Total Government Activities	5,127,917	240,898	830,679	4,538,236	489,892
Business-Type Activities					
<i>Notes from Direct Borrowings</i>					
GON Series AA of 2015	\$ 5,508,420	\$ -	\$ 187,880	\$ 5,320,540	\$ 193,530
PENNVEST Loan	1,080,984	-	72,100	1,008,883	73,196
Wayne Bank Loan	160,666	-	38,901	121,766	39,901
Total Bonds Payable	6,750,070	-	298,881	6,451,189	306,627

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:

	Balance 1/1/19	Additions	Repayments	Balance 12/31/19
Governmental-type funds:				
2016 Street sweeper	\$ 154,867	\$ -	\$ 50,179	\$ 104,688
Two trucks	17,840	-	17,840	-
Governmental total	\$ 172,707	\$ -	\$ 68,019	\$ 104,688
Business-type funds				
Two Trucks	\$ 7,646	\$ -	\$ 7,646	\$ -
Business total	\$ 7,646	\$ -	\$ 7,646	\$ -

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2019**

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>
2020	\$ 51,609	\$ 2,984	\$ 54,593
2021	53,079	1,512	54,591
Totals	<u>\$ 104,688</u>	<u>\$ 4,496</u>	<u>\$ 109,184</u>

Assets capitalized currently from the outstanding lease payable total \$305,593 and accumulated amortization totaled \$118,524.

NOTE 7 – FUND BALANCES

Governmental-type funds reports restricted fund balances of \$242,670 at December 31, 2019. The State Liquid Fuels Fund reports restricted fund balance of \$189,621, 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 \$(110,097), 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 \$40,120, which is restricted by the ordinance of the 2.0 mill tax levy to provide funding for the Borough’s parks. The Street Light Fund reported restricted fund balance of \$116,205, which is restricted by the ordinance of the 2.75 mill tax levy to provide funding for the utility payments of the streetlights. The Street Fund reported restricted fund balance of \$333,223, 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 \$(326,402), which is restricted by the ordinance of the 6.0 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, 2019**

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>
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>\$ 2,501,965</u>	<u>\$ 6,064,037</u>	<u>\$ 8,566,002</u>

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2019**

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, 2019, the accrued expense and liability for these benefits totaled \$722,448.

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 \$722,448 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, 2019. Actuarial valuations are performed biennially.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

	<u>Total OPEB Liability</u>
Balances at 12/31/2018	\$ 680,055
Changes for the year:	
Service Cost	32,677
Interest	24,684
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions & Cost Method	-
Benefit Payments **	(14,968)
Balances at 12/31/2019	<u>\$ 722,448</u>

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2019**

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 12/31/19	\$ 767,670	\$ 722,448	\$ 679,546

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 12/31/19	\$ 653,256	\$ 722,448	\$ 801,944

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

For the year ended December 31, 2019, the Borough recognized OPEB expense of \$57,361. At December 31, 2019, 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, 2019**

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 Girard Pension Services, LLC., with Nationwide Financial as custodian.

Employees Covered by the Plan

Memberships of the plan consist of the following:

As of December 31, 2019, the Pension Plan's membership consisted of the following:

Active plan members	19
Inactive plan members or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	9
Total	<u>42</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, 2019, 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.

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2019**

NOTE 11 – NON-UNIFORM PENSION PLAN - continued

Investments

A. Investment Policy

The Pension Board, with the assistance of Girard Pension Services, LLC, 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, 2019, 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%
		<u>100%</u>

B. Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 20.41 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, 2019 were as follows:

Total Pension Liability (TPL)	\$ 4,893,958
Plan Fiduciary Net Position	\$ (4,103,588)
Net Pension Liability (NPL)	\$ 790,370
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.85%

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 11 – NON-UNIFORM PENSION PLAN – continued

B. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2019, 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, 2019 valuation were based on the same assumptions as the actuarial experience study as of January 1, 2019.

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, 2019 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	8.40%
Large Cap	7.20%	Emerging Markets	10.75%
Medium Cap Growth	7.40%	Fixed - Domestic	2.50%
Medium Cap Value	7.70%	Fixed - International	4.70%
Small Cap	8.40%	Cash	1.70%

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, 2019**

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	\$ 1,333,879	\$ 790,370	\$ 328,530

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 12/31/2018	\$ 4,521,337	\$ 3,384,828	\$ 1,136,509
Changes for the year:			
Service Cost	114,442	-	114,442
Interest	350,694	-	350,694
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	172,794	-	172,794
Changes of Assumptions	-	-	-
Contributions – Employer	-	153,536	(153,536)
Contributions – State Aid	-	102,410	(102,410)
Contributions – Member	-	50,204	(50,204)
Net Investment Income	-	677,919	(677,919)
Benefit Payments	(265,309)	(265,309)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	<u>372,621</u>	<u>718,760</u>	<u>(346,139)</u>
Balances at 12/31/2019	<u>\$ 4,893,958</u>	<u>\$ 4,103,588</u>	<u>\$ 790,370</u>

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2019**

NOTE 11 – NON-UNIFORM PENSION PLAN – continued

Pension Expense for Fiscal Year Ended December 31, 2019

Service Cost	\$ 114,442
Interest on Total Pension Liability	350,694
Changes in Benefit Terms	-
Difference Between Expected and Actual Experience	(34,271)
Changes in Assumptions	48,225
Employee Contributions	(50,204)
Projected Earnings on Pension Plan Investments	(250,595)
Differences Between Projected and Actual Earnings on Investments	47,783
Administrative Expenses	-
Other Changes in Fiduciary Net Position	-
Total Pension Expense	<u>\$ 226,074</u>

Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2019, the municipality recognized a pension expense of \$248,135. At December 31, 2019, the municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 39,763
Changes in Assumptions	110,030	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	86,676
Total	<u>\$ 110,030</u>	<u>\$ 126,439</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:

<u>Year Ended December 31:</u>	<u>Amount</u>
2020	\$ 4,241
2021	\$ (20,688)
2022	\$ 20,318
2023	\$ (79,839)
2024	\$ 22,647
Thereafter	\$ 36,912

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, 2019**

NOTE 13 – INTERFUND BALANCES

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Sewer Fund	\$ -	\$ 46,001
Payroll Fund	4,488	-
Debt Service Fund	146,905	-
Fire Fund:		
Capital Equipment Fund	-	1,150,591
Capital Equipment Fund:		
Fire Fund	1,150,591	-
Debt Service Fund	202,416	-
Sewer Fund:		
General Fund	46,001	-
Debt Service Fund	-	15,770
Payroll Fund:		
General Fund	-	4,488
Debt Service Fund:		
General Fund	-	146,905
Capital Equipment Fund	-	202,416
Sewer Fund	15,770	-
Totals	<u>\$ 1,566,171</u>	<u>\$ 1,566,171</u>

NOTE 14 – SUBSEQUENT EVENTS

In preparing these financial statements, management of the Borough of Stroudsburg has evaluated events and transactions subsequent to December 31, 2019 through August 3, 2020, 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 approved the hiring of a new Manager February 18, 2020.
- A fire truck was purchased for \$812,534 with monies from the Fire Fund.
- On March 13, 2020, the President of the United States declared a national emergency concerning the novel coronavirus disease (COVID-19) outbreak, based on the World Health Organization’s announcement two days prior. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Borough, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, loss of real estate transfers, business and earned income tax revenues, costs for emergency preparedness and personnel impacts. Management believes the Borough is taking appropriate actions to mitigate the negative impacts. However, the full impact of COVID-19 is still unknown cannot be reasonably estimated as these events are still developing.

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, 2019**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,221,614	\$ 2,221,614	\$ 2,391,096	\$ 169,482
Licenses and permits	176,000	176,000	125,247	(50,753)
Fines	307,400	307,400	368,177	60,777
Interest and rents	12,027	12,027	43,961	31,934
Intergovernmental	117,700	117,700	153,230	35,530
Charges for services	488,500	488,500	517,239	28,739
Miscellaneous	4,100	4,100	16,167	12,067
Total Revenues	3,327,341	3,327,341	3,615,117	287,776
Other Financing Sources:				
Interfund operating transfers in	-	-	-	-
Total Revenues and Other Financing Sources	3,327,341	3,327,341	3,615,117	287,776
Expenditures:				
General government	507,038	479,531	433,154	46,377
Public safety and protective inspection	1,956,964	1,962,724	1,949,750	12,974
Health & animal control	10,568	9,289	9,269	20
Sanitation, storm water & flood control	119,412	135,544	136,700	(1,156)
Highways and streets	511,935	411,618	384,416	27,202
Parking facilities	252,348	234,537	235,196	(659)
Culture and recreation	20,000	19,445	27,933	(8,488)
Community development	2,500	6,142	6,142	-
Insurance	150,242	210,546	205,159	5,387
Employee benefits	194,198	271,944	273,266	(1,322)
Pension	191,960	191,960	191,960	-
Unemployment	42,078	8,936	8,348	588
Total Expenditures	3,959,243	3,942,216	3,861,293	80,923
Other Financing Uses:				
Interfund operating transfers out	-	-	-	-
Total Expenditures and Other Financing Uses	3,959,243	3,942,216	3,861,293	80,923
Net changes in fund balances	(631,902)	(614,875)	(246,176)	\$ 368,699
Fund Balance Forwarded	-	-	1,917,941	
Fund balance at end of year	\$ (631,902)	\$ (614,875)	\$ 1,671,765	

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
SCHEDULE OF CHANGES IN MUNICIPALITY'S NET PENSION LIABILITY AND RELATED RATIOS - NON UNIFORMED PENSION
DECEMBER 31, 2019**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Pension Liability						
Service Cost	\$ 91,432	\$ 116,118	\$ 121,343	\$ 114,547	\$ 119,701	\$ 114,442
Interest	288,545	295,973	311,333	311,059	324,393	350,694
Changes of Benefit Terms	-	-	-	-	-	-
Difference Between Expected and Actual Experience	-	(36,519)	-	(335,887)	-	172,794
Changes of Assumptions	-	165,020	-	142,747	-	-
Benefit Payments, Including Refunds of Member Contributions	(185,770)	(201,564)	(223,465)	(249,334)	(256,596)	(265,309)
Net Change in Total Pension Liability	<u>194,207</u>	<u>339,028</u>	<u>209,211</u>	<u>(16,868)</u>	<u>187,498</u>	<u>372,621</u>
Total Pension Liability - Beginning	<u>3,608,261</u>	<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>
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>	<u>\$ 4,893,958</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 99,286	\$ 102,715	\$ 99,281	\$ 121,302	\$ 127,869	\$ 153,536
Contributions - State Aid	65,836	66,654	74,369	78,000	79,635	102,410
Contributions - Member	40,691	42,014	42,062	43,749	48,732	50,204
Net Investment Income	96,582	(58,346)	180,708	465,043	(290,657)	677,919
Benefit Payments, Including Refunds of Member Contributions	(185,770)	(201,564)	(223,465)	(249,334)	(256,596)	(265,309)
Administrative Expense	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>116,625</u>	<u>(48,527)</u>	<u>172,955</u>	<u>458,760</u>	<u>(291,017)</u>	<u>718,760</u>
Plan Net Position - Beginning	<u>2,976,032</u>	<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>
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>	<u>\$ 4,103,588</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>	<u>\$ 790,370</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.3%	73.5%	73.9%	84.8%	74.9%	83.9%
Covered Employee Payroll	\$ 816,717	\$ 825,329	\$ 893,026	\$ 788,391	\$ 876,813	\$ 1,020,002
Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll	86.9%	133.0%	126.9%	83.5%	129.6%	77.5%

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, 2019**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 165,122	\$ 169,369	\$ 173,650	\$ 199,302	\$ 207,504	\$ 255,946
Contributions in Relation to the Actuarially Determined Contribution	<u>165,122</u>	<u>169,369</u>	<u>173,650</u>	<u>199,302</u>	<u>207,504</u>	<u>255,946</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 816,717	\$ 825,329	\$ 893,026	\$ 788,391	\$ 876,813	\$ 1,020,002
Contributions as a Percentage of Covered Employee Payroll	20.22%	20.52%	19.45%	25.28%	23.67%	25.09%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	January 1, 2019
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>2019</u>	<u>2020</u>
Total OPEB Liability		
Service cost	\$ 31,270	32,677
Interest	23,483	24,684
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	-	-
Benefit payments	<u>(28,741)</u>	<u>(14,968)</u>
Net Change in Total OPEB Liability	26,012	42,393
Total OPEB Liability - Beginning	654,043	\$ 680,055
Total OPEB Liability - Ending	<u>\$ 680,055</u>	<u>722,448</u>
Covered Employee Payroll	\$ 469,606	\$ 488,390
Total OPEB Liability as a Percentage of Covered Employee Payroll	144.8%	147.9%

* 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.

**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, 2019 present its legally adopted budget for the General Fund. The Borough approved to legally adopt the General Fund budget for the 2019 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, 2019, expenditures exceeded appropriations at the legal level of control in the General Fund as follows:

<u>Object Category</u>	<u>Expenditures Exceeding Appropriations</u>
Culture and recreation	\$ 8,488

SUPPLEMENTARY INFORMATION

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
COMBINING BALANCE SHEETS
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>Highway Fund</u>	<u>Recreation Fund</u>	<u>Street Light Fund</u>
<u>ASSETS</u>			
Cash	\$ 192,149	\$ 41,243	\$ 118,662
Taxes receivable - real estate	-	1,807	2,495
TOTAL ASSETS	<u>\$ 192,149</u>	<u>\$ 43,050</u>	<u>\$ 121,157</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 2,528	\$ 497	\$ 4,952
Accrued wages	-	2,433	-
Interfund payables - governmental-type funds	-	-	-
TOTAL LIABILITIES	<u>2,528</u>	<u>2,930</u>	<u>4,952</u>
<u>FUND BALANCES</u>			
Restricted	189,621	40,120	116,205
Assigned	-	-	-
Total Fund Balance	<u>189,621</u>	<u>40,120</u>	<u>116,205</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 192,149</u>	<u>\$ 43,050</u>	<u>\$ 121,157</u>

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
COMBINING BALANCE SHEETS - continued
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	Insurance Dividend Fund	Fire Fund	Total Other Governmental Totals
<u>ASSETS</u>			
Cash	\$ 284,235	\$ 1,037,698	\$ 1,673,987
Taxes receivable - real estate	-	2,796	7,098
TOTAL ASSETS	<u>\$ 284,235</u>	<u>\$ 1,040,494</u>	<u>\$ 1,681,085</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ 7,977
Accrued wages	-	-	2,433
Interfund payables - governmental-type funds	-	1,150,591	1,150,591
TOTAL LIABILITIES	<u>-</u>	<u>1,150,591</u>	<u>1,161,001</u>
<u>FUND BALANCES</u>			
Restricted	-	(110,097)	235,849
Assigned	284,235	-	284,235
Total Fund Balance	<u>284,235</u>	<u>(110,097)</u>	<u>520,084</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 284,235</u>	<u>\$ 1,040,494</u>	<u>\$ 1,681,085</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, 2019**

	Highway Fund	Recreation Fund	Street Light Fund
Revenues:			
Taxes	\$ -	\$ 108,367	\$ 148,268
Interest	4,140	1,711	2,264
Intergovernmental	189,991	-	-
Miscellaneous	-	10,000	-
Total Revenues	<u>194,131</u>	<u>120,078</u>	<u>150,532</u>
Expenditures:			
General government	-	12,632	3,106
Highways	190,736	77,115	96,287
Culture and recreation	-	126,675	-
Debt service principal	-	-	29,000
Debt service interest	-	-	10,655
Insurance	-	-	-
Unemployment	-	906	-
Total Expenditures	<u>190,736</u>	<u>217,328</u>	<u>139,048</u>
Net changes in fund balances	3,395	(97,250)	11,484
Fund balances at beginning of year	<u>186,226</u>	<u>137,370</u>	<u>104,721</u>
Fund balances at end of year	<u>\$ 189,621</u>	<u>\$ 40,120</u>	<u>\$ 116,205</u>

**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, 2019**

	Insurance Dividend Fund	Fire Fund	Total Other Governmental Fund
Revenues:			
Taxes	\$ -	\$ 166,776	\$ 423,411
Interest	3,913	18,852	30,880
Intergovernmental	-	-	189,991
Miscellaneous	43,944	-	53,944
Total Revenues	47,857	185,628	698,226
Expenditures:			
General government	-	5,353	21,091
Highways	-	-	364,138
Culture and recreation	-	-	126,675
Debt service principal	-	52,255	81,255
Debt service interest	-	10,844	21,499
Insurance	7,451	-	7,451
Unemployment	-	-	906
Total Expenditures	7,451	68,452	623,015
Net changes in fund balances	40,406	117,176	75,211
Fund balances at beginning of year	243,829	(227,273)	444,873
Fund balances at end of year	\$ 284,235	\$ (110,097)	\$ 520,084