



Borough of East Stroudsburg
East Stroudsburg, Pennsylvania
Monroe County

Financial Statements
Year Ended December 31, 2021



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BOROUGH OF EAST STROUDSBURG

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INDEPENDENT AUDITOR'S REPORT

**Borough Council
Borough of East Stroudsburg
East Stroudsburg, Pennsylvania**

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of East Stroudsburg, East Stroudsburg, Pennsylvania as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Borough of East Stroudsburg's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of East Stroudsburg, East Stroudsburg, Pennsylvania as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Borough of East Stroudsburg, East Stroudsburg, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Borough of East Stroudsburg, East Stroudsburg, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 East Stroudsburg Borough, East Stroudsburg, Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Stroudsburg Borough, East Stroudsburg, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Emphasis of Matter

In our report dated July 27, 2022, we expressed an adverse opinion that the 2021 aggregate remaining fund information in the financial statements did not fairly present the financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America because they did not include the financial statements of the Pension Trust Funds. East Stroudsburg Borough has restated its 2021 financial statements to include the financial statements of the Pension Trust Funds. Accordingly, our present opinion on the 2021 financial statements, as presented herein, is unmodified and thus, different from that expressed in our previous report dated July 27, 2022.

Report on Summarized Comparative Information

We have previously audited the Borough of East Stroudsburg, East Stroudsburg, Pennsylvania's 2020 financial statements, and our report dated July 27, 2022, expressed unmodified audit opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules and the schedules of changes in net pension liability and Borough pension contributions on pages 4 through 15 and 49 through 63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 East Stroudsburg, East Stroudsburg, Pennsylvania's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2023, on our consideration of the Borough of East Stroudsburg, East Stroudsburg, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of East Stroudsburg, East Stroudsburg, Pennsylvania's internal control over financial reporting and compliance.

BBD, LLP

**Philadelphia, Pennsylvania
May 1, 2023**

BOROUGH OF EAST STROUDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

Management's discussion and analysis ("**MD&A**") of the financial performance of Borough of East Stroudsburg, East Stroudsburg (the "**Borough**") provides an overview of the Borough's financial performance for fiscal year ended December 31, 2021. Readers should also review the basic financial statements and related notes to enhance their understanding of the Borough's financial performance.

BOROUGH PROFILE

The Borough was established in 1870 and operates as a Borough under the Borough Code of the Commonwealth of Pennsylvania and governed by a Borough (the legislative branch of the local government), made up of an elected six (6) members and a mayor. The Borough is one of 20 municipalities in Monroe County. The Borough originally was the industrial center of Monroe County due to the railroad but has now evolved into the home of the two largest service institutions in Monroe County, East Stroudsburg University and the Pocono Medical Center. As of the census of 2020, there were approximately 9,700 people residing in the Borough. The major services provided by the Borough include general administration; public safety (police, fire, ambulance and codes), public works (highways and streets and sanitation), planning and zoning, water and sewer utility services, culture and recreation and community development. During 2021, there were approximately 50 full-time and part-time employees including public works and water and sewer employees, administrative clerks, seasonal employees for the parks and municipal golf course and administrative positions which include the Borough Manager, Finance Director of Public Works and a Codes Officer.

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business-type activities, the assets and deferred outflows of resources of the Borough exceeded liabilities and deferred inflows of resources resulting in total net position at the close of the 2021 fiscal year of \$18,889,391. During the 2021 fiscal year, the Borough had an increase in total net position of \$1,812,326. The net position of the governmental activities decreased by \$282,533 and net position of business-type activities increased by \$2,094,859.
- As of the close of the 2021 fiscal year, the Borough's governmental funds reported combined ending fund balances of \$1,056,199, an increase of \$345,713 in comparison with the prior year.
- The General Fund reported an increase in fund balance of \$425,405, bringing the cumulative balance to \$564,410 at the conclusion of the 2021 fiscal year.
- At December 31, 2021, the General Fund fund balance includes \$27,338 which is considered nonspendable, and unassigned amounts of \$537,072 or 8.65% of the \$6,212,698 2022 General Fund budget.
- General Fund revenues were \$801,469 or 16.91% more than budgeted amounts, General Fund expenditures were \$441,269 or 7.59% less than budgeted amounts and other financing (uses) had a negative variance of \$816,446 resulting in a net positive variance of \$426,292.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Borough's finances, in a manner similar to a private-sector business.

BOROUGH OF EAST STROUDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

The Statement of Net Position presents information on all of the Borough's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Borough is improving or deteriorating. To assess the Borough's overall health, the reader will need to consider additional nonfinancial factors such as changes in the Borough's tax base and the condition of the Borough's assets.

The Statement of Activities presents information showing how the Borough's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the Borough that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the Borough's activities are divided into two categories:

Governmental Activities

Most of the Borough's basic services are included here, such as general administration, public safety, public works and culture and recreation.

Business-type Activities

The Borough's business-type activities charge a fee to customers to help cover all or most of the cost of certain services it provides. The Borough's sewer, water and municipal golf course activities are reported as business-type activities.

The government-wide financial statements can be found on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Borough's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Borough's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the Borough's basic services are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Borough's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

BOROUGH OF EAST STROUDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

The Borough maintains six individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for each of the two major funds and the nonmajor governmental funds.

The Borough adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary Funds

The Borough maintains one type of proprietary fund. All of the Borough's proprietary funds are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Borough uses enterprise funds to account for the Sewer Fund, Water Fund and the Golf Course Fund.

The proprietary fund financial statements can be found on pages 22 through 24 of this report.

Fiduciary Funds

The Borough is the trustee, or fiduciary, for its employees' pension plans. Fiduciary funds are not reflected in the government-wide financial statements because the Borough cannot use these assets to finance its operations. The Borough is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Borough has two nonuniform pension trust funds.

The fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on pages 27 through 48 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the general fund and proprietary funds and schedules concerning the Borough's progress in funding its obligation to provide pension benefits, as well as additional analysis which consists of combining and individual fund financial statements and supplemental tax data.

The required supplementary information and additional analysis can be found on pages 49 through 71 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the Borough's financial condition. At the close of the 2021 fiscal year the Borough's assets and deferred outflows exceeded liabilities and deferred inflows by \$18,889,391. The following table presents condensed information for the *Statement of Net Position* of the Borough at December 31, 2021 and 2020.

BOROUGH OF EAST STROUDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
ASSETS						
Current assets	\$ 3,171,161	\$1,791,517	\$ 3,543,573	\$ 2,106,166	\$ 6,714,734	\$ 3,897,683
Noncurrent assets	<u>7,108,119</u>	<u>7,564,818</u>	<u>12,767,322</u>	<u>11,899,524</u>	<u>19,875,441</u>	<u>19,464,342</u>
Total assets	<u>10,279,280</u>	<u>9,356,335</u>	<u>16,310,895</u>	<u>14,005,690</u>	<u>26,590,175</u>	<u>23,362,025</u>
DEFERRED OUTFLOWS						
Deferred charges – pensions	<u>297,696</u>	<u>214,435</u>	<u>356,993</u>	<u>201,317</u>	<u>654,689</u>	<u>415,752</u>
LIABILITIES						
Current liabilities	1,703,600	662,897	154,856	314,782	1,858,456	977,679
Noncurrent liabilities	<u>4,179,431</u>	<u>4,051,786</u>	<u>1,151,003</u>	<u>851,785</u>	<u>5,330,434</u>	<u>4,903,571</u>
Total liabilities	<u>5,883,031</u>	<u>4,714,683</u>	<u>1,305,859</u>	<u>1,166,567</u>	<u>7,188,890</u>	<u>5,881,250</u>
DEFERRED INFLOWS						
Deferred credits – pensions	<u>515,394</u>	<u>395,003</u>	<u>651,189</u>	<u>424,459</u>	<u>1,166,583</u>	<u>819,462</u>
NET POSITION						
Net investment in capital assets	2,602,317	3,387,861	11,239,547	10,953,298	13,841,864	14,341,159
Restricted	491,789	571,481	-	-	491,789	571,481
Unrestricted	<u>1,084,445</u>	<u>501,742</u>	<u>3,471,293</u>	<u>1,662,683</u>	<u>4,555,738</u>	<u>2,164,425</u>
Total net position	<u>\$ 4,178,551</u>	<u>\$4,461,084</u>	<u>\$14,710,840</u>	<u>\$12,615,981</u>	<u>\$18,889,391</u>	<u>\$17,077,065</u>

The Borough's total assets as of December 31, 2021 were \$26,590,175 of which \$4,766,693 or 17.93% consisted of cash and \$19,875,441 or 74.75% consisted of the Borough's investment in capital assets. The Borough's total liabilities as of December 31, 2021 were \$7,188,890 of which \$5,843,764 or 81.29% consisted of general obligation debt used to acquire and construct capital assets.

Of the Borough's total net position at December 31, 2021, \$4,555,738 is unrestricted and may be used to meet the Borough's ongoing obligations to citizens and creditors. The Borough's unrestricted net position increased by \$2,391,313 during 2021 primarily due to the results of current year operations for the proprietary funds.

A portion of the Borough's net position reflects its restricted net position which totaled \$491,789 as of December 31, 2021. All of the Borough's restricted net position relate to the net position of the Borough's special revenue, capital and debt service funds.

The largest portion of the Borough's net position reflects its net investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to residents of the Borough; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended December 31, 2021, the Borough's net investment in capital assets decreased by \$499,295 because the capital assets were being depreciated faster than the debt used to acquire the capital assets was being repaid.

BOROUGH OF EAST STROUDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

The following table presents condensed information for the *Statement of Activities* of the Borough for 2021 and 2020:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES						
Program revenues						
Charges for services	\$1,609,174	\$1,473,433	\$ 4,582,944	\$ 3,879,603	\$ 6,192,118	\$ 5,353,036
Operating grants and contributions	863,436	360,129	83,152	154,051	946,588	514,180
Capital grants and contributions	227,969	42,235	141,739	-	369,708	42,235
General revenues						
Taxes	3,362,107	3,164,245	-	-	3,362,107	3,164,245
Franchise fees	147,831	145,311	-	-	147,831	145,311
Investment earnings	<u>750</u>	<u>6,655</u>	<u>924</u>	<u>15,347</u>	<u>1,674</u>	<u>22,002</u>
Total revenues	<u>6,211,267</u>	<u>5,192,008</u>	<u>4,808,759</u>	<u>4,049,001</u>	<u>11,020,026</u>	<u>9,241,009</u>
EXPENSES						
General government	472,581	637,775	-	-	472,581	637,775
Public safety	3,243,981	3,058,986	-	-	3,243,981	3,058,986
Health and human services	3,763	15,677	-	-	3,763	15,677
Public works	2,017,944	1,990,404	-	-	2,017,944	1,990,404
Culture and recreation	98,574	110,165	-	-	98,574	110,165
Community development	35,520	-	-	-	35,520	-
Interest expense related to noncurrent liabilities	110,763	109,490	-	-	110,763	109,490
Sewer operations	-	-	1,512,235	1,612,139	1,512,235	1,612,139
Water operations	-	-	1,779,974	1,776,629	1,779,974	1,776,629
Golf course operations	-	-	<u>132,365</u>	<u>130,278</u>	<u>132,365</u>	<u>130,278</u>
Total expenses	<u>5,983,126</u>	<u>5,922,497</u>	<u>3,424,574</u>	<u>3,519,046</u>	<u>9,407,700</u>	<u>9,441,543</u>
Change in net position before transfers and special item	228,141	(730,489)	1,384,185	529,955	1,612,326	(200,534)
Special item	-	-	200,000	(1,626,393)	200,000	(1,626,393)
Transfers	<u>(510,674)</u>	<u>836,361</u>	<u>510,674</u>	<u>(836,361)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ (282,533)</u>	<u>\$ 105,872</u>	<u>\$ 2,094,859</u>	<u>\$ (1,932,799)</u>	<u>\$ 1,812,326</u>	<u>\$ (1,826,927)</u>

Governmental Activities

The cost of all governmental activities in 2021 was \$5,983,126. The amount that taxpayers ultimately financed for these activities through Borough taxes was \$3,362,107 or 56.19%. A majority of the other expenses were financed through charges for services by those who directly benefited from the programs (\$1,609,174 or 26.90%).

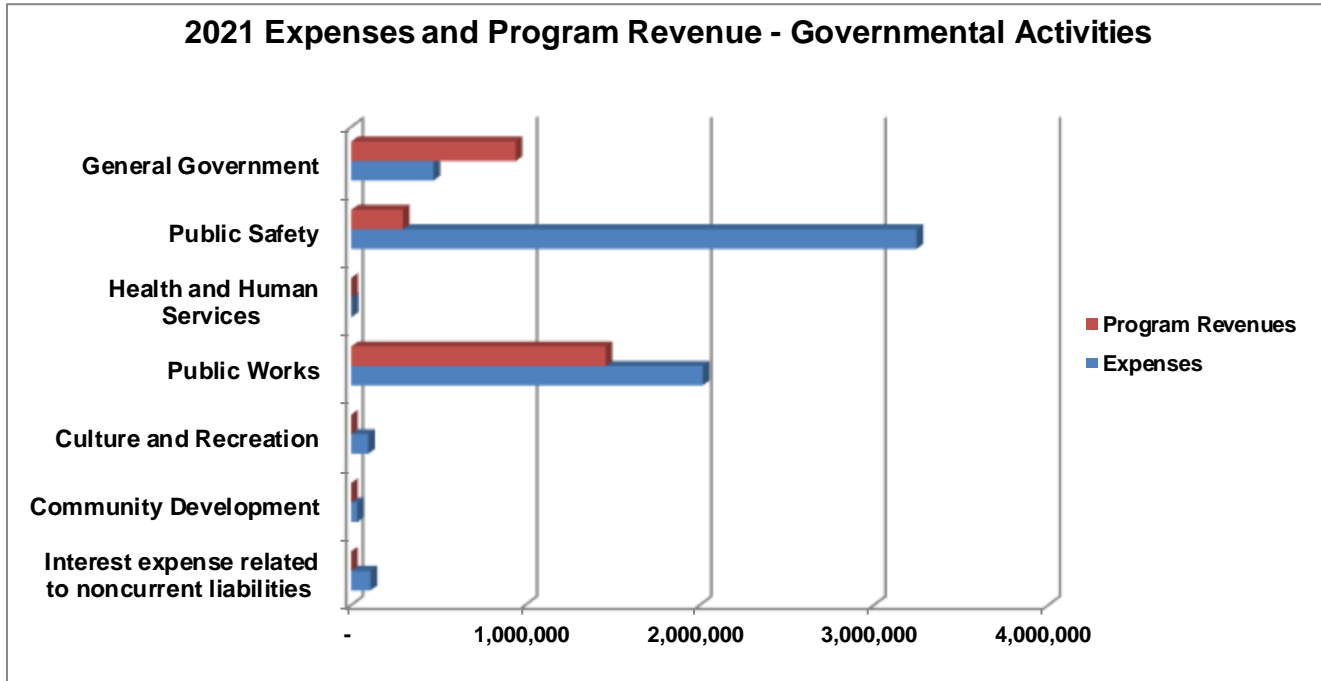
Public safety and public works expenses comprise a majority of the Borough's total expenses totaling \$5,261,925 or 87.95%. Public safety expenses primarily consist of payments for services to the Stroud Area Regional Police Department which totaled \$2,611,117 for 2021.

BOROUGH OF EAST STROUDSBURG

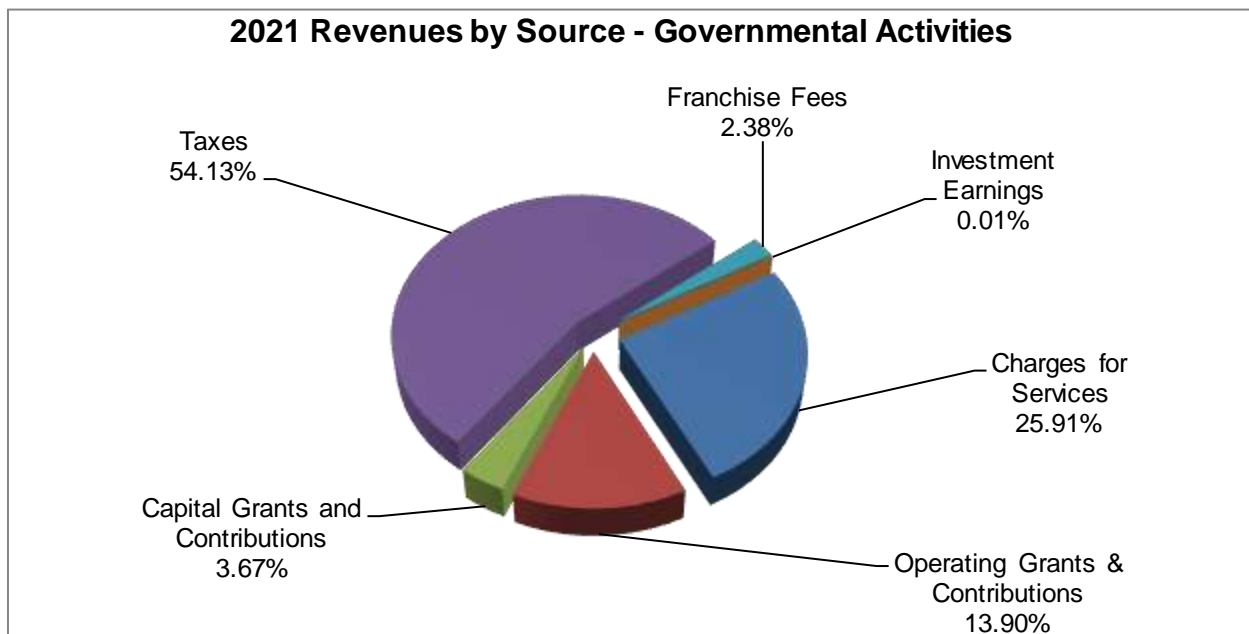
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

The *Statement of Activities* provides detail that focuses on how the Borough finances its services. The *Statement of Activities* compares the costs of the Borough functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the Borough's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.



To the degree that the Borough's functions or programs cost more than they raise, the *Statement of Activities* shows how the Borough chose to finance the difference through general revenues. The following chart shows that the Borough relies on tax revenues to finance its governmental activities.



BOROUGH OF EAST STROUDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

Business-Type Activities and Proprietary Funds

The business-type activities and proprietary funds of the Borough include water and sewer operations. The Borough operates its own sewage collection and water supply systems. The Borough Council establishes the rates charged to the users of the water and sewer systems. Charges for services represent the principal revenue source for the Borough's water and sewer operations. The net position of the Sewer Fund increased by \$746,631 and the net position of the Water Fund increased by \$1,305,005 in 2021. During 2021, water rates were increased for anticipated additional debt service to finance capital projects and sewer fees remained unchanged. Expenses for water and sewer operations were consistent with the prior year and decreased by \$96,559 or 2.85% . Other operating receipts for the water and sewer operations increased by \$553,616 due to an increase in one-time charges for equivalent dwelling units ("**EDUs**") and tapping fees. In addition, the Water Fund had a capital contribution from the Capital Projects Fund of approximately \$1.1 million related to the middle dam rehabilitation project.

In April, 2006, the Borough purchased the Terra Greens Golf Club to operate as a public municipal golf course. Activities of the golf course are reported in the business-type activities and proprietary funds in the financial statements. Revenues generated by the course are to be solely used for funding golf course development and maintenance. The Golf Course Fund had an increase in net position of \$43,223 for 2021.

GOVERNMENTAL FUNDS

The governmental fund financial statements provide detailed information of the Borough's major funds. Some funds are required to be established by State statute while other funds are established by the Borough to manage monies restricted for a specific purpose. As of December 31, 2021, the Borough's governmental funds reported a combined fund balance of \$1,056,199 which is an increase of \$345,713 from the prior year. The following table summarizes the Borough's total governmental fund balances as of December 31, 2021 and 2020 and the total 2021 change in governmental fund balances.

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>
General Fund	\$ 564,410	\$ 139,005	\$ 425,405
Capital Projects Fund	130,742	338,333	(207,591)
Nonmajor Governmental Funds	<u>361,047</u>	<u>233,148</u>	<u>127,899</u>
	<u>\$1,056,199</u>	<u>\$710,486</u>	<u>\$ 345,713</u>

GENERAL FUND

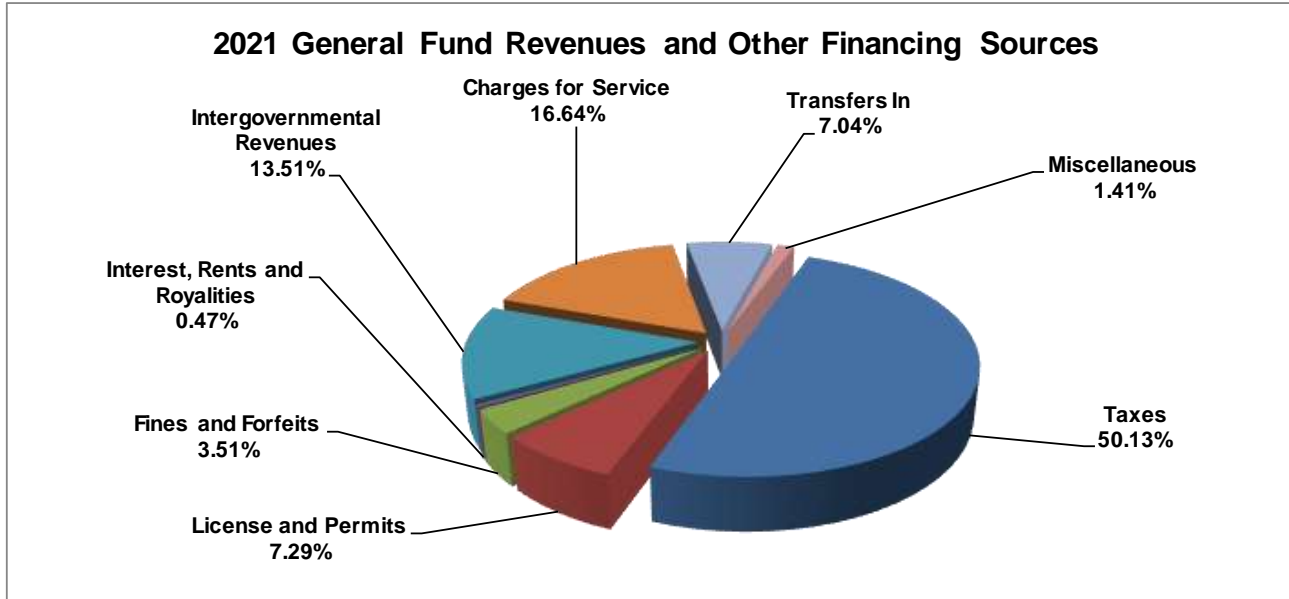
The General Fund is the Borough's primary operating fund. At the conclusion of the 2021 fiscal year the General Fund fund balance was \$564,410 representing an increase of \$425,405 in relation to the prior year. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2021 fiscal year.

BOROUGH OF EAST STROUDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

The Borough's reliance upon tax revenues is demonstrated by the graph below that indicates 50.13% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Taxes	\$2,988,647	\$2,716,266	\$ 272,381	10.03
Licenses and permits	434,361	348,161	86,200	24.76
Fines and forfeits	209,328	156,057	53,271	34.14
Interest, rents and royalties	28,309	29,334	(1,025)	(3.49)
Intergovernmental revenues	805,569	93,727	711,842	759.48
Charges for services	992,454	954,693	37,761	3.96
Miscellaneous	83,785	85,815	(2,030)	(2.37)
Sale of capital assets	-	40,000	(40,000)	(100.00)
Transfers in	<u>419,813</u>	<u>836,361</u>	<u>(416,548)</u>	<u>(49.80)</u>
	<u>\$5,962,266</u>	<u>\$5,260,414</u>	<u>\$ 701,852</u>	<u>13.34</u>

Taxes increased by \$272,381 or 10.03% primarily due to an increase in realty transfer taxes and earned income taxes in 2021 compared to 2020.

Licenses and permits, fines and forfeits and charges for services all increased in 2021 due to the impact of COVID-19 in 2020. increases were primarily related to permits, vehicle code violations and parking revenue all revenue streams that were directly impacted by the 2020 shutdown of business within the Borough for a period of time.

Intergovernmental revenues increased by \$711,842 or 759.48% primarily due to additional funding received through the American Rescue Plan Act and a capital grant for the purchase of a recycling truck.

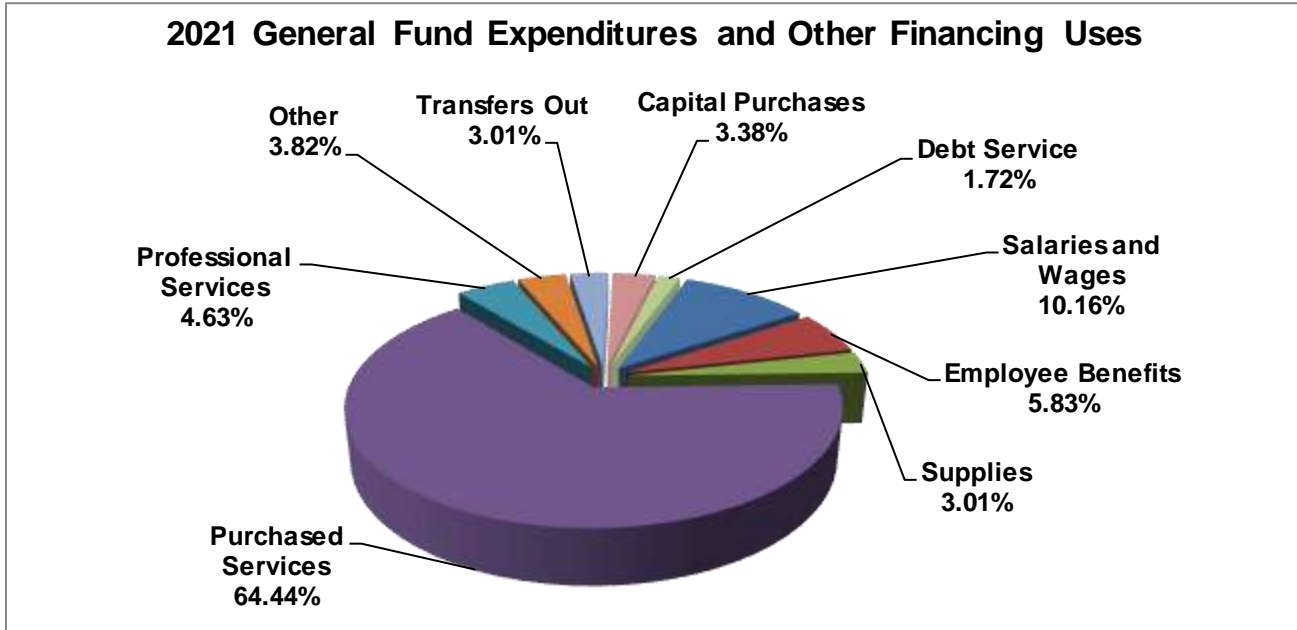
Transfers in for both 2021 and 2020 represent transfers from water operations to subsidize general government activities.

BOROUGH OF EAST STROUDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

As the graph below illustrates, the largest portion of General Fund expenditures is for purchased services due to the Borough's agreement with the Stroud Area Regional Police Department to provide police services.



General Fund Expenditures and Other Financing Uses

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$ 562,578	\$ 624,011	\$ (61,433)	(9.84)
Employee benefits	322,657	265,991	56,666	21.30
Supplies	166,735	98,905	67,830	68.58
Purchased services	3,568,033	3,463,710	104,323	3.01
Professional services	256,485	406,564	(150,079)	(36.91)
Capital purchase	187,304	-	187,304	100.00
Other	211,382	258,890	(47,508)	(18.35)
Debt service	95,241	97,913	(2,672)	(2.73)
Transfers out	166,446	96,731	69,715	72.07
	<u>\$5,536,861</u>	<u>\$5,312,715</u>	<u>\$ 224,146</u>	<u>4.22</u>

Salaries and wages decreased by \$61,433 or 9.84% in 2021 compared to 2020 due to vacant positions within administration and public works.

Employee benefits increased by \$56,666 or 21.30% in 2021 compared to 2020 primarily as a result of higher health insurance costs.

Supplies increased by \$67,830 or 68.58% related to purchases in 2021 for the Borough's solid waste and recycling operations that do not recur annually.

Professional services decreased in 2021 compared to 2020 by \$150,079 or 36.91% due to a decrease in legal services.

Capital purchases in 2021 consisted of a purchase of a recycling truck that was funded with an intergovernmental grant.

BOROUGH OF EAST STROUDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment. The Capital Projects Fund is primarily funded through transfers from the General Fund, general obligation debt and capital grants and contributions. During 2021, the Capital Projects Fund fund balance decreased by \$207,591 for a cumulative balance of \$130,742 as of December 31, 2021.

NONMAJOR GOVERNMENTAL FUNDS

The Nonmajor Governmental Funds consist of special revenue funds which are maintained to account for the proceeds of specific revenue sources that are to be expended for specified purposes and a debt service fund. The nonmajor special revenue funds include the State Liquid Fuels Fund and Community Development Fund. Major revenue sources for these funds include taxes and intergovernmental revenues. During 2021, the Nonmajor Governmental Funds fund balance increased by \$127,899 for a cumulative balance of \$361,047 as of December 31, 2021. Within the nonmajor governmental funds the State Liquid Fuels Fund, Community Development Fund and Debt Service Fund represent \$290,528, \$70,333 and \$186, respectively, of the cumulative fund balance as of December 31, 2021.

GENERAL FUND BUDGET INFORMATION

The Borough maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The Borough budgets and expends funds according to procedures mandated by Borough code of the Commonwealth of Pennsylvania. An annual operating budget is prepared by management and submitted to the Borough Council for approval prior to the beginning of the fiscal year on January 1 each year. The most significant budgeted fund is the General Fund.

General Fund revenues were \$801,469 or 16.91% more than budgeted amounts, General Fund expenditures were \$441,269 or 7.59% less than budgeted amounts and other financing (uses) had a negative variance of \$816,446 resulting in a net positive variance of \$426,292.

More detailed information regarding the General Fund budget can be found in the Budgetary Comparison Schedule – General Fund on pages 49 through 58. The Budgetary Comparison Schedule – General Fund shows the original budget, final budget and actual revenues, expenditures and other financing sources and uses for the fiscal year.

CAPITAL ASSETS

The Borough's investment in capital assets for its governmental and business-type activities as of December 31, 2021 amounted to \$19,875,441 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, improvements other than buildings, and machinery and equipment. The total net increase in the Borough's investment in capital assets for 2021 was \$411,099 or 2.11%. The increase was the result of current year capital additions in excess of current year depreciation expense.

Current year capital additions were \$1,690,711 and depreciation expense was \$1,279,612.

Major capital additions for the current fiscal year included the following:

Governmental Activities	
Recycling truck	\$ 187,304
Business-type Activities	
Tank containment system	\$ 140,000
Emergency generator improvements	\$ 141,818
Middle dam rehabilitation – construction in progress	\$1,108,688

BOROUGH OF EAST STROUDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

NONCURRENT LIABILITIES

As of December 31, 2021, the Borough had total general obligation debt of \$5,843,764 consisting of notes payable. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The total net increase in the Borough's general obligation debt for the current year was \$1,029,051 or 21.37%.

In March 2021, the Borough authorized approximately \$3 million of general obligation debt a) for the middle dam renovation project; b) to perform other water capital improvement projects; and c) to pay for the costs of issuance.

The Borough has a subsidy agreement with the Borough of Stroudsburg to finance the purchase of land and for the construction of the Central Headquarters for the Stroud Area Regional Police Department. The subsidy agreement requires the Borough to make debt service payments sufficient to retire the general obligation debt issued by the Borough of Stroudsburg through annual budget appropriations. The Borough owns a proportionate share of the real estate. The lease rental payable was paid off during 2021.

The Borough reports its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania Municipal Retirement System ("**PMRS**"). The Borough's net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled an asset of \$724,083 as of December 31, 2021. The Borough's net pension liability (asset) decreased by \$469,263 or 184.15% during the current year.

Other noncurrent liabilities consist of the Borough's liability for compensated absences and capital leases payable which totaled \$210,753 as of December 31, 2021. These liabilities decreased by \$39,138 or 15.66% during the current year. The current year increase is due to a new capital lease for a fire pumper truck.

FACTORS BEARING ON THE BOROUGH'S FUTURE

According to the 2010 U.S. Census, the Borough had a population of approximately 9,700. The current services provided and infrastructure of the Borough is sufficient to meet the Borough's current needs. Over the years the demographics of the Borough have transitioned from an industrial center to an area that is centered on two main service organizations, East Stroudsburg University and the Pocono Medical Center. The Borough will continually evaluate various facets of the community and identify areas for improvement to ensure that it is accommodating the needs of its residents.

Over the past 15 years, the borough has experienced the successful re-use/redevelopment of the original railroad depot sites and the fire house. In addition, several vacant and underutilized buildings are available for new owners and perhaps new uses. The 11-acre former International Boiler Works ("**IBW**") property is the largest developable site within Borough limits. The Borough is readying the property for development and is partnering with the Pocono Mountains Economic Development Corporation ("**PMEDC**") to negotiate a sale. The Borough has obtained grant funding for the demolition of building structures on the site. There have been interested buyers in the site but there are significant costs that will need to be offset for any successful redevelopment of the site. These costs are expected in part to be funded with funding through a Redevelopment Assistance Capital Project grant ("**RCAP**") through the Commonwealth of Pennsylvania.

The Borough continues to evaluate capital needs associated with its aging infrastructure and is reviewing funding strategies for these projects without creating an additional fiscal burden on the Borough's residents.

The Borough adopted a balanced 2022 General Fund budget totaling \$6,212,698 and the real estate tax millage rate was increased to 4.4717 mills or 18.22%.

Sewer rates remained unchanged while water rates were increased for anticipated increases in operating costs and additional debt service to finance capital projects.

BOROUGH OF EAST STROUDSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

The Borough received a \$2.8 million appropriation as part of the American Rescue Plan Act, of which \$1.4 million was received in 2021 with the balance to be received in 2022. The Borough has used a portion of these funds in 2021 for operations under the revenue loss provision of the grant and is planning to invest remaining funds in water, sewer and other infrastructure.

Costs for services and development within the Borough have increased at a rate greater than the revenues being generated to pay for these costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Borough's finances for all those with an interest in the Borough's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Borough Manager, Borough of East Stroudsburg, 24 Analomink Street, East Stroudsburg, PA 18301.

BOROUGH OF EAST STROUDSBURG

STATEMENT OF NET POSITION

December 31, 2021 with summarized comparative totals for 2020

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 2,695,916	\$ 2,070,777	\$ 4,766,693	\$ 1,780,313
Taxes receivable	236,094	-	236,094	320,626
Accounts receivable, net	444,760	1,192,022	1,636,782	1,737,430
Internal balances	(232,947)	232,947	-	-
Prepaid expenses	27,338	47,827	75,165	59,314
Total current assets	<u>3,171,161</u>	<u>3,543,573</u>	<u>6,714,734</u>	<u>3,897,683</u>
NONCURRENT ASSETS				
Capital assets, net	<u>7,108,119</u>	<u>12,767,322</u>	<u>19,875,441</u>	<u>19,464,342</u>
Total assets	<u>10,279,280</u>	<u>16,310,895</u>	<u>26,590,175</u>	<u>23,362,025</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges - pensions	<u>297,696</u>	<u>356,993</u>	<u>654,689</u>	<u>415,752</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	441,662	115,487	557,149	563,098
Accrued salaries and benefits	39,553	39,369	78,922	71,328
Accrued interest payable	25,098	-	25,098	20,669
Unearned revenue	906,750	-	906,750	-
Escrow deposits	290,537	-	290,537	322,584
Total current liabilities	<u>1,703,600</u>	<u>154,856</u>	<u>1,858,456</u>	<u>977,679</u>
NONCURRENT LIABILITIES				
Due within one year	587,503	82,370	669,873	652,206
Due in more than one year	3,591,928	1,068,633	4,660,561	4,251,365
Total noncurrent liabilities	<u>4,179,431</u>	<u>1,151,003</u>	<u>5,330,434</u>	<u>4,903,571</u>
Total liabilities	<u>5,883,031</u>	<u>1,305,859</u>	<u>7,188,890</u>	<u>5,881,250</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred credits - pensions	<u>515,394</u>	<u>651,189</u>	<u>1,166,583</u>	<u>819,462</u>
NET POSITION				
Net investment in capital assets	2,602,317	11,239,547	13,841,864	14,341,159
Restricted	491,789	-	491,789	571,481
Unrestricted	<u>1,084,445</u>	<u>3,471,293</u>	<u>4,555,738</u>	<u>2,164,425</u>
Total net position	<u>\$ 4,178,551</u>	<u>\$ 14,710,840</u>	<u>\$ 18,889,391</u>	<u>\$ 17,077,065</u>

See accompanying notes

BOROUGH OF EAST STROUDSBURG

STATEMENT OF ACTIVITIES

Year ended December 31, 2021 with summarized comparative totals for 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	
							<u>2021</u>	<u>2020</u>
GOVERNMENTAL ACTIVITIES								
General government	\$ 472,581	\$ 402,112	\$ 165,106	\$ -	\$ 94,637	\$ -	\$ 94,637	\$ (278,940)
Public safety	3,243,981	209,328	114,656	40,639	(2,879,358)	-	(2,879,358)	(2,809,732)
Health and human services	3,763	-	5,449	-	1,686	-	1,686	(14,838)
Public works	2,017,944	997,734	578,225	187,330	(254,655)	-	(254,655)	(723,535)
Culture and recreation	98,574	-	-	-	(98,574)	-	(98,574)	(110,165)
Community development	35,520	-	-	-	(35,520)	-	(35,520)	-
Interest expense related to noncurrent liabilities	110,763	-	-	-	(110,763)	-	(110,763)	(109,490)
Total governmental activities	<u>5,983,126</u>	<u>1,609,174</u>	<u>863,436</u>	<u>227,969</u>	<u>(3,282,547)</u>	<u>-</u>	<u>(3,282,547)</u>	<u>(4,046,700)</u>
BUSINESS-TYPE ACTIVITIES								
Sewer	1,512,235	2,216,627	41,576	-	-	745,968	745,968	269,710
Water	1,779,974	2,190,759	41,576	141,739	-	594,100	594,100	187,057
Golf course	132,365	175,558	-	-	-	43,193	43,193	57,841
Total business-type activities	<u>3,424,574</u>	<u>4,582,944</u>	<u>83,152</u>	<u>141,739</u>	<u>-</u>	<u>1,383,261</u>	<u>1,383,261</u>	<u>514,608</u>
Total primary government	<u>\$9,407,700</u>	<u>\$6,192,118</u>	<u>\$946,588</u>	<u>\$369,708</u>	<u>(3,282,547)</u>	<u>1,383,261</u>	<u>(1,899,286)</u>	<u>(3,532,092)</u>
GENERAL REVENUES								
Taxes								
Real estate taxes					1,925,368	-	1,925,368	1,857,792
Earned income taxes					928,564	-	928,564	866,803
Real estate transfer taxes					239,248	-	239,248	157,435
Local services taxes					268,927	-	268,927	282,215
Franchise fees					147,831	-	147,831	145,311
Investment earnings					750	924	1,674	22,002
SPECIAL ITEM					-	200,000	200,000	(1,626,393)
TRANSFERS					(510,674)	510,674	-	-
Total general revenues and transfers					<u>3,000,014</u>	<u>711,598</u>	<u>3,711,612</u>	<u>1,705,165</u>
CHANGE IN NET POSITION					(282,533)	2,094,859	1,812,326	(1,826,927)
NET POSITION								
Beginning of year					4,461,084	12,615,981	17,077,065	18,903,992
End of year					<u>\$ 4,178,551</u>	<u>\$ 14,710,840</u>	<u>\$ 18,889,391</u>	<u>\$ 17,077,065</u>

See accompanying notes

BOROUGH OF EAST STROUDSBURG

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2021 with summarized comparative totals for 2020

	Major Funds			Totals	
	General	Capital	Nonmajor		
	Fund	Projects	Governmental	2021	2020
		Fund	Funds		
ASSETS					
Cash	\$ 1,833,866	\$ 490,257	\$ 371,793	\$ 2,695,916	\$ 1,101,147
Receivables					
Taxes	236,094	-	-	236,094	320,626
Garbage fees, net	210,105	-	-	210,105	218,225
Other	228,516	6,139	-	234,655	460,035
Due from other funds	172,339	-	-	172,339	27,741
Prepaid items	27,338	-	-	27,338	20,024
Total assets	\$ 2,708,258	\$ 496,396	\$ 371,793	\$ 3,576,447	\$ 2,147,798
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 129,856	\$ 301,060	\$ 10,746	\$ 441,662	\$ 282,323
Accrued salaries and benefits	39,553	-	-	39,553	37,321
Due to other funds	394,989	10,297	-	405,286	356,281
Unearned revenue	906,750	-	-	906,750	-
Escrow deposits	236,240	54,297	-	290,537	322,584
Total liabilities	1,707,388	365,654	10,746	2,083,788	998,509
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes and garbage fees	436,460	-	-	436,460	438,803
FUND BALANCES					
Nonspendable					
Prepaid items	27,338	-	-	27,338	20,024
Restricted for					
Public works - roads	-	-	290,528	290,528	162,703
Community development	-	-	70,333	70,333	70,301
Debt service	-	-	186	186	144
Committed to					
Road improvements fund	-	378,077	-	378,077	377,798
Unassigned	537,072	(247,335)	-	289,737	79,516
Total fund balances	564,410	130,742	361,047	1,056,199	710,486
Total liabilities, deferred inflows of resources and fund balances	\$ 2,708,258	\$ 496,396	\$ 371,793	\$ 3,576,447	\$ 2,147,798

See accompanying notes

BOROUGH OF EAST STROUDSBURG

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

December 31, 2021

TOTAL GOVERNMENTAL FUND BALANCES	\$ 1,056,199
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	7,108,119
Some of the Borough's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources on the governmental funds balance sheet.	436,460
Deferred outflows of resources and deferred inflows of resources related to pensions are not reported as assets and liabilities in the governmental funds balance sheet.	(217,698)
Accrued interest payable on noncurrent liabilities is included in the statement of net position, but is excluded from the governmental funds balance sheet until due and payable.	(25,098)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.	<u>(4,179,431)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,178,551</u>

BOROUGH OF EAST STROUDSBURG

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended December 31, 2021 with summarized comparative totals for 2020

	Major Funds			Totals	
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	2021	2020
REVENUES					
Taxes	\$ 2,988,647	\$ -	\$ 380,139	\$ 3,368,786	\$ 3,169,135
Licenses and permits	434,361	-	-	434,361	348,161
Fines and forfeits	209,328	-	-	209,328	156,057
Interest, rent and royalties	28,309	175	102	28,586	33,585
Intergovernmental revenues	805,569	-	250,099	1,055,668	362,629
Charges for services	992,454	-	-	992,454	954,693
Miscellaneous	83,785	-	-	83,785	85,815
Total revenues	<u>5,542,453</u>	<u>175</u>	<u>630,340</u>	<u>6,172,968</u>	<u>5,110,075</u>
EXPENDITURES					
Current					
General government	426,551	-	-	426,551	573,923
Public safety	3,039,242	-	-	3,039,242	2,861,103
Health and human services	5,673	-	-	5,673	17,740
Public works - sanitation	970,697	-	-	970,697	944,716
Public works - highways and streets	569,506	-	268,778	838,284	779,532
Public works - other services	111,346	-	-	111,346	110,769
Culture and recreation	136,648	-	-	136,648	167,406
Community development	15,510	20,010	-	35,520	37,950
Debt service					
Principal	93,787	-	453,420	547,207	537,100
Interest	1,455	-	104,880	106,335	112,788
Total expenditures	<u>5,370,415</u>	<u>20,010</u>	<u>827,078</u>	<u>6,217,503</u>	<u>6,143,027</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>172,038</u>	<u>(19,835)</u>	<u>(196,738)</u>	<u>(44,535)</u>	<u>(1,032,952)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of general long-term debt	-	900,922	-	900,922	22,130
Refund of prior year expenditures	-	-	-	-	-
Transfers in	419,813	20,010	324,637	764,460	933,092
Transfers out	(166,446)	(1,108,688)	-	(1,275,134)	(96,731)
Sale of capital assets	-	-	-	-	40,000
Total other financing sources (uses)	<u>253,367</u>	<u>(187,756)</u>	<u>324,637</u>	<u>390,248</u>	<u>898,491</u>
NET CHANGE IN FUND BALANCES	425,405	(207,591)	127,899	345,713	(134,461)
FUND BALANCES					
Beginning of year	<u>139,005</u>	<u>338,333</u>	<u>233,148</u>	<u>710,486</u>	<u>844,947</u>
End of year	<u>\$ 564,410</u>	<u>\$ 130,742</u>	<u>\$ 361,047</u>	<u>\$ 1,056,199</u>	<u>\$ 710,486</u>

See accompanying notes

BOROUGH OF EAST STROUDSBURG

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES

Year ended December 31, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 345,713
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay expenditures	\$ 266,786	
Depreciation expense	<u>(723,485)</u>	(456,699)

Because some tax will not be collected for several months after the Borough's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.

Deferred inflows of resources December 31, 2020	(438,803)	
Deferred inflows of resources December 31, 2021	<u>436,460</u>	(2,343)

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 the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of debt	(900,922)	
Repayment of notes payable	453,420	
Repayment of lease rental payable	93,787	
Repayment of capital lease payable	<u>24,870</u>	(328,845)

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.

Current year change in compensated absences	(2,167)	
Current year change in accrued interest payable	(4,429)	
Change in net pension liability and related deferred inflows and outflows	<u>166,237</u>	159,641

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (282,533)</u>
--	--	----------------------------

See accompanying notes

BOROUGH OF EAST STROUDSBURG

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2021 with summarized comparative totals for 2020

	Major Funds			Totals	
	Sewer Fund	Water Fund	Golf Course Fund	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash	\$ 1,784,618	\$ 215,821	\$ 70,338	\$ 2,070,777	\$ 679,166
Accounts receivable, net	595,305	596,717	-	1,192,022	1,059,170
Due from other funds	1,201,393	-	3,717	1,205,110	1,929,351
Prepaid expenses	21,002	20,620	6,205	47,827	39,290
Total current assets	3,602,318	833,158	80,260	4,515,736	3,706,977
NONCURRENT ASSETS					
Capital assets, net	2,114,533	6,464,666	4,188,123	12,767,322	11,899,524
Total assets	5,716,851	7,297,824	4,268,383	17,283,058	15,606,501
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges - pensions	203,541	153,452	-	356,993	201,317
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
CURRENT LIABILITIES					
Current portion of notes payable	-	82,370	-	82,370	80,129
Accounts payable	48,620	52,460	14,407	115,487	280,775
Accrued salaries and benefits	17,553	19,553	2,263	39,369	34,007
Due to other funds	-	972,163	-	972,163	1,600,811
Total current liabilities	66,173	1,126,546	16,670	1,209,389	1,995,722
NONCURRENT LIABILITIES					
Notes payable, net of current portion	-	1,445,405	-	1,445,405	866,097
Net pension liability (asset)	(222,782)	(168,741)	-	(391,523)	(125,627)
Compensated absences	5,953	8,798	-	14,751	31,186
Total noncurrent liabilities	(216,829)	1,285,462	-	1,068,633	771,656
Total liabilities	(150,656)	2,412,008	16,670	2,278,022	2,767,378
DEFERRED INFLOWS OF RESOURCES					
Deferred credits - pensions	373,308	277,881	-	651,189	424,459
NET POSITION					
Net investment in capital assets	2,114,533	4,936,891	4,188,123	11,239,547	10,953,298
Unrestricted (deficit)	3,583,207	(175,504)	63,590	3,471,293	1,662,683
Total net position	\$ 5,697,740	\$ 4,761,387	\$ 4,251,713	\$ 14,710,840	\$ 12,615,981

See accompanying notes

BOROUGH OF EAST STROUDSBURG

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

Year ended December 31, 2021 with summarized comparative totals for 2020

	Major Funds			Totals	
	Sewer Fund	Water Fund	Golf Course Fund	2021	2020
OPERATING REVENUES					
Charges for services	\$ 1,706,731	\$ 1,847,385	\$ 175,558	\$ 3,729,674	\$ 3,579,949
Other	509,896	343,374	-	853,270	299,654
Total operating revenues	<u>2,216,627</u>	<u>2,190,759</u>	<u>175,558</u>	<u>4,582,944</u>	<u>3,879,603</u>
OPERATING EXPENSES					
Salaries and wages	419,271	489,967	85,219	994,457	1,052,677
Employee benefits	243,542	271,728	(5,877)	509,393	581,529
Administrative expenses	50,554	54,696	3,371	108,621	96,695
Insurance	52,832	52,832	-	105,664	101,939
Professional services	80,551	173,476	4,000	258,027	508,970
Repairs and maintenance	190,580	223,390	11,096	425,066	271,667
Supplies	128,112	150,262	20,035	298,409	281,045
Utilities	86,454	55,052	1,865	143,371	111,108
Depreciation	260,339	283,132	12,656	556,127	485,798
Total operating expenses	<u>1,512,235</u>	<u>1,754,535</u>	<u>132,365</u>	<u>3,399,135</u>	<u>3,491,428</u>
Operating income	<u>704,392</u>	<u>436,224</u>	<u>43,193</u>	<u>1,183,809</u>	<u>388,175</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	663	231	30	924	15,347
Interest expense	-	(25,439)	-	(25,439)	(27,618)
Intergovernmental revenues	41,576	183,315	-	224,891	154,051
Total nonoperating revenues (expenses)	<u>42,239</u>	<u>158,107</u>	<u>30</u>	<u>200,376</u>	<u>141,780</u>
Income before transfers and special item	<u>746,631</u>	<u>594,331</u>	<u>43,223</u>	<u>1,384,185</u>	<u>529,955</u>
Capital investment in Brodhead Creek Regional Authority	-	200,000	-	200,000	(1,626,393)
Transfers in	-	1,108,688	-	1,108,688	-
Transfers out	-	(598,014)	-	(598,014)	(836,361)
CHANGE IN NET POSITION	<u>746,631</u>	<u>1,305,005</u>	<u>43,223</u>	<u>2,094,859</u>	<u>(1,932,799)</u>
NET POSITION					
Beginning of year	<u>4,951,109</u>	<u>3,456,382</u>	<u>4,208,490</u>	<u>12,615,981</u>	<u>14,548,780</u>
End of year	<u>\$ 5,697,740</u>	<u>\$ 4,761,387</u>	<u>\$ 4,251,713</u>	<u>\$ 14,710,840</u>	<u>\$ 12,615,981</u>

See accompanying notes

BOROUGH OF EAST STROUDSBURG

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended December 31, 2021 with summarized comparative totals for 2020

	Major Funds			Totals	
	Sewer Fund	Water Fund	Golf Course Fund	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from charges for services	\$ 1,562,389	\$ 1,928,275	\$ 175,558	\$ 3,666,222	\$ 3,514,694
Payments to suppliers for goods and services	(578,711)	(781,420)	(46,059)	(1,406,190)	(1,355,626)
Payments to employees	(772,784)	(841,181)	(83,829)	(1,697,794)	(1,782,005)
Other receipts	509,896	355,113	-	865,009	359,395
Net cash provided by operating activities	720,790	660,787	45,670	1,427,247	736,458
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenues	41,576	41,576	-	83,152	154,051
Capital investment in Brodhead Creek Regional Authority	790,690	(590,690)	-	200,000	(1,626,393)
Transfers to other funds	-	(598,014)	-	(598,014)	(836,361)
Net cash provided by (used for) noncapital financing activities	832,266	(1,147,128)	-	(314,862)	(2,308,703)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Intergovernmental revenues	-	141,739	-	141,739	-
Acquisition and construction of capital assets	-	(419,547)	-	(419,547)	(536,642)
Proceeds from notes payable	-	661,678	-	661,678	-
Repayment of notes payable	-	(80,129)	-	(80,129)	(77,949)
Interest paid	-	(25,439)	-	(25,439)	(27,618)
Net cash provided by (used for) capital and related financing activities	-	278,302	-	278,302	(642,209)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	663	231	30	924	15,347
Net increase (decrease) in cash	1,553,719	(207,808)	45,700	1,391,611	(2,199,107)
CASH					
Beginning of year	230,899	423,629	24,638	679,166	2,878,273
End of year	\$ 1,784,618	\$ 215,821	\$ 70,338	\$ 2,070,777	\$ 679,166
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income	\$ 704,392	\$ 436,224	\$ 43,193	\$ 1,183,809	\$ 388,175
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	260,339	283,132	12,656	556,127	485,798
(Increase) decrease in					
Accounts receivable	(63,439)	(69,413)	-	(132,852)	197,778
Due from other funds	(80,903)	-	14,454	(66,449)	(178,541)
Prepaid expenses	(1,354)	(1,129)	(6,055)	(8,538)	615
Deferred outflows - pensions	(102,203)	(79,125)	25,652	(155,676)	55,037
Increase (decrease) in					
Accounts payable	10,372	(71,712)	363	(60,977)	15,948
Accrued salaries and benefits	1,360	2,059	1,942	5,361	2,935
Due to other funds	-	162,042	-	162,042	(66,821)
Compensated absences	(4,821)	(3,929)	(7,684)	(16,434)	1,086
Net pension liability (asset)	(159,276)	(122,696)	16,076	(265,896)	(589,299)
Deferred inflows - pensions	156,323	125,334	(54,927)	226,730	423,747
Net cash provided by operating activities	\$ 720,790	\$ 660,787	\$ 45,670	\$ 1,427,247	\$ 736,458
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	\$ -	\$ -	\$ -	\$ -	\$ (118,261)
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 118,261
Capital contributions	\$ -	\$ 1,108,688	\$ -	\$ 1,108,688	\$ -

See accompanying notes

BOROUGH OF EAST STROUDSBURG

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

December 31, 2021 with summarized comparative totals for 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments	\$ 4,253,829	\$ 4,127,952
NET POSITION		
Assets held in trust for pension benefits	<u>\$ 4,253,829</u>	<u>\$ 4,127,952</u>

BOROUGH OF EAST STROUDSBURG

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

Year ended December 31, 2021 with summarized comparative totals for 2020

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions		
Employer contributions	\$ 185,272	\$ 236,299
Member contributions	\$ 46,808	<u>41,610</u>
Total contributions	<u>\$ 232,080</u>	<u>277,909</u>
Investment income	<u>\$ 221,535</u>	<u>212,055</u>
Total additions	<u>\$ 453,615</u>	<u>489,964</u>
 DEDUCTIONS		
Benefits and refunds paid	\$ 326,798	434,087
Administrative expenses	\$ 940	<u>960</u>
Total deductions	<u>\$ 327,738</u>	<u>435,047</u>
 CHANGE IN NET POSITION	 \$ 125,877	 54,917
 NET POSITION		
Beginning of year	<u>\$ 4,127,952</u>	<u>4,073,035</u>
End of year	<u>\$ 4,253,829</u>	<u>\$ 4,127,952</u>

See accompanying notes

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough of East Stroudsburg (the "**Borough**") was established in 1870 and operates as a Borough under the Borough Code of the Commonwealth of Pennsylvania and is governed by a Borough Council (the legislative branch of the local government), made up of an elected six (6) members and a mayor. The Borough provides the following services: general government; public safety - police, fire, ambulance, codes and planning and zoning; public works – highways and streets and sanitation; culture and recreation; community development; water and sewer utility services and a municipal golf course.

The financial statements of the Borough have been prepared in accordance with generally accepted accounting principles ("**GAAP**") as applied to governmental units. The Governmental Accounting Standards Board ("**GASB**") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the Borough as a reporting entity, management has addressed all potential component units which may or may not fall within the Borough's accountability. The criteria used to evaluate component units for possible inclusion as part of the Borough's reporting entity are financial accountability and the nature and significance of the relationship. Based upon the application of these criteria, the following component units are required to be included in the Township's reporting entity.

Blended Component Units

The Nonuniform Pension Plans are a single employer defined benefit pension plans that provide pension benefits for all regular full-time employees. Although the Nonuniform Pension Plans are separate legal entities, they are reported as if they are part of the Borough as they are governed by a board comprised of members appointed by the Borough Council or by the Borough Council themselves and the Borough is responsible for funding the Nonuniform Pension Plans. The activities of the Nonuniform Pension Plans are blended as fiduciary funds and do not issue separate financial statements.

Joint Ventures

The Borough and the Borough of Stroudsburg participate in the Twin Boroughs Recycling Program. The Twin Boroughs Recycling Program provides for curbside recycling collection and processing and marketing of recycling materials. All revenues and expenses of the Twin Boroughs Recycling Program are shared equally by each participant. The Twin Boroughs Recycling Program is controlled by a joint Board comprised of two Council members from each Borough and the Borough managers. Borough oversight of the Twin Borough Recycling Program is the responsibility of the joint Board. The Twins Boroughs Recycling Program issues separate audited financial statements which are available to the public through the Borough office.

The Borough participates with the Borough of Stroudsburg and Stroud Township in the Stroud Area Regional Police Department (the "**SARPD**") through an Intergovernmental Cooperation Agreement to provide police services to the three participating members. The SARPD is controlled by a joint Board comprised of a commission of officials from the three participating members. The governing body of each participating member must approve the annual operating budget of the SARPD, but the participating members have no ongoing fiduciary interest or responsibility to the SARPD. The Borough's share of operating costs for police services for 2021 was \$2,611,117. The SARPD prepares financial statements that are available to the public from their administrative offices located at 100 East Day Street, East Stroudsburg, PA 18301.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Jointly Governed Organization

The Borough participates with the Borough of Stroudsburg in the Monroe County Control Center (the "**Center**") through an Intergovernmental Cooperation Agreement to provide county-wide services for the receiving and transmitting of messages and information for public safety services. The Center is controlled by a joint Board representing all participating members. Borough oversight of the Center is the responsibility of the joint Board. The Borough's share of operating costs for 2021 was \$41,104. The Center prepares financial statements that are available to the public from their administrative offices located at 100 Gypsum Road, Suite, 201, Stroudsburg, PA 18360.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Borough as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the financial activities of the primary government except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position presents the financial position of the Borough which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the Borough is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the Borough and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Borough.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Fund Financial Statements

During the year, the Borough segregates transactions related to certain Borough functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the Borough. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other governmental funds are grouped together and presented in a separate column as nonmajor governmental funds. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The Borough reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for the acquisition, construction of capital facilities, improvements and/or equipment.

In addition, the Borough reports the following nonmajor governmental funds:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and other related costs.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Borough reports the following Special Revenue Funds:

The State Liquid Fuels Fund accounts for appropriations from the Commonwealth of Pennsylvania Department of Transportation to be used for road improvements, snow and ice removal and road related capital projects through the Public Works Department.

The Community Development Fund accounts for program revenue received as part of Federal community development projects which is financed through repayment of program loans or through close-out of prior period projects.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific Borough expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The Borough reports the following proprietary funds:

The Sewer Fund is used to account for the operation of a sewage collection system.

The Water Fund is used to account for the operation of a water supply system.

The Golf Course Fund accounts for the activities of the Borough for the operation of and maintenance of the Borough's golf course facilities.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Borough's proprietary funds are charges for services. Operating expenses for the Borough's proprietary funds include the cost of operations and maintenance and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's own programs. The Borough has two trust funds, consisting of Nonuniform Pension Funds.

Cash and Cash Equivalents

The Borough's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Taxes

Property taxes are levied on January 1 and are payable in the following periods:

March 1 – April 30	- Discount period, 2% of gross levy
May 1 – June 30	- Face period
July 1 to collection	- Penalty period, 10% of gross levy
January 1	- Lien date

The Monroe County Board of Assessments determines assessed valuations of property, and the Borough's taxes are billed and collected by an elected tax collector. The tax on real estate for fiscal 2021 was 3.7826 mills (\$3.7826 for \$1,000 of assessed valuation) consisting of 1.8716 mills for general purposes, 0.1474 mills for streets, 0.1107 mills for fire, 0.4445 mills for recreation, 0.1843 mills for street lighting, 0.0738 mills for pension and 0.9503 mills for debt service. The Borough experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the Borough for property taxes receivable. The Borough is permitted by statute to levy taxes up to 30 mills of assessed valuation for general purposes and additional millage for other purposes as provided in the statutes.

Other taxes levied in 2021 consisted of the following:

Real estate transfer tax	- 0.50% of gross sales price
Earned income tax	- 0.50% for general purposes
Local services tax	- \$47.00 per year

Accounts Receivable

The Borough's accounts receivables are reported at net realizable value. The Borough's sewer, water and garbage operations experience very small losses from uncollectible accounts. Sewer, water and garbage fees constitute a lien against real property and usually can be collected in full when title transfers. Only balances after tax sales are written off each year. Accounts receivable are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on professional judgment and historical trend information.

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the Borough as assets with an initial individual cost of more than \$10,000 and an estimated life of two years or more. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the Borough is depreciated using the straight-line method over the following estimated useful lives: buildings and improvements – 20-50 years, improvements other than buildings – 20-75 years and machinery and equipment – 8-10 years.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Impairment of Long-Lived Assets

The Borough evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the Borough. No impairment losses were recognized in the year ended December 31, 2021.

Compensated Absences

Borough policies permit employees to accumulate earned but unused vacation and sick days and compensatory leave. There is no liability for sick days as the Borough does not pay out unused balances at separation. The liability for unused vacation days and compensatory leave is recorded as a noncurrent liability in the government-wide financial statements. A liability for these amounts is recorded in the Governmental Funds financial statements only to the extent they have matured, for example, as a result of employee resignation or retirement.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources and uses.

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the Borough is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Borough reports the following fund balance classifications:

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the Borough's highest level of decision-making authority, the Borough Council. Committed amounts cannot be used for any other purpose unless the Borough Council removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the Borough's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Borough Manager or (b) an appointed body (e.g., finance committee) or (c) an official to which the Borough has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

Use of Estimates

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

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the Borough's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Implementation of New Accounting Pronouncements

GASB Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*", is effective for the Borough for the year ended December 31, 2021. The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. Such interest costs include all interest that previously was accounted for in accordance with the requirements of GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*", which are superseded by GASB Statement No. 89. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of GASB Statement No. 89 had no impact on the Borough's financial statements for the year ended December 31, 2021.

GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", is effective for the Borough for the year ended December 31, 2021. GASB Statement No. 93 addresses those and other accounting and financial implications that result from the replacement from IBOR by (1) providing exceptions for certain hedging derivatives to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) clarifying that the uncertainty related to the continued availability of IBOR's does not, by itself affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) identifying a secured overnight financing rate and the effective federal funds rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and; (6) clarifying the definition of a reference rate, as it is used in GASB Statement 53 "*Accounting and Financial Reporting for Derivative Instruments*". The implementation of GASB Statement No. 93 had no impact on the Borough's financial statements for the year ended December 31, 2021.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

GASB Statement No. 95, "*Postponements of Effective Dates of Certain Authoritative Guidance*", is effective for the Borough for the year ended December 31, 2021. GASB Statement No. 95 provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in statements that first became effective or are scheduled to be effective for periods beginning after June 15, 2018, and later. See references to GASB Statement No. 95 within the various pronouncements above to determine the impact on each individual statement. The implementation of GASB Statement No. 95 by the Borough postponed the implementation of GASB Statement No 87 until year ended December 31, 2022 as described below.

New Accounting Pronouncements

GASB Statement No. 87, "*Leases*" will be effective for the Borough for the year ended December 31, 2022. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

GASB Statement No. 91, "*Conduit Debt Obligations*" will be effective for the Borough for the year ended December 31, 2022. GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, "*Omnibus 2020*" will be effective for the Borough for the year ended December 31, 2022. GASB Statement No. 92 addresses a variety of topics to enhance comparability in accounting and financial reporting and improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" will be effective for the Borough for the year ended December 31, 2023. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("**PPP**"s). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" will be effective for the Borough for the year ended December 31, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("**SBITA**"s) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

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GASB Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*" will be effective for the Borough for the year ended December 31, 2022. The objectives of GASB Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Borough code of the Commonwealth of Pennsylvania requires that an annual budget for all funds be adopted no later than December 31 for the succeeding fiscal year beginning January 1. The Borough is required to publish notice by advertisement at least once in one newspaper of general circulation in the Borough, and within 30 days of final action, that the budget has been prepared and is available for public inspection for a period of 10 days at the Borough offices. Notice that public hearings will be held on the proposed budget must be included in the advertisement.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

The Borough is legally required to maintain budgetary controls at the major function level. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at the level of budgetary control and includes the effect of approved budget amendments.

(3) DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Borough does not have a policy for custodial credit risk on deposits. The Borough is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. At December 31, 2021, the carrying amount of the Borough's deposits was \$4,766,693 and the bank balance was \$4,805,463. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,921,059 was collateralized by the Borough's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds. The remaining cash deposits of the Borough are in the Pennsylvania Local Government Investment Trust ("**PLGIT**"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of December 31, 2021, PLGIT was rated AAA by a nationally recognized statistical rating agency.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(4) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2021</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,945,634	\$ -	\$ -	\$ 1,945,634
Capital assets being depreciated				
Buildings and improvements	2,185,622	40,639	-	2,226,261
Improvements other than buildings	5,895,254	-	-	5,895,254
Machinery and equipment	4,433,509	226,147	-	4,659,656
Total capital assets being depreciated	<u>12,514,385</u>	<u>266,786</u>	<u>-</u>	<u>12,781,171</u>
Less accumulated depreciation for				
Buildings and improvements	(1,105,386)	(54,261)	-	(1,159,647)
Improvements other than buildings	(2,837,916)	(290,748)	-	(3,128,664)
Machinery and equipment	(2,951,899)	(378,476)	-	(3,330,375)
Total accumulated depreciation	<u>(6,895,201)</u>	<u>(723,485)</u>	<u>-</u>	<u>(7,618,686)</u>
Total capital assets being depreciated, net	<u>5,619,184</u>	<u>(456,699)</u>	<u>-</u>	<u>5,162,485</u>
Governmental activities, net	<u>\$ 7,564,818</u>	<u>\$ (456,699)</u>	<u>\$ -</u>	<u>\$ 7,108,119</u>
	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2021</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 5,559,732	\$ -	\$ -	\$ 5,559,732
Construction in progress	-	1,108,688	-	1,108,688
Total capital assets not being depreciated	<u>5,559,732</u>	<u>1,108,688</u>	<u>-</u>	<u>6,668,420</u>
Capital assets being depreciated				
Buildings and improvements	5,528,175	-	-	5,528,175
Improvements other than buildings	15,091,943	159,470	-	15,251,413
Machinery and equipment	634,981	155,767	-	790,748
Total capital assets being depreciated	<u>21,255,099</u>	<u>315,237</u>	<u>-</u>	<u>21,570,336</u>
Less accumulated depreciation for				
Buildings and improvements	(4,744,363)	(61,210)	-	(4,805,573)
Improvements other than buildings	(9,905,644)	(412,102)	-	(10,317,746)
Machinery and equipment	(265,300)	(82,815)	-	(348,115)
Total accumulated depreciation	<u>(14,915,307)</u>	<u>(556,127)</u>	<u>-</u>	<u>(15,471,434)</u>
Total capital assets being depreciated, net	<u>6,339,792</u>	<u>(240,890)</u>	<u>-</u>	<u>6,098,902</u>
Business-type activities, net	<u>\$ 11,899,524</u>	<u>\$ 867,798</u>	<u>\$ -</u>	<u>\$ 12,767,322</u>

Depreciation expense was charged to functions/programs of the Borough as follows:

Governmental activities	
General government	\$ 86,538
Public safety	226,294
Public works	336,781
Culture and recreation	73,872
Total depreciation expense - governmental activities	<u>\$723,485</u>

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Business-type activities

Sewer	\$260,339
Water	283,132
Golf course	<u>12,656</u>

Total depreciation expense - business-type activities \$556,127

As of December 31, 2021, the Borough had outstanding construction projects to be completed. Construction commitments and the amounts completed as of December 31, 2021 are as follows:

	<u>Project Amount</u>	<u>Completed Through December 31, 2021</u>	<u>Remaining Commitments</u>
Middle dam rehabilitation project	<u>\$4,898,337</u>	<u>\$936,676</u>	<u>\$3,961,661</u>

The remaining construction in progress as of December 31, 2021 was related to the middle dam rehabilitation project not under a construction commitment.

(5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS,

The composition of interfund balances as of December 31, 2021 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$ 10,297	Capital Projects Fund	\$ 10,297
General Fund	162,042	Water Fund	162,042
Sewer Fund	391,272	General Fund	391,272
Golf Course Fund	3,717	General Fund	3,717
Sewer Fund	<u>810,121</u>	Water Fund	<u>810,121</u>
	<u>\$1,377,449</u>		<u>\$1,377,449</u>

Interfund balances between funds represent temporary loans recorded at year-end as the result of a final allocation of revenues and expenditures. The balances are generally repaid shortly after year-end.

A summary of interfund transfers for the year ended December 31, 2021 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	\$ 419,813	Water Fund	\$ 419,813
Capital Projects Fund	20,010	General Fund	20,010
Nonmajor Governmental Funds	146,436	General Fund	146,436
Water Fund	1,108,688	Capital Projects Fund	1,108,688
Nonmajor Governmental Funds	<u>178,201</u>	Water Fund	<u>178,201</u>
	<u>\$1,873,148</u>		<u>\$1,873,148</u>

Interfund transfers represent annual appropriations to subsidize operations, capital projects and debt service requirements within other funds.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(6) NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended December 31, 2021:

	<u>Balance January 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2021</u>	<u>Amount Due Within One Year</u>
Governmental activities					
General obligation debt:					
Notes payable	\$3,868,487	\$900,922	\$453,420	\$4,315,989	\$561,860
Other noncurrent liabilities					
Lease rental payable	93,787	-	93,787	-	-
Capital leases payable	214,683	-	24,870	189,813	25,643
Compensated absences	4,022	2,167	-	6,189	-
Net pension liability (asset)	(129,193)	-	203,367	(332,560)	-
Total other noncurrent liabilities	<u>183,299</u>	<u>2,167</u>	<u>322,024</u>	<u>(136,558)</u>	<u>25,643</u>
Total noncurrent liabilities governmental activities	<u>\$4,051,786</u>	<u>\$903,089</u>	<u>\$775,444</u>	<u>\$4,179,431</u>	<u>\$587,503</u>

Noncurrent liabilities of governmental activities are to be liquidated by the General Fund and Debt Service Fund.

Business-type activities					
General obligation debt:					
Notes payable	\$ 946,226	\$661,678	\$ 80,129	\$1,527,775	\$ 82,370
Other noncurrent liabilities					
Net pension liability (asset)	(125,627)	-	265,896	(391,523)	-
Compensated absences	31,186	-	16,435	14,751	-
Total other noncurrent liabilities	<u>(94,441)</u>	<u>-</u>	<u>282,331</u>	<u>(376,772)</u>	<u>-</u>
Total noncurrent liabilities business-type activities	<u>\$ 851,785</u>	<u>\$661,678</u>	<u>\$362,460</u>	<u>\$1,151,003</u>	<u>\$ 82,370</u>

Noncurrent liabilities of business-type activities are to be liquidated by water, sewer and golf operations.

General Obligation Debt

General obligation debt is a direct obligation of the Borough for which full faith and credit are pledged and are payable from local sources. The Borough has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

General obligation debt outstanding as of December 31, 2021 consisted of the following:

Governmental Activities

On August 14, 2009, the Borough issued a \$2,230,000 Note Payable (the "**Series 2009 Note**") to a financial institution. The proceeds of the Series 2009 Note were used for (a) construction and renovation of a new fire station and related facilities and (b) payment of the costs to issue the Series 2009 Note. The Series 2009 Note is payable annually in varying amounts from November 2010 to November 2028. The interest on the Series 2009 Note is payable semi-annually in May and November at a rate of 3.11%. The amount outstanding under the Series 2009 Note was \$961,500 at December 31, 2021.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

On January 15, 2016, the Borough issued a Note Payable (the "**Series 2016 Note**") to a financial institution to borrow a maximum of \$7,232,270. The proceeds from the issuance of the Series 2016 Note will be used to (a) refund the Borough's Series 2006 Note; (b) the acquisition and construction of upgrades alterations and improvements to the Middle Dam and Reservoir, aeration improvements in the water distribution system and other capital water system improvements; (c) the acquisition and construction of capital improvements to the Borough's facilities, including municipal building entry security renovations, improvements to Borough streets, garage, municipal parking lot, storm culverts, park swimming pool and restrooms, an electronic parking meter system and a park sprinkler system; (4) acquisition of equipment including a fire pumper truck, dump truck, a boom mower and other capital improvements and acquisitions and (d) to pay for the costs of issuance. The full amount borrowed will be payable annually in varying amounts from October 2016 through October 2035. Interest is payable semi-annually in April and October at a rate of 2.45%. The actual amount advanced and outstanding as of December 31, 2021 is \$3,354,489.

Annual debt service requirements under the governmental activities general obligation debt is as follows:

<u>Year ending December 31,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2022	\$ 561,860	\$101,152	\$ 663,012
2023	576,410	86,427	662,837
2024	591,370	71,304	662,674
2025	606,650	55,774	662,424
2026	415,540	44,888	460,428
2027-2028	<u>1,564,159</u>	<u>67,276</u>	<u>1,631,435</u>
	<u>\$4,315,989</u>	<u>\$426,821</u>	<u>\$4,742,810</u>

Business-Type Activities

On August 31, 2009, the Borough issued an \$899,947 Note Payable (the "**2009 Loan**") to a government sponsored lending institution ("**Pennvest**"). The proceeds of the 2009 Loan were used for (a) the water line improvement project and (b) payment of costs to issue the 2009 Loan. The 2009 Loan is payable in 204 monthly payments ranging from \$4,195 to \$4,597, including interest ranging from 1.274% to 2.547%, through March 2030. The amount outstanding under the 2009 Loan was \$410,036 at December 31, 2021.

On May 2, 2012, the Borough issued a \$943,000 Note Payable (the "**2012 Loan**") to a government sponsored lending institution ("**Pennvest**"). The proceeds of the 2012 Loan were used for (a) dam rehabilitation project and (b) payment of costs to issue the 2012 Loan. The 2012 Loan is payable in 204 monthly payments ranging from \$3,773 to \$4,201, including interest ranging from 1.512% to 3.024%, through July 2032. The amount outstanding under the 2009 Loan was \$456,061 at December 31, 2021.

On March 31, 2021, the Borough issued a Note Payable (the "**Series 2021 Note**") to a financial institution to borrow a maximum of \$3,050,000. The proceeds from the issuance of the Series 2021 Note will be used a) for the middle dam renovation project; b) to perform other water capital improvement projects; and c) to pay for the costs of issuance. The full amount borrowed will be payable annually in varying amounts from October 2023 through October 2041. Interest is payable semi-annually in April and October at a rate of 2.50%. The actual amount advanced and outstanding as of December 31, 2021 is \$661,678.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Annual debt service requirements under the business-type activities general obligation debt is as follows:

<u>Year ending December 31,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2022	\$ 82,370	\$ 23,197	\$ 105,567
2023	85,674	37,410	123,084
2024	120,013	34,217	154,230
2025	123,280	30,935	154,215
2026	126,634	27,564	154,198
2027-2031	588,105	86,013	674,118
2032-2036	<u>401,699</u>	<u>27,254</u>	<u>428,953</u>
	<u>\$1,527,775</u>	<u>\$266,590</u>	<u>\$1,794,365</u>

Lease Rental Payable

On October 5, 2001, the Borough entered into a subsidy agreement with the Borough of Stroudsburg and Stroud Township to finance the purchase of land and for the construction of the Central Headquarters (the "**project**") for the SARPD. In conjunction with the subsidy agreement the Borough of Stroudsburg issued General Obligation Bonds, Series of 2001 (the "**Series 2001 Bonds**") to finance the project. The Series of 2001 was subsequently refunded on February 28, 2005 and March 9, 2010 by the Borough of Stroudsburg's General Obligation Bonds Series of 2005 and Series of 2010 (the "**Series 2005 Bonds**" and the "**Series 2010 Bonds**") in order to reduce interest costs. Each participating member of SARPD owns an undivided one-third interest in the real estate in accordance with the Intergovernmental Cooperation Agreement and is required to subsidize its portion of the debt service requirements. The subsidy agreement between the participating members in the SARPD requires the Borough to make debt service payments sufficient to retire the Borough of Stroudsburg's outstanding debt obligations through annual budget appropriations. On March 26, 2015, the Borough of Stroudsburg issued General Obligation Note, Series of 2015A (the "**Series 2015A Note**"). The proceeds of the Series 2015A Note were used for (a) the refunding of the Series 2010 Bonds and (b) payment of cost to issue the Series 2015A Note. The Series 2015A Note is payable annually in varying amounts from December 2015 to December 2021. The interest on the Series 2015A Note is payable semi-annually in June and December at rates ranging from 1.55% to 3.00%. The lease rental payable was paid off as of December 31, 2021.

Capital Leases

The Borough has entered into long-term lease agreements for a street sweeper, fire pumper truck and a vehicle. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease payments under the capital leases and the net present value of the future minimum lease payments as of December 31, 2021 are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 25,643	\$ 4,223	\$ 29,866
2023	26,449	3,417	29,866
2024	19,507	2,576	22,083
2025	19,901	2,183	22,084
2026	20,302	1,781	22,083
2027-2030	<u>78,011</u>	<u>2,960</u>	<u>80,971</u>
	<u>\$189,813</u>	<u>\$17,140</u>	<u>\$206,953</u>

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(7) EMPLOYEE RETIREMENT PLANS

Non-Uniform Pension Fund

The East Stroudsburg Borough Non-Uniform Pension Fund accounts for a single-employer defined benefit pension plan (the "**Plan**") controlled by the provisions of Ordinance Number 1258 of the Borough. The Non-Uniform Pension Plan participates in the Pennsylvania Municipal Retirement System ("**PMRS**"), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. A copy of the report may be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165; or by accessing its website at <http://www.pMrs.state.pa.us/publications/index.html>.

Plan Membership

Membership in the Plan consisted of the following at December 31, 2020:

Active employees	11
Retirees and beneficiaries currently receiving benefits	18
Terminated plan members entitled to but not yet receiving benefits	<u>3</u>
Total	<u>32</u>

Benefit Provisions

The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the Plan.

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period when due and benefits and refunds are recognized when due and payable.

Method Used to Value Investments

Investments in the Plan are reported at fair value. The Plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by GASB for aggregate PMRS investments are included in PMRS's comprehensive annual financial report.

Contributions

Annual contributions to the Plan are based upon the minimum municipal obligation (the "**MMO**"). The MMO is derived from the Plan's biennial actuarial valuation. Members in the Plan are required to contribute up to a maximum of 3.50% of total compensation determined annually by Borough Council. The Commonwealth of Pennsylvania provides an allocation of funds which must be used for pension funding. Any funding requirements established by the MMO in excess of employee and state contributions must be funded by the Borough.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Plan and funded through investment income.

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2020 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 5.25% percent investment rate of return (net of administrative costs) and (b) 2.80% inflation and salary increases ranging from 2.80% to 7.05%. The unfunded actuarial accrued liability is being amortized on the level dollar closed basis.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Discount Rate

The discount rate used to measure the total pension liability is 5.25%. The projection of cash flows used to determine the discount rate assumes that the employer will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, the expected administrative expenses, and an amount necessary to amortize the remaining unfunded actuarial liability as a level dollar amount over a closed period. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Rate of Return

The long-term expected rate of return on pension plan investments was determined using the 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 class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

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

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities (Large Capitalized Firms)	25%	7.56%	5.31%
Domestic Equities (Small Capitalized Firms)	15%	8.31%	6.06%
International Equities (International Developed Markets)	15%	7.78%	5.53%
International Equities (Emerging Markets)	10%	8.20%	5.95%
Real Estate	15%	7.50%	5.25%
Timber	5%	6.03%	3.78%
Fixed Income	15%	4.12%	1.87%
Total Portfolio	100%	7.80%	5.55%

The above was the PMRS Board's adopted asset allocation policy and best estimates of geometrical real rates of return for each major asset class as of December 31, 2020.

Net Pension Liability (Asset)

The Borough's net pension liability (asset) has been measured as of December 31, 2020. The total pension liability (asset) was determined by an actuarial valuation as of January 1, 2020 with liabilities measured at December 31, 2020. The net pension asset is \$673,335 measured as the difference between the total pension liability of \$7,875,117 and the fiduciary net position of \$8,548,452.

As of December 31, 2021, the net pension asset of \$287,103 is related to the governmental funds and is only recorded in the governmental activities in the government-wide statement of net position. The remaining \$386,232 of the net pension asset is recorded in the Sewer Fund for \$222,782 and in the Water Fund for \$163,450 in the proprietary funds statement of net position, and in the business-type activities in the government-wide statement of net position.

The Borough's change in total pension liability, plan fiduciary net position, and net pension liability (asset) for the year ended December 31, 2020 were as follows:

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Fiduciary Position (B)</u>	<u>Net Pension Liability (Asset) (A) – (B)</u>
Balances as of December 31, 2019	\$7,810,120	\$8,044,978	\$(234,858)
Changes for the year:			
Service cost	117,781	-	117,781
Interest on total pension liability	404,655	-	404,655
Changes of assumptions	417,822	-	417,822
Differences between expected and actual experience	(436,223)	-	(436,223)
Employer contributions	-	195,322	(195,322)
Member contributions	-	33,527	(33,527)
PMRS investment income	-	395,233	(395,233)
Market value investment income	-	336,330	(336,330)
Benefit payments	(439,038)	(439,038)	-
PMRS administrative expense	-	(680)	680
Additional administrative expense	-	(17,220)	17,220
Net changes	<u>64,997</u>	<u>503,474</u>	<u>(438,477)</u>
Balances as of December 31, 2020	<u>\$7,875,117</u>	<u>\$8,548,452</u>	<u>\$(673,335)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Borough calculated using the discount rate 5.25%, as well as what the net pension liability (asset) would be if it were calculated using the discount rate that is one percentage point lower (4.25%) or 1 percentage point higher (6.25%) than the current rate:

	<u>1% Decrease 4.25%</u>	<u>Current Discount Rate 5.25%</u>	<u>1% Increase 6.25%</u>
Net pension liability (asset)	\$191,929	\$(673,335)	\$(1,421,296)

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

For the year ended December 31, 2021, the Borough recognized negative pension expense of \$160,731. At December 31, 2021 the Borough 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>
Difference between expected and actual experience	\$ 79,054	\$ 347,808
Changes in assumptions	343,798	-
Net difference between projected and actual earnings on pension plan investments	-	780,475
Contributions subsequent to the measurement date	<u>192,329</u>	<u>-</u>
	<u>\$615,181</u>	<u>\$1,128,283</u>

An amount of \$192,329 reported as deferred outflows of resources related to pensions resulting from the Borough contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

Year ended December 31,

2021	\$(243,712)
2022	(112,134)
2023	(282,319)
2024	<u>(67,266)</u>
	<u><u>\$(705,431)</u></u>

Actuarial Methods and Significant Assumptions

- Investment return – 5.25% (including inflation)
- Discount rate – 5.25%
- Inflation – 2.80%
- Salary increases – 2.80%-7.05% per year age related scale with merit and inflation component
- Mortality rates – RP 2000 mortality tables for males and females

Nonuniform Cash Balance Pension Fund

The East Stroudsburg Nonuniform Cash Balance Pension Fund accounts for a single-employer defined benefit pension plan (the "**Cash Balance Plan**") controlled by the provisions of Ordinance Number 1258 of the Borough. All employees hired after June 30, 2012 are required to participate in the Cash Balance Pension Plan. The Cash Balance Pension Plan participates in the Pennsylvania Municipal Retirement System ("**PMRS**"), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. A copy of the report may be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165; or by accessing its website at <http://www.pmr.state.pa.us/publications/index.html>.

Plan Membership

Membership in the Cash Balance Plan consisted of the following at December 31, 2020:

Active employees	13
Retirees and beneficiaries currently receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	<u>1</u>
Total	<u><u>14</u></u>

Benefit Provisions

The Cash Balance Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the Cash Balance Plan. However the benefits are limited to each members' account balance at retirement.

Basis of Accounting

The Cash Balance Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period when due and benefits and refunds are recognized when due and payable.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Method Used to Value Investments

Investments in the Nonuniform Pension Plan are reported at fair value. The Nonuniform Pension Plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by GASB for aggregate PMRS investments are included in PMRS's comprehensive annual financial report.

Contributions

The Borough is required to contribute 6.00% of the members' total compensation to the Cash Balance Plan. Members are not required to contribute to the Cash Balance Plan but may make a voluntary contribution up to 10.00% of total compensation.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Cash Balance Plan and funded through investment income.

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2020 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 5.25% percent investment rate of return (net of administrative costs) and (b) 2.80% inflation and salary increases ranging from 2.80% to 7.05%. The unfunded actuarial accrued liability is being amortized on the level dollar closed basis.

Discount Rate

The discount rate used to measure the total pension liability is 5.25%. The projection of cash flows used to determine the discount rate assumes that the employer will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, the expected administrative expenses, and an amount necessary to amortize the remaining unfunded actuarial liability as a level dollar amount over a closed period. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Rate of Return

The long-term expected rate of return on pension plan investments was determined using the 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 class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

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

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities (Large Capitalized Firms)	25%	7.56%	5.31%
Domestic Equities (Small Capitalized Firms)	15%	8.31%	6.06%
International Equities (International Developed Markets)	15%	7.78%	5.53%
International Equities (Emerging Markets)	10%	8.20%	5.95%
Real Estate	15%	7.50%	5.25%
Timber	5%	6.03%	3.78%
Fixed Income	<u>15%</u>	<u>4.12%</u>	<u>1.87%</u>
Total Portfolio	<u>100%</u>	<u>7.80%</u>	<u>5.55%</u>

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

The above was the PMRS Board's adopted asset allocation policy and best estimates of geometrical real rates of return for each major asset class as of December 31, 2020.

Net Pension Liability (Asset)

The Borough's net pension liability (asset) has been measured as of December 31, 2020. The total pension liability was determined by an actuarial valuation as of January 1, 2020 with liabilities measured at December 31, 2020. The net pension asset is \$50,748 and measured as the difference between the total pension liability of \$197,947 and the fiduciary net position of \$248,695.

As of December 31, 2021, the net pension asset of \$45,457 is related to the governmental funds and is only recorded in the governmental activities in the government-wide statement of net position. The remaining \$5,291 of the net pension asset is recorded in the Water Fund in the proprietary funds statement of net position, and in the business-type activities in the government-wide statement of net position.

The Borough's change in total pension liability, plan fiduciary net position, and net pension liability for the year ended December 31, 2020 were as follows:

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Fiduciary Position (B)</u>	<u>Net Pension Liability (Asset) (A) – (B)</u>
Balances as of December 31, 2019	<u>\$149,364</u>	<u>\$169,326</u>	<u>\$(19,962)</u>
Changes for the year:			
Service cost	47,879	-	47,879
Interest on total pension liability	8,495	-	8,495
Changes of benefits	-	-	-
Differences between expected and actual experience	(7,791)	-	(7,791)
Employer contributions	-	40,096	(40,096)
Member contributions	-	8,083	(8,083)
PMRS investment income	-	9,428	(9,428)
Market value investment income	-	22,473	(22,473)
Transfers	-	-	-
Benefit payments	-	-	-
PMRS administrative expense	-	(300)	300
Additional administrative expense	-	(411)	411
Net changes	<u>48,583</u>	<u>79,369</u>	<u>(30,786)</u>
Balances as of December 31, 2020	<u>\$197,947</u>	<u>\$248,695</u>	<u>\$(50,748)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Borough calculated using the discount rate 5.25%, as well as what the net pension liability (asset) would be if it were calculated using the discount rate that is one percentage point lower (4.25%) or 1 percentage point higher (6.25%) than the current rate:

	<u>1% Decrease 4.25%</u>	<u>Current Discount Rate 5.25%</u>	<u>1% Increase 6.25%</u>
Net pension liability (asset)	<u>\$(11,158)</u>	<u>\$(50,748)</u>	<u>\$(90,337)</u>

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

For the year ended December 31, 2021, the Borough recognized pension expense of \$30,599. At December 31, 2020, the Borough 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>
Difference between expected and actual experience	\$ -	\$12,341
Net difference between projected and actual earnings on pension plan investments	-	25,959
Contributions subsequent to the measurement date	<u>39,508</u>	<u>-</u>
	<u>\$39,508</u>	<u>\$38,300</u>

An amount of \$39,508 reported as deferred outflows of resources related to pensions resulting from the Borough contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021.

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

Year ended December 31,

2021	\$ (9,009)
2022	(7,743)
2023	(9,991)
2024	(6,252)
2025	(1,762)
Thereafter	<u>(3,543)</u>
	<u>\$ (38,300)</u>

Actuarial Methods and Significant Assumptions

- Investment return – 5.25% (including inflation)
- Discount rate – 5.25%
- Inflation – 2.80%
- Salary increases – 2.80%-7.05% per year age related scale with merit and inflation component
- Mortality rates – RP 2000 mortality tables for males and females

(8) CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The Borough receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. Borough officials do not expect any significant adjustments as a result of these examinations.

BOROUGH OF EAST STROUDSBURG

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Litigation

The Borough is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

(9) RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs including workers compensation. For insured programs, there were no significant reductions in insurance coverage during 2021. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The Borough participates in a consortium with other Pennsylvania municipalities and other governmental agencies to provide self-insurance programs for health and prescription insurance coverage and related expenses for eligible employees, spouses and dependents. Accordingly benefit payments plus an administrative charge are made to a third party administrator, who approves and processes all claims.

(10) SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 1, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2021 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BOROUGH OF EAST STROUDSBURG

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Taxes			
Real estate-current year levy	\$ 1,337,358	\$ 1,369,112	\$ 31,754
Real estate-current year levy - interim	450	13,378	12,928
Real estate-prior years levy	1,000	5,921	4,921
Real estate-payment in lieu	4,500	4,338	(162)
Real estate-delinquent taxes	<u>117,982</u>	<u>159,159</u>	<u>41,177</u>
Total real estate taxes	<u>1,461,290</u>	<u>1,551,908</u>	<u>90,618</u>
Local tax enabling act (Act 511)			
Real estate transfer	140,000	239,248	99,248
Earned income tax	896,000	928,564	32,564
Municipal services tax	<u>280,000</u>	<u>268,927</u>	<u>(11,073)</u>
Total local tax enabling act	<u>1,316,000</u>	<u>1,436,739</u>	<u>120,739</u>
Total taxes	<u>2,777,290</u>	<u>2,988,647</u>	<u>211,357</u>
Licenses and permits			
Health/restaurant licenses	8,000	22,344	14,344
Rental license	110,000	127,537	17,537
Cable TV franchise tax	126,000	120,196	(5,804)
Event permit fees	500	50	(450)
Street opening permits	12,500	11,410	(1,090)
Zoning permits and fees	155,000	111,712	(43,288)
Zoning plan review	4,500	25,104	20,604
Miscellaneous permits	<u>2,000</u>	<u>16,008</u>	<u>14,008</u>
Total licenses and permits	<u>418,500</u>	<u>434,361</u>	<u>15,861</u>
Fines and forfeits			
Vehicle code violations	185,000	177,154	(7,846)
Violation of zoning ordinances and statutes	30,000	32,174	2,174
Vehicle boot fines	<u>250</u>	<u>-</u>	<u>(250)</u>
Total fines and forfeits	<u>215,250</u>	<u>209,328</u>	<u>(5,922)</u>
Interest, rent and royalties			
Interest income	22,720	473	(22,247)
Royalties - cell tower	27,645	27,635	(10)
Rent of buildings	<u>50</u>	<u>201</u>	<u>151</u>
Total interest, rent and royalties	<u>50,415</u>	<u>28,309</u>	<u>(22,106)</u>
Intergovernmental revenues			
Recycling/Act 101	20,000	218,824	198,824
American recovery plan act	-	500,000	500,000
General municipal pension aid	33,762	41,576	7,814
Public utility realty/beverage tax	5,000	4,903	(97)
Fire insurance premium tax	<u>48,000</u>	<u>40,266</u>	<u>(7,734)</u>
Total intergovernmental revenues	<u>106,762</u>	<u>805,569</u>	<u>698,807</u>

BOROUGH OF EAST STROUDSBURG

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues (continued)			
Charges for services			
Closing report fee	8,500	16,093	7,593
Copies	15	-	(15)
Rental unit reinspection fees	500	-	(500)
Meter revenue	135,000	94,967	(40,033)
Parking permits	15,000	18,968	3,968
Parking permits-residential	500	550	50
Meter bags	150	1,970	1,820
PennDOT snow removal	20,352	22,453	2,101
Borough DPW services	1,200	267	(933)
Solid waste user fees	875,000	787,940	(87,060)
Solid waste fees prior/delinquent	15,500	18,002	2,502
Solid waste bulk	9,000	25,753	16,753
Lien rents solid waste	33,000	-	(33,000)
Garbage lien interest	2,500	5,491	2,991
Total charges for services	<u>1,116,217</u>	<u>992,454</u>	<u>(123,763)</u>
Miscellaneous			
Fire department apparatus donations	500	-	(500)
Miscellaneous income	550	9,146	8,596
Utility services revenue	4,000	-	(4,000)
Shopping cart fees	6,500	4,620	(1,880)
Stroudsburg share of employees	12,000	5,279	(6,721)
Damage to Borough property	15,000	-	(15,000)
Dividends received	18,000	64,740	46,740
Total miscellaneous	<u>56,550</u>	<u>83,785</u>	<u>27,235</u>
Total revenues	<u>4,740,984</u>	<u>5,542,453</u>	<u>801,469</u>
Expenditures			
General government			
Legislative body			
Council salary	7,500	7,500	-
Mayor salary	2,500	3,750	(1,250)
FICA	620	636	(16)
Medicare	145	149	(4)
Training/conferences	500	-	500
Dues/subscriptions	2,100	3,331	(1,231)
Miscellaneous/travel	250	256	(6)
Total legislative body	<u>13,615</u>	<u>15,622</u>	<u>(2,007)</u>

BOROUGH OF EAST STROUDSBURG

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General government (continued)			
Administration			
Manager salary	55,318	36,870	18,448
Director of public works salary	42,391	28,290	14,101
Staff salary	88,369	67,677	20,692
FICA	9,774	12,341	(2,567)
Medicare	2,286	2,863	(577)
Overtime	876	-	876
Office supplies	3,500	4,640	(1,140)
Office equipment/furniture	375	164	211
Computer equipment/supplies	500	5,365	(4,865)
Equipment repairs/maintenance	1,500	532	968
Telephone	4,200	4,345	(145)
Postage	8,750	3,329	5,421
Travel	375	262	113
Advertising/printing	4,750	2,056	2,694
Dues/subscription/memberships	2,750	4,542	(1,792)
Conferences/training	2,750	869	1,881
Property and liability insurance	12,834	6,067	6,767
Workers compensation insurance	7,333	4,357	2,976
Public officials liability	1,329	1,257	72
Life/disability insurance	2,017	1,594	423
Major medical (BC/BS)	49,501	30,057	19,444
Health insurance buyout/HRA	1,375	4,777	(3,402)
Nonuniform pension MMO	27,821	20,181	7,640
Unemployment compensation	5,556	2,825	2,731
Total administration	<u>336,230</u>	<u>245,260</u>	<u>90,970</u>
Auditing services/financial administration			
Trustee charge bond payment	1,500	1,243	257
Auditing services	18,000	14,723	3,277
Accounting services	1,500	2,653	(1,153)
Billing software	-	634	(634)
Accounting software	2,600	1,792	808
Credit card fees	6,600	6,982	(382)
Total auditing services/financial administration	<u>30,200</u>	<u>28,027</u>	<u>2,173</u>
Tax collection			
Salary-tax collector	7,343	8,248	(905)
FICA	456	620	(164)
Medicare	107	145	(38)
Materials and supplies	1,354	1,365	(11)
Commissions			
Delinquent real estate	3,954	6,685	(2,731)
Local service tax	3,917	4,141	(224)

BOROUGH OF EAST STROUDSBURG

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General government (continued)			
Tax collection (continued)			
Earned income tax	14,000	11,392	2,608
Real estate transfer tax	<u>4,500</u>	<u>5,059</u>	<u>(559)</u>
Total tax collection	<u>35,631</u>	<u>37,655</u>	<u>(2,024)</u>
Solicitor/legal services			
Legal expenses	<u>100,000</u>	<u>62,022</u>	<u>37,978</u>
Engineering services			
Engineering services	<u>18,750</u>	<u>15,623</u>	<u>3,127</u>
General government buildings and plant			
Materials and supplies	750	(506)	1,256
Electricity	4,050	6,103	(2,053)
Electricity annex	2,000	2,709	(709)
Gas (heat)	1,425	-	1,425
Gas (heat) annex	1,000	1,285	(285)
Maintenance and repair	1,250	10,739	(9,489)
Maintenance and repair annex	<u>750</u>	<u>2,012</u>	<u>(1,262)</u>
Total general government buildings and plant	<u>11,225</u>	<u>22,342</u>	<u>(11,117)</u>
Total general government	<u>545,651</u>	<u>426,551</u>	<u>119,100</u>
Public safety			
Police			
Regional police services	<u>2,611,117</u>	<u>2,611,117</u>	<u>-</u>
Fire			
Service awards	11,000	3,300	7,700
Vehicle maintenance/supplies	10,000	10,044	(44)
Small tools/equipment	12,500	13,216	(716)
Telephone	2,500	2,359	141
Radio maintenance	500	-	500
Electricity	10,500	11,876	(1,376)
Gas (heat)	6,500	4,511	1,989
Equipment testing	10,000	5,710	4,290
Building maintenance	14,500	15,590	(1,090)
Contracted services	2,500	568	1,932
Mileage	1,000	-	1,000
Contribution - fire relief fund	41,955	40,266	1,689
Pumper lease	23,924	22,083	1,841
Workers compensation insurance	<u>7,095</u>	<u>4,629</u>	<u>2,466</u>
Total fire	<u>154,474</u>	<u>134,152</u>	<u>20,322</u>

BOROUGH OF EAST STROUDSBURG

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public safety (continued)			
UCC and code enforcement			
Code enforcement officer salary	52,312	41,890	10,422
Staff salary	43,021	32,013	11,008
FICA	5,942	6,092	(150)
Medicare	1,390	1,429	(39)
Overtime	500	-	500
Materials and supplies	1,500	1,733	(233)
Computer equipment/supplies	500	-	500
Vehicle operation	650	-	650
Vehicle maintenance	1,500	552	948
Software license	10,000	7,066	2,934
Advertising/printing	2,000	3,173	(1,173)
Dues/subscriptions/memberships	1,500	668	832
Conferences/training	500	45	455
Property and liability insurance	6,620	3,375	3,245
Workers compensation insurance	3,783	2,424	1,359
Public officials liability	686	699	(13)
Life/disability insurance	1,040	887	153
Major medical (BC/BS)	25,534	16,722	8,812
Health insurance buyout/HRA	709	2,657	(1,948)
Nonuniform pension MMO	14,351	11,227	3,124
Unemployment compensation	<u>2,866</u>	<u>1,571</u>	<u>1,295</u>
Total UCC and code enforcement	<u>176,904</u>	<u>134,223</u>	<u>42,681</u>
Planning and zoning			
Legal services	30,000	5,323	24,677
Contracted permitting	<u>55,000</u>	<u>113,323</u>	<u>(58,323)</u>
Total planning and zoning	<u>85,000</u>	<u>118,646</u>	<u>(33,646)</u>
Emergency services			
Monroe County Control Center	<u>41,104</u>	<u>41,104</u>	<u>-</u>
Total public safety	<u>3,068,599</u>	<u>3,039,242</u>	<u>29,357</u>
Human and health services			
General health services			
Salaries and wages	9,100	5,413	3,687
Material and supplies	250	260	(10)
Computer equipment/supplies	350	-	350
Conferences/training	<u>350</u>	<u>-</u>	<u>350</u>
Total human and health services	<u>10,050</u>	<u>5,673</u>	<u>4,377</u>

BOROUGH OF EAST STROUDSBURG

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public works - sanitation			
Recycling/solid waste collection and disposal			
Staff salaries	109,440	86,991	22,449
FICA	6,816	8,009	(1,193)
Medicare	1,594	1,878	(284)
Overtime	500	-	500
Materials and supplies	750	1,729	(979)
Recycling grant to Twin boroughs	20,000	12,763	7,237
Advertising/printing	500	326	174
Conferences/training	500	-	500
Landfill engineering	15,500	7,476	8,024
Refuse collection/disposal contract	785,500	768,053	17,447
Trash bags	4,550	36,901	(32,351)
Property and liability insurance	7,600	3,973	3,627
Workers compensation insurance	4,343	2,854	1,489
Public officials liability	787	823	(36)
Life/disability insurance	1,194	1,044	150
Major medical (BC/BS)	29,312	19,683	9,629
Health insurance buyout/HRA	814	3,128	(2,314)
Nonuniform pension MMO	16,474	13,216	3,258
Unemployment compensation	3,290	1,850	1,440
Total public works - sanitation	<u>1,009,464</u>	<u>970,697</u>	<u>38,767</u>
Public works - highways and streets			
Street department			
Street superintendent salary	27,790	25,120	2,670
Staff salary	167,662	156,296	11,366
FICA	12,738	14,328	(1,590)
Medicare	2,979	3,361	(382)
Overtime	10,000	5,050	4,950
Office supplies	301	417	(116)
Computer equipment/supplies	200	160	40
Office equipment maintenance/repair	101	145	(44)
Vehicle operation (fuel, oil, fluids)	15,200	19,791	(4,591)
Uniforms	4,400	2,917	1,483
Vehicle maintenance repair	8,000	4,601	3,399
Small tools/minor equipment	1,000	2,997	(1,997)
Drug testing	280	94	186
Telephone	400	464	(64)
Radio purchase/maintenance	101	188	(87)
Travel	301	-	301
Electricity	741	1,511	(770)

BOROUGH OF EAST STROUDSBURG**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For the year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public works - highways and streets (continued)			
Gas (heat)	2,101	2,002	99
Building Maintenance	2,000	2,568	(568)
Equipment maintenance and repair	7,400	10,551	(3,151)
Conferences/training	400	375	25
Equipment lease	23,074	16,938	6,136
Capital purchase	-	187,304	(187,304)
Property-liability insurance	11,876	8,286	3,590
Workers comp insurance	6,786	5,952	834
Public officials liability	1,230	1,716	(486)
Life/disability insurance	1,866	2,177	(311)
Major medical (BC/BS)	45,806	41,050	4,756
Health insurance buyout/HRA	1,272	6,523	(5,251)
Nonuniform pension MMO	25,744	27,562	(1,818)
Unemployment compensation	5,141	3,858	1,283
Total street department	<u>386,890</u>	<u>554,302</u>	<u>(167,412)</u>
Cleaning of streets and gutters			
Machinery maintenance/supplies	6,500	3,878	2,622
Sweeper lease	32,000	-	32,000
Total cleaning of streets and gutters	<u>38,500</u>	<u>3,878</u>	<u>34,622</u>
Winter maintenance - snow removal			
Snow and ice removal supplies	2,750	2,965	(215)
Traffic control devices			
Material and supplies	1,250	2,649	(1,399)
Street lighting			
Electric	78,750	-	78,750
Street light repair	750	117	633
Operation/maintenance	1,000	440	560
Total street lighting	<u>80,500</u>	<u>557</u>	<u>79,943</u>
Storm sewers and drains			
Materials and supplies	1,125	1,179	(54)
Electricity pond pumps	500	-	500
Contracted services	1,200	-	1,200
Total storm sewers and drains	<u>2,825</u>	<u>1,179</u>	<u>1,646</u>

BOROUGH OF EAST STROUDSBURG

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public works - highways and streets (continued)			
Maintenance and repairs of roads and bridges			
Materials and supplies/street maintenance	1,000	3,739	(2,739)
Street paving	<u>100,000</u>	<u>237</u>	<u>99,763</u>
Total maintenance and repairs of roads and bridges	<u>101,000</u>	<u>3,976</u>	<u>97,024</u>
Total public works - highways and streets	<u>613,715</u>	<u>569,506</u>	<u>44,209</u>
Public works - other			
Parking			
Parking enforcement officer	104,715	57,471	47,244
FICA	6,523	4,346	2,177
Medicare	1,526	1,021	505
Overtime	500	-	500
Uniforms	850	830	20
Vehicle registration/inspection	750	577	173
Meter purchase	1,500	-	1,500
Parking permits	750	837	(87)
Software	1,850	1,119	731
Postage	1,000	-	1,000
Radio purchase/maintenance	250	-	250
Advertising/printing	850	2,083	(1,233)
Parking lot maintenance	1,000	55	945
Meter repair/maintenance supplies	2,500	11,571	(9,071)
Property and liability insurance	7,271	2,625	4,646
Workers compensation insurance	4,155	1,885	2,270
Public officials liability	753	544	209
Life/disability insurance	1,143	690	453
Major medical (BC/BS)	23,497	13,002	10,495
Health insurance buyout/HRA	779	2,067	(1,288)
Nonuniform pension MMO	15,763	8,730	7,033
Unemployment compensation	<u>3,148</u>	<u>1,222</u>	<u>1,926</u>
Total parking	<u>181,073</u>	<u>110,675</u>	<u>70,398</u>
Storm water and flood control			
Engineering	2,500	-	2,500
Levee maintenance	500	529	(29)
Equipment maintenance and repairs	<u>750</u>	<u>142</u>	<u>608</u>
Total storm water and flood control	<u>3,750</u>	<u>671</u>	<u>3,079</u>
Total public works - other	<u>184,823</u>	<u>111,346</u>	<u>73,477</u>

BOROUGH OF EAST STROUDSBURG

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Culture and recreation			
Participant recreation			
Building maintenance/repair	2,500	1,939	561
Pool maintenance/repair	1,500	3,225	(1,725)
Small tools and equipment	550	-	550
Materials and supplies	8,500	500	8,000
Electricity	1,850	1,163	687
Heat gas	1,250	1,357	(107)
Maintenance and repair services	3,500	1,689	1,811
Stewardship contribution	147,581	98,767	48,814
Contribution to Arts Council	250	-	250
Monroe County Historical Association	250	-	250
Contribution to BWA	250	-	250
MCCD stream gauge	500	-	500
Total participant recreation	<u>168,481</u>	<u>108,640</u>	<u>59,841</u>
Parks			
Recreation equipment	500	20	480
Parks maintenance and repair supplies	100	87	13
Telephone	1,050	1,537	(487)
Electric	6,500	11,015	(4,515)
Land maintenance	500	29	471
Equipment maintenance and repairs	1,000	957	43
Building maintenance and repairs	2,500	2,483	17
Portable toilet rentals	6,000	3,380	2,620
Capital purchase	650	-	650
Total parks	<u>18,800</u>	<u>19,508</u>	<u>(708)</u>
Shade trees			
Materials and supplies	2,500	6,000	(3,500)
Maintenance	2,500	2,500	-
New planting	8,000	-	8,000
Total shade trees	<u>13,000</u>	<u>8,500</u>	<u>4,500</u>
Total culture and recreation	<u>200,281</u>	<u>136,648</u>	<u>63,633</u>
Community development			
Economic development			
Comprehensive plan implementation	15,000	-	15,000
Parking/traffic/mobility study	55,000	-	55,000
Total economic development	<u>70,000</u>	<u>-</u>	<u>70,000</u>

BOROUGH OF EAST STROUDSBURG

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Community development (continued)			
Community development - other			
Maintenance and repair (decorations)	2,500	5,510	(3,010)
Contribution ECA	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total community development - other	<u>12,500</u>	<u>15,510</u>	<u>(3,010)</u>
Total community development	<u>82,500</u>	<u>15,510</u>	<u>66,990</u>
Debt service			
Principal	93,434	93,787	(353)
Interest	<u>3,167</u>	<u>1,455</u>	<u>1,712</u>
Total debt service	<u>96,601</u>	<u>95,242</u>	<u>1,359</u>
Total expenditures	<u>5,811,684</u>	<u>5,370,415</u>	<u>441,269</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,070,700)</u>	<u>172,038</u>	<u>1,242,738</u>
Other financing sources (uses)			
Transfers in	419,813	419,813	-
Transfers out	-	(166,446)	(166,446)
Sale of capital assets	<u>650,000</u>	<u>-</u>	<u>(650,000)</u>
Total other financing sources (uses)	<u>1,069,813</u>	<u>253,367</u>	<u>(816,446)</u>
Net change in fund balance	<u>\$ (887)</u>	425,405	<u>\$ 426,292</u>
Fund balance			
Beginning of the year		<u>139,005</u>	
End of year		<u>\$ 564,410</u>	

BOROUGH OF EAST STROUDSBURG**BUDGETARY COMPARISON SCHEDULE - SEWER FUND**

For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 1,718,500	\$ 1,706,731	\$ (11,769)
Other	183,350	509,896	326,546
Total operating revenues	<u>1,901,850</u>	<u>2,216,627</u>	<u>314,777</u>
OPERATING EXPENSES			
Salaries and wages	513,790	419,271	94,519
Employee benefits	326,067	243,542	82,525
Administrative expenses	50,927	50,554	373
Insurance	51,758	52,832	(1,074)
Professional services	122,000	80,551	41,449
Repairs and maintenance	460,745	190,580	270,165
Supplies	118,500	128,112	(9,612)
Utilities	83,410	86,454	(3,044)
Depreciation	-	260,339	(260,339)
Total operating expenses	<u>1,727,197</u>	<u>1,512,235</u>	<u>214,962</u>
Operating income (loss)	<u>174,653</u>	<u>704,392</u>	<u>529,739</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	16,985	663	(16,322)
Intergovernmental revenues	33,331	41,576	8,245
Total nonoperating revenues (expenses)	<u>50,316</u>	<u>42,239</u>	<u>(8,077)</u>
CHANGE IN NET POSITION	224,969	746,631	521,662
NET POSITION			
Beginning of year	<u>4,951,109</u>	<u>4,951,109</u>	<u>-</u>
End of year	<u>\$ 5,176,078</u>	<u>\$ 5,697,740</u>	<u>\$ 521,662</u>

BOROUGH OF EAST STROUDSBURG

BUDGETARY COMPARISON SCHEDULE - WATER FUND

For the year ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
OPERATING REVENUES			
Charges for services	\$ 1,765,500	\$ 1,847,385	\$ 81,885
Other	<u>149,300</u>	<u>343,374</u>	<u>194,074</u>
Total operating revenues	<u>1,914,800</u>	<u>2,190,759</u>	<u>275,959</u>
OPERATING EXPENSES			
Salaries and wages	540,635	489,967	50,668
Employee benefits	328,418	271,728	56,690
Administrative expenses	52,077	54,696	(2,619)
Insurance	51,758	52,832	(1,074)
Professional services	318,250	173,476	144,774
Repairs and maintenance	469,285	223,390	245,895
Supplies	170,400	150,262	20,138
Utilities	76,268	55,052	21,216
Depreciation	<u>-</u>	<u>283,132</u>	<u>(283,132)</u>
Total operating expenses	<u>2,007,091</u>	<u>1,754,535</u>	<u>252,556</u>
Operating income (loss)	<u>(92,291)</u>	<u>436,224</u>	<u>528,515</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	20,295	231	(20,064)
Interest expense	(25,885)	(25,439)	446
Intergovernmental revenues	<u>2,025,990</u>	<u>183,315</u>	<u>(1,842,675)</u>
Total nonoperating revenues (expenses)	<u>2,020,400</u>	<u>158,107</u>	<u>(1,862,293)</u>
Income (loss) before transfers and special item	1,928,109	594,331	(1,333,778)
Capital investment in Brodhead Creek Regional Authority	-	200,000	200,000
Transfers in	-	1,108,688	1,108,688
Transfers out	<u>(598,014)</u>	<u>(598,014)</u>	<u>-</u>
CHANGE IN NET POSITION	1,330,095	1,305,005	(25,090)
NET POSITION			
Beginning of year	<u>3,456,382</u>	<u>3,456,382</u>	<u>-</u>
End of year	<u>\$ 4,786,477</u>	<u>\$ 4,761,387</u>	<u>\$ (25,090)</u>

BOROUGH OF EAST STROUDSBURG**BUDGETARY COMPARISON SCHEDULE - GOLF COURSE FUND**

For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 147,125	\$ 175,558	\$ 28,433
Other	1,800	-	(1,800)
Total operating revenues	<u>148,925</u>	<u>175,558</u>	<u>26,633</u>
OPERATING EXPENSES			
Salaries and wages	99,628	85,219	14,409
Employee benefits	7,622	(5,877)	13,499
Administrative expenses	3,075	3,371	(296)
Professional services	4,500	4,000	500
Repairs and maintenance	5,550	11,096	(5,546)
Supplies	21,650	20,035	1,615
Utilities	2,300	1,865	435
Depreciation	-	12,656	(12,656)
Total operating expenses	<u>144,325</u>	<u>132,365</u>	<u>11,960</u>
Operating income (loss)	<u>4,600</u>	<u>43,193</u>	<u>38,593</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	30	30
CHANGE IN NET POSITION	4,600	43,223	38,623
NET POSITION			
Beginning of year	<u>4,208,490</u>	<u>4,208,490</u>	-
End of year	<u>\$ 4,213,090</u>	<u>\$ 4,251,713</u>	<u>\$ 38,623</u>

BOROUGH OF EAST STROUDSBURG

SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET)

Year ended December 31

	2020		2019		2018	
	Nonuniform Pension Fund	Nonuniform Cash Balance Pension Fund	Nonuniform Pension Fund	Nonuniform Cash Balance Pension Fund	Nonuniform Pension Fund	Nonuniform Cash Balance Pension Fund
TOTAL PENSION LIABILITY						
Service cost	\$ 117,781	\$ 47,879	\$ 130,137	\$ 49,400	\$ 133,431	\$ 49,614
Interest on total pension liability	404,655	8,495	398,547	6,013	382,052	4,151
Changes of assumptions	417,822	-	-	-	-	-
Changes of benefits	-	-	-	-	-	661
Differences between expected and actual experience	(436,223)	(7,791)	-	-	197,635	(1)
Transfers	-	-	-	(21,654)	-	-
Benefit payments, including refunds of member contributions	(439,038)	-	(360,992)	-	(428,081)	-
Net change in total pension liability	64,997	48,583	167,692	33,759	285,037	54,425
Total pension liability, beginning	<u>7,810,120</u>	<u>149,364</u>	<u>7,642,428</u>	<u>115,605</u>	<u>7,357,391</u>	<u>61,180</u>
Total pension liability, ending	<u>\$ 7,875,117</u>	<u>\$ 197,947</u>	<u>\$ 7,810,120</u>	<u>\$ 149,364</u>	<u>\$ 7,642,428</u>	<u>\$ 115,605</u>
PLAN FIDUCIARY NET POSITION						
Employer contributions	\$ 195,322	\$ 40,096	\$ 199,838	\$ 49,361	\$ 238,461	\$ 34,610
Member contributions	33,527	8,083	35,816	8,044	35,488	7,560
PMRS investment income	395,233	9,428	372,894	6,646	335,039	4,363
Market value investment income	336,330	22,473	1,052,268	18,677	(653,303)	(11,226)
Transfers	-	-	-	(21,654)	-	-
Benefit payments	(439,038)	-	(360,992)	-	(428,081)	-
PMRS administrative expense	(680)	(300)	(680)	(280)	(680)	(160)
Additional administrative expense	(17,220)	(411)	(12,889)	(230)	(14,951)	(195)
Net change in plan fiduciary net position	503,474	79,369	1,286,255	60,564	(488,027)	34,952
Fiduciary net position, beginning	<u>8,044,978</u>	<u>169,326</u>	<u>6,758,723</u>	<u>108,762</u>	<u>7,246,750</u>	<u>73,810</u>
Fiduciary net position, ending	<u>\$ 8,548,452</u>	<u>\$ 248,695</u>	<u>\$ 8,044,978</u>	<u>\$ 169,326</u>	<u>\$ 6,758,723</u>	<u>\$ 108,762</u>
Net pension liability (asset), ending	<u>\$ (673,335)</u>	<u>\$ (50,748)</u>	<u>\$ (234,858)</u>	<u>\$ (19,962)</u>	<u>\$ 883,705</u>	<u>\$ 6,843</u>
Fiduciary net position as a % of total pension liability	108.55%	125.64%	103.01%	113.36%	88.44%	94.08%
Covered payroll	\$ 762,113	\$ 663,267	\$ 853,174	\$ 679,121	\$ 881,823	\$ 700,902
Net pension liability as a % of covered payroll	-88.35%	-7.65%	-27.53%	-2.94%	100.21%	0.98%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

Measurement Date

2017		2016		2015		2014	
Nonuniform Pension Fund	Nonuniform Cash Balance Pension Fund	Nonuniform Pension Fund	Nonuniform Cash Balance Pension Fund	Nonuniform Pension Fund	Nonuniform Cash Balance Pension Fund	Nonuniform Pension Fund	Nonuniform Cash Balance Pension Fund
\$ 142,081	\$ 23,228	\$ 154,308	\$ 14,911	\$ 173,321	\$ 11,827	\$ 173,277	\$ 8,272
374,727	2,392	375,390	1,810	362,036	1,094	346,877	503
-	-	182,587	-	(64,731)	-	-	-
-	-	-	-	-	-	-	-
-	(8,424)	(123,841)	(1,153)	-	-	(8,711)	-
-	-	-	-	-	-	-	-
<u>(310,112)</u>	<u>-</u>	<u>(221,526)</u>	<u>-</u>	<u>(193,095)</u>	<u>-</u>	<u>(275,253)</u>	<u>-</u>
206,696	17,196	366,918	15,568	277,531	12,921	236,190	8,775
<u>7,150,695</u>	<u>43,984</u>	<u>6,783,777</u>	<u>28,416</u>	<u>6,506,246</u>	<u>15,495</u>	<u>6,270,056</u>	<u>6,720</u>
<u>\$ 7,357,391</u>	<u>\$ 61,180</u>	<u>\$ 7,150,695</u>	<u>\$ 43,984</u>	<u>\$ 6,783,777</u>	<u>\$ 28,416</u>	<u>\$ 6,506,246</u>	<u>\$ 15,495</u>
\$ 234,212	\$ 21,775	\$ 229,485	\$ 15,051	\$ 232,435	\$ 11,927	\$ 187,558	\$ 8,352
37,113	400	43,883	-	44,346	-	41,696	-
320,077	2,669	333,020	1,750	314,814	1,136	297,934	518
706,859	6,325	142,966	(178)	(321,885)	(1,779)	2,460	(133)
-	-	-	-	-	-	-	-
(310,112)	-	(221,526)	-	(193,095)	-	(275,253)	-
(680)	(120)	(680)	(80)	(680)	(100)	(700)	(80)
<u>(14,720)</u>	<u>(123)</u>	<u>(16,315)</u>	<u>(86)</u>	<u>(13,124)</u>	<u>(47)</u>	<u>(11,426)</u>	<u>(20)</u>
972,749	30,926	510,833	16,457	62,811	11,137	242,269	8,637
<u>6,274,001</u>	<u>42,884</u>	<u>5,763,168</u>	<u>26,427</u>	<u>5,700,357</u>	<u>15,290</u>	<u>5,458,088</u>	<u>6,653</u>
<u>\$ 7,246,750</u>	<u>\$ 73,810</u>	<u>\$ 6,274,001</u>	<u>\$ 42,884</u>	<u>\$ 5,763,168</u>	<u>\$ 26,427</u>	<u>\$ 5,700,357</u>	<u>\$ 15,290</u>
<u>\$ 110,641</u>	<u>\$ (12,630)</u>	<u>\$ 876,694</u>	<u>\$ 1,100</u>	<u>\$ 1,020,609</u>	<u>\$ 1,989</u>	<u>\$ 805,889</u>	<u>\$ 205</u>
98.50%	120.64%	87.74%	97.50%	84.96%	93.00%	87.61%	98.68%
\$ 945,130	\$ 380,474	\$ 1,066,909	\$ 248,513	\$ 1,163,780	\$ 197,118	\$ 1,176,548	\$ 137,840
11.71%	-3.32%	82.17%	0.44%	87.70%	1.01%	68.50%	0.15%

BOROUGH OF EAST STROUDSBURG**SCHEDULE OF BOROUGH PENSION CONTRIBUTIONS**

Year ended December 31

Nonuniform Pension Fund

Measurement Date December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2014	\$ 187,558	\$ 187,558	\$ -	\$ 1,176,548	15.94%
2015	\$ 232,435	\$ 232,435	\$ -	\$ 1,163,780	19.97%
2016	\$ 229,447	\$ 229,485	\$ (38)	\$ 1,066,909	21.51%
2017	\$ 233,816	\$ 234,212	\$ (396)	\$ 945,130	24.78%
2018	\$ 219,677	\$ 238,461	\$ (18,784)	\$ 881,823	27.04%
2019	\$ 199,838	\$ 199,838	\$ -	\$ 853,174	23.42%
2020	\$ 195,322	\$ 195,322	\$ -	\$ 762,113	25.63%

Nonuniform Cash Balance Pension Fund

Measurement Date December 31	Statutorily Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2014	\$ 8,352	\$ 8,352	\$ -	\$ 137,840	6.06%
2015	\$ 11,927	\$ 11,927	\$ -	\$ 197,118	6.05%
2016	\$ 14,991	\$ 15,051	\$ (60)	\$ 248,513	6.06%
2017	\$ 22,948	\$ 21,775	\$ 1,173	\$ 380,474	5.72%
2018	\$ 42,214	\$ 34,610	\$ 7,604	\$ 700,902	4.94%
2019	\$ 41,636	\$ 49,361	\$ (7,725)	\$ 679,121	7.27%
2020	\$ 40,096	\$ 40,096	\$ -	\$ 663,267	6.05%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS**

BOROUGH OF EAST STROUDSBURG

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND TYPES

December 31, 2021

	<u>Special Revenue Funds</u>			
	<u>State Liquid Fuels Fund</u>	<u>Community Development Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS				
Cash	<u>\$ 301,274</u>	<u>\$ 70,333</u>	<u>\$ 186</u>	<u>\$ 371,793</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	<u>\$ 10,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,746</u>
FUND BALANCES				
Restricted for				
Public works - roads	290,528	-	-	290,528
Community development	-	70,333	-	70,333
Debt service	-	-	186	186
Total fund balances	<u>290,528</u>	<u>70,333</u>	<u>186</u>	<u>361,047</u>
Total liabilities and fund balances	<u>\$ 301,274</u>	<u>\$ 70,333</u>	<u>\$ 186</u>	<u>\$ 371,793</u>

BOROUGH OF EAST STROUDSBURG

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUND TYPES**

Year ended December 31, 2021

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>State Liquid Fuels Fund</u>	<u>Community Development Fund</u>	<u>Debt Service Fund</u>	
REVENUES				
Taxes	\$ -	\$ -	\$ 380,139	\$ 380,139
Interest, rents and royalties	68	32	2	102
Intergovernmental revenues	<u>250,099</u>	<u>-</u>	<u>-</u>	<u>250,099</u>
Total revenues	<u>250,167</u>	<u>32</u>	<u>380,141</u>	<u>630,340</u>
EXPENDITURES				
Current				
Public works - highways and streets	268,778	-	-	268,778
Debt Service				
Principal	-	-	453,420	453,420
Interest	<u>-</u>	<u>-</u>	<u>104,880</u>	<u>104,880</u>
Total expenditures	<u>268,778</u>	<u>-</u>	<u>558,300</u>	<u>827,078</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,611)</u>	<u>32</u>	<u>(178,159)</u>	<u>(196,738)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>146,436</u>	<u>-</u>	<u>178,201</u>	<u>324,637</u>
NET CHANGE IN FUND BALANCES	<u>127,825</u>	<u>32</u>	<u>42</u>	<u>127,899</u>
FUND BALANCES				
Beginning of year	<u>162,703</u>	<u>70,301</u>	<u>144</u>	<u>233,148</u>
End of year	<u>\$ 290,528</u>	<u>\$ 70,333</u>	<u>\$ 186</u>	<u>\$ 361,047</u>

BOROUGH OF EAST STROUDSBURG

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS

December 31, 2021

	<u>Pension Fund</u>	<u>Cash Balance Pension Fund</u>	<u>Total</u>
ASSETS			
Investments	<u>\$ 3,968,783</u>	<u>\$ 285,046</u>	<u>\$ 4,253,829</u>
NET POSITION			
Assets held in trust for pension benefits	<u>\$ 3,968,783</u>	<u>\$ 285,046</u>	<u>\$ 4,253,829</u>

BOROUGH OF EAST STROUDSBURG**COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**

Year ended December 31, 2021

	<u>Pension Fund</u>	<u>Cash Balance Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer contributions	\$ 136,616	\$ 48,656	\$ 185,272
Member contributions	<u>36,661</u>	<u>10,147</u>	<u>46,808</u>
Total contributions	<u>173,277</u>	<u>58,803</u>	<u>232,080</u>
Investment income	<u>211,528</u>	<u>10,007</u>	<u>221,535</u>
Total additions	<u>384,805</u>	<u>68,810</u>	<u>453,615</u>
 DEDUCTIONS			
Benefits and refunds paid	326,798	-	326,798
Administrative expenses	<u>680</u>	<u>260</u>	<u>940</u>
Total deductions	<u>327,478</u>	<u>260</u>	<u>327,738</u>
 CHANGE IN NET POSITION	57,327	68,550	125,877
 NET POSITION			
Beginning of year	<u>3,911,456</u>	<u>216,496</u>	<u>4,127,952</u>
End of year	<u>\$ 3,968,783</u>	<u>\$ 285,046</u>	<u>\$ 4,253,829</u>

SUPPLEMENTAL INFORMATION

BOROUGH OF EAST STROUDSBURG

PROPERTY TAX LEVIES AND COLLECTIONS - UNAUDITED

Last ten fiscal years ending December 31,

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Tax Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes To Tax Levy</u>
2021	\$ 1,855,193	\$ 1,774,650	95.66%	\$ -	\$ 1,774,650	95.66%	80,543	4.34%
2020	1,886,128	1,757,067	93.16%	75,242	1,832,309	97.15%	53,819	2.85%
2019	1,928,983	1,795,905	93.10%	122,708	1,918,613	99.46%	10,370	0.54%
2018	1,924,398	1,802,792	93.68%	120,514	1,923,306	99.94%	1,092	0.06%
2017	1,817,353	1,707,014	93.93%	109,516	1,816,530	93.93%	823	6.07%
2016	1,707,217	1,587,549	92.99%	119,208	1,706,757	99.97%	460	0.03%
2015	1,570,093	1,456,780	92.78%	113,003	1,569,783	99.98%	310	0.02%
2014	1,642,461	1,475,215	89.82%	166,936	1,642,151	99.98%	310	0.02%
2013	1,586,019	1,468,307	92.58%	117,443	1,585,750	99.98%	269	0.02%
2012	1,528,868	1,369,295	89.56%	159,317	1,528,612	99.98%	256	0.02%

BOROUGH OF EAST STROUDSBURG

TAX RATES - UNAUDITED

Last ten fiscal years ending December 31,

<u>Fiscal Year</u>	<u>Property Tax</u>			<u>Real Estate Transfer</u>	<u>Wage & Income Tax</u>	<u>Municipal Services Tax</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Borough Total</u>			
2021	2.83	0.95	3.78	0.5%	0.5%	47.00
2020 ⁽¹⁾	2.83	0.95	3.78	0.5%	0.5%	47.00
2019	19.20	6.30	25.50	0.5%	0.5%	47.00
2018	19.20	6.30	25.50	0.5%	0.5%	47.00
2017	17.70	6.30	24.00	0.5%	0.5%	47.00
2016	20.30	2.70	23.00	0.5%	0.5%	47.00
2015	19.20	2.30	21.50	0.5%	0.5%	47.00
2014	19.10	2.30	21.40	0.5%	0.5%	47.00
2013	19.10	2.40	21.50	0.5%	0.5%	47.00
2012	17.90	2.60	20.50	0.5%	0.5%	47.00

⁽¹⁾ Monroe County property reassessment effective for 2020

BOROUGH OF EAST STROUDSBURG

ASSESSED VALUE AND MARKET VALUE OF TAXABLE PROPERTY - UNAUDITED

Last ten fiscal years ending December 31,

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u>	<u>Estimated Actual Value of Taxable Property</u>	<u>Assessed Value as A Percentage of Market Value</u>
2021	\$ 487,625,200	\$ 395,349,080	123.34%
2020 ⁽¹⁾	496,048,910	399,424,476	124.19%
2019	75,613,170	395,825,229	19.10%
2018	75,680,030	404,424,164	18.71%
2017	73,595,520	392,077,039	18.77%
2016	73,004,920	389,912,456	18.72%
2015	76,346,920	435,514,584	17.53%
2014	74,024,540	424,547,709	17.44%
2013	75,435,980	475,679,133	15.86%
2012	72,120,220	458,431,331	15.73%

⁽¹⁾ Monroe County property reassessment effective for 2020

BOROUGH OF EAST STROUDSBURG

PRINCIPAL TAXPAYERS - UNAUDITED

Year ending December 31, 2021

<u>Taxpayer</u>	<u>Assessed Valuation</u>
Wal-Mart Real Estate Business Trust	\$ 16,100,000
The Kimco Development Co.	11,022,890
New GVPT, LLC	10,675,000
Eagle Valley Realty LP	7,936,010
BFG Pocno DST	7,632,270
GPH East Stroudsburg LP	7,250,000
Sunrest Properties LLC	5,882,890
East Stroudsburg Elderly Associates	4,725,070
Dein Properties LP	4,355,250
East Brown Street Associates	<u>3,341,600</u>
	<u>\$ 78,920,980</u>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Borough Council
Borough of East Stroudsburg
East Stroudsburg, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of East Stroudsburg, East Stroudsburg, Pennsylvania (the "**Borough**"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated May 1, 2023.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BBD, LLP**Philadelphia, Pennsylvania****May 1, 2023**