



Borough of East Stroudsburg  
East Stroudsburg, Pennsylvania  
Monroe County

Financial Statements  
Year Ended December 31, 2022



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# BOROUGH OF EAST STROUDSBURG

## CONTENTS

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<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
<i>Statement of Net Position</i>	16
<i>Statement of Activities</i>	17
<i>Balance Sheet – Governmental Funds</i>	18
<i>Reconciliation of Governmental Funds Balance Sheet to Net Position of Governmental Activities on the Statement of Net Position</i>	19
<i>Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds</i>	20
<i>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</i>	21
<i>Statement of Net Position – Proprietary Funds</i>	22
<i>Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds</i>	23
<i>Statement of Cash Flows – Proprietary Funds</i>	24
<i>Statement of Net Position – Fiduciary Funds</i>	25
<i>Statement of Changes in Net Position – Fiduciary Funds</i>	26
<i>Notes to Financial Statements</i>	27
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<i>Budgetary Comparison Schedule – General Fund</i>	48
<i>Budgetary Comparison Schedule – State Liquid Fuels Fund</i>	57
<i>Budgetary Comparison Schedule – Fire Apparatus Fund</i>	58
<i>Budgetary Comparison Schedule – Street Fund</i>	59
<i>Budgetary Comparison Schedule – Recreation Fund</i>	60
<i>Budgetary Comparison Schedule – Street Lighting Fund</i>	63
<i>Budgetary Comparison Schedule – Pension Fund</i>	64
<i>Budgetary Comparison Schedule – Debt Service Fund</i>	65
<i>Budgetary Comparison Schedule – Sewer Fund</i>	66
<i>Budgetary Comparison Schedule – Water Fund</i>	67
<i>Budgetary Comparison Schedule – Golf Course Fund</i>	68
<i>Schedule of Changes in Net Pension Liability (Asset)</i>	69
<i>Schedule of Borough Pension Contributions</i>	70

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# BOROUGH OF EAST STROUDSBURG

## CONTENTS

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### COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

<i>Combining Balance Sheet – Nonmajor Governmental Fund Types</i>	71
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Fund Types</i>	72
<i>Combining Statement of Net Position – Fiduciary Funds</i>	73
<i>Combining Statement of Changes in Net Position – Fiduciary Funds</i>	74

### OTHER TOC INFORMATION

<i>Property Tax Levies and Collections – Unaudited</i>	75
<i>Tax Rates – Unaudited</i>	76
<i>Assessed Value and Market Value of Taxable Property – Unaudited</i>	77
<i>Principal Taxpayers – Unaudited</i>	78

<b>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</b>	79
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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, 2022, 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, 2022, 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 the Borough of East Stroudsburg, 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***

##### **Report on Summarized Comparative Information**

We have previously audited the Borough of East Stroudsburg, East Stroudsburg, Pennsylvania's 2021 financial statements, and our report dated May 1, 2023, 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, 2021, 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 48 through 70 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.

### **Supplementary 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.

### **Other Information Included in the Financial Statements**

Management is responsible for the other information in the financial statements. The other information does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 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  
September 12, 2023**

# **BOROUGH OF EAST STROUDSBURG**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2022**

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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, 2022. 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 2022, there were approximately 60 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 2022 fiscal year of \$21,111,010. During the 2022 fiscal year, the Borough had an increase in total net position of \$2,221,619. The net position of the governmental activities decreased by \$3,162,610 and net position of business-type activities increased by \$5,384,229.
- The General Fund reported a decrease in fund balance of \$357,808, bringing the cumulative balance to \$206,602 at the conclusion of the 2022 fiscal year.
- At December 31, 2022, the General Fund fund balance includes \$28,827 which is considered nonspendable, and unassigned amounts of \$177,775 or 2.90% of the \$6,123,684 2023 General Fund budget.
- General Fund revenues were \$169,221 or 3.50% more than budgeted amounts, General Fund expenditures were \$172,274 or 3.13% less than budgeted amounts and other financing (uses) had a negative variance of \$698,953 resulting in a net negative variance of \$357,458.
- The Borough is in process of a rehabilitation project on the Middle Dam water supply reservoir that provides drinking water to the Borough with an overall estimated cost of \$8 million dollars which is being funded through a combination of financing and state grant funding. During 2022, the Borough incurred costs totaling \$3,183,656 related to the rehabilitation project which has been capitalized as construction in progress in the Water Fund.

### **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.

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# **BOROUGH OF EAST STROUDSBURG**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

**December 31, 2022**

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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, 2022**

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The Borough maintains ten 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 47 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 48 through 78 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 2022 fiscal year the Borough's assets and deferred outflows exceeded liabilities and deferred inflows by \$21,111,010. The following table presents condensed information for the *Statement of Net Position* of the Borough at December 31, 2022 and 2021.

# BOROUGH OF EAST STROUDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>						
Current assets	\$ 4,240,349	\$ 3,171,161	\$ 5,633,113	\$ 3,543,573	\$ 9,873,462	\$ 6,714,734
Noncurrent assets	<u>6,571,586</u>	<u>7,108,119</u>	<u>15,769,999</u>	<u>12,767,322</u>	<u>22,341,585</u>	<u>19,875,441</u>
<b>Total assets</b>	<u>10,811,935</u>	<u>10,279,280</u>	<u>21,403,112</u>	<u>16,310,895</u>	<u>32,215,047</u>	<u>26,590,175</u>
<b>DEFERRED OUTFLOWS</b>						
Deferred charges – pensions	<u>228,203</u>	<u>297,696</u>	<u>233,987</u>	<u>356,993</u>	<u>462,190</u>	<u>654,689</u>
<b>LIABILITIES</b>						
Current liabilities	3,983,712	1,703,600	173,177	154,856	4,156,889	1,858,456
Noncurrent liabilities	<u>5,371,454</u>	<u>4,179,431</u>	<u>662,458</u>	<u>1,151,003</u>	<u>6,033,912</u>	<u>5,330,434</u>
<b>Total liabilities</b>	<u>9,355,166</u>	<u>5,883,031</u>	<u>835,635</u>	<u>1,305,859</u>	<u>10,190,801</u>	<u>7,188,890</u>
<b>DEFERRED INFLOWS</b>						
Deferred credits – pensions	<u>669,031</u>	<u>515,394</u>	<u>706,395</u>	<u>651,189</u>	<u>1,375,426</u>	<u>1,166,583</u>
<b>NET POSITION</b>						
Net investment in capital assets	585,586	2,602,317	14,308,002	11,239,547	14,893,588	13,841,864
Restricted	503,552	491,789	-	-	503,552	491,789
Unrestricted (deficit)	<u>(73,197)</u>	<u>1,084,445</u>	<u>5,787,067</u>	<u>3,471,293</u>	<u>5,713,870</u>	<u>4,555,738</u>
<b>Total net position</b>	<u>\$ 1,015,941</u>	<u>\$ 4,178,551</u>	<u>\$20,095,069</u>	<u>\$14,710,840</u>	<u>\$21,111,010</u>	<u>\$18,889,391</u>

The Borough's total assets as of December 31, 2022 were \$32,215,047 of which \$7,964,111 or 24.72% consisted of cash and \$22,341,585 or 69.35% consisted of the Borough's investment in capital assets. The Borough's total liabilities as of December 31, 2022 were \$10,190,801 of which \$7,447,997 or 73.09% consisted of general obligation debt used to acquire and construct capital assets.

Of the Borough's total net position at December 31, 2022, \$5,713,870 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 \$1,158,132 during 2022 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 \$503,552 as of December 31, 2022. All of the Borough's restricted net position relate to the net position of the Borough's special revenue, 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, 2022, the Borough's net investment in capital assets increased by \$1,051,724 primarily because of capital assets being funded with other sources other than long-term debt.

# BOROUGH OF EAST STROUDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

The following table presents condensed information for the *Statement of Activities* of the Borough for 2022 and 2021:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,784,169	\$1,609,174	\$4,372,997	\$4,582,944	\$ 6,157,166	\$ 6,192,118
Operating grants and contributions	356,758	863,436	86,340	83,152	443,098	946,588
Capital grants and contributions	85,837	227,969	1,749,644	141,739	1,835,481	369,708
<b>General revenues</b>						
Taxes	3,753,387	3,362,107	-	-	3,753,387	3,362,107
Franchise fees	142,885	147,831	-	-	142,885	147,831
Investment earnings	<u>20,384</u>	<u>750</u>	<u>32,643</u>	<u>924</u>	<u>53,027</u>	<u>1,674</u>
<b>Total revenues</b>	<u>6,143,420</u>	<u>6,211,267</u>	<u>6,241,624</u>	<u>4,808,759</u>	<u>12,385,044</u>	<u>11,020,026</u>
<b>EXPENSES</b>						
General government	688,847	472,581	-	-	688,847	472,581
Public safety	3,440,623	3,243,981	-	-	3,440,623	3,243,981
Health and human services	4,049	3,763	-	-	4,049	3,763
Public works	1,941,430	2,017,944	-	-	1,941,430	2,017,944
Culture and recreation	171,757	98,574	-	-	171,757	98,574
Community development	15,626	35,520	-	-	15,626	35,520
Interest expense related to noncurrent liabilities	125,754	110,763	-	-	125,754	110,763
Sewer operations	-	-	1,703,967	1,512,235	1,703,967	1,512,235
Water operations	-	-	1,855,039	1,779,974	1,855,039	1,779,974
Golf course operations	<u>-</u>	<u>-</u>	<u>244,327</u>	<u>132,365</u>	<u>244,327</u>	<u>132,365</u>
<b>Total expenses</b>	<u>6,388,086</u>	<u>5,983,126</u>	<u>3,803,333</u>	<u>3,424,574</u>	<u>10,191,419</u>	<u>9,407,700</u>
<b>Change in net position before transfers and special item</b>	(244,666)	228,141	2,438,291	1,384,185	2,193,625	1,612,326
Special item	-	-	27,994	200,000	27,994	200,000
Transfers	<u>(2,917,944)</u>	<u>(510,674)</u>	<u>2,917,944</u>	<u>510,674</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>\$(3,162,610)</u>	<u>\$(282,533)</u>	<u>\$5,384,229</u>	<u>\$2,094,859</u>	<u>\$ 2,221,619</u>	<u>\$ 1,812,326</u>

### Governmental Activities

The cost of all governmental activities in 2022 was \$6,388,086. The amount that taxpayers ultimately financed for these activities through Borough taxes was \$3,753,387 or 58.75%. A majority of the other expenses were financed through charges for services by those who directly benefited from the programs (\$1,784,169 or 27.93%).

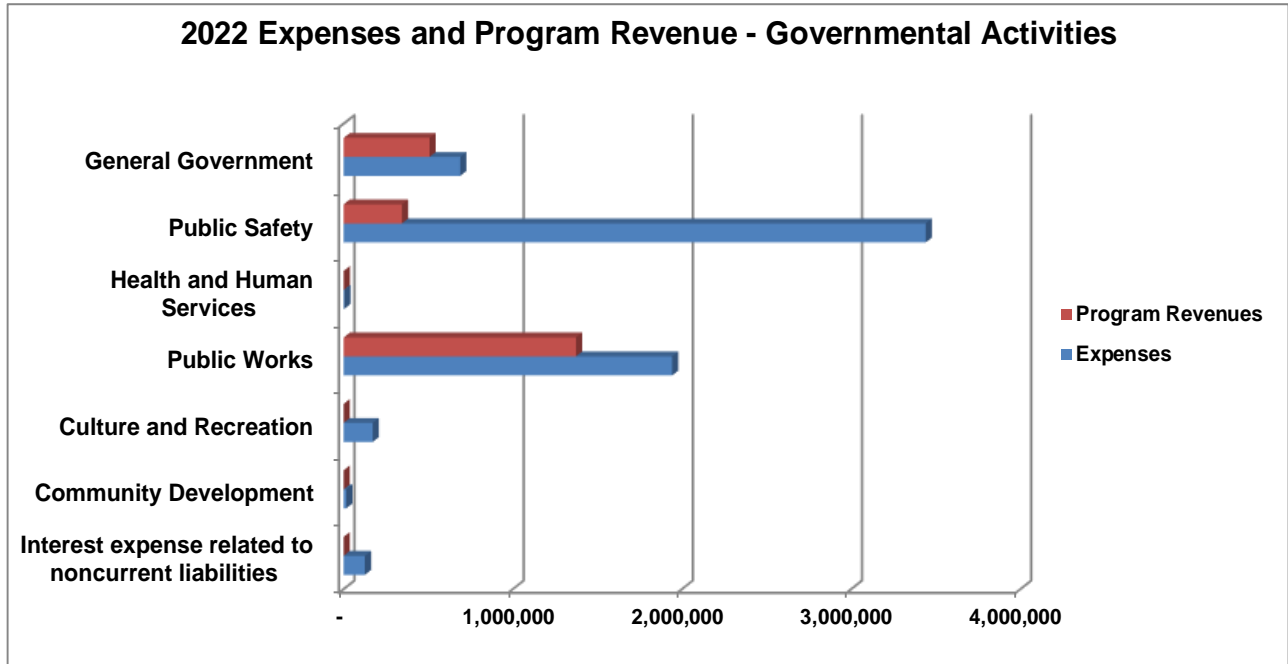
Public safety and public works expenses comprise a majority of the Borough's total expenses totaling \$5,382,053 or 84.25%. Public safety expenses primarily consist of payments for services to the Stroud Area Regional Police Department which totaled \$2,724,954 for 2022.

# BOROUGH OF EAST STROUDSBURG

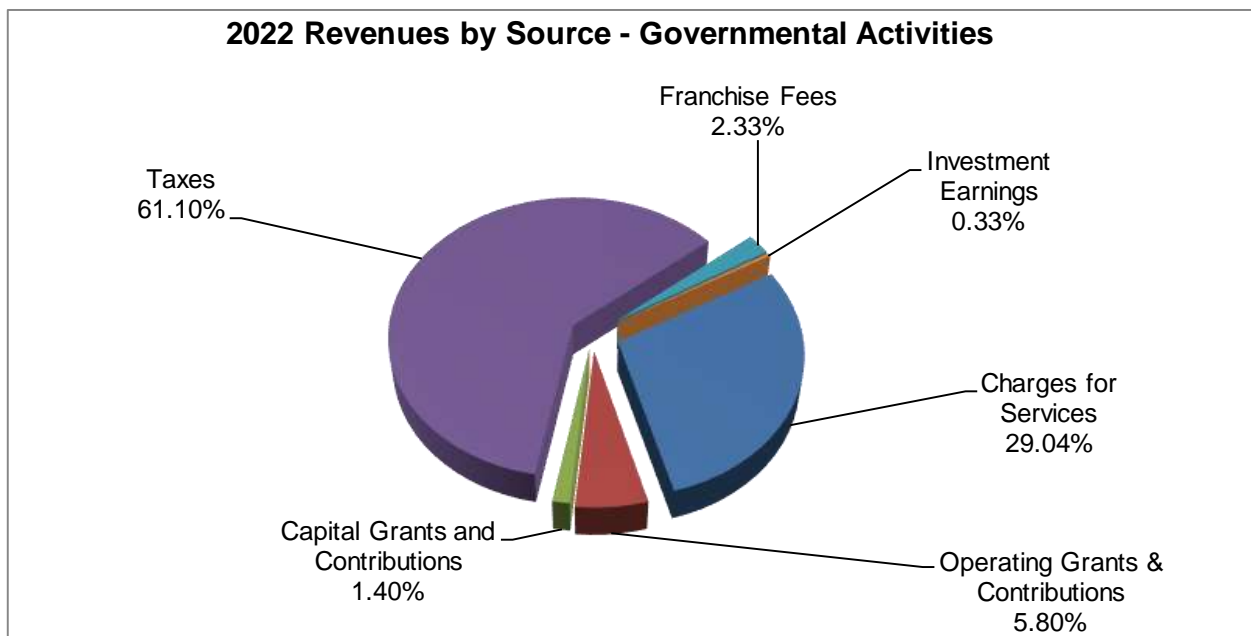
## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

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, 2022

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### 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 \$407,699 and the net position of the Water Fund increased by \$5,047,183 in 2022. During 2022, 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 increased by \$266,797 or 8.10% primarily due to an increase in costs and services impacted by inflation. Other operating receipts for the water and sewer operations decreased by \$403,465 due to decrease 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 \$3.2 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 decrease in net position of \$70,653 for 2022. The Terra Greens Golf Club was not reopened for the 2023 season.

### 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, 2022, the Borough's governmental funds reported a combined deficit fund balance of \$114,439 which is a decrease of \$1,170,638 from the prior year. The following table summarizes the Borough's total governmental fund balances as of December 31, 2022 and 2021 and the total 2022 change in governmental fund balances.

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>
General Fund	\$ 206,602	\$ 564,410	\$ (357,808)
Capital Projects Fund	(817,875)	130,742	(948,617)
Nonmajor Governmental Funds	<u>496,834</u>	<u>361,047</u>	<u>135,787</u>
	<u>\$(114,439)</u>	<u>\$1,056,199</u>	<u>\$(1,170,638)</u>

### GENERAL FUND

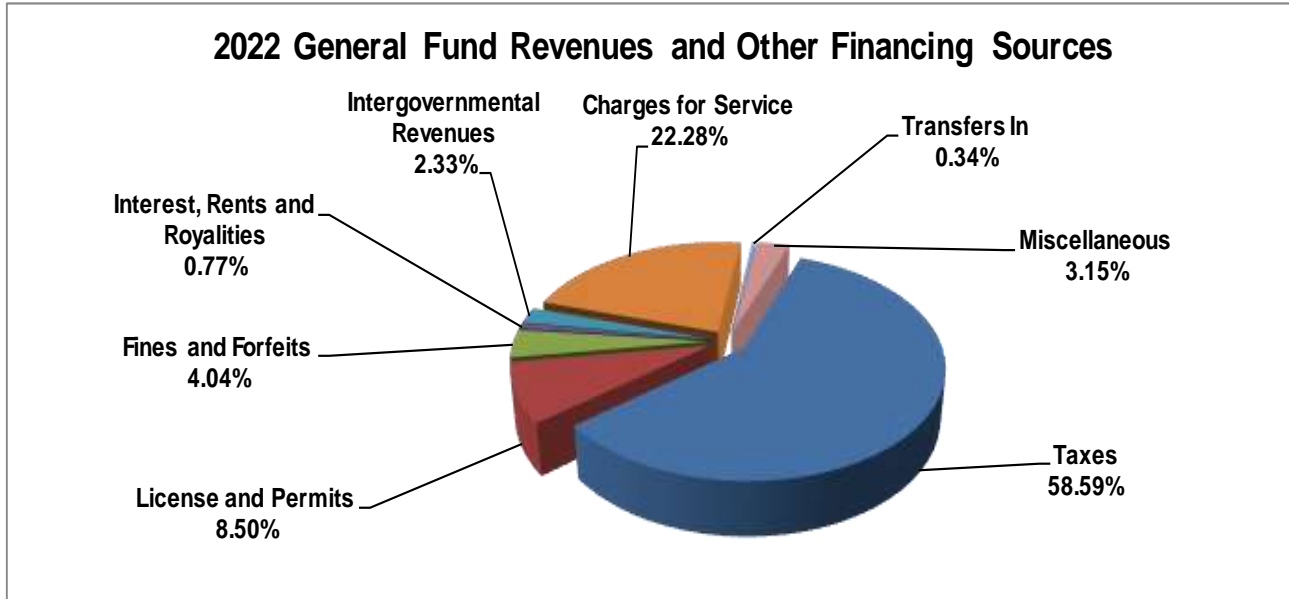
The General Fund is the Borough's primary operating fund. At the conclusion of the 2022 fiscal year the General Fund fund balance was \$206,602 representing a decrease of \$357,808 in relation to the prior year. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2022 fiscal year.

# BOROUGH OF EAST STROUDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

The Borough's reliance upon tax revenues is demonstrated by the graph below that indicates 58.59% of General Fund revenues are derived from local taxes.



### General Fund Revenues and Other Financing Sources

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Taxes	\$2,943,857	\$2,988,647	\$ (44,790)	(1.50)
Licenses and permits	427,228	434,361	(7,133)	(1.64)
Fines and forfeits	202,882	209,328	(6,446)	(3.08)
Interest, rents and royalties	38,779	28,309	10,470	36.98
Intergovernmental revenues	116,857	805,569	(688,712)	(85.49)
Charges for services	1,119,488	992,454	127,034	12.80
Miscellaneous	158,058	83,785	74,273	88.65
Transfers in	17,000	419,813	(402,813)	(95.95)
	<u>\$5,024,149</u>	<u>\$5,962,266</u>	<u>\$(938,117)</u>	<u>(15.73)</u>

Intergovernmental revenues decreased by \$688,712 or 85.49% primarily due to the recognition of grant funding through the American Rescue Plan Act in the amount of \$500,000 and a capital grant for the purchase of a recycling truck.

Charges for services increased by \$127,034 or 12.80% due to an increase in the rates for refuse collection in 2022.

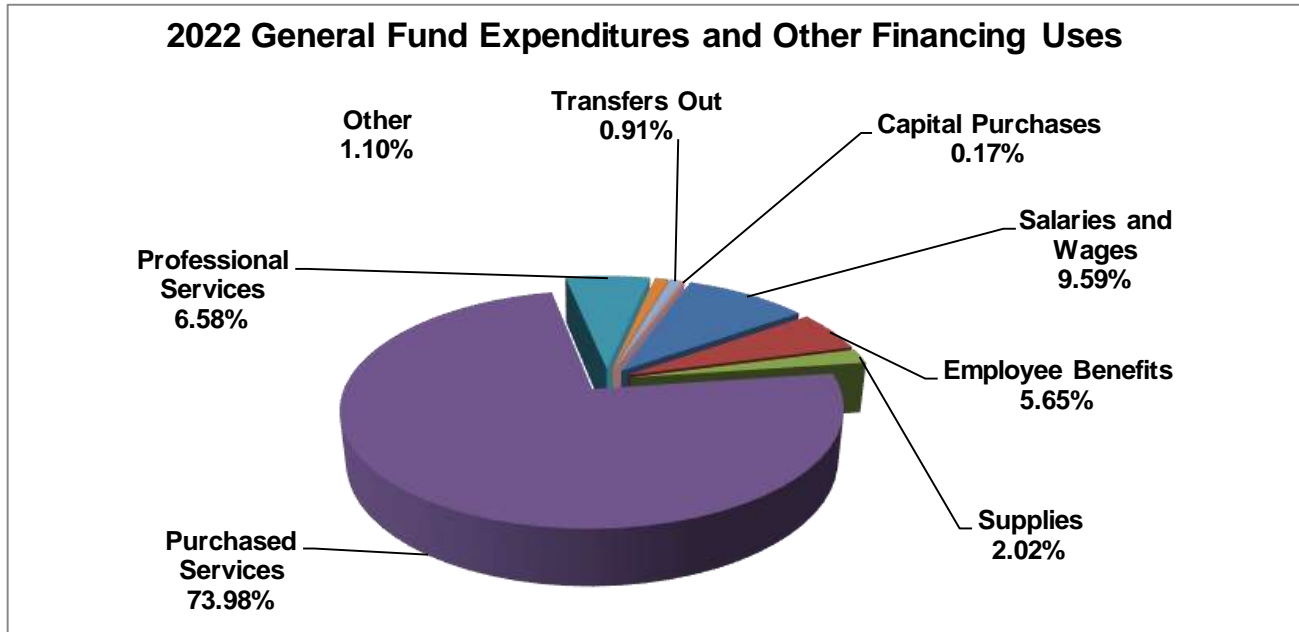
Transfers in for both 2022 and 2021 represent transfers from water operations to subsidize general government activities, which were curtailed in the 2022 budget.

# BOROUGH OF EAST STROUDSBURG

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

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>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$ 516,182	\$ 562,578	\$ (46,396)	(8.25)
Employee benefits	304,281	322,657	(18,376)	(5.70)
Supplies	108,787	87,632	21,155	24.14
Purchased services	3,981,416	3,929,640	51,776	1.32
Professional services	354,291	135,099	219,192	162.25
Capital purchase	9,395	187,304	(177,909)	(94.98)
Other	58,452	50,266	8,186	16.29
Debt service	-	95,241	(95,241)	(100.00)
Transfers out	49,153	166,446	(117,293)	(70.47)
	<u>\$5,381,957</u>	<u>\$5,536,863</u>	<u>\$(154,906)</u>	<u>(2.80)</u>

Professional services increased in 2022 compared to 2021 by \$219,192 or 162.25% due to an increase in legal and engineering services.

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

The final debt service payment under the subsidy agreement with the Stroud Area Regional Police Department was made during 2021.

Transfers out represent transfers to other funds to subsidize capital purchases.

# **BOROUGH OF EAST STROUDSBURG**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2022**

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### **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 2022, the Capital Projects Fund fund balance decreased by \$948,617 for a cumulative deficit balance of \$817,875 as of December 31, 2022 which was funded with proceeds from long-term financing.

### **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, Community Development Fund, Fire Apparatus Fund, Street Fund, Recreation Fund, Street Lighting Fund and Pension Fund. Major revenue sources for these funds include taxes and intergovernmental revenues. During 2022, the Nonmajor Governmental Funds fund balance increased by \$135,787 for a cumulative balance of \$496,834 as of December 31, 2022. Within the nonmajor governmental funds the State Liquid Fuels Fund and Community Development Fund represent \$425,763 and \$71,550, respectively, of the cumulative fund balance as of December 31, 2022.

### **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 \$169,221 or 3.50% more than budgeted amounts, General Fund expenditures were \$172,274 or 3.13% less than budgeted amounts and other financing (uses) had a negative variance of \$698,953 primarily due to the budgeted proceeds from the sale of real estate not occurring during 2022 resulting in a net negative variance of \$357,458.

More detailed information regarding the General Fund budget can be found in the Budgetary Comparison Schedule – General Fund on pages 48 through 56. 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, 2022 amounted to \$22,341,585 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 2022 was \$2,466,144 or 12.41%. The increase was the result of current year capital additions in excess of current year depreciation expense.

Current year capital additions were \$3,775,622 and depreciation expense was \$1,309,478.

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

Business-type Activities	
Brown Street water main replacement – construction in progress	\$ 266,223
Middle dam rehabilitation – construction in progress	\$3,183,656

# **BOROUGH OF EAST STROUDSBURG**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2022**

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### **NONCURRENT LIABILITIES**

As of December 31, 2022, the Borough had total general obligation debt of \$7,447,997 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 \$1,604,233 or 27.45% due to financing drawn down in 2022 for the middle dam rehabilitation project.

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 \$1,604,941 as of December 31, 2022.

Other noncurrent liabilities consist of the Borough's liability for compensated absences and capital leases payable which totaled \$190,856 as of December 31, 2022. These liabilities decreased by \$19,897 or 9.44% during the current year.

### **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 2023 General Fund budget totaling \$6,123,684 and the real estate tax millage rate was increased to 5.1747 mills or 15.72%.

For 2023, sewer rates remained unchanged while water rates were increased for anticipated increases in operating costs and additional debt service to finance capital projects.

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.

# **BOROUGH OF EAST STROUDSBURG**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

**December 31, 2022**

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### **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, 2022 with summarized comparative totals for 2021

	Governmental Activities	Business-type Activities	Totals	
			2022	2021
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 3,841,861	\$ 4,122,250	\$ 7,964,111	\$ 4,766,693
Taxes receivable	262,170		262,170	236,094
Accounts receivable, net	240,150	1,244,511	1,484,661	1,636,782
Due from other governments	-	81,603	81,603	-
Internal balances	(132,659)	132,659	-	-
Prepaid expenses	28,827	52,090	80,917	75,165
<b>Total current assets</b>	<u>4,240,349</u>	<u>5,633,113</u>	<u>9,873,462</u>	<u>6,714,734</u>
<b>NONCURRENT ASSETS</b>				
Capital assets, net	6,571,586	15,769,999	22,341,585	19,875,441
<b>Total assets</b>	<u>10,811,935</u>	<u>21,403,112</u>	<u>32,215,047</u>	<u>26,590,175</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges - pensions	228,203	233,987	462,190	654,689
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	1,375,711	131,430	1,507,141	557,149
Accrued salaries and benefits	43,601	41,747	85,348	78,922
Accrued interest payable	23,804	-	23,804	25,098
Unearned revenue	2,313,500	-	2,313,500	906,750
Escrow deposits	227,096	-	227,096	290,537
<b>Total current liabilities</b>	<u>3,983,712</u>	<u>173,177</u>	<u>4,156,889</u>	<u>1,858,456</u>
<b>NONCURRENT LIABILITIES</b>				
Due within one year	602,859	85,674	688,533	669,873
Due in more than one year	4,768,595	576,784	5,345,379	4,660,561
<b>Total noncurrent liabilities</b>	<u>5,371,454</u>	<u>662,458</u>	<u>6,033,912</u>	<u>5,330,434</u>
<b>Total liabilities</b>	<u>9,355,166</u>	<u>835,635</u>	<u>10,190,801</u>	<u>7,188,890</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred credits - pensions	669,031	706,395	1,375,426	1,166,583
<b>NET POSITION</b>				
Net investment in capital assets	585,586	14,308,002	14,893,588	13,841,864
Restricted	503,552	-	503,552	491,789
Unrestricted (deficit)	(73,197)	5,787,067	5,713,870	4,555,738
<b>Total net position</b>	<u>\$ 1,015,941</u>	<u>\$ 20,095,069</u>	<u>\$ 21,111,010</u>	<u>\$ 18,889,391</u>

See accompanying notes

# BOROUGH OF EAST STROUDSBURG

## STATEMENT OF ACTIVITIES

Year ended December 31, 2022 with summarized comparative totals for 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</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>2022</u>	<u>2021</u>
<b>GOVERNMENTAL ACTIVITIES</b>								
General government	\$ 688,847	\$ 477,422	\$ 30,585	\$ -	\$ (180,840)	\$ -	\$ (180,840)	\$ 94,637
Public safety	3,440,623	202,882	55,996	85,837	(3,095,908)	-	(3,095,908)	(2,879,358)
Health and human services	4,049	-	558	-	(3,491)	-	(3,491)	1,686
Public works	1,941,430	1,103,865	269,519	-	(568,046)	-	(568,046)	(254,655)
Culture and recreation	171,757	-	100	-	(171,657)	-	(171,657)	(98,574)
Community development	15,626	-	-	-	(15,626)	-	(15,626)	(35,520)
Interest expense related to noncurrent liabilities	125,754	-	-	-	(125,754)	-	(125,754)	(110,763)
<b>Total governmental activities</b>	<b>6,388,086</b>	<b>1,784,169</b>	<b>356,758</b>	<b>85,837</b>	<b>(4,161,322)</b>	<b>-</b>	<b>(4,161,322)</b>	<b>(3,282,547)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Sewer	1,703,967	2,042,975	43,170	-	-	382,178	382,178	745,968
Water	1,855,039	2,156,556	43,170	1,749,644	-	2,094,331	2,094,331	594,100
Golf course	244,327	173,466	-	-	-	(70,861)	(70,861)	43,193
<b>Total business-type activities</b>	<b>3,803,333</b>	<b>4,372,997</b>	<b>86,340</b>	<b>1,749,644</b>	<b>-</b>	<b>2,405,648</b>	<b>2,405,648</b>	<b>1,383,261</b>
<b>Total primary government</b>	<b>\$ 10,191,419</b>	<b>\$ 6,157,166</b>	<b>\$ 443,098</b>	<b>\$ 1,835,481</b>	<b>(4,161,322)</b>	<b>2,405,648</b>	<b>(1,755,674)</b>	<b>(1,899,286)</b>
<b>GENERAL REVENUES</b>								
Taxes								
Real estate taxes					2,128,604	-	2,128,604	1,925,368
Earned income taxes					1,015,480	-	1,015,480	928,564
Real estate transfer taxes					309,467	-	309,467	239,248
Local services taxes					299,836	-	299,836	268,927
Franchise fees					142,885	-	142,885	147,831
Investment earnings					20,384	32,643	53,027	1,674
<b>SPECIAL ITEM</b>					-	27,994	27,994	200,000
<b>TRANSFERS</b>					(2,917,944)	2,917,944	-	-
<b>Total general revenues and transfers</b>					<b>998,712</b>	<b>2,978,581</b>	<b>3,977,293</b>	<b>3,711,612</b>
<b>CHANGE IN NET POSITION</b>					<b>(3,162,610)</b>	<b>5,384,229</b>	<b>2,221,619</b>	<b>1,812,326</b>
<b>NET POSITION</b>								
Beginning of year					4,178,551	14,710,840	18,889,391	17,077,065
<b>End of year</b>					<b>\$ 1,015,941</b>	<b>\$ 20,095,069</b>	<b>\$ 21,111,010</b>	<b>\$ 18,889,391</b>

See accompanying notes

# BOROUGH OF EAST STROUDSBURG

## BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2022 with summarized comparative totals for 2021

	Major Funds			Totals	
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	2022	2021
<b>ASSETS</b>					
Cash	\$ 2,809,205	\$ 526,727	\$ 505,929	\$ 3,841,861	\$ 2,695,916
Receivables					
Taxes	262,170	-	-	262,170	236,094
Garbage fees, net	190,960	-	-	190,960	210,105
Other	49,190	-	-	49,190	234,655
Due from other funds	16,963	-	-	16,963	172,339
Prepaid items	28,827	-	-	28,827	27,338
<b>Total assets</b>	<b>\$ 3,357,315</b>	<b>\$ 526,727</b>	<b>\$ 505,929</b>	<b>\$ 4,389,971</b>	<b>\$ 3,576,447</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 115,264	\$ 1,252,844	\$ 7,603	\$ 1,375,711	\$ 441,662
Accrued salaries and benefits	42,109	-	1,492	43,601	39,553
Due to other funds	145,528	4,094	-	149,622	405,286
Unearned revenue	2,313,500	-	-	2,313,500	906,750
Escrow deposits	139,432	87,664	-	227,096	290,537
<b>Total liabilities</b>	<b>2,755,833</b>	<b>1,344,602</b>	<b>9,095</b>	<b>4,109,530</b>	<b>2,083,788</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes and garbage fees	394,880	-	-	394,880	436,460
<b>FUND BALANCES</b>					
Nonspendable					
Prepaid items	28,827	-	-	28,827	27,338
Restricted for					
Public works - highways and streets	-	-	425,863	425,863	290,528
Community development	-	-	71,550	71,550	70,333
Fire apparatus	-	-	5,751	5,751	-
Culture and recreation	-	-	100	100	-
Pension	-	-	100	100	-
Debt service	-	-	188	188	186
Committed to					
Road improvements fund	-	379,930	-	379,930	378,077
Unassigned	177,775	(1,197,805)	(6,718)	(1,026,748)	289,737
<b>Total fund balances</b>	<b>206,602</b>	<b>(817,875)</b>	<b>496,834</b>	<b>(114,439)</b>	<b>1,056,199</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,357,315</b>	<b>\$ 526,727</b>	<b>\$ 505,929</b>	<b>\$ 4,389,971</b>	<b>\$ 3,576,447</b>

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, 2022

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**TOTAL GOVERNMENTAL FUND BALANCES** \$ (114,439)

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. 6,571,586

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. 394,880

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. (440,828)

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. (23,804)

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet. (5,371,454)

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 1,015,941

# BOROUGH OF EAST STROUDSBURG

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

Year ended December 31, 2022 with summarized comparative totals for 2021

	Major Funds			Totals	
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	2022	2021
<b>REVENUES</b>					
Taxes	\$ 2,943,857	\$ -	\$ 838,587	\$ 3,782,444	\$ 3,368,786
Licenses and permits	427,228	-	-	427,228	434,361
Fines and forfeits	202,882	-	-	202,882	209,328
Interest, rent and royalties	38,779	3,168	8,435	50,382	28,586
Intergovernmental revenues	116,857	-	244,696	361,553	1,055,668
Charges for services	1,119,488	-	-	1,119,488	992,454
Miscellaneous	158,058	-	-	158,058	83,785
<b>Total revenues</b>	<u>5,007,149</u>	<u>3,168</u>	<u>1,091,718</u>	<u>6,102,035</u>	<u>6,172,968</u>
<b>EXPENDITURES</b>					
Current					
General government	568,584	-	91,542	660,126	426,551
Public safety	3,257,789	-	22,083	3,279,872	3,039,242
Health and human services	7,014	-	-	7,014	5,673
Public works - sanitation	1,022,235	-	-	1,022,235	970,697
Public works - highways and streets	347,764	-	284,987	632,751	838,284
Public works - other services	109,987	-	-	109,987	111,346
Culture and recreation	4,977	-	117,621	122,598	136,648
Community development	14,454	48,653	-	63,107	35,520
Debt service					
Principal	-	181,183	380,677	561,860	547,207
Interest	-	67,529	59,521	127,050	106,335
<b>Total expenditures</b>	<u>5,332,804</u>	<u>297,365</u>	<u>956,431</u>	<u>6,586,600</u>	<u>6,217,503</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(325,655)</u>	<u>(294,197)</u>	<u>135,287</u>	<u>(484,565)</u>	<u>(44,535)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of general long-term debt	-	2,231,871	-	2,231,871	900,922
Transfers in	17,000	297,365	500	314,865	764,460
Transfers out	(49,153)	(3,183,656)	-	(3,232,809)	(1,275,134)
Sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(32,153)</u>	<u>(654,420)</u>	<u>500</u>	<u>(686,073)</u>	<u>390,248</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(357,808)</u>	<u>(948,617)</u>	<u>135,787</u>	<u>(1,170,638)</u>	<u>345,713</u>
<b>FUND BALANCES</b>					
Beginning of year	<u>564,410</u>	<u>130,742</u>	<u>361,047</u>	<u>1,056,199</u>	<u>710,486</u>
<b>End of year</b>	<u>\$ 206,602</u>	<u>\$ (817,875)</u>	<u>\$ 496,834</u>	<u>\$ (114,439)</u>	<u>\$ 1,056,199</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, 2022

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<b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>		<b>\$ (1,170,638)</b>
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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	\$ 174,602	
Depreciation expense	<u>(711,135)</u>	(536,533)

Because some revenues 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, 2021	(436,460)	
Deferred inflows of resources December 31, 2022	<u>394,880</u>	(41,580)

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	(2,231,871)	
Repayment of notes payable	561,860	
Repayment of leases payable	<u>25,643</u>	(1,644,368)

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	(3,261)	
Current year change in accrued interest payable	1,294	
Change in net pension liability and related deferred inflows and outflows	<u>232,476</u>	<u>230,509</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u><u>\$ (3,162,610)</u></u></b>
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See accompanying notes

# BOROUGH OF EAST STROUDSBURG

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2022 with summarized comparative totals for 2021

	Major Funds			Totals	
	Sewer Fund	Water Fund	Golf Course Fund	2022	2021
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 2,778,271	\$ 1,315,837	\$ 28,142	\$ 4,122,250	\$ 2,070,777
Accounts receivable, net	607,214	637,297	-	1,244,511	1,192,022
Due from other governments	-	81,603	-	81,603	-
Due from other funds	698,551	46,977	-	745,528	1,205,110
Prepaid expenses	30,683	21,407	-	52,090	47,827
<b>Total current assets</b>	<b>4,114,719</b>	<b>2,103,121</b>	<b>28,142</b>	<b>6,245,982</b>	<b>4,515,736</b>
<b>NONCURRENT ASSETS</b>					
Capital assets, net	1,909,583	9,660,948	4,199,468	15,769,999	12,767,322
<b>Total assets</b>	<b>6,024,302</b>	<b>11,764,069</b>	<b>4,227,610</b>	<b>22,015,981</b>	<b>17,283,058</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charges - pensions	110,867	123,120	-	233,987	356,993
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Current portion of notes payable	-	85,674	-	85,674	82,370
Accounts payable	52,572	45,657	33,201	131,430	115,487
Accrued salaries and benefits	20,867	20,400	480	41,747	39,369
Due to other funds	-	600,000	12,869	612,869	972,163
<b>Total current liabilities</b>	<b>73,439</b>	<b>751,731</b>	<b>46,550</b>	<b>871,720</b>	<b>1,209,389</b>
<b>NONCURRENT LIABILITIES</b>					
Notes payable, net of current portion	-	1,376,323	-	1,376,323	1,445,405
Net pension liability (asset)	(387,160)	(429,615)	-	(816,775)	(391,523)
Compensated absences	8,374	8,862	-	17,236	14,751
<b>Total noncurrent liabilities</b>	<b>(378,786)</b>	<b>955,570</b>	<b>-</b>	<b>576,784</b>	<b>1,068,633</b>
<b>Total liabilities</b>	<b>(305,347)</b>	<b>1,707,301</b>	<b>46,550</b>	<b>1,448,504</b>	<b>2,278,022</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred credits - pensions	335,077	371,318	-	706,395	651,189
<b>NET POSITION</b>					
Net investment in capital assets	1,909,583	8,198,951	4,199,468	14,308,002	11,239,547
Unrestricted (deficit)	4,195,856	1,609,619	(18,408)	5,787,067	3,471,293
<b>Total net position</b>	<b>\$ 6,105,439</b>	<b>\$ 9,808,570</b>	<b>\$ 4,181,060</b>	<b>\$ 20,095,069</b>	<b>\$ 14,710,840</b>

See accompanying notes

# BOROUGH OF EAST STROUDSBURG

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

Year ended December 31, 2022 with summarized comparative totals for 2021

	Major Funds			Totals	
	Sewer Fund	Water Fund	Golf Course Fund	2022	2021
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,758,235	\$ 1,991,491	\$ 173,466	\$ 3,923,192	\$ 3,729,674
Other	284,740	165,065	-	449,805	853,270
<b>Total operating revenues</b>	<u>2,042,975</u>	<u>2,156,556</u>	<u>173,466</u>	<u>4,372,997</u>	<u>4,582,944</u>
<b>OPERATING EXPENSES</b>					
Salaries and wages	468,280	510,386	103,188	1,081,854	994,457
Employee benefits	295,608	207,274	7,685	510,567	509,393
Administrative expenses	63,544	69,921	3,429	136,894	108,621
Insurance	46,499	46,499	-	92,998	105,664
Professional services	129,842	155,716	41,800	327,358	258,027
Repairs and maintenance	188,167	277,988	27,022	493,177	425,066
Supplies	152,529	157,628	40,537	350,694	298,409
Utilities	97,059	73,064	1,536	171,659	143,371
Depreciation	262,439	316,774	19,130	598,343	556,127
<b>Total operating expenses</b>	<u>1,703,967</u>	<u>1,815,250</u>	<u>244,327</u>	<u>3,763,544</u>	<u>3,399,135</u>
<b>Operating income (loss)</b>	<u>339,008</u>	<u>341,306</u>	<u>(70,861)</u>	<u>609,453</u>	<u>1,183,809</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	25,521	6,914	208	32,643	924
Interest expense	-	(39,789)	-	(39,789)	(25,439)
Intergovernmental revenues	43,170	1,792,814	-	1,835,984	224,891
<b>Total nonoperating revenues (expenses)</b>	<u>68,691</u>	<u>1,759,939</u>	<u>208</u>	<u>1,828,838</u>	<u>200,376</u>
<b>Income before transfers and special item</b>	407,699	2,101,245	(70,653)	2,438,291	1,384,185
Capital investment in Brodhead Creek Regional Authority	-	27,994	-	27,994	200,000
Transfers in	-	3,183,656	-	3,183,656	1,108,688
Transfers out	-	(265,712)	-	(265,712)	(598,014)
<b>CHANGE IN NET POSITION</b>	407,699	5,047,183	(70,653)	5,384,229	2,094,859
<b>NET POSITION</b>					
Beginning 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>
<b>End of year</b>	<u>\$ 6,105,439</u>	<u>\$ 9,808,570</u>	<u>\$ 4,181,060</u>	<u>\$ 20,095,069</u>	<u>\$ 14,710,840</u>

See accompanying notes

# BOROUGH OF EAST STROUDSBURG

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended December 31, 2022 with summarized comparative totals for 2021

	Major Funds			Totals	
	Sewer Fund	Water Fund	Golf Course Fund	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from charges for services	\$ 2,039,047	\$ 1,741,892	\$ 173,466	\$ 3,954,405	\$ 3,666,222
Payments to suppliers for goods and services	(673,688)	(787,619)	(76,456)	(1,537,763)	(1,406,190)
Payments to employees	(877,769)	(854,641)	(108,939)	(1,841,349)	(1,697,794)
Other receipts	284,740	165,065	-	449,805	865,009
<b>Net cash provided by operating activities</b>	<b>772,330</b>	<b>264,697</b>	<b>(11,929)</b>	<b>1,025,098</b>	<b>1,427,247</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental revenues	43,170	43,170	-	86,340	83,152
Capital investment in Brodhead Creek Regional Authority	210,121	(182,127)	-	27,994	200,000
Transfers to other funds	-	(17,000)	-	(17,000)	(598,014)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>253,291</b>	<b>(155,957)</b>	<b>-</b>	<b>97,334</b>	<b>(314,862)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Intergovernmental revenues	-	1,668,041	-	1,668,041	141,739
Acquisition and construction of capital assets	(57,489)	(329,400)	(30,475)	(417,364)	(419,547)
Proceeds from notes payable	-	16,592	-	16,592	661,678
Repayment of notes payable	-	(82,370)	-	(82,370)	(80,129)
Transfers to other funds	-	(248,712)	-	(248,712)	-
Interest paid	-	(39,789)	-	(39,789)	(25,439)
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(57,489)</b>	<b>984,362</b>	<b>(30,475)</b>	<b>896,398</b>	<b>278,302</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	25,521	6,914	208	32,643	924
<b>Net increase in cash</b>	<b>993,653</b>	<b>1,100,016</b>	<b>(42,196)</b>	<b>2,051,473</b>	<b>1,391,611</b>
<b>CASH</b>					
Beginning of year	1,784,618	215,821	70,338	2,070,777	679,166
<b>End of year</b>	<b>\$ 2,778,271</b>	<b>\$ 1,315,837</b>	<b>\$ 28,142</b>	<b>\$ 4,122,250</b>	<b>\$ 2,070,777</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
<b>Operating income</b>	<b>\$ 339,008</b>	<b>\$ 341,306</b>	<b>\$ (70,861)</b>	<b>\$ 609,453</b>	<b>\$ 1,183,809</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b>					
Depreciation	262,439	316,774	19,130	598,343	556,127
(Increase) decrease in					
Accounts receivable	(11,909)	(40,580)	-	(52,489)	(132,852)
Due from other funds	292,721	(209,019)	3,717	87,419	(66,449)
Prepaid expenses	(9,681)	(787)	6,205	(4,263)	(8,538)
Deferred outflows - pensions	92,674	30,332	-	123,006	(155,676)
Increase (decrease) in					
Accounts payable	3,952	(6,803)	18,794	15,943	(60,977)
Accrued salaries and benefits	3,314	847	(1,783)	2,378	5,361
Due to other funds	-	-	12,869	12,869	162,042
Compensated absences	2,421	64	-	2,485	(16,434)
Net pension liability (asset)	(164,378)	(260,874)	-	(425,252)	(265,896)
Deferred inflows - pensions	(38,231)	93,437	-	55,206	226,730
<b>Net cash provided by operating activities</b>	<b>\$ 772,330</b>	<b>\$ 264,697</b>	<b>\$ (11,929)</b>	<b>\$ 1,025,098</b>	<b>\$ 1,427,247</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	\$ -	\$ 3,183,656	\$ -	\$ 3,183,656	\$ 1,108,688

See accompanying notes

**BOROUGH OF EAST STROUDSBURG**

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**

**December 31, 2022 with summarized comparative totals for 2021**

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	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Investments	\$ 4,118,583	\$ 4,253,829
<b>NET POSITION</b>		
Assets held in trust for pension benefits	<u>\$ 4,118,583</u>	<u>\$ 4,253,829</u>

# BOROUGH OF EAST STROUDSBURG

## STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

Year ended December 31, 2022 with summarized comparative totals for 2021

	<u>2022</u>	<u>2021</u>
<b>ADDITIONS</b>		
<b>Contributions</b>		
Employer contributions	\$ 213,753	\$ 185,272
Member contributions	<u>48,880</u>	<u>46,808</u>
<b>Total contributions</b>	<u>262,633</u>	<u>232,080</u>
<b>Investment income</b>	<u>234,544</u>	<u>221,535</u>
<b>Total additions</b>	<u>497,177</u>	<u>453,615</u>
<b>DEDUCTIONS</b>		
Benefits and refunds paid	631,503	326,798
Administrative expenses	<u>920</u>	<u>940</u>
<b>Total deductions</b>	<u>632,423</u>	<u>327,738</u>
<b>CHANGE IN NET POSITION</b>	(135,246)	125,877
<b>NET POSITION</b>		
Beginning of year	<u>4,253,829</u>	<u>4,127,952</u>
<b>End of year</b>	<u>\$ 4,118,583</u>	<u>\$ 4,253,829</u>

See accompanying notes

# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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### (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 2022 was \$2,724,954. 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, 2022

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### 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 2022 was \$50,832. 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, 2022**

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### ***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:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes

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.

### ***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.

### ***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.

# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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### ***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."

### **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

# **BOROUGH OF EAST STROUDSBURG**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

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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 2022 was 4.4717 mills (\$4.4717 for \$1,000 of assessed valuation) consisting of 2.52 mills for general purposes, 0.113 mills for streets, 0.069 mills for fire, 0.483 mills for recreation, 0.1794 mills for street lighting, 0.074 mills for pension and 1.0333 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 2022 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.

### **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, 2022.

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# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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### **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.

#### ***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.

# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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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, 2021, from which the summarized information was derived.

### **Implementation of New Accounting Pronouncements**

GASB Statement No. 87, "*Leases*" is 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. The implementation of GASB Statement No. 87 had no impact on the Borough's financial statements for the year ended December 31, 2022.

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*" is 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. The implementation of GASB Statement No. 97 had no impact on the Borough's financial statements for the year ended December 31, 2022.

# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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### **New Accounting Pronouncements**

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.

## **(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.

# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

### (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, 2022, the carrying amount of the Borough's deposits was \$7,964,111 and the bank balance was \$7,990,260. Of the bank balance, \$250,000 was covered by federal depository insurance and \$4,555,191 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, 2022, PLGIT was rated AAA by a nationally recognized statistical rating agency.

### (4) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2022</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 1,945,634	\$ -	\$ -	\$ 1,945,634
Capital assets being depreciated				
Buildings and improvements	2,226,261	85,837	-	2,312,098
Improvements other than buildings	5,895,254	41,284	-	5,936,538
Machinery and equipment	4,659,656	47,481	-	4,707,137
<b>Total capital assets being depreciated</b>	<u>12,781,171</u>	<u>174,602</u>	<u>-</u>	<u>12,955,773</u>
Less accumulated depreciation for				
Buildings and improvements	(1,159,647)	(54,804)	-	(1,214,451)
Improvements other than buildings	(3,128,664)	(271,862)	-	(3,400,526)
Machinery and equipment	(3,330,375)	(384,469)	-	(3,714,844)
<b>Total accumulated depreciation</b>	<u>(7,618,686)</u>	<u>(711,135)</u>	<u>-</u>	<u>(8,329,821)</u>
<b>Total capital assets being depreciated, net</b>	<u>5,162,485</u>	<u>(536,533)</u>	<u>-</u>	<u>4,625,952</u>
<b>Governmental activities, net</b>	<u>\$ 7,108,119</u>	<u>\$ (536,533)</u>	<u>\$ -</u>	<u>\$ 6,571,586</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 5,559,732	\$ -	\$ -	\$ 5,559,732
Construction in progress	1,108,688	3,449,879	-	4,558,567
<b>Total capital assets not being depreciated</b>	<u>6,668,420</u>	<u>3,449,879</u>	<u>-</u>	<u>10,118,299</u>

# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Capital assets being depreciated				
Buildings and improvements	5,528,175	-	-	5,528,175
Improvements other than buildings	15,251,413	-	-	15,251,413
Machinery and equipment	<u>790,748</u>	<u>151,141</u>	<u>-</u>	<u>941,889</u>
<b>Total capital assets being depreciated</b>	<u>21,570,336</u>	<u>151,141</u>	<u>-</u>	<u>21,721,477</u>
Less accumulated depreciation for				
Buildings and improvements	(4,805,573)	(61,211)	-	(4,866,784)
Improvements other than buildings	(10,317,746)	(418,195)	-	(10,735,941)
Machinery and equipment	<u>(348,115)</u>	<u>(118,937)</u>	<u>-</u>	<u>(467,052)</u>
<b>Total accumulated depreciation</b>	<u>(15,471,434)</u>	<u>(598,343)</u>	<u>-</u>	<u>(16,069,777)</u>
<b>Total capital assets being depreciated, net</b>	<u>6,098,902</u>	<u>(447,202)</u>	<u>-</u>	<u>5,651,700</u>
<b>Business-type activities, net</b>	<u>\$ 12,767,322</u>	<u>\$3,002,677</u>	<u>\$ -</u>	<u>\$ 15,769,999</u>

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

### Governmental activities

General government	\$ 85,991
Public safety	209,221
Public works	362,313
Culture and recreation	<u>53,610</u>

**Total depreciation expense - governmental activities** \$711,135

### Business-type activities

Sewer	\$262,439
Water	316,774
Golf course	<u>19,130</u>

**Total depreciation expense - business-type activities** \$598,343

As of December 31, 2022, the Borough had outstanding construction projects to be completed. Construction commitments and the amounts completed as of December 31, 2022 are as follows:

	<u>Project Amount</u>	<u>Completed Through December 31, 2022</u>	<u>Remaining Commitments</u>
Brown Street water main replacement	\$ 474,830	\$ 291,973	\$ 182,857
Middle dam rehabilitation project	<u>4,912,166</u>	<u>3,721,388</u>	<u>1,190,778</u>
	<u>\$5,386,996</u>	<u>\$4,013,361</u>	<u>\$1,373,635</u>

The remaining construction in progress as of December 31, 2022 is related to costs not incurred under a formal construction commitment.

## (5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS,

The composition of interfund balances as of December 31, 2022 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$ 4,094	Capital Projects Fund	\$ 4,094
Water Fund	46,977	General Fund	46,977
Sewer Fund	98,551	General Fund	98,551
General Fund	12,869	Golf Course Fund	12,869
Sewer Fund	<u>600,000</u>	Water Fund	<u>600,000</u>
	<u>\$ 762,491</u>		<u>\$ 762,491</u>

# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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, 2022 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	\$ 17,000	Water Fund	\$ 17,000
Capital Projects Fund	48,653	General Fund	48,653
Nonmajor Governmental Funds	500	General Fund	500
Water Fund	3,183,656	Capital Projects Fund	3,183,656
Capital Projects Fund	<u>248,712</u>	Water Fund	<u>248,712</u>
	<u>\$3,498,521</u>		<u>\$3,498,521</u>

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

### (6) NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended December 31, 2022:

	<u>Balance January 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2022</u>	<u>Amount Due Within One Year</u>
<b>Governmental activities</b>					
<b>General obligation debt:</b>					
Notes payable	\$4,315,989	\$2,231,871	\$561,860	\$5,986,000	\$576,410
<b>Other noncurrent liabilities</b>					
Leases payable	189,813	-	25,643	164,170	26,449
Compensated absences	6,189	3,261	-	9,450	-
Net pension liability (asset)	<u>(332,560)</u>	<u>(455,606)</u>	<u>-</u>	<u>(788,166)</u>	<u>-</u>
<b>Total other noncurrent liabilities</b>	<u>(136,558)</u>	<u>(452,345)</u>	<u>25,643</u>	<u>(614,546)</u>	<u>26,449</u>
<b>Total noncurrent liabilities governmental activities</b>	<u>\$4,179,431</u>	<u>\$1,779,526</u>	<u>\$587,503</u>	<u>\$5,371,454</u>	<u>\$602,859</u>

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

<b>Business-type activities</b>					
<b>General obligation debt:</b>					
Notes payable	\$1,527,775	\$ 16,592	\$ 82,370	\$1,461,997	\$ 85,674
<b>Other noncurrent liabilities</b>					
Net pension liability (asset)	(391,523)	(425,252)	-	(816,775)	-
Compensated absences	<u>14,751</u>	<u>2,485</u>	<u>-</u>	<u>17,236</u>	<u>-</u>
<b>Total other noncurrent liabilities</b>	<u>(376,772)</u>	<u>(422,767)</u>	<u>-</u>	<u>(799,539)</u>	<u>-</u>
<b>Total noncurrent liabilities business-type activities</b>	<u>\$1,151,003</u>	<u>\$ (406,175)</u>	<u>\$ 82,370</u>	<u>\$ 662,458</u>	<u>\$ 85,674</u>

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

# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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### 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, 2022 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 \$846,000 at December 31, 2022.

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% through April 2026 and will convert to a variable rate not to exceed 4.85% through October 2035. The actual amount advanced and outstanding as of December 31, 2022 is \$5,140,000.

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>
2023	\$ 576,410	\$ 141,108	\$ 717,518
2024	591,370	125,985	717,355
2025	606,650	110,455	717,105
2026	415,540	99,569	515,109
2027	387,240	167,259	554,499
2028-2032	2,389,600	504,461	2,894,061
2023-2035	<u>1,019,190</u>	<u>42,200</u>	<u>1,061,390</u>
	<u>\$5,986,000</u>	<u>\$1,191,037</u>	<u>\$7,177,037</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 \$364,796 at December 31, 2022.

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# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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 \$418,931 at December 31, 2022.

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, 2022 is \$678,270.

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>
2023	\$ 85,674	\$ 37,825	\$ 123,499
2024	120,013	34,631	154,644
2025	123,280	31,350	154,630
2026	126,634	27,979	154,613
2027	130,070	24,516	154,586
2028-2032	527,326	72,590	599,916
2033-2036	<u>349,000</u>	<u>19,894</u>	<u>368,894</u>
	<u>\$1,461,997</u>	<u>\$248,785</u>	<u>\$1,710,782</u>

### Leases Payable

The Borough has entered into lease agreements for the financing of a fire pumper and public works equipment. Initial lease liabilities have been recorded in the amount of \$234,628. Lease payments are due both annually and monthly in varying amounts with interest rates ranging from 2.00% to 4.80%. As of December 31, 2022, the value of the lease liabilities was \$164,170. The assets are recorded in the amount of \$234,628 with an accumulated depreciation of \$100,777 as of December 31, 2022 and is included with noncurrent assets on the statement of net position.

The future minimum lease payments under the capital leases and the net present value of the future minimum lease payments as of December 31, 2022 are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	20,712	1,371	22,083
2028-2030	<u>57,299</u>	<u>1,589</u>	<u>58,888</u>
	<u>\$164,170</u>	<u>\$12,917</u>	<u>\$177,087</u>

# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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### (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 January 1, 2021:

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, 2021 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, 2022

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### 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)	24.50%	7.49%	4.99%
Domestic Equities (Small Capitalized Firms)	8.00%	8.18%	5.68%
International Equities (International Developed Markets)	14.50%	8.07%	5.57%
International Equities (Emerging Markets)	3.00%	8.21%	5.71%
Global Equities	5.00%	7.28%	4.78%
Real Estate	10.00%	7.40%	4.90%
Timber	5.00%	6.17%	3.67%
Fixed Income (Core Investment Grade)	24.00%	4.32%	1.82%
Fixed Income (Opportunistic Credit)	5.00%	7.88%	5.38%
Cash	1.00%	1.18%	-1.32%
Total Portfolio	<u>100.00%</u>	<u>7.42%</u>	<u>4.92%</u>

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, 2021.

### Net Pension Liability (Asset)

The Borough's net pension liability (asset) has been measured as of December 31, 2021. The total pension liability (asset) was determined by an actuarial valuation as of January 1, 2021 with liabilities measured at December 31, 2021. The net pension asset is \$1,495,083 measured as the difference between the total pension liability of \$8,035,455 and the fiduciary net position of \$9,530,538.

As of December 31, 2022, the net pension asset of \$690,822 is related to the governmental funds and is only recorded in the governmental activities in the government-wide statement of net position. The remaining \$804,260 of the net pension asset is recorded in the Sewer Fund for \$382,839 and in the Water Fund for \$421,422 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, 2021 were as follows:

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# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Fiduciary Position (B)</u>	<u>Net Pension Liability (Asset) (A) – (B)</u>
<b>Balances as of December 31, 2020</b>	\$7,875,117	\$8,548,452	\$ (673,335)
<b>Changes for the year:</b>			
Service cost	107,553	-	107,553
Interest on total pension liability	409,466	-	409,466
Employer contributions	-	192,329	(192,329)
Member contributions	-	36,661	(36,661)
PMRS investment income	-	400,289	(400,289)
Market value investment income	-	732,840	(732,840)
Benefit payments	(356,681)	(356,681)	-
PMRS administrative expense	-	(680)	680
Additional administrative expense	-	(22,672)	22,672
<b>Net changes</b>	<u>160,338</u>	<u>982,086</u>	<u>(821,748)</u>
<b>Balances as of December 31, 2021</b>	<u>\$8,035,455</u>	<u>\$9,530,538</u>	<u>\$(1,495,083)</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)	\$(612,202)	\$(1,495,083)	\$(2,258,273)

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

For the year ended December 31, 2022, the Borough recognized negative pension expense of \$286,859. At December 31, 2022 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	\$ 39,527	\$ 218,111
Changes in assumptions	208,910	-
Net difference between projected and actual earnings on pension plan investments	-	1,078,317
Contributions subsequent to the measurement date	<u>179,223</u>	<u>-</u>
	<u>\$427,660</u>	<u>\$1,296,428</u>

An amount of \$179,223 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, 2022.

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

# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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**Year ended December 31,**

2022	\$ (258,702)
2023	(428,887)
2024	(213,834)
2025	<u>(146,568)</u>
	<u><u>\$(1,047,991)</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 2006 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.pMrs.state.pa.us/publications/index.html>.

**Plan Membership**

Membership in the Cash Balance Plan consisted of the following at January 1, 2021:

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

**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.

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# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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### 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, 2021 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)	24.50%	7.49%	4.99%
Domestic Equities (Small Capitalized Firms)	8.00%	8.18%	5.68%
International Equities (International Developed Markets)	14.50%	8.07%	5.57%
International Equities (Emerging Markets)	3.00%	8.21%	5.71%
Global Equities	5.00%	7.28%	4.78%
Real Estate	10.00%	7.40%	4.90%
Timber	5.00%	6.17%	3.67%
Fixed Income (Core Investment Grade)	24.00%	4.32%	1.82%
Fixed Income (Opportunistic Credit)	5.00%	7.88%	5.38%
Cash	<u>1.00%</u>	<u>1.18%</u>	<u>-1.32%</u>
Total Portfolio	<u>100.00%</u>	<u>7.42%</u>	<u>4.92%</u>

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# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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, 2021.

### **Net Pension Liability (Asset)**

The Borough's net pension liability (asset) has been measured as of December 31, 2021. The total pension liability was determined by an actuarial valuation as of January 1, 2021 with liabilities measured at December 31, 2021. The net pension asset is \$109,858 and measured as the difference between the total pension liability of \$229,007 and the fiduciary net position of \$338,865.

As of December 31, 2022, the net pension asset of \$97,344 is related to the governmental funds and is only recorded in the governmental activities in the government-wide statement of net position. The remaining \$12,513 of the net pension asset is recorded in the Sewer Fund for \$4,321 and in the Water Fund for \$8,193 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, 2021 were as follows:

	<b><u>Total Pension Liability (A)</u></b>	<b><u>Plan Fiduciary Net Fiduciary Position (B)</u></b>	<b><u>Net Pension Liability (Asset) (A) – (B)</u></b>
<b>Balances as of December 31, 2020</b>	\$197,947	\$248,695	\$ (50,748)
<b>Changes for the year:</b>			
Service cost	52,162	-	52,162
Interest on total pension liability	10,215	-	10,215
Differences between expected and actual experience	(31,317)	-	(31,317)
Employer contributions	-	42,375	(42,375)
Member contributions	-	10,147	(10,147)
PMRS investment income	-	12,150	(12,150)
Market value investment income	-	26,546	(26,546)
Transfers	-	-	-
Benefit payments	-	-	-
PMRS administrative expense	-	(360)	360
Additional administrative expense	-	(688)	688
<b>Net changes</b>	<u>31,060</u>	<u>90,170</u>	<u>(59,110)</u>
<b>Balances as of December 31, 2021</b>	<u>\$229,007</u>	<u>\$338,865</u>	<u>\$ (109,858)</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:

	<b><u>1% Decrease 4.25%</u></b>	<b><u>Current Discount Rate 5.25%</u></b>	<b><u>1% Increase 6.25%</u></b>
Net pension liability (asset)	\$(64,056)	\$(109,858)	\$(155,659)

# BOROUGH OF EAST STROUDSBURG

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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

For the year ended December 31, 2022, the Borough recognized pension expense of \$23,963. 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	\$ -	\$39,052
Net difference between projected and actual earnings on pension plan investments	-	39,946
Contributions subsequent to the measurement date	<u>34,530</u>	<u>-</u>
	<u>\$34,530</u>	<u>\$78,998</u>

An amount of \$34,530 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, 2022.

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,

2022	\$(15,899)
2023	(18,147)
2024	(14,408)
2025	(9,919)
2026	(3,555)
Thereafter	<u>(17,070)</u>
	<u>\$(78,998)</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 2006 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, 2022**

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### **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 2022. 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 September 12, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2022 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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
<b>Taxes</b>			
Real estate-current year levy	\$ 1,175,235	\$ 1,148,848	\$ (26,387)
Real estate-current year levy - interim	450	1,574	1,124
Real estate-prior years levy	3,223	121	(3,102)
Real estate-payment in lieu	4,500	6,622	2,122
Real estate-delinquent taxes	<u>114,000</u>	<u>161,909</u>	<u>47,909</u>
<b>Total real estate taxes</b>	<u>1,297,408</u>	<u>1,319,074</u>	<u>21,666</u>
Local tax enabling act (Act 511)			
Real estate transfer	165,000	309,467	144,467
Earned income tax	925,000	1,015,480	90,480
Municipal services tax	<u>275,000</u>	<u>299,836</u>	<u>24,836</u>
Total local tax enabling act	<u>1,365,000</u>	<u>1,624,783</u>	<u>259,783</u>
<b>Total taxes</b>	<u>2,662,408</u>	<u>2,943,857</u>	<u>281,449</u>
<b>Licenses and permits</b>			
Health/restaurant licenses	14,000	20,349	6,349
Rental license	162,500	151,932	(10,568)
Cable TV franchise tax	123,000	113,087	(9,913)
Event permit fees	1,500	1,225	(275)
Street opening permits	12,000	7,000	(5,000)
Zoning permits and fees	125,000	96,881	(28,119)
Zoning plan review	8,200	24,559	16,359
Miscellaneous permits	<u>2,500</u>	<u>12,195</u>	<u>9,695</u>
<b>Total licenses and permits</b>	<u>448,700</u>	<u>427,228</u>	<u>(21,472)</u>
<b>Fines and forfeits</b>			
Vehicle code violations	190,000	182,518	(7,482)
Violation of zoning ordinances and statutes	36,000	20,364	(15,636)
Vehicle boot fines	<u>50</u>	<u>-</u>	<u>(50)</u>
<b>Total fines and forfeits</b>	<u>226,050</u>	<u>202,882</u>	<u>(23,168)</u>
<b>Interest, rent and royalties</b>			
Interest income	5,500	8,780	3,280
Royalties - cell tower	27,645	29,798	2,153
Rent of buildings	<u>100</u>	<u>201</u>	<u>101</u>
<b>Total interest, rent and royalties</b>	<u>33,245</u>	<u>38,779</u>	<u>5,534</u>
<b>Intergovernmental revenues</b>			
Recycling/Act 101	22,000	20,340	(1,660)
General municipal pension aid	45,900	43,170	(2,730)
Public utility realty/beverage tax	5,600	4,893	(707)
Fire insurance premium tax	<u>48,000</u>	<u>48,454</u>	<u>454</u>
<b>Total intergovernmental revenues</b>	<u>121,500</u>	<u>116,857</u>	<u>(4,643)</u>

# BOROUGH OF EAST STROUDSBURG

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues (continued)</b>			
<b>Charges for services</b>			
Closing report fee	12,500	14,775	2,275
Copies	5	33	28
Rental unit reinspection fees	1,500	-	(1,500)
Meter revenue	100,000	100,654	654
Parking permits	18,000	22,630	4,630
Parking permits-residential	1,750	1,347	(403)
Meter bags	150	2,501	2,351
PennDOT snow removal	20,352	21,415	1,063
Borough DPW services	1,200	1,060	(140)
Solid waste user fees	999,936	910,272	(89,664)
Solid waste fees prior/delinquent	15,500	21,834	6,334
Solid waste bulk	31,041	18,522	(12,519)
Lien rents solid waste	33,000	-	(33,000)
Garbage lien interest	8,500	4,445	(4,055)
<b>Total charges for services</b>	<u>1,243,434</u>	<u>1,119,488</u>	<u>(123,946)</u>
<b>Miscellaneous</b>			
Miscellaneous income	-	4,533	4,533
Shopping cart fees	6,500	4,185	(2,315)
Stroudsburg share of employees	17,992	3,555	(14,437)
Employee contribution healthcare	9,099	8,097	(1,002)
Shade tree contributions	-	100	100
Damage to Borough property	15,000	-	(15,000)
Dividends received	54,000	137,588	83,588
<b>Total miscellaneous</b>	<u>102,591</u>	<u>158,058</u>	<u>55,467</u>
<b>Total revenues</b>	<u>4,837,928</u>	<u>5,007,149</u>	<u>169,221</u>
<b>Expenditures</b>			
<b>General government</b>			
<b>Legislative body</b>			
Council salary	7,500	7,500	-
Mayor salary	2,500	5,000	(2,500)
FICA	620	738	(118)
Medicare	145	173	(28)
Training/conferences	1,000	-	1,000
Dues/subscriptions	1,500	1,767	(267)
Miscellaneous/travel	250	(99)	349
<b>Total legislative body</b>	<u>13,515</u>	<u>15,079</u>	<u>(1,564)</u>

# BOROUGH OF EAST STROUDSBURG

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>General government (continued)</b>			
<b>Administration</b>			
Manager salary	34,186	34,188	(2)
Director of public works salary	26,198	7,259	18,939
Staff salary	54,322	54,511	(189)
Utility billing coordinator	10,396	10,399	(3)
FICA	8,106	9,048	(942)
Medicare	1,896	1,847	49
Overtime	450	-	450
Office supplies	2,400	3,613	(1,213)
Office equipment/furniture	225	481	(256)
IT expenses	2,250	4,287	(2,037)
Computer equipment/supplies	1,650	1,875	(225)
Equipment repairs/maintenance	825	980	(155)
Data storage software	1,650	734	916
Telephone/internet	2,595	2,515	80
Postage	4,650	2,455	2,195
Travel	165	770	(605)
Advertising/printing	1,650	2,720	(1,070)
Dues/subscription/memberships	2,700	5,844	(3,144)
Conferences/training	1,275	1,381	(106)
Property and liability insurance	7,451	8,955	(1,504)
Workers compensation insurance	2,652	3,190	(538)
Public officials liability	872	1,081	(209)
Life/disability insurance	1,321	916	405
Major medical (BC/BS)	34,917	32,475	2,442
Health insurance buyout/HRA	562	943	(381)
Nonuniform pension MMO	10,425	13,818	(3,393)
Unemployment compensation	1,126	1,517	(391)
<b>Total administration</b>	<u>216,915</u>	<u>207,802</u>	<u>9,113</u>
<b>Auditing services/financial administration</b>			
Trustee charge bond payment	1,500	1,243	257
Auditing services	11,625	10,750	875
Accounting services	3,250	2,326	924
Accounting software	1,900	2,547	(647)
Credit card fees	6,250	10,575	(4,325)
<b>Total auditing services/financial administration</b>	<u>24,525</u>	<u>27,441</u>	<u>(2,916)</u>
<b>Tax collection</b>			
Salary-tax collector	4,092	4,885	(793)
FICA	254	216	38
Medicare	59	55	4
Materials and supplies	747	1,289	(542)
Commissions			
Delinquent real estate	747	2,608	(1,861)

# BOROUGH OF EAST STROUDSBURG

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>General government (continued)</b>			
<b>Tax collection (continued)</b>			
Local service tax	4,250	4,553	(303)
Earned income tax	11,500	15,274	(3,774)
Real estate transfer tax	10,000	6,489	3,511
<b>Total tax collection</b>	<u>31,649</u>	<u>35,369</u>	<u>(3,720)</u>
<b>Solicitor/legal services</b>			
Legal expenses	155,000	166,931	(11,931)
<b>Engineering services</b>			
Engineering services	-	93,441	(93,441)
<b>General government buildings and plant</b>			
Materials and supplies	450	1,675	(1,225)
Electricity	3,713	4,760	(1,047)
Electricity annex	1,575	1,329	246
Gas (heat) annex	788	1,407	(619)
Maintenance and repair	1,125	10,372	(9,247)
Maintenance and repair annex	1,125	2,978	(1,853)
<b>Total general government buildings and plant</b>	<u>8,776</u>	<u>22,521</u>	<u>(13,745)</u>
<b>Total general government</b>	<u>450,380</u>	<u>568,584</u>	<u>(118,204)</u>
<b>Public safety</b>			
<b>Police</b>			
Regional police services	2,724,954	2,724,954	-
<b>Fire</b>			
Auxiliary donation	12,500	10,103	2,397
Vehicle maintenance/supplies	10,000	8,370	1,630
Small tools/equipment	5,500	753	4,747
Telephone/internet	2,500	2,635	(135)
Radio maintenance	15,500	4,305	11,195
Electricity	10,500	9,539	961
Gas (heat)	4,850	166	4,684
Equipment testing	5,500	7,580	(2,080)
Building maintenance	12,500	20,283	(7,783)
Contracted services	2,500	2,841	(341)
Mileage	1,000	-	1,000
Contribution - fire relief fund	41,000	48,453	(7,453)
Workers compensation insurance	6,435	7,714	(1,279)
<b>Total fire</b>	<u>130,285</u>	<u>122,742</u>	<u>7,543</u>

**BOROUGH OF EAST STROUDSBURG**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Public safety (continued)</b>			
<b>UCC and code enforcement</b>			
Code enforcement officer salary	43,680	24,384	19,296
Staff salary	80,949	68,189	12,760
FICA	7,742	5,740	2,002
Medicare	1,811	1,297	514
Overtime	250	-	250
Materials and supplies	1,250	1,064	186
Computer equipment/supplies	1,250	6	1,244
Vehicle operation	500	-	500
Vehicle maintenance	500	163	337
Software license	8,500	7,066	1,434
Advertising/printing	2,000	747	1,253
Dues/subscriptions/memberships	750	442	308
Conferences/training	500	-	500
Capital purchase	7,500	-	7,500
Property and liability insurance	9,389	7,794	1,595
Workers compensation insurance	3,342	2,777	565
Public officials liability	1,098	941	157
Life/disability insurance	1,665	798	867
Major medical (BC/BS)	43,999	28,266	15,733
Health insurance buyout/HRA	709	820	(111)
Nonuniform pension MMO	13,137	12,028	1,109
Unemployment compensation	1,418	1,321	97
<b>Total UCC and code enforcement</b>	<u>231,939</u>	<u>163,843</u>	<u>68,096</u>
<b>Planning and zoning</b>			
Engineering	52,500	40,759	11,741
Legal services	15,500	3,279	12,221
Contracted permitting	85,000	151,380	(66,380)
<b>Total planning and zoning</b>	<u>153,000</u>	<u>195,418</u>	<u>(42,418)</u>
<b>Emergency services</b>			
Monroe County Control Center	50,832	50,832	-
<b>Total public safety</b>	<u>3,291,010</u>	<u>3,257,789</u>	<u>33,221</u>
<b>Human and health services</b>			
<b>General health services</b>			
Salaries and wages	9,373	6,854	2,519
FICA	581	133	448
Medicare	136	27	109
Material and supplies	150	-	150
Computer equipment/supplies	350	-	350
<b>Total human and health services</b>	<u>10,590</u>	<u>7,014</u>	<u>3,576</u>

# BOROUGH OF EAST STROUDSBURG

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Public works - sanitation</b>			
<b>Recycling/solid waste collection and disposal</b>			
Staff salaries	113,755	93,415	20,340
FICA	7,053	5,632	1,421
Medicare	1,649	1,468	181
Overtime	500	-	500
Materials and supplies	750	1,696	(946)
Recycling grant to Twin boroughs	22,000	20,339	1,661
Advertising/printing	500	692	(192)
Conferences/training	500	-	500
Landfill engineering	15,250	7,881	7,369
Refuse collection/disposal contract	866,920	755,190	111,730
Trash bags	31,041	80,680	(49,639)
Property and liability insurance	8,570	7,865	705
Workers compensation insurance	3,051	2,802	249
Public officials liability	1,002	950	52
Life/disability insurance	1,520	804	716
Major medical (BC/BS)	40,160	28,523	11,637
Health insurance buyout/HRA	647	828	(181)
Nonuniform pension MMO	11,991	12,137	(146)
Unemployment compensation	1,293	1,333	(40)
<b>Total public works - sanitation</b>	<u>1,128,152</u>	<u>1,022,235</u>	<u>105,917</u>
<b>Public works - highways and streets</b>			
<b>Street department</b>			
Street superintendent salary	22,171	20,462	1,709
Staff salary	138,965	115,816	23,149
FICA	10,142	13,559	(3,417)
Medicare	2,372	3,233	(861)
Overtime	2,438	14,429	(11,991)
Office supplies	244	130	114
Computer equipment/supplies	488	855	(367)
Office equipment maintenance/repair	81	(165)	246
Vehicle operation (fuel, oil, fluids)	16,088	17,277	(1,189)
Uniforms	1,463	1,872	(409)
Vehicle maintenance repair	5,038	6,534	(1,496)
Small tools/minor equipment	488	402	86
Drug testing	179	222	(43)
Telephone/internet	406	359	47
Radio purchase/maintenance	81	-	81
Travel	276	170	106
Electricity	535	1,032	(497)

**BOROUGH OF EAST STROUDSBURG**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Public works - highways and streets (continued)</b>			
Gas (heat)	1,706	1,553	153
Building Maintenance	1,624	1,870	(246)
Equipment maintenance and repair	6,012	5,813	199
Conferences/training	325	731	(406)
Equipment lease	10,965	21,245	(10,280)
Property-liability insurance	12,322	12,688	(366)
Workers comp insurance	4,387	4,521	(134)
Public officials liability	1,441	1,532	(91)
Life/disability insurance	2,186	1,298	888
Major medical (BC/BS)	57,748	46,017	11,731
Health insurance buyout/HRA	930	1,336	(406)
Nonuniform pension MMO	17,242	19,581	(2,339)
Unemployment compensation	1,860	2,150	(290)
<b>Total street department</b>	<u>320,203</u>	<u>316,522</u>	<u>3,681</u>
<b>Cleaning of streets and gutters</b>			
Machinery maintenance/supplies	<u>6,500</u>	<u>6,613</u>	<u>(113)</u>
<b>Winter maintenance - snow removal</b>			
Snow and ice removal supplies	<u>2,750</u>	<u>16,552</u>	<u>(13,802)</u>
<b>Traffic control devices</b>			
Material and supplies	<u>2,250</u>	<u>5,104</u>	<u>(2,854)</u>
<b>Street lighting</b>			
Operation/maintenance	<u>1,000</u>	<u>445</u>	<u>555</u>
<b>Storm sewers and drains</b>			
Materials and supplies	1,000	902	98
Electricity pond pumps	500	-	500
Contracted services	<u>2,500</u>	<u>-</u>	<u>2,500</u>
<b>Total storm sewers and drains</b>	<u>4,000</u>	<u>902</u>	<u>3,098</u>
<b>Maintenance and repairs of roads and bridges</b>			
Materials and supplies/street maintenance	<u>1,000</u>	<u>1,626</u>	<u>(626)</u>
<b>Total public works - highways and streets</b>	<u>337,703</u>	<u>347,764</u>	<u>(10,061)</u>

**BOROUGH OF EAST STROUDSBURG**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Public works - other</b>			
<b>Parking</b>			
Parking enforcement officer	79,560	48,889	30,671
FICA	4,964	3,218	1,746
Medicare	1,161	685	476
Overtime	500	-	500
Uniforms	850	505	345
Snow removal supplies	-	535	-
Vehicle registration/inspection	1,500	1,827	(327)
Meter purchase	2,500	25	2,475
Parking permits	11,500	10,320	1,180
Software	1,500	962	538
Postage	500	-	500
Radio purchase/maintenance	250	-	250
Advertising/printing	1,750	3,601	(1,851)
Parking lot maintenance	1,000	84	916
Meter repair/maintenance supplies	1,000	691	309
Capital purchase	7,500	9,396	(1,896)
Property and liability insurance	5,994	4,116	1,878
Workers compensation insurance	2,134	1,466	668
Public officials liability	701	497	204
Life/disability insurance	1,063	421	642
Major medical (BC/BS)	28,088	14,928	13,160
Health insurance buyout/HRA	452	433	19
Nonuniform pension MMO	8,386	6,352	2,034
Unemployment compensation	905	698	207
<b>Total parking</b>	<u>163,758</u>	<u>109,649</u>	<u>54,644</u>
<b>Storm water and flood control</b>			
Engineering	10,500	-	10,500
Levee maintenance	75,000	338	74,662
Equipment maintenance and repairs	750	-	750
<b>Total storm water and flood control</b>	<u>86,250</u>	<u>338</u>	<u>85,912</u>
<b>Total public works - other</b>	<u>250,008</u>	<u>109,987</u>	<u>140,556</u>
<b>Culture and recreation</b>			
<b>Participant recreation</b>			
Building maintenance/repair	1,005	-	1,005
Pool maintenance/repair	3,000	752	2,248
Small tools and equipment	100	238	(138)
Materials and supplies	595	50	545
MCCD stream gauge	500	-	500
<b>Total participant recreation</b>	<u>5,200</u>	<u>1,040</u>	<u>4,160</u>

# BOROUGH OF EAST STROUDSBURG

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Parks</b>			
Equipment maintenance and repairs	-	248	(248)
<b>Shade trees</b>			
Materials and supplies	2,500	-	2,500
Maintenance	7,500	3,400	4,100
New planting	2,500	289	2,211
<b>Total shade trees</b>	<u>12,500</u>	<u>3,689</u>	<u>8,811</u>
<b>Total culture and recreation</b>	<u>17,700</u>	<u>4,977</u>	<u>12,723</u>
<b>Community development</b>			
<b>Economic development</b>			
Comprehensive plan implementation	5,000	-	5,000
Parking/traffic/mobility study	2,500	-	2,500
<b>Total economic development</b>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
<b>Community development (continued)</b>			
<b>Community development - other</b>			
Maintenance and repair (decorations)	1,500	4,454	(2,954)
Contribution ECA	10,000	10,000	-
<b>Total community development - other</b>	<u>11,500</u>	<u>14,454</u>	<u>(2,954)</u>
<b>Total community development</b>	<u>19,000</u>	<u>14,454</u>	<u>4,546</u>
<b>Total expenditures</b>	<u>5,504,543</u>	<u>5,332,804</u>	<u>172,274</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(666,615)</u>	<u>(325,655)</u>	<u>341,495</u>
<b>Other financing sources (uses)</b>			
Transfers in	17,000	17,000	-
Transfers out	(200)	(49,153)	(48,953)
Sale of capital assets	650,000	-	(650,000)
<b>Total other financing sources (uses)</b>	<u>666,800</u>	<u>(32,153)</u>	<u>(698,953)</u>
<b>Net change in fund balance</b>	<u>\$ 185</u>	<u>(357,808)</u>	<u>\$ (357,458)</u>
<b>Fund balance</b>			
Beginning of the year		<u>564,410</u>	
<b>End of year</b>		<u>\$ 206,602</u>	

# BOROUGH OF EAST STROUDSBURG

## BUDGETARY COMPARISON SCHEDULE - STATE LIQUID FUELS FUND

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
<b>Interest, rent and royalties</b>			
Interest income	\$ 165	\$ 7,213	\$ 7,048
<b>Intergovernmental revenues</b>			
PennDOT liquid fuels allocation	275,293	238,656	(36,637)
Turnback allocation	6,040	6,040	-
<b>Total intergovernmental revenues</b>	<u>281,333</u>	<u>244,696</u>	<u>(36,637)</u>
<b>Total revenues</b>	<u>281,498</u>	<u>251,909</u>	<u>(29,589)</u>
<b>Expenditures</b>			
<b>Public works - highways and streets</b>			
<b>Street department</b>			
Capital purchase	110,000	-	110,000
<b>Winter maintenance - snow removal</b>			
Snow and ice removal supplies	52,250	48,600	3,650
Contracted snow removal	3,500	585	2,915
<b>Total winter maintenance - snow removal</b>	<u>55,750</u>	<u>49,185</u>	<u>6,565</u>
<b>Traffic control devices</b>			
Electricity	3,250	4,812	(1,562)
Material and supplies	2,250	9,179	(6,929)
<b>Total traffic control devices</b>	<u>5,500</u>	<u>13,991</u>	<u>(8,491)</u>
<b>Street lighting</b>			
Electric	26,625	29,585	(2,960)
Street light repair	250	584	(334)
<b>Total street lighting</b>	<u>26,875</u>	<u>30,169</u>	<u>(3,294)</u>
<b>Storm sewers and drains</b>			
Materials and supplies	19,000	9,730	9,270
<b>Maintenance and repairs of roads and bridges</b>			
Materials and supplies/street maintenance	19,000	12,460	6,540
Street paving	37,500	1,139	36,361
<b>Total maintenance and repairs of roads and bridges</b>	<u>56,500</u>	<u>13,599</u>	<u>42,901</u>
<b>Total public works - highways and streets</b>	<u>273,625</u>	<u>116,674</u>	<u>156,951</u>
<b>Total expenditures</b>	<u>273,625</u>	<u>116,674</u>	<u>156,951</u>
<b>Net change in fund balance</b>	<u>\$ 7,873</u>	<u>135,235</u>	<u>\$ 127,362</u>
<b>Fund balance</b>			
Beginning of the year		290,528	
<b>End of year</b>		<u>\$ 425,763</u>	

**BOROUGH OF EAST STROUDSBURG**

**BUDGETARY COMPARISON SCHEDULE - FIRE APPARATUS FUND**

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
<b>Taxes</b>			
Real estate-current year levy	\$ 32,178	\$ 30,232	\$ (1,946)
Real estate-current year levy - prior year	<u>82</u>	<u>82</u>	<u>-</u>
<b>Total taxes</b>	<u>32,260</u>	<u>30,314</u>	<u>(1,946)</u>
<b>Interest, rent and royalties</b>			
Interest income	<u>25</u>	<u>3</u>	<u>(22)</u>
<b>Total revenues</b>	<u>32,285</u>	<u>30,317</u>	<u>(1,968)</u>
<b>Expenditures</b>			
<b>General government</b>			
<b>Auditing services/financial administration</b>			
Auditing services	<u>2,558</u>	<u>2,150</u>	<u>408</u>
<b>Tax collection</b>			
Salary-tax collector	238	192	46
FICA	15	23	(8)
Medicare	3	5	(2)
Materials and supplies	44	75	(31)
Delinquent real estate commission	<u>44</u>	<u>138</u>	<u>(94)</u>
<b>Total tax collection</b>	<u>344</u>	<u>433</u>	<u>(89)</u>
<b>Total general government</b>	<u>2,902</u>	<u>2,583</u>	<u>319</u>
<b>Public safety</b>			
<b>Fire</b>			
Equipment lease	<u>23,924</u>	<u>22,083</u>	<u>1,841</u>
<b>Total expenditures</b>	<u>26,826</u>	<u>24,666</u>	<u>2,160</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>5,459</u>	<u>5,651</u>	<u>192</u>
<b>Other financing sources</b>			
Transfers in	<u>-</u>	<u>100</u>	<u>100</u>
<b>Net change in fund balance</b>	<u>\$ 5,459</u>	<u>\$ 5,751</u>	<u>\$ 292</u>
<b>Fund balance</b>			
Beginning of the year		<u>-</u>	
<b>End of year</b>		<u>\$ 5,751</u>	

**BOROUGH OF EAST STROUDSBURG**

**BUDGETARY COMPARISON SCHEDULE - STREET FUND**

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
<b>Taxes</b>			
Real estate-current year levy	\$ 52,699	\$ 65,202	\$ 12,503
Real estate-current year levy - prior year	<u>131</u>	<u>131</u>	<u>-</u>
<b>Total taxes</b>	<u>52,830</u>	<u>65,333</u>	<u>12,503</u>
<b>Interest, rent and royalties</b>			
Interest income	<u>15</u>	<u>-</u>	<u>(15)</u>
<b>Total revenues</b>	<u>52,845</u>	<u>65,333</u>	<u>12,488</u>
<b>Expenditures</b>			
<b>General government</b>			
<b>Tax collection</b>			
Salary-tax collector	320	259	61
FICA	20	27	(7)
Medicare	5	6	(1)
Materials and supplies	59	101	(42)
Delinquent real estate commission	<u>59</u>	<u>184</u>	<u>(125)</u>
<b>Total tax collection</b>	<u>463</u>	<u>577</u>	<u>(114)</u>
<b>Engineering services</b>			
Engineering services	<u>13,750</u>	<u>13,750</u>	<u>-</u>
<b>Total general government</b>	<u>14,213</u>	<u>14,327</u>	<u>(114)</u>
<b>Public works - highways and streets</b>			
<b>Maintenance and repairs of roads and bridges</b>			
Street paving	<u>37,500</u>	<u>51,006</u>	<u>(13,506)</u>
<b>Total expenditures</b>	<u>51,713</u>	<u>65,333</u>	<u>(13,620)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,132</u>	<u>-</u>	<u>(1,132)</u>
<b>Other financing sources</b>			
Transfers in	<u>-</u>	<u>100</u>	<u>100</u>
<b>Net change in fund balance</b>	<u>\$ 1,132</u>	<u>\$ 100</u>	<u>\$ (1,032)</u>
<b>Fund balance</b>			
Beginning of the year		<u>-</u>	
<b>End of year</b>		<u>\$ 100</u>	

# BOROUGH OF EAST STROUDSBURG

## BUDGETARY COMPARISON SCHEDULE - RECREATION FUND

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
<b>Taxes</b>			
Real estate-current year levy	\$ 225,254	\$ 168,500	\$ (56,754)
Real estate-current year levy - prior year	567	567	-
Real estate-delinquent taxes	10,000	10,000	-
<b>Total taxes</b>	<u>235,821</u>	<u>179,067</u>	<u>(56,754)</u>
<b>Interest, rent and royalties</b>			
Interest income	-	-	-
<b>Total revenues</b>	<u>235,821</u>	<u>179,067</u>	<u>(56,754)</u>
<b>Expenditures</b>			
<b>General government</b>			
Manager salary	5,698	5,676	22
Director of public works salary	4,366	1,037	3,329
Staff salary	9,054	12,736	(3,682)
FICA	1,351	1,459	(108)
Medicare	316	346	(30)
Overtime	75	-	75
Office supplies	400	613	(213)
Office equipment/furniture	38	80	(42)
IT expenses	375	714	(339)
Computer equipment/supplies	275	312	(37)
Equipment repairs/maintenance	138	46	92
Data storage software	275	122	153
Telephone/internet	432	399	33
Postage	775	499	276
Travel	27	128	(101)
Advertising/printing	275	337	(62)
Dues/subscription/memberships	450	916	(466)
Conferences/training	212	56	156
<b>Total administration</b>	<u>24,532</u>	<u>25,476</u>	<u>(114,452)</u>
<b>Auditing services/financial administration</b>			
Auditing services	<u>2,558</u>	<u>2,150</u>	<u>408</u>
<b>Tax collection</b>			
Salary-tax collector	969	783	186
FICA	60	60	-
Medicare	14	13	1
Materials and supplies	177	305	(128)
Delinquent real estate commission	177	558	(381)
<b>Total tax collection</b>	<u>1,397</u>	<u>1,719</u>	<u>(322)</u>
<b>Total general government</b>	<u>28,487</u>	<u>29,345</u>	<u>(114,366)</u>

# BOROUGH OF EAST STROUDSBURG

## BUDGETARY COMPARISON SCHEDULE - RECREATION FUND

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Public works - highways and streets</b>			
<b>Street department</b>			
Street superintendent salary	3,411	3,410	1
Staff salary	21,379	22,668	(1,289)
FICA	1,560	522	1,038
Medicare	365	93	272
Overtime	375	-	375
Office supplies	38	42	(4)
Computer equipment/supplies	75	-	75
Office equipment maintenance/repair	13	37	(24)
Vehicle operation (fuel, oil, fluids)	2,475	2,394	81
Uniforms	225	235	(10)
Vehicle maintenance repair	775	916	(141)
Small tools/minor equipment	75	62	13
Drug testing	28	30	(2)
Telephone/internet	63	60	3
Radio purchase/maintenance	13	-	13
Travel	42	-	42
Electricity	82	127	(45)
Gas (heat)	262	259	3
Building Maintenance	250	267	(17)
Equipment maintenance and repair	925	901	24
Conferences/training	50	-	50
Equipment lease	1,686	78	1,608
<b>Total street department</b>	<u>34,167</u>	<u>32,101</u>	<u>2,066</u>
<b>Culture and recreation</b>			
<b>Participant recreation</b>			
Building maintenance/repair (pool)	495	1,948	(1,453)
Electricity (pool)	1,100	6,391	(5,291)
Gas (pool)	1,250	1,279	(29)
Maintenance and repair services (pool)	1,750	2,160	(410)
Stewardship contributino (SROSRC)	150,622	86,827	63,795
<b>Total participant recreation</b>	<u>155,217</u>	<u>98,605</u>	<u>56,612</u>
<b>Parks</b>			
Recreation equipment	500	367	133
Telephone/internet	1,500	1,197	303
Electric	6,500	1,109	5,391
Land maintenance	3,500	5,577	(2,077)
Equipment maintenance and repairs	500	612	(112)
Building maintenance and repairs	1,440	5,424	(3,984)
Portable toilet rentals	4,500	3,190	1,310
Capital purchase	2,000	1,540	460
<b>Total parks</b>	<u>20,440</u>	<u>19,016</u>	<u>212</u>
<b>Total culture and recreation</b>	<u>175,657</u>	<u>117,621</u>	<u>56,824</u>

**BOROUGH OF EAST STROUDSBURG**

**BUDGETARY COMPARISON SCHEDULE - RECREATION FUND**

**For the year ended December 31, 2022**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Total expenditures</b>	238,311	179,067	(55,476)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(2,490)	-	(1,278)
<b>Other financing sources</b>			
Transfers in	2,490	100	(2,390)
<b>Net change in fund balance</b>	<u>\$ -</u>	100	<u>\$ (3,668)</u>
<b>Fund balance</b>			
Beginning of the year		-	
<b>End of year</b>		<u>\$ 100</u>	

**BOROUGH OF EAST STROUDSBURG**

**BUDGETARY COMPARISON SCHEDULE - STREET LIGHTING FUND**

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
<b>Taxes</b>			
Real estate-current year levy	\$ 83,666	\$ 81,260	\$ (2,406)
Real estate-current year levy - prior year	<u>212</u>	<u>-</u>	<u>(212)</u>
<b>Total taxes</b>	<u>83,878</u>	<u>81,260</u>	<u>(2,618)</u>
<b>Total revenues</b>	<u>83,878</u>	<u>81,260</u>	<u>(2,618)</u>
<b>Expenditures</b>			
<b>General government</b>			
<b>Auditing services/financial administration</b>			
Auditing services	<u>1,860</u>	<u>2,150</u>	<u>(290)</u>
<b>Tax collection</b>			
Salary-tax collector	403	325	78
FICA	25	31	(6)
Medicare	6	7	(1)
Materials and supplies	73	127	(54)
Delinquent real estate commission	<u>73</u>	<u>232</u>	<u>(159)</u>
<b>Total tax collection</b>	<u>580</u>	<u>722</u>	<u>(142)</u>
<b>Total general government</b>	<u>2,440</u>	<u>2,872</u>	<u>(432)</u>
<b>Public works - highways and streets</b>			
<b>Street lighting</b>			
Electricity	79,875	85,206	(5,331)
Street light repair	<u>750</u>	<u>-</u>	<u>750</u>
<b>Total street lighting</b>	<u>80,625</u>	<u>85,206</u>	<u>(4,581)</u>
<b>Total expenditures</b>	<u>83,065</u>	<u>88,078</u>	<u>(5,013)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>813</u>	<u>(6,818)</u>	<u>(7,631)</u>
<b>Other financing sources</b>			
Transfers in	<u>-</u>	<u>100</u>	<u>100</u>
<b>Net change in fund balance</b>	<u>\$ 813</u>	<u>(6,718)</u>	<u>\$ (7,531)</u>
<b>Fund balance</b>			
Beginning of the year		<u>-</u>	
<b>End of year</b>		<u>\$ (6,718)</u>	

**BOROUGH OF EAST STROUDSBURG**

**BUDGETARY COMPARISON SCHEDULE - PENSION FUND**

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
<b>Taxes</b>			
Real estate-current year levy	\$ 34,512	\$ 38,831	\$ 4,319
Real estate-current year levy - prior year	<u>87</u>	<u>-</u>	<u>(87)</u>
<b>Total taxes</b>	<u>34,599</u>	<u>38,831</u>	<u>4,232</u>
<b>Total revenues</b>	<u>34,599</u>	<u>38,831</u>	<u>4,232</u>
<b>Expenditures</b>			
<b>General government</b>			
<b>Tax collection</b>			
Salary-tax collector	164	133	31
FICA	10	19	(9)
Medicare	2	4	(2)
Materials and supplies	30	52	(22)
Delinquent real estate commission	<u>30</u>	<u>95</u>	<u>(65)</u>
<b>Total tax collection</b>	<u>236</u>	<u>303</u>	<u>(67)</u>
<b>Miscellaneous</b>			
Nonuniform pension MMO	<u>34,183</u>	<u>38,528</u>	<u>(4,345)</u>
<b>Total general government</b>	<u>34,419</u>	<u>38,831</u>	<u>(4,412)</u>
<b>Total expenditures</b>	<u>34,419</u>	<u>38,831</u>	<u>(4,412)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>180</u>	<u>-</u>	<u>(4,412)</u>
<b>Other financing sources</b>			
Transfers in	<u>-</u>	<u>100</u>	<u>100</u>
<b>Net change in fund balance</b>	<u>\$ 180</u>	<u>100</u>	<u>\$ (80)</u>
<b>Fund balance</b>			
Beginning of the year		<u>-</u>	
<b>End of year</b>		<u>\$ 100</u>	

**BOROUGH OF EAST STROUDSBURG**

**BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND**

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
<b>Taxes</b>			
Real estate-current year levy	\$ 481,892	\$ 442,435	\$ (39,457)
Real estate-current year levy - interim	1,197	1,197	-
Real estate-prior years levy	150	150	-
Real estate-delinquent taxes	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
<b>Total taxes</b>	<u>489,239</u>	<u>443,782</u>	<u>(45,457)</u>
<b>Interest, rent and royalties</b>			
Interest income	<u>-</u>	<u>2</u>	<u>2</u>
<b>Total revenues</b>	<u>489,239</u>	<u>443,784</u>	<u>(45,455)</u>
<b>Expenditures</b>			
<b>General government</b>			
<b>Tax collection</b>			
Salary-tax collector	2,029	1,639	390
FICA	126	113	13
Medicare	29	24	5
Materials and supplies	371	640	(269)
Delinquent real estate commission	<u>371</u>	<u>1,168</u>	<u>(797)</u>
<b>Total tax collection</b>	<u>2,926</u>	<u>3,584</u>	<u>(658)</u>
<b>Debt service</b>			
Principal	442,777	380,677	62,100
Interest	<u>32,810</u>	<u>59,521</u>	<u>(26,711)</u>
<b>Total debt service</b>	<u>475,587</u>	<u>440,198</u>	<u>35,389</u>
<b>Total expenditures</b>	<u>478,513</u>	<u>443,782</u>	<u>34,731</u>
<b>Net change in fund balance</b>	<u>\$ 10,726</u>	<u>2</u>	<u>\$ (10,724)</u>
<b>Fund balance</b>			
Beginning of the year		<u>186</u>	
<b>End of year</b>		<u>\$ 188</u>	

# BOROUGH OF EAST STROUDSBURG

## BUDGETARY COMPARISON SCHEDULE - SEWER FUND

For the year ended December 31, 2022

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,727,000	\$ 1,758,235	\$ 31,235
Other	194,237	284,740	90,503
<b>Total operating revenues</b>	<u>1,921,237</u>	<u>2,042,975</u>	<u>121,738</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	516,108	468,280	47,828
Employee benefits	342,108	295,608	46,500
Administrative expenses	56,417	63,544	(7,127)
Insurance	49,579	46,499	3,080
Professional services	93,250	129,842	(36,592)
Repairs and maintenance	301,696	188,167	113,529
Supplies	137,403	152,529	(15,126)
Utilities	89,318	97,059	(7,741)
Depreciation	-	262,439	(262,439)
<b>Total operating expenses</b>	<u>1,585,879</u>	<u>1,703,967</u>	<u>(118,088)</u>
<b>Operating income (loss)</b>	<u>335,358</u>	<u>339,008</u>	<u>3,650</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	12,000	25,521	13,521
Intergovernmental revenues	44,550	43,170	(1,380)
<b>Total nonoperating revenues (expenses)</b>	<u>56,550</u>	<u>68,691</u>	<u>12,141</u>
<b>CHANGE IN NET POSITION</b>	391,908	407,699	15,791
<b>NET POSITION</b>			
Beginning of year	<u>5,697,740</u>	<u>5,697,740</u>	<u>-</u>
<b>End of year</b>	<u>\$ 6,089,648</u>	<u>\$ 6,105,439</u>	<u>\$ 15,791</u>

**BOROUGH OF EAST STROUDSBURG**

**BUDGETARY COMPARISON SCHEDULE - WATER FUND**

For the year ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,967,048	\$ 1,991,491	\$ 24,443
Other	<u>269,737</u>	<u>165,065</u>	<u>(104,672)</u>
<b>Total operating revenues</b>	<u>2,236,785</u>	<u>2,156,556</u>	<u>(80,229)</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	572,523	510,386	62,137
Employee benefits	346,424	207,274	139,150
Administrative expenses	65,672	69,921	(4,249)
Insurance	49,581	46,499	3,082
Professional services	244,500	155,716	88,784
Repairs and maintenance	283,013	277,988	5,025
Supplies	170,872	157,628	13,244
Utilities	59,147	73,064	(13,917)
Depreciation	<u>-</u>	<u>316,774</u>	<u>(316,774)</u>
<b>Total operating expenses</b>	<u>1,791,732</u>	<u>1,815,250</u>	<u>(23,518)</u>
<b>Operating income (loss)</b>	<u>445,053</u>	<u>341,306</u>	<u>(103,747)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	1,500	6,914	5,414
Interest expense	(105,567)	(39,789)	65,778
Intergovernmental revenues	<u>44,550</u>	<u>1,792,814</u>	<u>1,748,264</u>
<b>Total nonoperating revenues (expenses)</b>	<u>(59,517)</u>	<u>1,759,939</u>	<u>1,819,456</u>
<b>Income (loss) before transfers and special item</b>	385,536	2,101,245	1,715,709
Capital investment in Brodhead Creek Regional Authority	-	27,994	27,994
Transfers in	-	3,183,656	3,183,656
Transfers out	<u>(265,712)</u>	<u>(265,712)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	119,824	5,047,183	4,927,359
<b>NET POSITION</b>			
Beginning of year	<u>4,761,387</u>	<u>4,761,387</u>	<u>-</u>
<b>End of year</b>	<u>\$ 4,881,211</u>	<u>\$ 9,808,570</u>	<u>\$ 4,927,359</u>

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

For the year ended December 31, 2022

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 215,310	\$ 173,466	\$ (41,844)
Other	<u>1,150</u>	<u>-</u>	<u>(1,150)</u>
<b>Total operating revenues</b>	<u>216,460</u>	<u>173,466</u>	<u>(42,994)</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	114,040	103,188	10,852
Employee benefits	8,724	7,685	1,039
Administrative expenses	4,988	3,429	1,559
Professional services	4,650	41,800	(37,150)
Repairs and maintenance	53,500	27,022	26,478
Supplies	17,375	40,537	(23,162)
Utilities	1,900	1,536	364
Depreciation	<u>-</u>	<u>19,130</u>	<u>(19,130)</u>
<b>Total operating expenses</b>	<u>205,177</u>	<u>244,327</u>	<u>(39,150)</u>
<b>Operating income (loss)</b>	<u>11,283</u>	<u>(70,861)</u>	<u>(82,144)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	<u>-</u>	<u>208</u>	<u>208</u>
<b>Income (loss) before transfers</b>	<u>11,283</u>	<u>(70,653)</u>	<u>(81,936)</u>
Transfers out	<u>(2,490)</u>	<u>-</u>	<u>2,490</u>
<b>CHANGE IN NET POSITION</b>	<u>8,793</u>	<u>(70,653)</u>	<u>(79,446)</u>
<b>NET POSITION</b>			
Beginning of year	<u>4,251,713</u>	<u>4,251,713</u>	<u>-</u>
<b>End of year</b>	<u>\$ 4,262,996</u>	<u>\$ 4,181,060</u>	<u>\$ (81,936)</u>

# BOROUGH OF EAST STROUDSBURG

## SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET)

Year ended December 31

	M					
	2021		2020		2019	
	Nonuniform Pension Fund	Nonuniform Cash Balance Pension Fund	Nonuniform Pension Fund	Nonuniform Cash Balance Pension Fund	Nonuniform Pension Fund	Nonuniform Cash Balance Pension Fund
<b>TOTAL PENSION LIABILITY</b>						
Service cost	\$ 107,553	\$ 52,162	\$ 117,781	\$ 47,879	\$ 130,137	\$ 49,400
Interest on total pension liability	409,466	10,215	404,655	8,495	398,547	6,013
Changes of assumptions	-	-	417,822	-	-	-
Changes of benefits	-	-	-	-	-	-
Differences between expected and actual experience	-	(31,317)	(436,223)	(7,791)	-	-
Transfers	-	-	-	-	-	(21,654)
Benefit payments, including refunds of member contributions	(356,681)	-	(439,038)	-	(360,992)	-
<b>Net change in total pension liability</b>	160,338	31,060	64,997	48,583	167,692	33,759
<b>Total pension liability, beginning</b>	<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>
<b>Total pension liability, ending</b>	<u>\$ 8,035,455</u>	<u>\$ 229,007</u>	<u>\$ 7,875,117</u>	<u>\$ 197,947</u>	<u>\$ 7,810,120</u>	<u>\$ 149,364</u>
<b>PLAN FIDUCIARY NET POSITION</b>						
Employer contributions	\$ 192,329	\$ 42,375	\$ 195,322	\$ 40,096	\$ 199,838	\$ 49,361
Member contributions	36,661	10,147	33,527	8,083	35,816	8,044
PMRS investment income	400,289	12,150	395,233	9,428	372,894	6,646
Market value investment income	732,840	26,546	336,330	22,473	1,052,268	18,677
Transfers	-	-	-	-	-	(21,654)
Benefit payments	(356,681)	-	(439,038)	-	(360,992)	-
PMRS administrative expense	(680)	(360)	(680)	(300)	(680)	(280)
Additional administrative expense	(22,672)	(688)	(17,220)	(411)	(12,889)	(230)
<b>Net change in plan fiduciary net position</b>	982,086	90,170	503,474	79,369	1,286,255	60,564
<b>Fiduciary net position, beginning</b>	<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>
<b>Fiduciary net position, ending</b>	<u>\$ 9,530,538</u>	<u>\$ 338,865</u>	<u>\$ 8,548,452</u>	<u>\$ 248,695</u>	<u>\$ 8,044,978</u>	<u>\$ 169,326</u>
<b>Net pension liability (asset), ending</b>	<u>\$ (1,495,083)</u>	<u>\$ (109,858)</u>	<u>\$ (673,335)</u>	<u>\$ (50,748)</u>	<u>\$ (234,858)</u>	<u>\$ (19,962)</u>
<b>Fiduciary net position as a % of total pension liability</b>	118.61%	147.97%	108.55%	125.64%	103.01%	113.36%
<b>Covered payroll</b>	\$ 638,323	\$ 709,554	\$ 762,113	\$ 663,267	\$ 853,174	\$ 679,121
<b>Net pension liability as a % of covered payroll</b>	-234.22%	-15.48%	-88.35%	-7.65%	-27.53%	-2.94%

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

2018		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	Nonuniform Pension Fund	Nonuniform Cash Balance Pension Fund
\$ 133,431	\$ 49,614	\$ 142,081	\$ 23,228	\$ 154,308	\$ 173,321	\$ 11,827	\$ 173,277	\$ 8,272	
382,052	4,151	374,727	2,392	375,390	362,036	1,094	346,877	503	
-	-	-	-	182,587	(64,731)	-	-	-	-
-	661	-	-	-	-	-	-	-	-
197,635	(1)	-	(8,424)	(123,841)	-	-	(8,711)	-	-
-	-	-	-	-	-	-	-	-	-
(428,081)	-	(310,112)	-	(221,526)	(193,095)	-	(275,253)	-	-
285,037	54,425	206,696	17,196	366,918	277,531	12,921	236,190	8,775	
<u>7,357,391</u>	<u>61,180</u>	<u>7,150,695</u>	<u>43,984</u>	<u>6,783,777</u>	<u>6,506,246</u>	<u>15,495</u>	<u>6,270,056</u>	<u>6,720</u>	
<u>\$ 7,642,428</u>	<u>\$ 115,605</u>	<u>\$ 7,357,391</u>	<u>\$ 61,180</u>	<u>\$ 7,150,695</u>	<u>\$ 6,783,777</u>	<u>\$ 28,416</u>	<u>\$ 6,506,246</u>	<u>\$ 15,495</u>	
\$ 238,461	\$ 34,610	\$ 234,212	\$ 21,775	\$ 229,485	\$ 232,435	\$ 11,927	\$ 187,558	\$ 8,352	
35,488	7,560	37,113	400	43,883	44,346	-	41,696	-	
335,039	4,363	320,077	2,669	333,020	314,814	1,136	297,934	518	
(653,303)	(11,226)	706,859	6,325	142,966	(321,885)	(1,779)	2,460	(133)	
-	-	-	-	-	-	-	-	-	-
(428,081)	-	(310,112)	-	(221,526)	(193,095)	-	(275,253)	-	-
(680)	(160)	(680)	(120)	(680)	(680)	(100)	(700)	(80)	
(14,951)	(195)	(14,720)	(123)	(16,315)	(13,124)	(47)	(11,426)	(20)	
(488,027)	34,952	972,749	30,926	510,833	62,811	11,137	242,269	8,637	
<u>7,246,750</u>	<u>73,810</u>	<u>6,274,001</u>	<u>42,884</u>	<u>5,763,168</u>	<u>5,700,357</u>	<u>15,290</u>	<u>5,458,088</u>	<u>6,653</u>	
<u>\$ 6,758,723</u>	<u>\$ 108,762</u>	<u>\$ 7,246,750</u>	<u>\$ 73,810</u>	<u>\$ 6,274,001</u>	<u>\$ 5,763,168</u>	<u>\$ 26,427</u>	<u>\$ 5,700,357</u>	<u>\$ 15,290</u>	
<u>\$ 883,705</u>	<u>\$ 6,843</u>	<u>\$ 110,641</u>	<u>\$ (12,630)</u>	<u>\$ 876,694</u>	<u>\$ 1,020,609</u>	<u>\$ 1,989</u>	<u>\$ 805,889</u>	<u>\$ 205</u>	
88.44%	94.08%	98.50%	120.64%	87.74%	#	84.96%	93.00%	87.61%	98.68%
\$ 881,823	\$ 700,902	\$ 945,130	\$ 380,474	\$ 1,066,909	\$ 1,163,780	\$ 197,118	\$ 1,176,548	\$ 137,840	
100.21%	0.98%	11.71%	-3.32%	82.17%	#	87.70%	1.01%	68.50%	0.15%

**BOROUGH OF EAST STROUDSBURG**

**SCHEDULE OF BOROUGH PENSION CONTRIBUTIONS**

Year ended December 31

**Nonuniform Pension Fund**

<b>Measurement Date December 31</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a Percentage of Covered Payroll</b>
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%
2021	\$ 192,329	\$ 192,329	\$ -	\$ 638,323	30.13%

**Nonuniform Cash Balance Pension Fund**

<b>Measurement Date December 31</b>	<b>Statutorily Required Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a Percentage of Covered Payroll</b>
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%
2021	\$ 42,375	\$ 42,375	\$ -	\$ 709,554	5.97%

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**

**SCHEDULE OF BOROUGH PENSION CONTRIBUTIONS**

Year ended December 31

**Nonuniform Pension Fund**

<b>Measurement Date December 31</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a Percentage of Covered Payroll</b>
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%
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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%
2021	\$ 192,329	\$ 192,329	\$ -	\$ 638,323	30.13%

**Nonuniform Cash Balance Pension Fund**

<b>Measurement Date December 31</b>	<b>Statutorily Required Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as a Percentage of Covered Payroll</b>
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%
2021	\$ 42,375	\$ 42,375	\$ -	\$ 709,554	5.97%

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.

**BOROUGH OF EAST STROUDSBURG**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND TYPES**

December 31, 2022

	<u>Special Revenue Funds</u>								<u>Total</u>
	<u>State Liquid Fuels Fund</u>	<u>Community Development Fund</u>	<u>Fire Apparatus Fund</u>	<u>Street Recreation Fund</u>	<u>Street Lighting Fund</u>	<u>Pension Fund</u>	<u>Debt Service Fund</u>		
<b>ASSETS</b>									
Cash	\$ 426,090	\$ 71,550	\$ 5,751	\$ 100	\$ 1,955	\$ 195	\$ 100	\$ 188	\$ 505,929
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ 327	\$ -	\$ -	\$ -	\$ 363	\$ 6,913	\$ -	\$ -	\$ 7,603
Accrued salaries and benefits	-	-	-	-	1,492	-	-	-	1,492
<b>Total liabilities</b>	<u>327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,855</u>	<u>6,913</u>	<u>-</u>	<u>-</u>	<u>9,095</u>
<b>FUND BALANCES</b>									
Restricted for									
Public works - highways and streets	425,763	-	-	100	-	-	-	-	425,863
Community development	-	71,550	-	-	-	-	-	-	71,550
Fire apparatus	-	-	5,751	-	-	-	-	-	5,751
Culture and recreation - parks	-	-	-	-	100	-	-	-	100
Pension	-	-	-	-	-	-	100	-	100
Debt service	-	-	-	-	-	-	-	188	188
Unassigned	-	-	-	-	-	(6,718)	-	-	(6,718)
<b>Total fund balances</b>	<u>425,763</u>	<u>71,550</u>	<u>5,751</u>	<u>100</u>	<u>100</u>	<u>(6,718)</u>	<u>100</u>	<u>188</u>	<u>496,834</u>
<b>Total liabilities and fund balances</b>	<u>\$ 426,090</u>	<u>\$ 71,550</u>	<u>\$ 5,751</u>	<u>\$ 100</u>	<u>\$ 1,955</u>	<u>\$ 195</u>	<u>\$ 100</u>	<u>\$ 188</u>	<u>\$ 505,929</u>

# BOROUGH OF EAST STROUDSBURG

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

Year ended December 31, 2022

	<u>Special Revenue Funds</u>								<u>Total</u>
	<u>State Liquid Fuels Fund</u>	<u>Community Development Fund</u>	<u>Fire Apparatus Fund</u>	<u>Street Fund</u>	<u>Recreation Fund</u>	<u>Street Lighting Fund</u>	<u>Pension Fund</u>	<u>Debt Service Fund</u>	
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ 30,314	\$ 65,333	\$ 179,067	\$ 81,260	\$ 38,831	\$ 443,782	\$ 838,587
Interest, rents and royalties	7,213	1,217	3	-	-	-	-	2	8,435
Intergovernmental revenues	244,696	-	-	-	-	-	-	-	244,696
<b>Total revenues</b>	<u>251,909</u>	<u>1,217</u>	<u>30,317</u>	<u>65,333</u>	<u>179,067</u>	<u>81,260</u>	<u>38,831</u>	<u>443,784</u>	<u>1,091,718</u>
<b>EXPENDITURES</b>									
Current									
General government	-	-	2,583	14,327	29,345	2,872	38,831	3,584	91,542
Public safety	-	-	22,083	-	-	-	-	-	22,083
Public works - highways and streets	116,674	-	-	51,006	32,101	85,206	-	-	284,987
Culture and recreation	-	-	-	-	117,621	-	-	-	117,621
Debt Service									
Principal	-	-	-	-	-	-	-	380,677	380,677
Interest	-	-	-	-	-	-	-	59,521	59,521
<b>Total expenditures</b>	<u>116,674</u>	<u>-</u>	<u>24,666</u>	<u>65,333</u>	<u>179,067</u>	<u>88,078</u>	<u>38,831</u>	<u>443,782</u>	<u>956,431</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>135,235</u>	<u>1,217</u>	<u>5,651</u>	<u>-</u>	<u>-</u>	<u>(6,818)</u>	<u>-</u>	<u>2</u>	<u>135,287</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	100	100	100	100	100	-	500
<b>NET CHANGE IN FUND BALANCES</b>	<u>135,235</u>	<u>1,217</u>	<u>5,751</u>	<u>100</u>	<u>100</u>	<u>(6,718)</u>	<u>100</u>	<u>2</u>	<u>135,787</u>
<b>FUND BALANCES</b>									
Beginning of year	290,528	70,333	-	-	-	-	-	186	361,047
<b>End of year</b>	<u>\$ 425,763</u>	<u>\$ 71,550</u>	<u>\$ 5,751</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ (6,718)</u>	<u>\$ 100</u>	<u>\$ 188</u>	<u>\$ 496,834</u>

**BOROUGH OF EAST STROUDSBURG**

**COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS**

**December 31, 2022**

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	<u>Pension Fund</u>	<u>Cash Balance Pension Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Investments	<u>\$ 3,773,735</u>	<u>\$ 344,848</u>	<u>\$ 4,118,583</u>
<b>NET POSITION</b>			
Assets held in trust for pension benefits	<u>\$ 3,773,735</u>	<u>\$ 344,848</u>	<u>\$ 4,118,583</u>

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

Year ended December 31, 2022

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	<u>Pension Fund</u>	<u>Cash Balance Pension Fund</u>	<u>Total</u>
<b>ADDITIONS</b>			
<b>Contributions</b>			
Employer contributions	\$ 179,223	\$ 34,530	\$ 213,753
Member contributions	<u>38,289</u>	<u>10,591</u>	<u>48,880</u>
<b>Total contributions</b>	<u>217,512</u>	<u>45,121</u>	<u>262,633</u>
<b>Investment income</b>	<u>218,137</u>	<u>16,407</u>	<u>234,544</u>
<b>Total additions</b>	<u>435,649</u>	<u>61,528</u>	<u>497,177</u>
 <b>DEDUCTIONS</b>			
Benefits and refunds paid	630,037	1,466	631,503
Administrative expenses	<u>660</u>	<u>260</u>	<u>920</u>
<b>Total deductions</b>	<u>630,697</u>	<u>1,726</u>	<u>632,423</u>
 <b>CHANGE IN NET POSITION</b>	(195,048)	59,802	(135,246)
 <b>NET POSITION</b>			
Beginning of year	<u>3,968,783</u>	<u>285,046</u>	<u>4,253,829</u>
<b>End of year</b>	<u>\$ 3,773,735</u>	<u>\$ 344,848</u>	<u>\$ 4,118,583</u>

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## **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>
2022	\$ 2,140,842	\$ 2,033,906	95.00%	\$ -	\$ 2,033,906	95.00%	106,936	5.00%
2021	1,855,193	1,774,650	95.66%	42,147	1,816,797	97.93%	38,396	2.07%
2020	1,886,128	1,757,067	93.16%	121,221	1,878,288	99.58%	7,840	0.42%
2019	1,928,983	1,795,905	93.10%	130,121	1,926,026	99.85%	2,957	0.15%
2018	1,924,398	1,802,792	93.68%	121,446	1,924,238	99.99%	160	0.01%
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%

# BOROUGH OF EAST STROUDSBURG

## TAX RATES - UNAUDITED

Last ten fiscal years ending December 31,

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<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Real Estate Transfer</u>	<u>Wage &amp; Income Tax</u>	<u>Municipal Services Tax</u>
2022	4.47	0.5%	0.5%	47.00
2021	3.78	0.5%	0.5%	47.00
2020 <sup>(1)</sup>	3.78	0.5%	0.5%	47.00
2019	25.50	0.5%	0.5%	47.00
2018	25.50	0.5%	0.5%	47.00
2017	24.00	0.5%	0.5%	47.00
2016	23.00	0.5%	0.5%	47.00
2015	21.50	0.5%	0.5%	47.00
2014	21.40	0.5%	0.5%	47.00
2013	21.50	0.5%	0.5%	47.00

<sup>(1)</sup> 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,

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<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>
2022	\$ 480,179,370	\$ 463,656,936	103.56%
2021	487,625,200	395,349,080	123.34%
2020 <sup>(1)</sup>	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%

<sup>(1)</sup> Monroe County property reassessment effective for 2020

# BOROUGH OF EAST STROUDSBURG

## PRINCIPAL TAXPAYERS - UNAUDITED

Year ending December 31, 2022

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<u>Taxpayer</u>	<u>Assessed Valuation</u>
Kimco Delaware Inc	\$ 15,265,830
New GVPT LLC	10,675,000
Wal-Mart Real Estate Business Trust	9,740,440
BFG Pocono DST	7,632,270
Eagle Valley Realty LP	4,537,500
Sunrest Properties LLC	4,506,290
GPH East Stroudsburg LP	4,386,250
Dalot Holdings LLP	2,600,000
ARHC SleestPA01 LLC	2,589,950
E Stroudsburg Elderly Associates C/O	<u>2,581,420</u>
	<u>\$ 64,514,950</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, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated September 12, 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 or significant deficiencies may exist that were not 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 financial statements. 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  
September 12, 2023**