EAST STROUDSBURG BOROUGH

FINANCIAL REPORT

DECEMBER 31, 2025

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Boyer & Ritter LLC

INDEPENDENT AUDITOR'S REPORT

Borough Council
East Stroudsburg Borough
East Stroudsburg, Pennsylvania

Report on the Audit of the Financial Statements

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 East Stroudsburg Borough, Pennsylvania (the Borough) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the 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 the Borough as of December 31, 2025, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough, 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 the Borough'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.

Emphasis of Matter

As described in Note 11 to the financial statements, the Borough has restated its net position and fund balances as of the beginning of the reporting period. Our opinions are not modified with respect to this matter.

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 GAAS 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 GAAS, 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.
- 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 Borough's internal control. Accordingly, no such opinion is expressed.
- 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the General Fund, and certain pension benefits information 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 GAAS, 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's basic financial statements. The combining 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary comparison schedules, which are the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.



Camp Hill, Pennsylvania
October 7, 2026

Management's discussion and analysis ("MD&A") of the financial performance of East Stroudsburg Borough, East Stroudsburg (the "Borough") provides an overview of the Borough's financial performance for fiscal year ended December 31, 2025. 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 LVHN-Pocono. 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 2025, there were approximately 35 full-time and part-time employees including public works and water and sewer employees, administrative clerks and administrative positions which include the Borough Manager, Finance Director, Director of Public Works, and a Zoning and 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 2025 calendar year of $22,819,938. During the 2025 calendar year, the Borough had a decrease in total net position of $120,083. The net position of the governmental activities increased by $702,447 and net position of business-type activities decreased by $822,530.

- The General Fund reported an increase in fund balance of $1,287,261, bringing the cumulative fund balance to $1,207,387 at the conclusion of the 2025 calendar year.

- At December 31, 2025, the General Fund balance includes $102,411 which is considered non-spendable, $464,500 restricted for road improvements and an unassigned fund balance of $640,476.

- General Fund revenues were $151,674 or 2.56% less than budgeted amounts, General Fund expenditures were $(450,726) or 7.20% more than budgeted amounts and other financing sources (uses) had a positive variance of $1,629,397.

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.

The Statement of Net Position presents information on all 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 trash activities are reported as business-type activities.

The government-wide financial statements can be found on pages 15 and 16 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 the Borough's funds can be divided into two categories: governmental funds and proprietary 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.

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 17 through 20 of this report.

Proprietary Funds

The Borough maintains one type of proprietary fund. All 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 Trash Fund.

The proprietary fund financial statements can be found on pages 21 through 23 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 24 through 51 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 information can be found on pages 52 through 69 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 2025 fiscal year, the Borough's assets and deferred outflows exceeded liabilities and deferred inflows by $22,819,938. The following table presents condensed information for the *Statement of Net Position* of the Borough at December 31, 2025 and 2024.

	Governmental		Business-Type		Totals	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 3,370,571	$ 1,862,640	$ 10,646,266	$ 6,651,217	$ 14,016,837	$ 8,513,857
Capital assets	10,667,559	10,172,324	13,196,920	14,090,308	23,864,479	24,262,632
Total assets	$ 14,038,130	$ 12,034,964	$ 23,843,186	$ 20,741,525	$ 37,881,316	$ 32,776,489
Deferred outflows						
Related to Pensions	$ -	$ 218,126	$ -	$ 382,810	$ -	$ 600,936
Liabilities						
Current liabilities	$ 802,401	$ 1,191,806	$ 1,242,015	$ 1,252,411	$ 2,044,416	$ 2,444,217
Noncurrent liabilities	3,638,101	2,065,437	9,081,674	5,884,633	12,719,775	7,950,070
Total liabilities	$ 4,440,502	$ 3,257,243	$ 10,323,689	$ 7,137,044	$ 14,764,191	$ 10,394,287
Deferred inflows						
Related to pensions	$ 99,083	$ 14,375	$ 198,104	$ 28,742	$ 297,187	$ 43,117
Net position						
Net investment in capital assets	$ 7,840,229	$ 7,503,064	$ 6,043,478	$ 7,447,792	$ 13,883,707	$ 14,950,856
Restricted	1,831,523	1,361,097	4,293,819	672,192	6,125,342	2,033,289
Unrestricted	(173,207)	117,311	2,984,096	5,838,565	2,810,889	5,955,876
Total net position	$ 9,498,545	$ 8,981,472	$ 13,321,393	$ 13,958,549	$ 22,819,938	$ 22,940,021

The Borough's total assets as of December 31, 2025, were $37,881,316 of which $10,397,226 or 27.45% consisted of cash and $23,864,240 or 63.00% consisted of the Borough's investment in capital assets. The Borough's total liabilities as of December 31, 2025, were $14,764,190 of which $12,963,000 or 87.80% consisted of general obligation debt and direct borrowings used to acquire and construct capital assets.

Of the Borough's total net position at December 31, 2025, $2,810,889 is unrestricted and may be used to meet the Borough's ongoing obligations to citizens and creditors. The Borough's unrestricted net position decreased by $3,144,987 during 2025 primarily due to the results of current year operations.

A portion of the Borough's net position reflects its restricted net position which totaled $6,125,342 as of December 31, 2025. All Borough's restricted net position relates to the Borough's net pension asset, the capital projects fund, unspent proceeds of debt restricted for capital projects, and 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, 2025, the Borough's net investment in capital assets decreased by $1,067,149 primarily because of capital assets being funded with sources other than long-term debt.

The following table presents condensed information for the *Statement of Activities* of the Borough for 2025 and 2024:

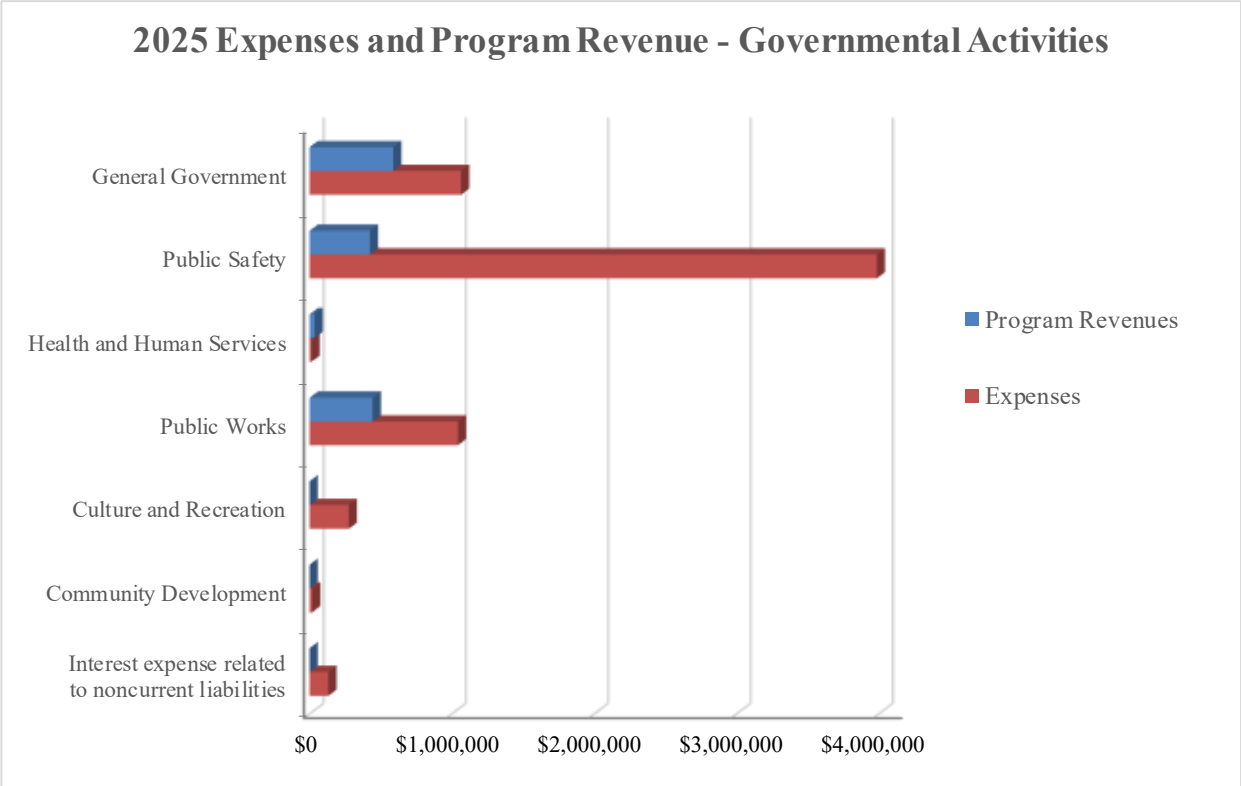
	Governmental		Business-Type		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 1,090,553	$ 1,860,270	$ 6,121,605	$ 4,823,212	$ 7,212,158	$ 6,683,482
Operating grants and contributions	395,271	946,763	213,149	1,296,570	608,420	2,243,333
Capital grants and contributions	3,461	7,992	-	-	3,461	7,992
General revenues						
Taxes	5,238,980	4,253,672	-	-	5,238,980	4,253,672
Rents and royalties	105,501	133,519	-	-	105,501	133,519
Investment income	104,422	78,686	254,724	158,687	359,146	237,373
Miscellaneous revenue	162,156	419,062	3,395	-	165,551	419,062
Total revenues	7,100,344	7,699,964	6,592,873	6,278,469	13,693,217	13,978,433
Expenses						
General government	1,063,356	1,079,848	-	-	1,063,356	1,079,848
Public safety	3,985,208	3,716,728	-	-	3,985,208	3,716,728
Health and human services	13,072	11,550	-	-	13,072	11,550
Public works	1,041,019	2,394,406	-	-	1,041,019	2,394,406
Culture and recreation	275,016	262,524	-	-	275,016	262,524
Community development	17,320	14,143	-	-	17,320	14,143
Interest on long-term debt	130,728	69,982	-	-	130,728	69,982
Sewer operations	-	-	2,434,426	2,160,131	2,434,426	2,160,131
Water operations	-	-	3,613,439	3,201,629	3,613,439	3,201,629
Trash operations	-	-	1,239,716	-	1,239,716	-
Total expenses	6,525,719	7,549,181	7,287,581	5,361,760	13,813,300	12,910,941
Change in net position before transfers	574,625	150,783	(694,708)	916,709	(120,083)	1,067,492
Transfers	127,822	538,982	(127,822)	(538,982)	-	-
Change in net position	$ 702,447	$ 689,765	$ (822,530)	$ 377,727	$ (120,083)	$ 1,067,492

Governmental Activities

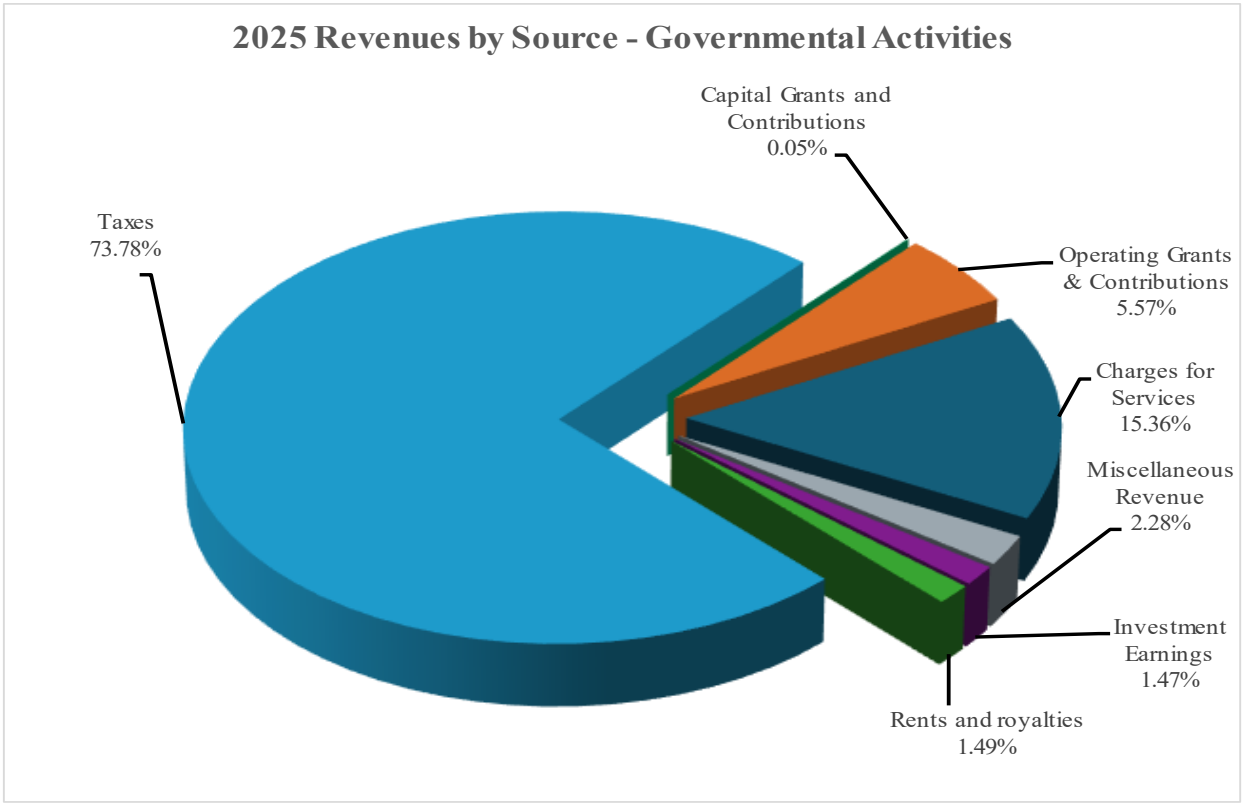
The cost of all governmental activities in 2025 was $6,525,719. The amount that taxpayers ultimately financed for these activities through Borough taxes was $5,238,980 or 80.28%. A majority of the other expenses were financed through charges for services by those who directly benefited from the programs ($1,090,553 or 16.71%).

Public safety and public works expenses comprise a majority of the Borough's total expenses totaling $5,026,227 or 77.02%. Public safety expenses primarily consist of payments for services to the Stroud Area Regional Police Department which totaled $3,066,493 for 2025.

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 the Borough's governmental activities are not self-supporting, raising enough program revenue to cover their costs, which aligns with most traditional governmental services.



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.



Business-Type Activities and Proprietary Funds

The business-type activities and proprietary funds of the Borough include water, sewer, and trash 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, Water Fund, and Trash Fund decreased by $224,017, $506,459, and $92,054, respectively, in 2025. During 2025, water rates were increased for anticipated additional debt service to finance capital projects and sewer fees remained unchanged. Expenses for water and sewer operations increased by $1,583,728 or 29.54% primarily due to reporting of the Trash Fund as a proprietary fund in the current year and services impacted by inflation.

GOVERNMENTAL FUNDS

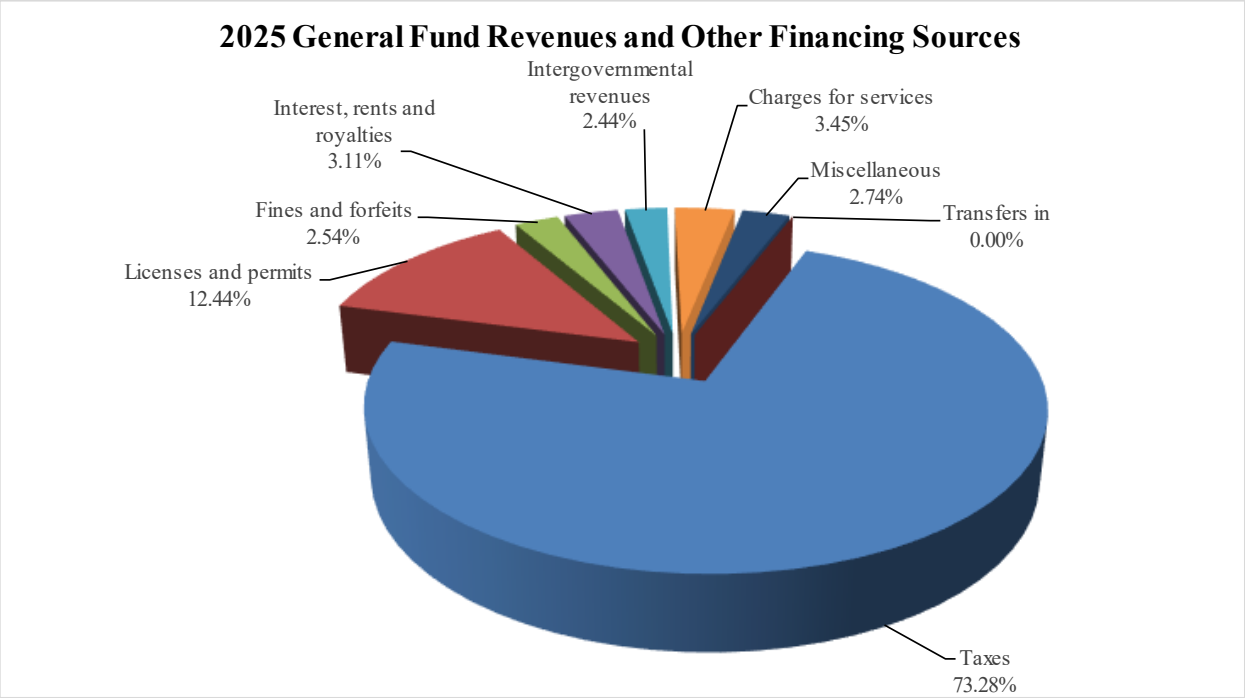
The governmental fund financial statements provide detailed information of the Borough's major funds. Some funds are required to be established by State statute while other funds are established by the Borough to manage monies restricted for a specific purpose. As of December 31, 2025, the Borough's governmental funds reported a combined fund balance of $2,114,694 which is an increase of $1,660,791 from the prior year. The following table summarizes the Borough's total governmental fund balances as of December 31, 2025 and 2024, and the total 2025 change in governmental fund balances.

	2025	2024	$ Change
General fund	$ 1,207,387	$ (185,765)	$ 1,393,152
Capital projects fund	384,388	261,629	122,759
Nonmajor governmental funds	522,919	378,039	144,880
	$ 2,114,694	$ 453,903	$ 1,660,791

General Fund

The General Fund is the Borough's primary operating fund. At the conclusion of the 2025 fiscal year the General Fund positive fund balance was $1,207,387 representing an increase of $1,393,152 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 2025 fiscal year.

The Borough's reliance upon tax revenues is demonstrated by the graph below that indicates 73.28% of General Fund revenues are derived from local taxes.

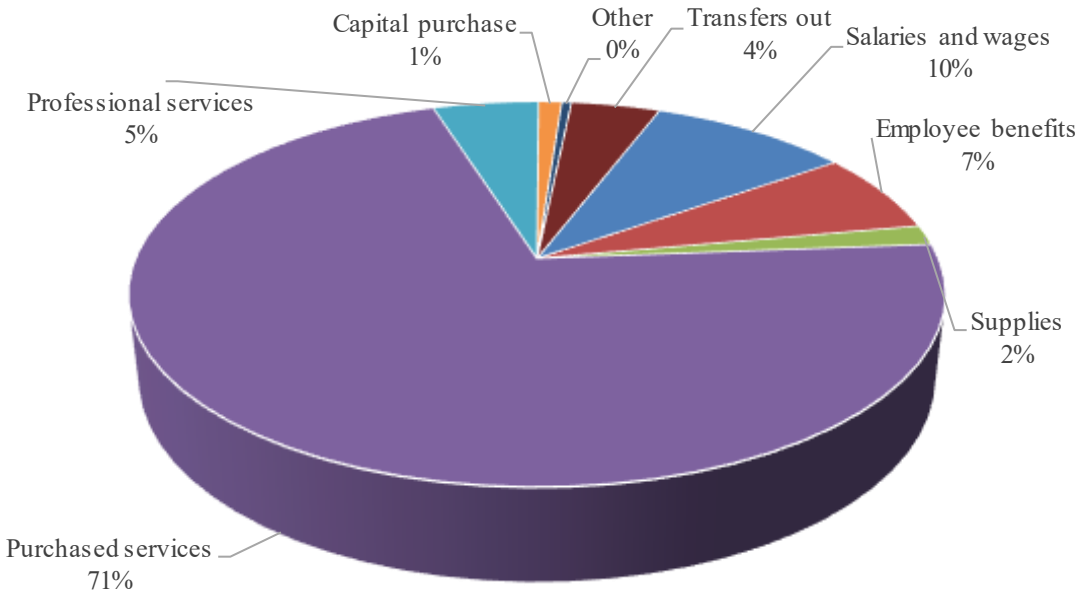


General Fund Revenues and Other Financing Sources

	2025	2024	$ Change	% Change
Taxes	$ 4,337,556	$ 3,559,243	$ 778,313	21.87
Licenses and permits	736,159	481,501	254,658	52.89
Fines and forfeits	150,342	254,680	(104,338)	(40.97)
Interest, rents and royalties	184,236	166,168	18,068	10.87
Intergovernmental revenues	144,412	671,200	(526,788)	(78.48)
Charges for services	204,053	1,122,869	(918,816)	(81.83)
Miscellaneous	162,155	419,061	(256,906)	(61.31)
Transfers in	240	44,514	(44,274)	(99.46)
	$ 5,919,153	$ 6,719,236	$ (800,083)	(11.91)

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.

2025 General Fund Expenditures and Other Financing Uses



	2025	2024	$ Change	% Change
Salaries and wages	$ 620,923	$ 853,027	$ (232,104)	(27.21)
Employee benefits	442,993	345,404	97,589	28.25
Supplies	108,543	76,903	31,640	41.14
Purchased services	4,660,647	4,541,605	119,042	2.62
Professional services	326,455	383,476	(57,021)	(14.87)
Capital purchase	71,320	149,827	(78,507)	(52.40)
Other	30,168	59,400	(29,232)	(49.21)
Transfers out	274,843	41,780	233,063	557.83
	$ 6,535,892	$ 6,451,422	$ 84,470	1.31

Salaries and wages decreased in 2025 compared to 2024 by $232,104 or 27.21% due to Trash Fund operations being reported as a Proprietary Fund in 2025 (previously reported as part of the General Fund).

Purchased services increased in 2025 compared to 2024 by $119,042 or 2.62% due to an increase in contracted services for the Stroud Area Regional Police, levee maintenance and refuse collections.

Transfers out increased due to transfers to the Debt service Fund.

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 Water Fund, general obligation debt and capital grants and contributions. During 2025, the Capital Projects Fund balance increased by $122,759 for a cumulative balance of $384,388 as of December 31, 2025, which primarily relates to transfers from the Water Fund for the Middle Dam rehabilitation project.

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 2025, the Nonmajor Governmental Funds fund balance increased by $144,880 for a cumulative balance of $522,919 as of December 31, 2025. Within the non-major governmental funds the State Liquid Fuels Fund represents $218,638 of the cumulative fund balance as of December 31, 2025.

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 $151,674 or 2.56% less than budgeted amounts, General Fund expenditures were $450,726 or 7.20% more than budgeted amounts, and other financing (uses) had a positive variance of $1,629,397 due to an unbudgeted issuance of long-term debt.

More detailed information regarding the General Fund budget can be found in the Budgetary Comparison Schedule – General Fund on page 52. 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, 2025, amounted to $23,864,479 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 decrease in the Borough's investment in capital assets for 2025 was $398,153 or 1.64%. The decrease was the result of current year depreciation expense in excess of capital additions.

Current year capital additions were $1,080,246 and depreciation expense was $1,478,399.

NONCURRENT LIABILITIES

As of December 31, 2025, the Borough had total general obligation debt and direct borrowings of $12,963,000. The total net increase in the Borough's general obligation debt for the current year was $4,570,062 or 54.45% due to issuance of long-term debt in 2025.

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 asset is an actuarially determined estimate of the unfunded/funded cost of the pension plan asset of $1,299,827 as of December 31, 2025.

Other noncurrent liabilities consist of the Borough's liability for compensated absences and capital leases payable which totaled $298,421 as of December 31, 2025. These liabilities decreased by $8,542 or 2.78% 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 sale 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 are several interested buyers. 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 2026 General Fund budget with revenue totaling $6,341,366 and expenses totaling $5,868,831. The real estate tax millage rate was increased to 6.6544 mills or 4.23%.

For 2026, sewer rates increased by $0.0203 per 100 gallons for usage and water rates increased by $0.0920 per 100 gallons for usages, for anticipated increases in operating costs.

While costs for services and development within the Borough have increased at a rate greater than the revenues being generated to pay for these costs, the total costs of municipal services continue to be much lower than surrounding municipalities

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, East Stroudsburg Borough, 24 Analomink Street, East Stroudsburg, PA 18301.

EAST STROUDSBURG BOROUGH

STATEMENT OF NET POSITION
December 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activity	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 2,367,341	$ 4,602,530	$ 6,969,871
Restricted cash and cash equivalents	-	3,427,355	3,427,355
Taxes receivable	344,442	-	344,442
Accounts receivable, net	114,322	1,730,573	1,844,895
Federal subsidies receivable	-	23,500	23,500
Internal balances	8,692	(8,692)	-
Prepaid expenses	102,411	4,536	106,947
Total current assets	2,937,208	9,779,802	12,717,010
Noncurrent Assets			
Capital assets not being depreciated	5,906,644	1,675,792	7,582,436
Capital assets being depreciated, net	4,760,915	11,521,128	16,282,043
Net pension asset	433,363	866,464	1,299,827
Total noncurrent assets	11,100,922	14,063,384	25,164,306
Total assets	$ 14,038,130	$ 23,843,186	$ 37,881,316
Liabilities			
Current liabilities			
Accounts payable	$ 274,967	$ 773,126	$ 1,048,093
Accrued salaries and benefits	46,891	105,698	152,589
Accrued interest payable	29,470	66,347	95,817
Unearned revenues	3,547	-	3,547
Escrow liabilities	202,480	-	202,480
Other current liabilities	244	-	244
Current portion of long-term liabilities	244,802	296,844	541,646
Total current liabilities	802,401	1,242,015	2,044,416
Noncurrent liabilities			
General obligation bonds and notes payable	3,509,340	8,932,316	12,441,656
Leases payable	78,011	-	78,011
Long-term portion of compensated absences	50,750	149,358	200,108
Total noncurrent liabilities	3,638,101	9,081,674	12,719,775
Total liabilities	$ 4,440,502	$ 10,323,689	$ 14,764,191
Deferred Inflows of Resources			
Deferred amounts on pension liabilities	$ 99,083	$ 198,104	$ 297,187
Total deferred inflows of resources	$ 99,083	$ 198,104	$ 297,187
Net Position			
Net investment in capital assets	$ 7,840,229	$ 6,043,478	$ 13,883,707
Restricted for:			
Roads, highways, and street	1,114,884	-	1,114,884
Net pension asset	433,363	866,464	1,299,827
Filtration system project	-	3,427,355	3,427,355
Other	283,276	-	283,276
Unrestricted	(173,207)	2,984,096	2,810,889
Total net position	$ 9,498,545	$ 13,321,393	$ 22,819,938

See Notes to Financial Statements.

EAST STROUDSBURG BOROUGH

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenues and Changes in Net Position: Primary Government: Business-Type Activity	Net (Expense) Revenues and Changes in Net Position: Primary Government: Total
Governmental Activities							
General government	$ 1,063,356	$ 443,186	$ 144,412	$ -	$ (475,758)	$ -	$ (475,758)
Public safety	3,985,208	420,261	-	3,461	(3,561,486)	-	(3,561,486)
Health and human services	13,072	35,228	-	-	22,156	-	22,156
Public works	1,041,019	191,878	250,859	-	(598,282)	-	(598,282)
Culture and recreation	275,016	-	-	-	(275,016)	-	(275,016)
Community and economic development	17,320	-	-	-	(17,320)	-	(17,320)
Interest on long-term debt	130,728	-	-	-	(130,728)	-	(130,728)
Total governmental activities	6,525,719	1,090,553	395,271	3,461	(5,036,434)	-	(5,036,434)
Business-Type Activities							
Sewer	2,434,426	2,018,673	72,589	-	-	(343,164)	(343,164)
Water	3,613,439	2,999,742	96,089	-	-	(517,608)	(517,608)
Trash	1,239,716	1,103,190	44,471	-	-	(92,055)	(92,055)
Total business-type activities	7,287,581	6,121,605	213,149	-	-	(952,827)	(952,827)
Total primary government	$ 13,813,300	$ 7,212,158	$ 608,420	$ 3,461	$ (5,036,434)	$ (952,827)	$ (5,989,261)
General Revenues and Transfers							
General Revenues							
Taxes							
Real estate taxes					$ 3,597,107	$ -	$ 3,597,107
Earned income taxes					1,141,619	-	1,141,619
Real estate transfer taxes					166,725	-	166,725
Local services taxes					333,529	-	333,529
Investment earnings					104,422	254,724	359,146
Rents and royalties					105,501	-	105,501
Miscellaneous revenue					162,156	-	162,156
Proceeds from sale of capital assets					-	3,395	3,395
Transfers					127,822	(127,822)	-
Total general revenues and transfers					5,738,881	130,297	5,869,178
Change in net position					702,447	(822,530)	(120,083)
Net Position - January 1, 2025 (as reported)					8,981,472	13,958,549	22,940,021
Change to Financial Reporting Entity					105,891	(105,891)	-
Change in Accounting Principle					(291,265)	291,265	-
Net Position - January 1, 2025 (as restated)					8,796,098	14,143,923	22,940,021
Net Position - December 31, 2025					$ 9,498,545	$ 13,321,393	$ 22,819,938

See Notes to Financial Statements.

EAST STROUDSBURG BOROUGH

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2025

	Major Funds			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Current Assets				
Cash and cash equivalents	$ 1,470,578	$ 650,397	$ 246,366	$ 2,367,341
Receivables				
Taxes	344,442	-	-	344,442
Other	114,322	-	-	114,322
Due from other funds	858,256	116,524	323,611	1,298,391
Prepaid expenses	102,411	-	-	102,411
Total assets	$ 2,890,009	$ 766,921	$ 569,977	$ 4,226,907
Liabilities				
Accounts payable	$ 238,783	$ 694	$ 35,490	$ 274,967
Accrued salaries and benefits	46,891	-	-	46,891
Due to other funds	1,079,080	202,842	7,777	1,289,699
Unearned revenues	-	-	3,547	3,547
Escrow payable	23,483	178,997	-	202,480
Other liabilities	-	-	244	244
Total liabilities	1,388,237	382,533	47,058	1,817,828
Deferred Inflows of Resources				
Unavailable revenues - property taxes	294,385	-	-	294,385
Fund Balances				
Nonspendable				
Prepaid items	102,411	-	-	102,411
Restricted for				
Road improvements	464,500	402,964	-	867,464
Public works - highways and streets	-	-	247,420	247,420
Fire apparatus	-	-	19,693	19,693
Culture and recreation	-	-	75,703	75,703
Pension	-	-	15,885	15,885
Debt service	-	-	171,995	171,995
Unassigned	640,476	(18,576)	(7,777)	614,123
Total fund balances	1,207,387	384,388	522,919	2,114,694
Total liabilities, deferred inflows of resources and fund balances	$ 2,890,009	$ 766,921	$ 569,977	$ 4,226,907

See Notes to Financial Statements.

EAST STROUDSBURG BOROUGH

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2025

Total fund balances - governmental funds		$ 2,114,694
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources; therefore, they are not reported as assets in the governmental funds. Total cost is $20,565,241 and accumulated depreciation is $9,897,682.		10,667,559
Net pension assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		433,363
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.		294,385
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.		(99,083)
Long-term liabilities, including notes payable, are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable	(3,754,142)	
Leases payable	(78,011)	
Accrued interest on long-term debt	(29,470)	
Compensated absences	(50,750)	(3,912,373)
Total net position - governmental activities		$ 9,498,545

See Notes to Financial Statements.

EAST STROUDSBURG BOROUGH

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	Major Funds			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 4,337,556	$ -	$ 835,806	$ 5,173,362
Licenses and permits	736,159	-	-	736,159
Fines, forfeits, and costs	150,342	-	-	150,342
Investment income	78,735	10,934	14,754	104,423
Rent and royalties	105,501	-	-	105,501
Intergovernmental revenues	144,412	-	254,320	398,732
Charges for services	204,053	-	-	204,053
Miscellaneous	162,155	-	-	162,155
Total revenues	5,918,913	10,934	1,104,880	7,034,727
Expenditures				
Current				
General government	934,838	-	32,454	967,292
Public safety	3,875,145	-	-	3,875,145
Health and human services	13,072	-	-	13,072
Public works - sanitation	59,048	-	-	59,048
Public works - highway and streets	1,121,487	-	243,488	1,364,975
Public works - other	182,252	-	-	182,252
Culture and recreation	27,719	-	206,157	233,876
Community development	17,320	-	-	17,320
Capital outlay	-	15,997	118,372	134,369
Debt service				
Principal	-	-	533,651	533,651
Interest	-	-	100,481	100,481
Debt issuance costs	30,168	-	-	30,168
Total expenditures	6,261,049	15,997	1,234,603	7,511,649
Excess (deficiency) of revenues over (under) expenditures	(342,136)	(5,063)	(129,723)	(476,922)
Other Financing Sources (Uses)				
Operating transfers in	240	127,822	274,843	402,905
Operating transfers out	(274,843)	-	(240)	(275,083)
Proceeds from long term debt	1,904,000	-	-	1,904,000
Total other financing sources - net	1,629,397	127,822	274,603	2,031,822
Net change in fund balances	1,287,261	122,759	144,880	1,554,900
Fund Balances - January 1, 2025 (as reported)	(185,765)	261,629	378,039	453,903
Change to Financial Reporting Entity	105,891	-	-	105,891
Fund balances - January 1, 2025 (as restated)	(79,874)	261,629	378,039	559,794
Fund Balances - December 31, 2025	$ 1,207,387	$ 384,388	$ 522,919	$ 2,114,694

See Notes to Financial Statements.

EAST STROUDSBURG BOROUGH

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

Net changes in fund balances - governmental funds		$ 1,554,900
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 as depreciation expense. This is the amount by which capital outlays and contributions exceeds depreciation in the period.		
Capital outlays	1,003,176	
Less depreciation expense	(507,941)	495,235
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 tax revenues increased by this amount this year.		65,618
Some expenses reported in the statement of activities do no require the use of current financial resources and are, therefore, not reported as expenditures in the governmental funds:		
Compensated absences	(14,296)	
Pension asset and related deferred inflows and outflows	(28,582)	
Accrued interest payable	(79)	(42,957)
governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first 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.		
Proceeds from issuance of long term debt	(1,904,000)	
Repayment of notes payable	513,750	
Repayment of leases payable	19,901	(1,370,349)
Change in net position - governmental activities		$ 702,447

See Notes to Financial Statements.

EAST STROUDSBURG BOROUGH

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2025

	Sewer Fund	Water Fund	Trash Fund	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 3,361,681	$ 1,240,584	$ 265	$ 4,602,530
Restricted cash and cash equivalents	-	3,427,355	-	3,427,355
Accounts receivable	538,975	854,486	337,112	1,730,573
Due from other governments	-	23,500	-	23,500
Due from other funds	1,103,946	202,842	-	1,306,788
Prepaid expenses	2,268	2,268	-	4,536
Total current assets	5,006,870	5,751,035	337,377	11,095,282
Noncurrent Assets				
Capital assets not being depreciated	36,441	1,639,351	-	1,675,792
Capital assets being depreciated, net	1,248,849	10,272,279	-	11,521,128
Net pension asset	433,232	433,232	-	866,464
Total noncurrent assets	1,718,522	12,344,862	-	14,063,384
Total assets	$ 6,725,392	$ 18,095,897	$ 337,377	$ 25,158,666
Liabilities				
Current Liabilities				
Current portion of notes payable	$ -	$ 296,844	$ -	$ 296,844
Accounts payable	111,087	660,170	1,869	773,126
Accrued salaries and benefits	44,503	47,066	14,129	105,698
Accrued interest payable	-	66,347	-	66,347
Due to other funds	-	1,087,421	228,059	1,315,480
Total current liabilities	155,590	2,157,848	244,057	2,557,495
Noncurrent Liabilities				
Notes payable, net of current portion	-	8,932,316	-	8,932,316
Compensated absences	73,148	76,210	-	149,358
Total noncurrent liabilities	73,148	9,008,526	-	9,081,674
Total liabilities	$ 228,738	$ 11,166,374	$ 244,057	$ 11,639,169
Deferred Inflows of Resources				
Deferred amounts on pension liabilities	$ 99,052	$ 99,052	$ -	$ 198,104
Total deferred inflows of resources	$ 99,052	$ 99,052	$ -	$ 198,104
Net Position				
Net investment in capital assets	$ 1,285,290	$ 6,043,478	$ -	$ 7,328,768
Restricted:				
Net pension asset	433,232	433,232	-	866,464
Filtration system project	-	3,427,355	-	3,427,355
Unrestricted	4,679,080	(3,073,594)	93,320	1,698,806
Total net position	$ 6,397,602	$ 6,830,471	$ 93,320	$ 13,321,393

See Notes to Financial Statements.

EAST STROUDSBURG BOROUGH

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
Year Ended December 31, 2025

	Sewer Fund	Water Fund	Trash Fund	Total
Operating Revenues				
Charges for services	$ 1,804,743	$ 2,803,357	$ 1,103,190	$ 5,711,290
Other	213,930	196,385	-	410,315
Total operating revenues	2,018,673	2,999,742	1,103,190	6,121,605
Operating Expenses				
Salaries and wages	769,140	866,661	192,502	1,828,303
Employee benefits	516,361	533,085	53,001	1,102,447
Administrative expenses	68,952	116,084	62,427	247,463
Insurance	65,335	51,716	-	117,051
Professional services	168,019	378,213	16,483	562,715
Refuse collection and disposal services	-	-	905,101	905,101
Repairs and maintenance	265,765	379,014	2,236	647,015
Supplies	178,899	200,790	5,643	385,332
Utilities	116,072	61,208	2,323	179,603
Depreciation	285,883	684,575	-	970,458
Total operating expenses	2,434,426	3,271,346	1,239,716	6,945,488
Operating loss	(415,753)	(271,604)	(136,526)	(823,883)
Nonoperating Revenues (Expenses)				
Interest income	119,147	135,576	1	254,724
Interest expense	-	(288,461)	-	(288,461)
Debt issuance costs	-	(53,632)	-	(53,632)
Intergovernmental revenues	72,589	96,089	44,471	213,149
Proceeds from sale of capital assets	-	3,395	-	3,395
Total nonoperating revenues (expenses)	191,736	(107,033)	44,472	129,175
Income before transfers	(224,017)	(378,637)	(92,054)	(694,708)
Transfers in	-	-	-	-
Transfers out	-	(127,822)	-	(127,822)
Change in net position	(224,017)	(506,459)	(92,054)	(822,530)
Net Position - January 1, 2025 (as reported)	6,621,619	7,336,930	-	13,958,549
Change to Financial Reporting Entity	-	-	(105,891)	(105,891)
Change in Accounting Principle	-	-	291,265	291,265
Net Position - January 1, 2025 (as restated)	6,621,619	7,336,930	185,374	14,143,923
Net Position - December 31, 2025	$ 6,397,602	$ 6,830,471	$ 93,320	$ 13,321,393

See Notes to Financial Statements.

EAST STROUDSBURG BOROUGH

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended December 31, 2025

	Sewer Fund	Water Fund	Trash Fund	Total
Cash Flows From Operating Activities				
Cash received from charges for services	$ 2,094,580	$ 2,980,700	$ 1,057,343	$ 5,075,280
Cash payments to suppliers for goods and services	(858,230)	(1,274,541)	(993,486)	(2,132,771)
Cash payments to employees	(1,267,291)	(1,401,927)	(238,170)	(2,669,218)
Other receipts	213,930	196,385	-	410,315
Net cash provided by (used in) operating activities	182,989	500,617	(174,313)	683,606
Cash Flows From Noncapital Financing Activities				
Intergovernmental revenues	72,589	72,589	44,471	145,178
Proceeds from interfund financing arrangements	140,486	284,025	130,007	424,511
Net cash provided by noncapital financing activities	213,075	356,614	174,478	569,689
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(77,070)	-	(77,070)
Proceeds from the sale of capital assets	-	3,395	-	3,395
Proceeds from notes payable	-	3,496,822	-	3,496,822
Repayment of notes payable	-	(317,010)	-	(317,010)
Transfers to other funds	-	(127,822)	-	(127,822)
Interest paid	-	(222,114)	-	(222,114)
Debt issuance costs paid	-	(53,632)	-	(53,632)
Net cash provided by capital and related financing activities	-	2,702,569	-	2,702,569
Cash Flows From Investing Activities				
Interest earned	119,147	135,576	1	254,723
Net cash provided by investing activities	119,147	135,576	1	254,723
Net change in cash and cash equivalents	515,211	3,695,376	166	4,210,587
Cash and Cash Equivalents:				
January 1, 2025	2,846,470	972,563	99	3,819,033
December 31, 2025	$ 3,361,681	$ 4,667,939	$ 265	$ 8,029,620
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	$ (415,753)	$ (271,604)	$ (136,526)	$ (687,357)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	285,883	684,575	-	970,458
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	289,837	177,343	(45,847)	467,180
Prepaid expenses	2,475	2,530	-	5,005
Net pension asset	(274,170)	(274,170)	-	(548,340)
Deferred outlfows - pension	191,405	191,405	-	382,810
(Decrease) increase in:				
Accounts payable	2,337	(90,046)	727	(87,709)
Accrued salaries and benefits	10,249	4,885	7,333	15,134
Compensated absences	6,045	(8,982)	-	(2,937)
Deferred inflows - pensions	84,681	84,681	-	169,362
Net cash provided by (used in) operating activities	$ 182,989	$ 500,617	$ (174,313)	$ 683,606

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The East Stroudsburg Borough (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; and water and sewer utility services.

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:

A. 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. The Borough is considered to be an independent reporting entity and has no component units.

B. 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 as well as recycling marketing 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 2025 was $3,066,493. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

C. 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 2025 was $82,266. 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.

D. Basis of Presentation - Financial Statements

Government-Wide and Fund 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 assets that apply 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 assets that apply to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Basis of Presentation - Financial Statements (Continued)

Government-Wide and Fund Financial Statements (Continued)

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.

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 non-major governmental funds.

E. Basis of Presentation - Fund Accounting

The accounts of the Borough are organized on the basis of funds, each of which is a separate entity with its own self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures or expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. The funds are grouped into the categories governmental and proprietary.

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:

General Fund - This 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.

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds (Continued)

In addition, the Borough reports the following non-major governmental funds:

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

Debt Service Fund - This 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.

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 major proprietary funds:

Sewer Fund - This fund is used to account for the operation of a sewage collection system.

Water Fund - This fund is used to account for the operation of a water supply system.

Trash Fund - This fund is used to account for the operation of a garbage collection system.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds (Continued)

These funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with 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 non-operating revenues and expenses.

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

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."

Accounts Receivable: The Borough's accounts receivables are reported at net realizable value. The Borough's sewer, water and garbage operations experience trivial 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 and Depreciation: 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
Machinery and equipment	8-10 years

Note 1. Summary of Significant Accounting Policies (Continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Capital Assets and Depreciation (Continued): 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 assts that will no longer be used by the Borough. No impairment losses were recognized in the year ended December 31, 2025.

Deferred Outflows of Resources - Pensions: The Borough recognizes deferred outflows of resources, which represent a consumption of net assets that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The Borough has identified these items in subsequent notes to the financial statements.

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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases Payable: Lease liabilities represent the Borough's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement dated based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The Borough has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities on the statements of net position.

Compensated Absences: Borough policies permit employees to accumulate earned but unused vacation and sick days and compensatory leave. The liability for unused sick and vacation days, along with compensatory leave, is recorded as a noncurrent liability in the government-wide and proprietary fund financial statements. A liability for these amounts is recorded for leave that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Deferred Inflows of Resources - Pensions: The Borough recognizes deferred inflows of resources, which represent an acquisition of net assets that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The Borough has identified these items in subsequent notes to the financial statements.

Governmental Funds - Fund Balance: In accordance with the provisions of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance is reported according to a hierarchy based primarily upon the extent to which the Borough is bound to observe constraints imposed upon the use of the resources reported in those funds. The Borough's fund balance classifications are defined and described as follows:

Non-spendable - 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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

G. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which, based on our review, may be applicable to the Borough's reporting requirements.

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended December 31, 2025:

GASB Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risk related to a government's vulnerabilities due to certain concentrations or constraints.

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years:

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the Borough beginning with its year ending December 31, 2026. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement addresses requirements relating to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information and budgetary comparison information.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the Borough beginning with its year ending December 31, 2026. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets, subscription assets, intangible right-to-use assets and intangible assets should be disclosed separately by major class of underlying asset within the note disclosures. This Statement also requires additional disclosures for capital assets held for sale.

GASB Statement No. 105, *Subsequent Events*, will be effective for the Borough beginning with its year ending December 31, 2027. This Statement improves financial reporting related to subsequent events by (1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events and (2) specifying the information items that are required to be disclosed about subsequent events.

The effects of the implementation of these standards have not yet been determined.

H. Other

Use of Estimates: The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events: In preparing these financial statements, the Borough has evaluated events and transactions for potential recognition or disclosure through October 7, 2026, the date the financial statements were available to be issued.

Note 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 original and final General Fund budget totaled $5,810,323 for the year ended December 31, 2025.

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.

Expenditures in Excess of Appropriations

The General Fund had the following expenditure functions or categories overspend budgetary appropriations:

Function/Category	Expenditures in Excess of Appropriation
General government	$ (26,068)
Public safety	(57,943)
Public works - highway and streets	(607,612)
Culture and recreation	(669)
Debt service	(30,168)
Operating transfers out	(274,843)

Deficit Fund Equity

The Street Lighting Fund, a nonmajor fund, had a deficit fund balance of $7,777 at December 31, 2025, which will be funded by property taxes.

Note 3. Deposits and Investments

Deposits

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit, and certain other high-quality bank and corporate instruments. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

The deposit and investment policies of the Borough adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that violated either state statutes or Borough policies.

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, 2025, the carrying amount of the Borough's deposits was $5,070,255 and the bank balance was $4,816,579. Of the bank balance, $500,000 was covered by federal depository insurance and $4,316,579 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.

Investments: The Borough invests in the Pennsylvania Local Government Investment Trust (“PLGIT”) which is an external local government investment pool established and administered by the Pennsylvania Local Government Investment Trust. The investment pool is not registered with the SEC and is regulated under the statutory authority of the Commonwealth of Pennsylvania to provide a common investment vehicle for state and local government agencies. PLGIT is valued using amortized cost. Shares of PLGIT are available to be exchanged or redeemed in up to two instances per calendar month without incurring a penalty. There are no limits to the number of redemptions or exchanges that can be made as long as the Borough has a sufficient number of shares to meet their redemption or exchange request.

As of December 31, 2025, the Borough’s investment in PLGIT totaled $5,109,675; which is reported as cash in the Borough’s financial statements. The Borough’s investment in PLIGT was rated AAAm by *S&P Global* as of December 31, 2025.

Note 4. Real Estate Taxes

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

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

The Monroe County Board of Assessments determines assessed valuations of property, and the Borough's taxes are billed and collected by an elected tax collector. The tax on real estate for fiscal 2025 was 7.9654 mills ($7.9654 for $1,000 of assessed valuation) consisting of 6.3841 mills for general purposes, 0.0575 mills for fire, 0.4464 mills for recreation, 0.1107 mills for pension and 0.9668 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 2025 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

Note 5. Interfund Balances and Interfund Transfers

The composition of interfund balances as of December 31, 2025, is as follows:

Fund	Due from Other Funds	Due to Other Funds
Governmental Funds		
General	$ 858,256	$ 1,079,080
Capital Projects	116,524	202,842
State Liquid Fuels	4,925	-
Street Lighting	-	7,777
Fire Apparatus	13,771	-
Recreation	88,302	-
Street	28,782	-
Debt Service	171,605	-
Pension	16,226	-
Proprietary Funds		
Sewer	1,103,946	-
Water	202,842	1,087,421
Trash	-	228,059
	$ 2,605,179	$ 2,605,179

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, 2025, is as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General	$ 240	$ 274,843
Capital Projects	127,822	-
Debt Service	274,843	-
Community Development	-	240
Proprietary Funds		
Water	-	127,822
	$ 402,905	$ 402,905

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

Note 6. Capital Assets

Capital asset activity for the Borough for the year ended December 31, 2025, is as follows:

	Balance January 1, 2025	Increases	Decreases	Balance December 31, 2025
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 5,906,644	$ -	$ -	$ 5,906,644
Capital assets being depreciated				
Building and improvements	2,327,310	-	-	2,327,310
Improvements other than buildings	6,126,538	819,708	-	6,946,246
Machinery and equipment	5,001,573	183,468	-	5,185,041
Lease assets - equipment	200,000	-	-	200,000
Total capital assets being depreciated	13,655,421	1,003,176	-	14,658,597
Less accumulated depreciation for:				
Building and improvements	1,314,240	37,866	-	1,352,106
Improvements other than buildings	3,701,840	156,499	-	3,858,339
Machinery and equipment	4,213,661	273,576	-	4,487,237
Lease assets - equipment	160,000	40,000	-	200,000
Total accumulated depreciation	9,389,741	507,941	-	9,897,682
Total capital assets being depreciated, net	4,265,680	495,235	-	4,760,915
Governmental Activities, net	$ 10,172,324	$ 495,235	$ -	$ 10,667,559
Business-Type Activities				
Capital assets not being depreciated:				
Land	$ 1,598,722	$ -	$ -	$ 1,598,722
Construction in progress	-	77,070	-	77,070
Total capital assets not being depreciated	1,598,722	77,070	-	1,675,792
Capital assets being depreciated				
Buildings and improvements	5,115,675	-	-	5,115,675
Improvements other than buildings	21,478,503	-	-	21,478,503
Machinery and equipment	2,923,996	-	-	2,923,996
Total capital assets being depreciated	29,518,174	-	-	29,518,174
Less accumulated depreciation for:				
Buildings and improvements	4,751,902	47,795	-	4,799,697
Improvements other than buildings	11,583,383	584,519	-	12,167,902
Machinery and equipment	691,303	338,144	-	1,029,447
Total accumulated depreciation	17,026,588	970,458	-	17,997,046
Total capital assets being depreciated, net	12,491,586	(970,458)	-	11,521,128
Business-Type Activities, net	$ 14,090,308	$ (893,388)	$ -	$ 13,196,920

Note 6. Capital Assets (Continued)

Depreciation expenses were charged to governmental functions as follows:

	Amount
Governmental Activities:	
General government	$ 91,933
Public safety	107,788
Public works	267,081
Culture and recreation	41,139
Total depreciation expense - governmental activities	$ 507,941
Business-type activities	
Sewer	$ 285,883
Water	684,575
Total depreciation expense - business-type activities	$ 970,458

Note 7. Long-Term Obligations

The following summarizes the changes in noncurrent liabilities for the year ended December 31, 2025:

	January 1, 2025	Increases	Decreases	December 31, 2025	Due within one year
Governmental Activities					
General obligation debt	$ 2,343,590	$ 1,904,000	$ 513,750	$ 3,733,840	$ 224,500
Leases payable	118,214	-	19,901	98,313	20,302
Compensated Absences *	36,454	14,296	-	50,750	-
Total governmental activities	$ 2,498,258	$ 1,918,296	$ 533,651	$ 3,882,903	$ 244,802
Business-Type Activities					
General obligation debt	$ 5,437,338	$ 3,496,822	$ 227,530	$ 8,706,630	$ 204,860
Direct borrowings	612,010	-	89,480	522,530	91,984
Total notes payable	6,049,348	3,496,822	317,010	9,229,160	296,844
Compensated Absences *	152,295	-	2,937	149,358	-
Total business-type activities	$ 6,201,643	$ 3,496,822	$ 319,947	$ 9,378,518	$ 296,844

*The change in compensated absences above is a net change for the year.

Noncurrent liabilities of governmental activities are to be liquidated by the General Fund and Debt Service Fund. Noncurrent liabilities of business-type activities are to be liquidated by water and sewer operations.

General Obligation Debt

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

Note 7. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

General obligation debt outstanding for governmental activities as of December 31, 2025, consisted of the following:

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 $458,500 at December 31, 2025.

On January 15, 2016, the Borough issued a Note Payable (the "Series 2016 Note") to a financial institution to borrow a maximum of $3,445,730. 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 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; (c) 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 2033. 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 2033. The actual amount advanced and outstanding as of December 31, 2025, is $1,371,340.

On March 18, 2025, the Borough issued a $1,625,000 Bond Payable (the "Series 2025 Bond") to a financial institution. The proceeds from the issuance of the Series 2025 Bond were used to fund the 2025 Project. The full amount borrowed will be payable annually in varying amounts from October 2025 through October 2039. Interest is payable semi-annually in April and October at a rate of 3.95% through April 2030 and will convert to a variable rate not to exceed 5.50% through October 2039. The actual amount advanced and outstanding as of December 31, 2025, is $1,625,000.

On March 18, 2025, the Borough issued a $279,000 Bond Payable (the "Series 2025A Taxable Bond") to a financial institution. The proceeds from the issuance of the Series 2025 Bond were used to fund the 2025 Taxable Project. The full amount borrowed will be payable annually in varying amounts from October 2025 through October 2029. Interest is payable semi-annually in April and October at a rate of 5.00% through October 2029. The actual amount advanced and outstanding as of December 31, 2025, is $279,000.

Minimum debt service requirements on long-term debt at December 31, 2025, are as follows:

Year Ending December 31,	Principal	Interest	Minimum Debt Service Requirement
2026	$ 224,500	$ 139,536	$ 364,036
2027	322,040	149,251	471,291
2028	334,890	136,399	471,289
2029	348,000	122,737	470,737
2030	317,370	118,716	436,086
2031-2035	1,308,040	426,314	1,734,354
2036-2039	879,000	123,970	1,002,970
	$ 3,733,840	$ 1,216,923	$ 4,950,763

Note 7. Long-Term Obligations (Continued)

Direct Borrowings

Direct borrowings are a direct obligation of the Borough for which full faith and credit are pledged and are payable from water revenues and the Borough's taxing authority. The Borough has not pledged any assets as collateral for the direct borrowing. Direct borrowings were issued to finance capital expenditures of the water fund. Upon default of the direct borrowing, the Borough would incur a late charge of 4% of any installment not received within ten (10) days of the default occurrence. Should any installments of principal and interest remain unpaid for more than 30 days, or upon any other default in the performance of other terms contained in the agreement, the whole sum of the direct borrowing shall immediately become due to the Borough; along with any costs of collection and attorney's fees incurred with interest at rate the direct borrowing bears.

General obligation debt and direct borrowings outstanding for business-type activities as of December 31, 2025, consisted of the following:

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 $221,959 at December 31, 2025.

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 214 monthly payments ranging from $3,773 to $4,201, including interest ranging from 1.512% to 3.024%, through July 2032. The outstanding amount under the 2009 Loan was $300,571 at December 31, 2025.

On January 15, 2016, the Borough issued a Note Payable (the "Series 2016 Note") to a financial institution to borrow a maximum of $3,786,540. The proceeds from the issuance of the Series 2016 Note will be used for (a) 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, and (b) 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, 2025 is $2,355,400.

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, 2025, is $2,982,230.

Note 7. Long-Term Obligations (Continued)

Direct Borrowings (Continued)

On March 18, 2025, the Borough issued a Note Payable (the "Series 2025AA Note") to a financial institution to borrow a maximum of $3,369,000. The proceeds from the issuance of the Series 2025AA Note will be used to fund the Water Capital Project. The full amount borrowed will be payable annually in varying amounts from October 2025 through October 2044. Interest is payable semi-annually in April and October at a rate of 3.95% through April 2030 and will convert to a variable rate not to exceed 5.50% through October 2044. The actual amount advanced and outstanding as of December 31, 2025, is $3,369,000.

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

Year Ending December 31,	Principal	Interest	Minimum Debt Service Requirement
2026	$ 296,844	$ 306,989	$ 603,833
2027	433,270	322,927	756,197
2028	450,098	306,645	756,743
2029	467,371	288,747	756,118
2030	462,749	293,380	756,129
2031-2035	2,536,758	1,249,720	3,786,478
2036-2040	3,120,600	667,480	3,788,080
2041-2044	1,461,470	153,161	1,614,631
	$ 9,229,160	$ 3,589,049	$ 12,818,209

Leases Payable

The Borough has entered into a lease agreement for the financing of a fire pumper. Initial lease liabilities have been recorded in the amount of $199,778. Lease payments are due monthly with an interest rate of 2.00%. As of December 31, 2025, the value of the lease liability was $98,313. The assets are recorded in the amount of $200,000 with an accumulated depreciation of $200,000 as of December 31, 2025, and is included with noncurrent assets on the statement of net position.

The future minimum lease payments as of December 31, 2025, are as follows:

Year Ending December 31,	Principal	Interest	Minimum Debt Service Requirement
2026	$ 20,302	$ 1,781	$ 22,083
2027	20,712	1,371	22,083
2028	21,130	953	22,083
2029	21,557	526	22,083
2030	14,612	110	14,722
	$ 98,313	$ 4,741	$ 103,054

Note 8. Employee Retirement Plans

The Borough participates in two defined benefit pension plans, (1) the Non-Uniform Pension Plan and (2) the Non-Uniform Cash Balance Plan, both of which are agent multiple-employer pension plans.

As of and for the year ended December 31, 2025, the two plans had the following balances reported in the government-wide financial statements:

	Deferred Outflows of Resources	Net Pension Liability (Asset)	Deferred Inflows of Resources	Pension Expense
Nonuniform Pension Plan	$ -	$ (1,170,575)	$ 233,194	$ (32,753)
Nonuniform Cash Balance Pension Plan	-	(129,252)	63,993	66,467
Total	$ -	$ (1,299,827)	$ 297,187	$ 33,714

Non-Uniform Pension Plan

Plan Administration

The East Stroudsburg Borough Non-Uniform Pension Plan is controlled by the provisions of Ordinance Number 1258 of the Borough. The Non-Uniform Pension Plan (the "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 annual comprehensive 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, PO. Box 1165, Harrisburg, PA 17108-1165; or by accessing its website.

Plan Membership

Membership in the Plan consisted of the following at January 1, 2025:

Active plan participants	7
Inactive employees and beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	2
Total members	31

Benefits Provided

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.

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. The Borough’s contributions to the plan totaled $212,186 for the year ended December 31, 2025.

Note 8. Employee Retirement Plans (Continued)

Non-Uniform Pension Plan (Continued)

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, 2025 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 5.50% investment rate of return (net of administrative costs) and (b) 2.20% inflation and salary increases ranging from 2.79% to 6.22%. 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 5.50%. 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.

Note 8. Employee Retirement Plans (Continued)

Non-Uniform Pension Plan (Continued)

Rate of Return (Continued)

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

Asset Class	Target Allocation	Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equities (large-capitalized firms)	24.5%	7.39%	4.89%
Domestic Equities (small-capitalized firms)	8.0%	8.30%	5.80%
International Equities (international developed markets)	14.5%	8.03%	5.53%
International Equities (emerging markets)	3.0%	8.39%	5.89%
Global equities	5.0%	6.44%	3.94%
Real estate	10.0%	6.38%	3.88%
Timber	5.0%	5.57%	3.07%
Fixed Income (Core Investment Grade)	24.0%	5.01%	2.51%
Fixed income (Opportunistic Credit)	5.0%	6.85%	4.35%
Cash	1.0%	3.11%	0.61%
	100.0%	7.29%	4.79%

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, 2024.

Net Pension Asset

The Borough's net pension asset has been measured as of December 31, 2024. The total pension asset was determined by an actuarial valuation as of January 1, 2025, with assets measured at December 31, 2024. The net pension asset is $1,170,575 measured as the difference between the total pension liability of $(7,871,997) and the fiduciary net position of $9,042,572.

Note 8. Employee Retirement Plans (Continued)

Non-Uniform Pension Plan (Continued)

Net Pension Asset (Continued)

The Borough's change in total pension liability, plan fiduciary net position, and net pension asset for the year ended December 31, 2024, were as follows:

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2023	$ 8,026,323	$ 8,410,141	$ (383,818)
Service cost	89,563	-	89,563
Interest	414,936	-	414,936
Changes of benefit terms	82,885	-	82,885
Changes of assumptions	(181,819)	-	(181,819)
Differences between expected and actual experience	(141,812)	-	(141,812)
Contributions - employer	-	192,431	(192,431)
Contributions - PMRS assessment	-	640	(640)
Contributions - members	-	30,786	(30,786)
PMRS investment income	-	412,728	(412,728)
Market value investment income	-	437,170	(437,170)
Benefit payments	(418,079)	(418,079)	-
PMRS administrative expense	-	(640)	640
Additional administrative expense	-	(22,605)	22,605
Net changes	(154,326)	632,431	(786,757)
Balances at December 31, 2024	$ 7,871,997	$ 9,042,572	$ (1,170,575)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the Borough calculated using the discount rate 5.50%, as well as what the net pension asset would be if it were calculated using the discount rate that is one-percentage-point lower (4.50%) or one-percentage-point higher (6.50%) than the current rate:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net pension liability (asset)	$ (403,582)	$ (1,170,575)	$ (1,838,148)

Note 8. Employee Retirement Plans (Continued)

Non-Uniform Pension Plan (Continued)

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

For the year ended December 31, 2025, the Borough recognized pension expense of $(32,753). At December 31, 2025, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 70,906
Changes of assumptions	-	90,909
Net difference between projected and actual investment earnings	-	71,379
	$ -	$ 233,194

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

Year Ending December 31:	Total
2026	$ (139,960)
2027	168,425
2028	(174,225)
2029	(87,434)
	$ (233,194)

Actuarial Methods and Significant Assumptions

Investment return	5.50% (including inflation)
Inflation	2.20%
Salary increases	Age related scale with merit and inflation component

Mortality rates were based on the following:

Pre-retirement mortality:

Males:	PUB-2010 General Employees male table
Females:	PUB-2010 General Employees female table

Post-retirement mortality:

Males:	RP-2006 annuitant male table
Females :	RP-2006 annuitant female table

Note 8. Employee Retirement Plans (Continued)

Non-Uniform Cash Balance Pension Fund

The East Stroudsburg Non-Uniform Cash Balance Pension Plan (the "Cash Balance Plan") is 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 annual comprehensive 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, PO. Box 1165, Harrisburg, PA 17108-1165; or by accessing its website.

Plan Membership

Membership in the Plan consisted of the following at January 1, 2025:

Active plan participants	29
Inactive employees and beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	19
Total members	48

Benefits Provided

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.

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. The Borough's contributions to the plan totaled $104,502 for the year ended December 31, 2025.

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, 2025, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 5.50% investment rate of return (net of administrative costs) and (b) 2.20% inflation and salary increases ranging from 2.79% to 6.22%. The unfunded actuarial accrued liability is being amortized on the level dollar closed basis.

Note 8. Employee Retirement Plans (Continued)

Non-Uniform Cash Balance Pension Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability is 5.50%. 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:

Asset Class	Target Allocation	Nominal Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equities (large-capitalized firms)	24.5%	7.39%	4.89%
Domestic Equities (small-capitalized firms)	8.0%	8.30%	5.80%
International Equities (international developed markets)	14.5%	8.03%	5.53%
International Equities (emerging markets)	3.0%	8.39%	5.89%
Global equities	5.0%	6.44%	3.94%
Real estate	10.0%	6.38%	3.88%
Timber	5.0%	5.57%	3.07%
Fixed Income (Core Investment Grade)	24.0%	5.01%	2.51%
Fixed income (Opportunistic Credit)	5.0%	6.85%	4.35%
Cash	1.0%	3.11%	0.61%
	100.0%	7.29%	4.79%

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, 2024.

Note 8. Employee Retirement Plans (Continued)

Non-Uniform Cash Balance Pension Fund (Continued)

Net Pension Asset

The Borough's net pension asset has been measured as of December 31, 2024. The total pension asset was determined by an actuarial valuation as of January 1, 2025, with assets measured at December 31, 2024. The net pension asset is $129,252 measured as the difference between the total pension liability of $(458,944) and the fiduciary net position of $588,196.

The Borough's change in total pension liability, plan fiduciary net position, and net pension asset for the year ended December 31, 2024, were as follows:

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2023	$ 334,939	$ 428,355	$ (93,416)
Service cost	108,975	-	108,975
Interest	18,870	-	18,870
Changes of benefit terms	5,352	-	5,352
Differences between expected and actual experience	(9,192)	-	(9,192)
Contributions - employer	-	78,736	(78,736)
Contributions - PMRS assessment	-	660	(660)
Contributions - members	-	30,239	(30,239)
PMRS investment income	-	23,461	(23,461)
Market value investment income	-	28,690	(28,690)
Benefit payments	-	-	-
PMRS administrative expense	-	(660)	660
Additional administrative expense	-	(1,285)	1,285
Net changes	124,005	159,841	(35,836)
Balances at December 31, 2024	$ 458,944	$ 588,196	$ (129,252)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the Borough calculated using the discount rate 5.50%, as well as what the net pension asset would be if it were calculated using the discount rate that is one-percentage-point lower (4.50%) or one-percentage point higher (6.50%) than the current rate:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net pension liability (asset)	$ (37,463)	$ (129,252)	$ (221,041)

Note 8. Employee Retirement Plans (Continued)

Non-Uniform Cash Balance Pension Fund (Continued)

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

For the year ended December 31, 2025, the Borough recognized pension expense of $66,467. At December 31, 2025, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 45,699
Net difference between projected and actual investment earnings	-	18,294
	$ -	$ 63,993

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

Year Ending December 31:	Total
2026	$ (10,486)
2027	(4,121)
2028	(15,680)
2029	(11,297)
2030	(5,559)
Thereafter	(16,850)
	$ (63,993)

Actuarial Methods and Significant Assumptions

Investment return	5.50% (including inflation)
Inflation	2.20%
Salary increases	Age related scale with merit and inflation component

Mortality rates were based on the following:

- Pre-retirement mortality:
  - Males: PUB-2010 General Employees male table
  - Females: PUB-2010 General Employees female table
- Post-retirement mortality:
  - Males: RP-2006 annuitant male table
  - Females : RP-2006 annuitant female table

Note 9. 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.

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.

Note 10. 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 2025. 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.

Note 11. Restatement of Beginning Net Position and Fund Balance

During fiscal year 2025, the Borough adopted the fund classification of the Trash Fund as an enterprise fund. This resulted in a change to the financial reporting of the Governmental Activities, Business-type Activities, General Fund, and Trash Fund. In addition, due to the Trash Fund being reclassified from a governmental fund to a proprietary fund there was a change in the way the accounts receivable and unavailable revenues (deferred inflows of resources) are being reported under a different method of accounting. See below for the summary of these two changes on fund balance and net position as of January 1, 2025:

	12/31/2024 Fund Balance/ Net Position As Previously Reported	Change within the Financial Reporting Entity	Change in Accounting Principle	12/31/2024 Fund Balance/ Net Position As Restated
Government-Wide				
Governmental Activities	$ 8,981,472	$ 105,891	$ (291,265)	$ 8,796,098
Business-Type Activities	13,958,549	(105,891)	291,265	14,143,923
Total Primary Government	$ 22,940,021	$ -	$ -	$ 22,940,021
Governmental Funds				
Major Funds:				
General Fund	$ (185,765)	$ 105,891	$ -	$ (79,874)
Proprietary Funds				
Major Funds:				
Trash Fund	$ -	$ (105,891)	$ 291,265	$ 185,374

Note 12. Subsequent Events

On March 17, 2026, the Borough issued General Obligation Note, Series of 2026 in the amount of $4,028,000 to reimburse the Borough for certain qualified capital purchases and provide financing for certain capital projects. The interest rate of the note is 3.52% and the maturity date is December 1, 2032.

REQUIRED SUPPLEMENTARY INFORMATION

EAST STROUDSBURG BOROUGH

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 4,700,891	$ 4,337,556	$ (363,335)
Licenses and permits	421,250	736,159	314,909
Fines, forfeits, and costs	205,000	150,342	(54,658)
Investment income	50,000	78,735	28,735
Rent and royalties	145,000	105,501	(39,499)
Intergovernmental revenues	118,695	144,412	25,717
Charges for services	220,767	204,053	(16,714)
Miscellaneous	208,984	162,155	(46,829)
Total revenues	6,070,587	5,918,913	(151,674)
Expenditures			
Current			
General government	908,770	934,838	(26,068)
Public safety	3,817,202	3,875,145	(57,943)
Health and human services	126,801	13,072	113,729
Public works - sanitation	70,858	59,048	11,810
Public works - highway and streets	513,875	1,121,487	(607,612)
Public works - other	324,267	182,252	142,015
Culture and recreation	27,050	27,719	(669)
Community development	21,500	17,320	4,180
Debt service			
Debt issuance costs	-	30,168	(30,168)
Total expenditures	5,810,323	6,261,049	(450,726)
Excess (deficiency) of revenues over (under) expenditures	260,264	(342,136)	(602,400)
Other Financing Sources (Uses)			
Operating transfers in	-	240	240
Operating transfers out	-	(274,843)	(274,843)
Proceeds from long term debt	-	1,904,000	1,904,000
Total other financing sources - net	-	1,629,397	1,629,397
Net change in fund balances	$ 260,264	1,287,261	$ 1,026,997
Fund Balances - January 1, 2025 (as reported)		(185,765)	
Change to Financial Reporting Entity		105,891	
Fund balances - January 1, 2025 (as restated)		(79,874)	
Fund Balances - December 31, 2025		$ 1,207,387	

EAST STROUDSBURG BOROUGH

SCHEDULES OF EMPLOYER CONTRIBUTIONS - PENSION PLANS
Year Ended December 31,

Nonuniform Pension Fund

Measurement Date December 31,	Annual Required Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
2022	$ 179,223	$ 179,223	$ -	$ 585,505	30.61%
2023	$ 193,934	$ 193,934	$ -	$ 568,848	34.09%
2024	$ 193,071	$ 193,071	$ -	$ 541,860	35.63%

Nonuniform Cash Balance Pension Fund

Measurement Date December 31,	Annual Required Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
2022	$ 49,964	$ 49,964	$ -	$ 826,726	6.04%
2023	$ 54,941	$ 54,941	$ -	$ 904,683	6.07%
2024	$ 79,396	$ 79,396	$ -	$ 1,312,275	6.05%

The schedule is presented to illustrate the requirement to show information for 10 years.

EAST STROUDSBURG BOROUGH

SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - NONUNIFORM PENSION PLAN
Year Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 89,563	$ 97,558	$ 103,316	$ 107,553	$ 117,781	$ 130,137	$ 133,431	$ 142,081	$ 154,308	$ 173,321
Interest	414,936	413,044	412,819	409,466	404,655	398,547	382,052	374,727	375,390	362,036
Changes of assumptions	(181,819)	-	-	-	417,822	-	-	-	182,587	(64,731)
Changes of benefits	82,885	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(141,812)	-	22,075	-	(436,223)	-	197,635	-	(123,841)	-
Transfers	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(418,079)	(517,968)	(539,976)	(356,681)	(439,038)	(360,992)	(428,081)	(310,112)	(221,526)	(193,095)
Net Change in Total Pension Liability	(154,326)	(7,366)	(1,766)	160,338	64,997	167,692	285,037	206,696	366,918	277,531
Total pension liability, beginning	8,026,323	8,033,689	8,035,455	7,875,117	7,810,120	7,642,428	7,357,391	7,150,695	6,783,777	6,506,246
Total pension liability, ending (a)	$ 7,871,997	$ 8,026,323	$ 8,033,689	$ 8,035,455	$ 7,875,117	$ 7,810,120	$ 7,642,428	$ 7,357,391	$ 7,150,695	$ 6,783,777
Plan Fiduciary Net Position										
Employer contributions	$ 193,071	$ 193,934	$ 179,223	$ 192,329	$ 195,322	$ 199,838	$ 238,461	$ 234,212	$ 229,485	$ 232,435
Member contributions	30,786	35,854	38,289	36,661	33,527	35,816	35,488	37,113	43,883	44,346
PMRS investment income	412,728	401,711	413,472	400,289	395,233	372,894	335,039	320,077	333,020	314,814
Market value investment income	437,170	433,963	(1,713,252)	732,840	336,330	1,052,268	(653,303)	706,859	142,966	(321,885)
Transfers	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of members contributions	(418,079)	(517,968)	(539,976)	(356,681)	(439,038)	(360,992)	(428,081)	(310,112)	(221,526)	(193,095)
PMRS administrative expense	(640)	(640)	(660)	(680)	(680)	(680)	(680)	(680)	(680)	(680)
Additional administrative expense	(22,605)	(22,500)	(21,847)	(22,672)	(17,220)	(12,889)	(14,951)	(14,720)	(16,315)	(13,124)
Net Change in Plan Fiduciary Net Position	632,431	524,354	(1,644,751)	982,086	503,474	1,286,255	(488,027)	972,749	510,833	62,811
Plan fiduciary net position, beginning	8,410,141	7,885,787	9,530,538	8,548,452	8,044,978	6,758,723	7,246,750	6,274,001	5,763,168	5,700,357
Plan fiduciary net position, ending (b)	$ 9,042,572	$ 8,410,141	$ 7,885,787	$ 9,530,538	$ 8,548,452	$ 8,044,978	$ 6,758,723	$ 7,246,750	$ 6,274,001	$ 5,763,168
Net pension liability (asset), ending (a)-(b)	$(1,170,575)	$ (383,818)	$ 147,902	$(1,495,083)	$ (673,335)	$ (234,858)	$ 883,705	$ 110,641	$ 876,694	$ 1,020,609
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	114.87%	104.78%	98.16%	118.61%	108.55%	103.01%	88.44%	98.50%	87.74%	84.96%
Covered Payroll	$ 541,860	$ 568,848	$ 585,505	$ 638,323	$ 762,113	$ 853,174	$ 881,823	$ 845,130	$ 1,066,909	$ 1,163,780
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-216.03%	-67.47%	25.26%	-234.22%	-88.35%	-27.53%	100.21%	13.09%	82.17%	87.70%

The schedule is presented to illustrate the requirement to show information for 10 years.

EAST STROUDSBURG BOROUGH

SCHEDULES OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - NONUNIFORM CASH BALANCE PENSION PLAN
Year Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 108,975	$ 73,520	$ 60,195	$ 52,162	$ 47,879	$ 49,400	$ 49,614	$ 23,228	$ 14,911	$ 11,827
Interest	18,870	14,565	13,158	10,215	8,495	6,013	4,151	2,392	1,810	1,094
Changes of assumptions	-	-	-	-	-	-	-	-	-	-
Changes of benefits	5,352	-	-	-	-	-	661	-	-	-
Differences between expected and actual experience	(9,192)	(12,835)	(1,848)	(31,317)	(7,791)	-	(1)	(8,424)	(1,153)	-
Transfers	-	(38,099)	-	-	-	(21,654)	-	-	-	-
Benefit payments, including refunds of member contributions	-	(2,724)	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	124,005	34,427	71,505	31,060	48,583	33,759	54,425	17,196	15,568	12,921
Total pension liability, beginning	334,939	300,512	229,007	197,947	149,364	115,605	61,180	43,984	28,416	15,495
Total pension liability, ending (a)	$ 458,944	$ 334,939	$ 300,512	$ 229,007	$ 197,947	$ 149,364	$ 115,605	$ 61,180	$ 43,984	$ 28,416
Plan Fiduciary Net Position										
Employer contributions	$ 79,396	$ 54,941	$ 49,964	$ 42,375	$ 40,096	$ 49,361	$ 34,610	$ 21,775	$ 15,051	$ 11,927
Member contributions	30,239	19,239	10,591	10,147	8,083	8,044	7,560	400	-	-
PMRS investment income	23,461	18,199	16,147	12,150	9,428	6,646	4,363	2,669	1,750	1,136
Market value investment income	28,690	21,915	(57,791)	26,546	22,473	18,677	(11,226)	6,325	(178)	(1,779)
Transfers	-	(38,099)	-	-	-	(21,654)	-	-	-	-
Benefit payments, including refunds of members contributions	-	(2,724)	-	-	-	-	-	-	-	-
PMRS administrative expense	(660)	(660)	(360)	(360)	(300)	(280)	(160)	(120)	(80)	(100)
Additional administrative expense	(1,285)	(1,019)	(853)	(688)	(411)	(230)	(195)	(123)	(86)	(47)
Net Change in Plan Fiduciary Net Position	159,841	71,792	17,698	90,170	79,369	60,564	34,952	30,926	16,457	11,137
Plan fiduciary net position, beginning	428,355	356,563	338,865	248,695	169,326	108,762	73,810	42,884	26,427	15,290
Plan fiduciary net position, ending (b)	$ 588,196	$ 428,355	$ 356,563	$ 338,865	$ 248,695	$ 169,326	$ 108,762	$ 73,810	$ 42,884	$ 26,427
Net pension liability (asset), ending (a)-(b)	$ (129,252)	$ (93,416)	$ (56,051)	$ (109,858)	$ (50,748)	$ (19,962)	$ 6,843	$ (12,630)	$ 1,100	$ 1,989
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	128.16%	127.89%	118.65%	147.97%	125.64%	113.36%	94.08%	120.64%	97.50%	93.00%
Covered Payroll	$ 1,312,275	$ 904,683	$ 826,726	$ 709,554	$ 663,267	$ 679,121	$ 700,902	$ 380,474	$ 248,513	$ 197,118
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-9.85%	-10.33%	-6.78%	-15.48%	-7.65%	-2.94%	0.98%	-3.32%	0.44%	1.01%

The schedule is presented to illustrate the requirement to show information for 10 years.

SUPPLEMENTARY INFORMATION

EAST STROUDSBURG BOROUGH

BUDGET COMPARISON SCHEDULE - STATE LIQUID FUELS FUND
Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Interest, rent and royalties			
Interest income	$ -	$ 14,587	$ 14,587
Intergovernmental revenues			
PennDOT liquid fuels allocation	240,000	244,819	4,819
Turnback allocation	6,040	6,040	-
Total intergovernmental revenues	246,040	250,859	4,819
Total revenues	246,040	265,446	19,406
Expenditures			
Public works - highway			
Street department			
Equipment - truck	-	118,372	(118,372)
Winter maintenance - snow removal			
Snow and ice removal supplies	52,250	91,865	(39,615)
Contracted snow removal	3,000	275	2,725
Total winter maintenance - snow removal	55,250	92,140	(36,890)
Traffic control devices			
Electricity	15,000	5,730	9,270
Materials and supplies	2,750	9,282	(6,532)
Total traffic control devices	17,750	15,012	2,738
Street lighting			
Electric	72,600	77,471	(4,871)
Street light repair	750	174	576
Total traffic control devices	73,350	77,645	(4,295)
Storm sewers and drains			
Materials and supplies	6,000	208	5,792
Maintenance and repairs of roads and bridges			
Materials and supplies/street maintenance	-	9,045	(9,045)
Street paving	-	49,438	(49,438)
Total maintenance and repairs of roads and bridges	-	58,483	(58,483)
Total public works - highways and streets	152,350	361,860	(209,510)
Total expenditures	152,350	361,860	(209,510)
Net change in fund balance	$ 93,690	(96,414)	$ (190,104)
Fund Balances - January 1, 2025		315,052	
Fund Balances - December 31, 2025		$ 218,638	

EAST STROUDSBURG BOROUGH

BUDGET COMPARISON SCHEDULE - FIRE APPARTUS FUND
Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes			
Real estate - current year levy	$ 26,270	$ 28,952	$ 2,682
Real estate - current year levy - interim	4	-	(4)
Real estate - current year levy - prior year	6	-	(6)
Real estate - delinquent	1,519	1,547	28
Total taxes	27,799	30,499	2,700
Interest, rent and royalties			
Interest income	-	58	58
Total revenues	27,799	30,557	2,758
Expenditures			
Public safety			
Fire			
Equipment lease	23,924	-	23,924
Total public safety	23,924	-	23,924
Debt service			
Lease principal	-	19,901	(19,901)
Lease interest	-	2,183	(2,183)
Total debt service	-	22,084	(22,084)
Total expenditures	23,924	22,084	1,840
Net change in fund balance	$ 3,875	8,473	$ 4,598
Fund Balances - January 1, 2025		11,220	
Fund Balances - December 31, 2025		$ 19,693	

EAST STROUDSBURG BOROUGH

BUDGET COMPARISON SCHEDULE - RECREATION FUND
Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes			
Real estate - current year levy	$ 204,036	$ 224,866	$ 20,830
Real estate - current year levy - interim	33	-	(33)
Real estate - current year levy - prior year	55	-	(55)
Real estate - delinquent	13,644	13,911	267
Total taxes	217,768	238,777	21,009
Interest, rent and royalties			
Interest income	-	1	1
Intergovernmental revenues			
ARPA grant cameras	-	3,461	3,461
Total revenues	217,768	242,239	24,471
Expenditures			
Culture and recreation			
Participant recreation			
Building maintenance/repairs (pool)	1,250	933	317
Pool maintenance and repairs	2,500	3,796	(1,296)
Small tools and equipment (pool)	500	6,509	(6,009)
Materials and supplies (pool)	500	219	281
Electricity (pool)	10,000	7,652	2,348
Gas (pool)	1,250	371	879
Maintenance and repair services (pool)	600	591	9
Stewardship contributions (SROSRC)	185,200	147,868	37,332
Total participant recreation	201,800	167,939	33,861
Parks			
Recreation equipment	500	-	500
Tools and minor equipment	100	100	-
Telephone/internet	1,850	2,269	(419)
Electric	1,500	2,551	(1,051)
Land maintenance	20,000	7,674	12,326
Equipment maintenance	5,000	3,425	1,575
Building maintenance and repairs	20,000	5,615	14,385
Portable toilet rentals	2,000	2,385	(385)
Capital puchases and machinery	-	6,921	(6,921)
Total parks	50,950	30,940	20,010
Libraries			
PMVB grant expense	-	7,278	(7,278)
Total culture and recreation	252,750	206,157	46,593
Total expenditures	252,750	206,157	46,593
(Deficiency) excess of revenues (under) over expenditures	(34,982)	36,082	71,064
Other financing sources			
Transfers in	17,772	-	(17,772)
Net change in fund balance	$ (17,210)	36,082	$ 53,292
Fund Balances - January 1, 2025		39,621	
Fund Balances - December 31, 2025		$ 75,703	

EAST STROUDSBURG BOROUGH

BUDGET COMPARISON SCHEDULE - PENSION FUND
Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes			
Real estate - current year levy	$ 50,591	$ 55,759	$ 5,168
Real estate - current year levy - interim	4	-	(4)
Real estate - current year levy - prior year	7	-	(7)
Real estate - delinquent	1,827	1,864	37
Total taxes	52,429	57,623	5,194
Interest, rent and royalties			
Interest income	-	1	1
Total revenues	52,429	57,624	5,195
Expenditures			
General government			
Other general government administration			
Nonuniform pension	31,669	32,454	(785)
Total general government	31,669	32,454	(785)
Total expenditures	31,669	32,454	(785)
Net change in fund balance	$ 20,760	25,170	$ 5,980
Fund Balances - January 1, 2025		(9,285)	
Fund Balances - December 31, 2025		$ 15,885	

EAST STROUDSBURG BOROUGH

BUDGET COMPARISON SCHEDULE - DEBT SERVICE FUND
Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes			
Real estate - current year levy	$ 441,935	$ 487,051	$ 45,116
Real estate - current year levy - interim	52	-	(52)
Real estate - current year levy - prior year	86	-	(86)
Real estate - delinquent	21,435	21,856	421
Total taxes	463,508	508,907	45,399
Interest, rent and royalties			
Interest income	-	105	105
Total revenues	463,508	509,012	45,504
Expenditures			
Debt service			
Principal	442,098	513,750	(71,652)
Interest	20,000	98,298	(78,298)
Total debt service	462,098	612,048	(149,950)
Total expenditures	462,098	612,048	(149,950)
Excess (deficiency) of revenues over (under) expenditures	1,410	(103,036)	(104,446)
Other financing sources			
Transfers in	-	274,843	274,843
Net change in fund balance	$ 1,410	171,807	$ 170,397
Fund Balances - January 1, 2025		188	
Fund Balances - December 31, 2025		$ 171,995	

EAST STROUDSBURG BOROUGH

BUDGET COMPARISON SCHEDULE - SEWER FUND
Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues			
Charges for services	$ 1,811,500	$ 1,804,743	$ (6,757)
Other	268,656	213,930	(54,726)
Total operating revenues	2,080,156	2,018,673	(61,483)
Operating Expenses			
Salaries and wages	668,576	769,140	(100,564)
Employee benefits	521,834	516,361	5,473
Administrative expenses	73,918	68,952	4,966
Insurance	58,625	65,335	(6,710)
Professional services	184,385	168,019	16,366
Repairs and maintenance	346,651	265,765	80,886
Supplies	213,121	178,899	34,222
Utilities	100,067	116,072	(16,005)
Depreciation	-	285,883	(285,883)
Total operating expenses	2,167,177	2,434,426	(267,249)
Operating loss	(87,021)	(415,753)	(328,732)
Nonoperating Revenues			
Interest income	50,000	119,147	69,147
Intergovernmental revenues	44,715	72,589	27,874
Total nonoperating revenues	94,715	191,736	97,021
Change in net position	$ 7,694	(224,017)	$ (231,711)
Net Position - January 1, 2025		6,621,619	
Net Position - December 31, 2025		$ 6,397,602	

EAST STROUDSBURG BOROUGH

BUDGET COMPARISON SCHEDULE - WATER FUND
Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues			
Charges for services	$ 2,905,400	$ 2,803,357	$ (102,043)
Other	209,975	196,385	(13,590)
Total operating revenues	3,115,375	2,999,742	(115,633)
Operating Expenses			
Salaries and wages	967,683	866,661	101,022
Employee benefits	544,716	533,085	11,631
Administrative expenses	112,833	116,084	(3,251)
Insurance	58,625	51,716	6,909
Professional services	311,385	378,213	(66,828)
Repairs and maintenance	371,151	379,014	(7,863)
Supplies	253,006	200,790	52,216
Utilities	74,567	61,208	13,359
Depreciation	-	684,575	(684,575)
Total operating expenses	2,693,966	3,271,346	(577,380)
Operating income (loss)	421,409	(271,604)	(693,013)
Nonoperating Revenues (Expenses)			
Interest income	45,000	135,576	90,576
Interest expense	(198,088)	(288,461)	(90,373)
Issuance costs	-	(53,632)	(53,632)
Intergovernmental revenues	44,715	96,089	51,374
Proceeds from sale of capital assets	-	3,395	3,395
Total nonoperating (expenses) revenues	(108,373)	(107,033)	1,340
Income (loss) before transfers	313,036	(378,637)	(691,673)
Transfers out	(287,833)	(127,822)	160,011
Change in net position	$ 25,203	(506,459)	$ (531,662)
Net Position - January 1, 2025		7,336,930	
Net Position - December 31, 2025		$ 6,830,471	

EAST STROUDSBURG BOROUGH

BUDGET COMPARISON SCHEDULE - TRASH FUND
Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues			
Charges for services	$ 1,227,756	$ 1,103,190	$ (124,566)
Total operating revenues	1,227,756	1,103,190	(124,566)
Operating Expenses			
Salaries and wages	143,482	192,502	(49,020)
Employee benefits	10,747	53,001	(42,254)
Administrative expenses	43,500	62,427	(18,927)
Professional services	15,000	16,483	(1,483)
Refuse collection and disposal services	989,576	905,101	84,475
Repairs and maintenance	-	2,236	(2,236)
Supplies	8,500	5,643	2,857
Utilities	-	2,323	(2,323)
Total operating expenses	1,210,805	1,239,716	(28,911)
Operating income (loss)	16,951	(136,526)	(153,477)
Nonoperating Revenues (Expenses)			
Interest income	-	1	1
Intergovernmental revenues	-	44,471	44,471
Total nonoperating revenues (expenses)	-	44,472	44,472
Change in net position	$ 16,951	(92,054)	$ (109,005)
Net Position - January 1, 2025 (as reported)		-	
Change to Financial Reporting Entity		(105,891)	
Change in Accounting Principle		291,265	
Net Position - January 1, 2025 (as restated)		185,374	
Net Position - December 31, 2025		$ 93,320	

EAST STROUDSBURG BOROUGH

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2025

	Special Revenue Funds								
	State Liquid Fuels Fund	Community Development Fund	Fire Apparatus Fund	Street Fund	Recreation Fund	Street Lighting Fund	Pension Fund	Debt Service Fund	Total
Assets									
Cash and cash equivalents	$ 239,848	$ -	$ 5,922	$ -	$ 103	$ -	$ 103	$ 390	$ 246,366
Due from other funds	4,925	-	13,771	28,782	88,302	-	16,226	171,605	323,611
Total assets	$ 244,773	$ -	$ 19,693	$ 28,782	$ 88,405	$ -	$ 16,329	$ 171,995	$ 569,977
Liabilities									
Accounts payable	$ 25,891	$ -	$ -	$ -	$ 9,155	$ -	$ 444	$ -	$ 35,490
Due to other funds	-	-	-	-	-	7,777	-	-	7,777
Unearned revenues	-	-	-	-	3,547	-	-	-	3,547
Other liabilities	244	-	-	-	-	-	-	-	244
Total liabilities	26,135	-	-	-	12,702	7,777	444	-	47,058
Fund Balances (Deficit)									
Restricted for									
Public works - highways and streets	218,638	-	-	28,782	-	-	-	-	247,420
Fire apparatus	-	-	19,693	-	-	-	-	-	19,693
Culture and recreation - parks	-	-	-	-	75,703	-	-	-	75,703
Pension							15,885		15,885
Debt service	-	-	-	-	-	-	-	171,995	171,995
Unassigned	-	-	-	-	-	(7,777)	-	-	(7,777)
Total fund balances (deficit)	218,638	-	19,693	28,782	75,703	(7,777)	15,885	171,995	522,919
Total liabilities and fund balances (deficit)	$ 244,773	$ -	$ 19,693	$ 28,782	$ 88,405	$ -	$ 16,329	$ 171,995	$ 569,977

EAST STROUDSBURG BOROUGH

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	Special Revenue Funds								
	State Liquid Fuels Fund	Community Development Fund	Fire Apparatus Fund	Street Fund	Recreation Fund	Street Lighting Fund	Pension Fund	Debt Service Fund	Total
Revenues									
Taxes	$ -	$ -	$ 30,499	$ -	$ 238,777	$ -	$ 57,623	$ 508,907	$ 835,806
Investment income	14,587	2	58	-	1	-	1	105	14,754
Intergovernmental revenues	250,859	-	-	-	3,461	-	-	-	254,320
Total revenues	265,446	2	30,557	-	242,239	-	57,624	509,012	1,104,880
Expenditures									
Current									
General government	-	-	-	-	-	-	32,454	-	32,454
Public works - highway and streets	243,488	-	-	-	-	-	-	-	243,488
Culture and recreation	-	-	-	-	206,157	-	-	-	206,157
Capital outlay	118,372	-	-	-	-	-	-	-	118,372
Debt service									
Principal	-	-	19,901	-	-	-	-	513,750	533,651
Interest	-	-	2,183	-	-	-	-	98,298	100,481
Total expenditures	361,860	-	22,084	-	206,157	-	32,454	612,048	1,234,603
(Deficiency) excess of revenues (under) over expenditures	(96,414)	2	8,473	-	36,082	-	25,170	(103,036)	(129,723)
Other Financing Sources (Uses)									
Operating transfers in	-	-	-	-	-	-	-	274,843	274,843
Operating transfers out	-	(240)	-	-	-	-	-	-	(240)
Total other financing sources - net	-	(240)	-	-	-	-	-	274,843	274,603
Net change in fund (deficit) balances	(96,414)	(238)	8,473	-	36,082	-	25,170	171,807	144,880
Fund Balances (Deficit) - January 1, 2025	315,052	238	11,220	28,782	39,621	(7,777)	(9,285)	188	378,039
Fund Balances (Deficit) - December 31, 2025	$ 218,638	$ -	$ 19,693	$ 28,782	$ 75,703	$ (7,777)	$ 15,885	$ 171,995	$ 522,919

OTHER INFORMATION

EAST STROUDSBURG BOROUGH

PROPERTY TAX LEVIES AND COLLECTIONS - UNAUDITED
Last ten fiscal years ending December 31,

Fiscal Year	Total Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Tax Levy
2025	$ 3,638,645	$ 3,455,268	94.96%	$ 132,561	$ 3,587,829	98.60%	242,522	6.67%
2024	2,830,792	2,680,793	94.70%	114,842	2,795,635	98.76%	149,999	5.30%
2023	2,382,210	2,274,900	95.50%	45,381	2,320,281	97.40%	61,929	2.60%
2022	2,140,842	2,033,906	95.00%	96,570	2,130,476	99.52%	10,366	0.48%
2021	1,855,193	1,774,650	95.66%	77,979	1,852,629	99.86%	2,564	0.14%
2020	1,886,128	1,757,067	93.16%	127,177	1,884,244	99.90%	1,884	0.10%
2019	1,928,983	1,795,905	93.10%	132,806	1,928,711	99.99%	272	0.01%
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	99.95%	823	0.05%
2016	1,707,217	1,587,549	92.99%	119,208	1,706,757	99.97%	460	0.03%

EAST STROUDSBURG BOROUGH

TAX RATES - UNAUDITED
Last ten fiscal years ending December 31,

Fiscal Year	Property Taxes	Real Estate Transfer	Percentage Wage and Income Tax	Municipal Services Tax
2025	7.97	0.5%	0.5%	47.00
2024	6.17	0.5%	0.5%	47.00
2023	5.17	0.5%	0.5%	47.00
2022	4.47	0.5%	0.5%	47.00
2021	3.78	0.5%	0.5%	47.00
2020 [(1)]	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

[(1)] Monroe County property reassessment effective for 2020

EAST STROUDSBURG BOROUGH

COUNTY ASSESSED VALUE OF TAXABLE REAL PROPERTY ON WHICH TAXES ARE LEVIED - UNAUDITED
Fiscal years ending December 31,

Fiscal Year		Estimated Actual Value of Taxable Property
2025	$	457,116,130
2024		460,878,180
2023		460,150,780
2022		480,786,700
2021		487,625,200
2020 [(1)]		499,661,600

[(1)] Monroe County property reassessment effective for 2020

EAST STROUDSBURG BOROUGH

PRINCIPAL TAXPAYERS - UNAUDITED
Year ending December 31, 2025

Taxpayer		Assessed Valuation
Kimco Delaware Inc	$	15,265,830
New GVPT LLC		10,675,000
Wal-Mart Real Estate Business Trust		9,740,440
BFG Pocono DST		7,594,770
Eagle Valley Realty LP		4,537,500
GPH East Stroudsburg LP		4,386,250
AutoZone Development LLC		2,947,330
Daliot Holding LLP		2,600,000
E Stroudsuburg Elderly Association		2,581,420
401OS Holdings LLC		2,535,550
	$	62,864,090