

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
FINANCIAL STATEMENTS
DECEMBER 31, 2017**

BOROUGH OF STROUDSBURG

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INDEPENDENT AUDITORS' REPORT

To the Borough Council
Borough of Stroudsburg
Stroudsburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Stroudsburg as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Stroudsburg at December 31, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 6–14 and 55–58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Stroudsburg's basic financial statements. The introductory section, and combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Kirk, Summa & Co., LLP

October 9, 2018
East Stroudsburg, Pennsylvania

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2017 YEAR**

The management discussion and analysis of the Borough of Stroudsburg's financial performance provides an overall review of the Borough's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Borough's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Borough's financial performance.

FINANCIAL HIGHLIGHTS

- The Borough's total net position increased by \$540,925 from the prior year ended December 31, 2016.
- Total revenues for the Borough were \$6,337,052 for the year ended December 31, 2017.
- Total expenses for the Borough were \$5,796,127 for the year ended December 31, 2017.
- As of December 31, 2017, the Borough's governmental funds reported combining ending fund balances of \$6,248,418.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Entity-Wide Statements

The two entity-wide statements, which are on pages 15 through 18, report the Borough's net position and how they have changed. Net position, the difference between the Borough's assets and liabilities, are one way to measure the Borough's financial health or position. Over time, increases or decreases in the Borough's net position are an indication of whether its financial health is improving or deteriorating.

Descriptions of the entity-wide financial statements of the Borough are:

Government Activities – Governmental funds are used to account for essentially the same functions reported as governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance and spendable resources available at fiscal year.

Borough of Stroudsburg maintains ten governmental funds. The data is combined for the funds and the information is presented in a combined presentation in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for the governmental-type funds.

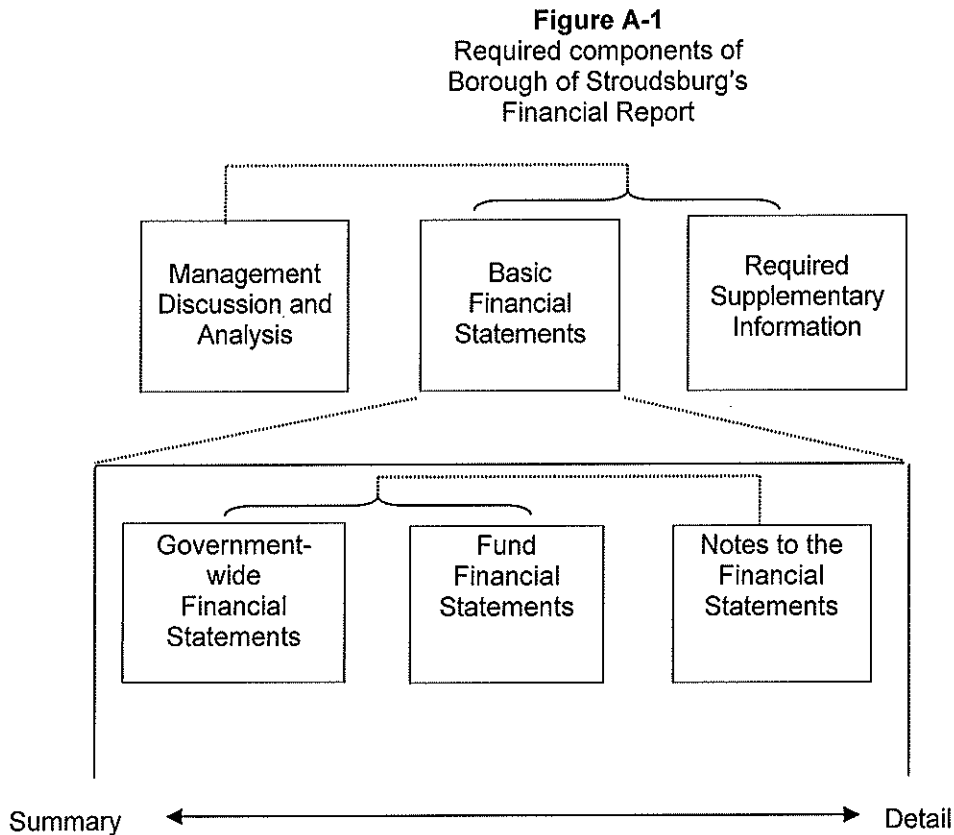
Business-type Activities – Business-type activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flows. All assets and liabilities are included on the Statement of Net Position. Borough of Stroudsburg maintains one business-type fund – the Sewer Operating Fund.

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2017 YEAR**

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

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

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



**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2017 YEAR**

Figure A-2 summarizes the major features of the financial statements, including the portion of the program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2
Major Features of Borough of Stroudsburg's
Government-wide and Fund Financial Statements
Fund Statements**

	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Borough (except fiduciary funds).	The activities of the Borough that is not proprietary or fiduciary, such as general administration, highways and parks.	Activities the Borough operates similar to private business – Sewer Fund.	Instances in which the Borough is the trustee or agent to someone else's resources – Pension Fund.
Required financial statements.	Statement of net position and Statement of activities.	Balance Sheet, Statement of revenues, expenditures, and changes in fund balance.	Statement of net position Statement of revenues, expenses and changes in net position, Statement of cash flows.	Statement of fiduciary net position Statement of changes in fiduciary net position.
Accounting basis and measurement focus.	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information.	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow-outflow information.	All revenues and expenses during year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2017 YEAR**

Fund Financial Statements

The Borough's funds financial statements provide detailed information about the most significant funds – not the Borough's as a whole. Some funds are required by state law.

- Governmental funds – Most of the Borough's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Borough's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- Proprietary funds – These funds are used to account for the Borough's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, and changes in financial position, and a significant portion of funding through user charges. Where the Borough charges customers for services it provides – whether to outside customers or to other units in the Borough, these services are generally reported in proprietary funds.
- Fiduciary funds – The Borough is the trustee for assets that belong to others, such as Non-uniform Pension fund. The Borough is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Borough excludes these activities from the Borough-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE

A portion of the Borough's net position are invested in capital assets (buildings, land and equipment), net of related debt. The remaining unrestricted net assets are a combination of designated and undesignated amounts. The designated balances are amounts set-aside to fund future equipment purchases or for capital projects as may be planned by the Borough.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Borough's activities that are supported by other general revenues. The largest general revenue category is real estate tax collections.

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
COMPARATIVE STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016**

	Governmental-type Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
ASSETS						
Cash	\$ 6,087,907	\$ 5,580,587	\$ 2,899,427	\$ 2,843,404	\$ 8,987,334	\$ 8,423,991
Taxes receivable, net	139,144	84,106	-	-	139,144	84,106
User fees receivable, net	-	-	512,740	514,583	512,740	514,583
Other receivables	14,970	17,268	-	-	14,970	17,268
Brookhead Creek note receivable - current	199,638	209,338	-	-	199,638	209,338
Brookhead Creek note receivable - non-current	2,692,168	2,891,806	-	-	2,692,168	2,891,806
Interfund balance	16,830	16,829	(16,830)	(16,829)	-	-
Due from other government entity	172,776	-	-	-	-	-
Capital Assets:						
Land	616,562	616,562	187,711	187,711	804,273	804,273
Construction in process	1,706,833	1,706,833	-	-	1,706,833	1,706,833
Buildings and plant	1,414,689	1,414,689	13,572,020	13,572,020	14,986,709	14,986,709
Improvements	1,889,047	1,889,047	-	-	1,889,047	1,889,047
Parking deck	2,755,263	2,755,263	-	-	2,755,263	2,755,263
Vehicles	2,403,903	2,403,903	-	-	2,403,903	2,403,903
Machinery and equipment	4,813,050	4,806,150	812,227	612,548	5,625,277	5,418,698
Infrastructure	1,973,696	1,973,696	-	-	1,973,696	1,973,696
Sewer rights	-	-	6,261,753	6,261,753	6,261,753	6,261,753
Less: accumulated depreciation and amortization	(8,197,157)	(7,692,470)	(9,539,634)	(9,136,739)	(17,736,791)	(16,829,209)
Total Capital Assets, net	9,375,886	9,873,673	11,294,077	11,497,293	20,669,963	21,370,966
DEFERRED OUTFLOWS OF RESOURCES	18,699,319	18,673,608	14,689,414	14,838,451	33,215,957	33,512,058
Deferred outflows - pension	206,480	319,694	-	-	206,480	319,694
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 18,905,799	\$ 18,993,302	\$ 14,689,414	\$ 14,838,451	\$ 33,422,437	\$ 33,831,752

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
COMPARATIVE STATEMENTS OF NET POSITION - CONTINUED
DECEMBER 31, 2017 AND 2016**

	Governmental-type Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
LIABILITIES						
Accounts payable	\$ 45,404	\$ 145,769	\$ 18,978	\$ 16,929	\$ 64,382	\$ 162,698
Accrued wages	13,778	12,971	5,743	5,452	19,521	18,423
Accrued interest	36,786	36,464	12,662	13,053	49,448	49,517
Escrow payable	24,641	24,641	-	-	24,641	24,641
Deposits payable	5,199	5,345	-	-	5,199	5,345
Due to fiduciary funds	3,453	-	1,201	-	4,654	-
Long-term liabilities:						
Due in one year	2,016,006	548,715	300,028	255,667	2,316,034	804,382
Due in more than one year	1,955,891	3,972,167	6,758,873	6,859,222	8,714,764	10,831,389
Net OPEB liability	327,565	289,687	-	-	327,565	289,687
Accrued compensated absences	3,757	4,944	3,058	3,058	6,815	8,002
Net pension liability	657,994	1,133,623	-	-	657,994	1,133,623
TOTAL LIABILITIES	5,090,474	6,174,326	7,100,543	7,153,381	12,191,017	13,327,707
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pension	345,776	24,777	-	-	345,776	24,777
TOTAL DEFERRED INFLOWS OF RESOURCES	345,776	24,777	-	-	345,776	24,777
NET POSITION						
Invested in capital assets, net of related debt	5,403,989	5,352,791	7,630,513	7,723,562	13,034,502	13,076,353
Restricted	439,005	(137,406)	-	-	439,005	(137,406)
Unrestricted	7,626,555	7,578,814	(41,642)	(38,492)	7,412,137	7,540,321
TOTAL NET POSITION	13,469,549	12,794,199	7,588,871	7,685,070	20,885,644	20,479,268
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 18,905,799	\$ 18,993,302	\$ 14,689,414	\$ 14,838,451	\$ 33,422,437	\$ 33,831,752

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Governmental-type Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Program Expenses:						
Governmental Activities:						
General government and administration	\$ 391,280	302,579	\$ -	\$ -	\$ 391,280	\$ 302,579
Public safety and protective inspection	1,709,630	1,720,708	-	-	1,709,630	1,720,708
Sanitation	120,429	88,834	-	-	120,429	88,834
Highways	619,550	525,309	-	-	619,550	525,309
Parking facilities	204,519	255,737	-	-	204,519	255,737
Culture and recreation	91,275	103,620	-	-	91,275	103,620
Flood control	8,387	11,505	-	-	8,387	11,505
Economic development	95	59	-	-	95	59
Bond issuance costs	-	9,137	-	-	-	9,137
Interest expense - unallocated	106,697	75,618	169,924	171,235	276,621	246,853
Insurance	134,164	110,468	-	-	134,164	110,468
Employee benefits	189,489	170,659	-	-	189,489	170,659
Pension expense	108,064	223,036	-	-	108,064	223,036
Unemployment	9,319	10,095	-	-	9,319	10,095
Miscellaneous	14,265	3,036	98,828	-	113,093	3,036
Depreciation and Amortization - unallocated	504,687	436,431	125,235	125,235	629,922	561,666
Total Governmental Activities	4,211,850	4,046,831	393,987	296,470	4,605,837	4,343,301
Sewer Fund	-	-	1,190,290	1,364,188	1,190,290	1,364,188
Total Governmental Expenses	4,211,850	4,046,831	1,584,277	1,660,658	5,796,127	5,707,489
Program Revenues:						
Fees, fines and charges for services	542,341	547,230	1,376,293	1,388,993	1,918,634	1,936,223
Operating grants and contributions	268,669	266,355	-	-	268,669	266,355
Total Program Revenues	811,010	813,585	1,376,293	1,388,993	2,187,303	2,202,578
General Revenues						
Taxes	3,193,887	2,950,247	-	-	3,193,887	2,950,247
License and permits	150,414	200,051	-	-	150,414	200,051
Fines	367,355	330,408	-	-	367,355	330,408
Investment earnings and rents	166,287	140,046	12,960	6,562	179,247	146,608
Miscellaneous	258,846	35,971	-	-	258,846	35,971
Total General Revenues	4,136,789	3,656,723	12,960	6,562	4,149,749	3,663,285
Change in Net Position	735,949	423,477	(195,024)	(265,103)	540,925	158,374
NET POSITION:						
Beginning of Year	12,733,600	12,310,123	7,783,895	8,048,998	20,517,495	20,359,121
End of Year	<u>\$ 13,469,549</u>	<u>\$ 12,733,600</u>	<u>\$ 7,588,871</u>	<u>\$ 7,783,895</u>	<u>\$ 21,058,420</u>	<u>\$ 20,517,495</u>

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2017 YEAR**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2017, the Borough had \$13,034,502 invested in capital assets, net of related debt, which was invested in a broad range of capital assets, including land, buildings, furniture and equipment.

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

	Balance 01/01/17	Additions	Disposals	Balance 12/31/17
Land	\$ 616,562	\$ -	\$ -	\$ 616,562
Construction in progress	1,706,833	-	-	1,706,833
Buildings	1,414,689	-	-	1,414,689
Improvements	1,889,047	-	-	1,889,047
Parking deck	2,755,263	-	-	2,755,263
Vehicles	2,403,903	-	-	2,403,903
Machinery and equipment	4,806,150	6,900	-	4,813,050
Infrastructure	1,973,696	-	-	1,973,696
	17,566,143	6,900	-	17,573,043
Less: Accumulated Depreciation	7,692,470	504,687	-	8,197,157
Total Fixed Assets, Net	\$ 9,873,673	\$ (497,787)	\$ -	\$ 9,375,886

Depreciation expense of \$504,687 in governmental-type activities was charged to general government and administration area expenses.

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

	Balance 01/01/17	Additions	Disposals	Balance 12/31/17
Land	\$ 187,711	\$ -	\$ -	\$ 187,711
Buildings and plant	13,572,020	-	-	13,572,020
Machinery and equipment	612,548	199,679	-	812,227
Sewer rights	6,261,753	-	-	6,261,753
	20,634,032	199,679	-	20,833,711
Less: Accumulated Depreciation	9,136,739	402,895	-	9,539,634
Total Capital Assets, Net	\$ 11,497,293	\$ (203,216)	\$ -	\$ 11,294,077

Debt Administration

Governmental activities long-term liability balances and activity for the year ended December 31, 2017 were:

	Balances 01/01/17	Additions	Reductions	Balances 12/31/17
Long-Term Debt:				
Bonds, notes and leases payable	\$ 4,520,882	\$ -	\$ 548,985	\$ 3,971,897
Total Long-Term Debt	4,520,882	-	548,985	3,971,897
Other post-employment benefits	289,687	37,878	-	327,565
Accrued compensated absences	4,944	-	1,187	3,757
Totals	\$ 4,815,513	\$ 37,878	\$ 550,172	\$ 4,303,219

**BOROUGH OF STROUDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE 2017 YEAR**

Business-type activities long-term liability balances and activity for the year ended December 31, 2017 were:

	Balances 01/01/17	Additions	Reductions	Balances 12/31/17
Long-Term Debt:				
Bonds, notes and leases payable	\$ 7,114,889	\$ 199,679	\$ 255,667	\$ 7,058,901
Total Long-Term Debt	7,114,889	199,679	255,667	7,058,901
Accrued compensated absences	3,058	-	-	3,058
Totals	\$ 7,117,947	\$ -	\$ 255,667	\$ 7,061,959

BUDGET HIGHLIGHTS

Overall, the Borough's General Fund ended the year with an excess of \$221,556 in revenue collections over budgeted amounts.

ANALYSIS OF CURRENT ECONOMIC STATUS

The economy showed some improvement in 2017 and Borough of Stroudsburg took steps to improve its economic posture due to the outlook of a continued slow recovery. Revenues in 2017 were better than projected with regards to real estate transfer, earned income and local services taxes which are a good indicator of a recovering economy and allowed the Borough to avoid any tax increase and carry over a healthy fund balance to the 2017 fiscal year.

Business activity within the Borough is trending positive, with two major in-fill developments on Main Street on the horizon. The first one would fill in a major vacancy in the 600 block of Main Street with a multi-story building proposing to include retail, office space and apartments. The second is at the corner of 8th and Main Streets, also a multi-story building expected to include the same three elements as the first. One or both of these developments would provide a significant economic boost to the Borough, initially with jobs created for construction of the buildings and in the long-term would provide a sizable jump in real estate tax revenues along with increases in the earned income and local services taxes.

BOROUGH'S FINANCIAL ADMINISTRATION CONTACT INFORMATION

This financial report is designed to provide a general overview of Borough of Stroudsburg's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Borough of Stroudsburg, 700 Sarah Street, Stroudsburg, Pennsylvania, 18360 or by phone at (570) 421-5444.

BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2017

ASSETS	Governmental Activities	Business-type Activities	Totals
Current Assets:			
Cash - unrestricted	\$ 6,087,907	\$ 2,899,427	\$ 8,987,334
<i>Receivables, net:</i>			
Taxes	139,144	-	139,144
Users fees	-	512,740	512,740
Other	14,970	-	14,970
<i>Note receivable - Brodhead Creek Regional Authority:</i>			
Receivable within one year	199,638	-	199,638
Receivable after one year	2,692,168	-	2,692,168
Due from other government entity	172,776	-	-
Interfund balances	16,830	(16,830)	-
Total Current Assets	9,323,433	3,395,337	12,545,994
Capital Assets:			
Land	616,562	187,711	804,273
Construction in process	1,706,833	-	1,706,833
Buildings and plant	1,414,689	13,572,020	14,986,709
Improvements	1,889,047	-	1,889,047
Parking deck	2,755,263	-	2,755,263
Vehicles	2,403,903	-	2,403,903
Machinery and equipment	4,813,050	812,227	5,625,277
Infrastructure	1,973,696	-	1,973,696
Sewer rights	-	6,261,753	6,261,753
	17,573,043	20,833,711	38,406,754
Less: accumulated depreciation and amortization	8,197,157	9,539,634	17,736,791
Total Capital Assets, net	9,375,886	11,294,077	20,669,963
TOTAL ASSETS	18,699,319	14,689,414	33,215,957
DEFERRED OUTFLOWS OF RESOURCES			
Changes in assumptions	206,480	-	206,480
TOTAL DEFERRED OUTFLOWS OF RESOURCES	206,480	-	206,480
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 18,905,799	\$ 14,689,414	\$ 33,422,437

See accompanying notes to basic financial statements.

BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 GOVERNMENT-WIDE STATEMENT OF NET POSITION - continued
 DECEMBER 31, 2017

<u>LIABILITIES</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Current Liabilities:			
Accounts payable	\$ 45,404	\$ 18,978	\$ 64,382
Accrued wages	13,778	5,743	19,521
Accrued interest	36,786	12,662	49,448
Escrow payable	24,641	-	24,641
Deposits payable	5,199	-	5,199
Due to fiduciary funds	3,453	1,201	4,654
Total Current Liabilities	129,261	38,584	167,845
Long-term debt:			
Portion due within one year	1,928,486	300,028	2,228,514
Portion due after one year	1,783,184	6,758,873	8,542,057
Total long-term debt	3,711,670	7,058,901	10,770,571
Long-term leases:			
Portion due within one year	87,520	-	87,520
Portion due after one year	172,707	-	172,707
Total long-term leases	260,227	-	260,227
Other Non-Current Liabilities			
Net OPEB liability	327,565	-	327,565
Accrued compensated absences	3,757	3,058	6,815
Net pension liability	657,994	-	657,994
Total Other Non-Current Liabilities	989,316	3,058	992,374
TOTAL LIABILITIES	5,090,474	7,100,543	12,191,017
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Differences between expected and actual experience in the measurement of total pension liability	303,745	-	303,745
Net difference between projected and actual earnings on pension plan investments	42,031	-	42,031
TOTAL DEFERRED INFLOWS OF RESOURCES	345,776	-	345,776
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	5,403,989	7,630,513	13,034,502
Restricted	439,005	-	439,005
Unrestricted	7,626,555	(41,642)	7,584,913
TOTAL NET POSITION	13,469,549	7,588,871	21,058,420
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 18,905,799	\$ 14,689,414	\$ 33,595,213

See accompanying notes to basic financial statements.

BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Program Activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Totals
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
General government administration	\$ 391,280	\$ 13,165	\$ 10,178	\$ (367,937)	\$ -	\$ (367,937)
Public safety and protective inspection	1,709,630	42,090	149,157	(1,518,383)	-	(1,518,383)
Sanitation	120,429	-	-	(120,429)	-	(120,429)
Highways	619,550	31,680	109,334	(478,536)	-	(478,536)
Parking facilities	204,519	455,406	-	250,887	-	250,887
Culture and recreation	91,275	-	-	(91,275)	-	(91,275)
Flood control	8,387	-	-	(8,387)	-	(8,387)
Economic development	95	-	-	(95)	-	(95)
Interest expense - unallocated	106,697	-	-	(106,697)	-	(106,697)
Insurance	134,164	-	-	(134,164)	-	(134,164)
Employee benefits	189,489	-	-	(189,489)	-	(189,489)
Pension expense	108,064	-	-	(108,064)	-	(108,064)
Unemployment	9,319	-	-	(9,319)	-	(9,319)
Miscellaneous	14,265	-	-	(14,265)	-	(14,265)
Depreciation - unallocated	504,687	-	-	(504,687)	-	(504,687)
Total governmental activities	4,211,850	542,341	268,669	(3,400,840)	-	(3,400,840)
Business-type activities:						
Sewer	1,584,277	1,376,293	-	-	(207,984)	(207,984)
Total Government	\$ 5,796,127	\$ 1,918,634	\$ 268,669	(3,400,840)	(207,984)	(3,608,824)

See accompanying notes to basic financial statements.

BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - continued
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-type Activities	Totals
General revenues:			
Taxes	3,193,887	-	3,193,887
License and permits	150,414	-	150,414
Fines	367,355	-	367,355
Investment earnings and rents	166,287	12,960	179,247
Miscellaneous	258,846	-	258,846
Total general revenues and transfers	4,136,789	12,960	4,149,749
Change in Net Position	735,949	(195,024)	540,925
Net position at beginning of year	12,733,600	7,783,895	20,517,495
Net Position at End of Year	\$ 13,469,549	\$ 7,588,871	\$ 21,058,420

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
COMBINED BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General Fund	Capital Equipment Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 1,740,302	\$ 2,121,198	\$ 814,054	\$ 1,412,353	\$ 6,087,907
<i>Taxes receivable:</i>					
Real estate tax assessment	27,136	-	3,162	12,435	42,733
Real estate transfer	5,069	-	-	-	5,069
Other tax receivables	607	-	-	-	607
Accounts receivable, net	177,459	-	-	10,288	187,747
<i>Interfund receivables:</i>					
Governmental-type-funds	-	1,150,591	-	-	1,150,591
Business-type-funds	-	-	-	62,830	62,830
TOTAL ASSETS	\$ 1,950,573	\$ 3,271,789	\$ 817,216	\$ 1,497,906	\$ 7,537,484
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts payable	\$ 28,498	\$ -	\$ -	\$ 16,906	\$ 45,404
Accrued wages	13,119	-	-	658	13,777
<i>Interfund payables:</i>					
Governmental-type-funds	-	-	1,150,591	752	1,151,343
Fiduciary-type-funds	2,693	-	3	5	2,701
Business-type-funds	46,001	-	-	-	46,001
Escrow payable	24,641	-	-	-	24,641
Deposits payable	5,199	-	-	-	5,199
TOTAL LIABILITIES	120,151	-	1,150,594	18,321	1,289,066
<u>FUND BALANCES</u>					
Restricted	-	-	(333,378)	772,383	439,005
Assigned	-	3,271,789	-	707,202	3,978,991
Unassigned	1,830,422	-	-	-	1,830,422
TOTAL FUND BALANCES	1,830,422	3,271,789	(333,378)	1,479,585	6,248,418
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,950,573	\$ 3,271,789	\$ 817,216	\$ 1,497,906	\$ 7,537,484

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET-MODIFIED ACCRUAL BASIS -
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017**

Total fund balance - governmental funds	\$ 6,248,418
Amounts reported for governmental activities in the statement of net position are different because:	
Taxes receivable are not accrued because they are not available within sixty days of the end of the year to pay current liabilities in the current year.	90,734
Long-term receivables are not receivable within the current period and, therefore, they are not reported in the governmental fund's balance sheet.	
Receivable within one year	199,638
Receivable in more than one year	2,692,168
Capital assets used in governmental activities are not current financial resources and therefore are not reported on the governmental funds balance sheet.	17,573,043
Accumulated depreciation of capital assets used in governmental activities is not a current financial resource and therefore is not reported on the governmental funds balance sheet.	(8,197,157)
Accrued other postemployment benefits are not accrued in governmental-type funds	(327,565)
Accrued compensated absences are not accrued in governmental-type funds.	(3,757)
Accrued interest is not accrued in governmental-type funds.	(36,786)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental-type fund statements.	(657,994)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental-type fund:	
Deferred outflow of changes in assumptions	206,480
Deferred inflow of difference between expected and actual experience	(303,745)
Deferred inflow of the net difference between projected and actual earnings on investments	(42,031)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	
Portion due within one year	(462,330)
Portion due in more than one year	<u>(3,509,567)</u>
Net position of governmental activities	<u>\$ 13,469,549</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General Fund	Capital Equipment Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 2,308,897	\$ -	\$ 169,438	\$ 666,110	\$ 3,144,445
Licenses and permits	150,414	-	-	-	150,414
Fines	367,355	-	-	-	367,355
Interest and rents	12,031	9,968	5,426	5,558	32,983
Intergovernmental	119,513	-	-	149,157	268,670
Charges for services	510,661	-	-	31,680	542,341
Miscellaneous	164,985	-	-	98,193	263,178
Total Revenues	3,633,856	9,968	174,864	950,698	4,769,386
Other Financing Sources;					
Interfund operating transfers in	34,108	-	-	243,577	277,685
Proceeds from sale of Authority rights	-	342,640	-	-	342,640
Total Revenues and Other Financing Sources	3,667,964	352,608	174,864	1,194,275	5,389,711
Expenditures:					
General government	317,057	8,875	4,586	55,110	385,628
Public safety and protective inspection	1,668,682	-	187	-	1,668,869
Health and human services	6,325	-	-	-	6,325
Highways and streets	355,222	-	-	269,433	624,655
Storm water & flood control	120,683	-	-	-	120,683
Parking facilities	193,164	-	-	-	193,164
Culture and recreation	17,895	-	-	73,380	91,275
Economic development	1,483	-	-	-	1,483
Debt service - principal	16,772	99,900	49,709	382,603	548,984
Debt service - interest	1,627	53,685	13,389	37,674	106,375
Insurance	164,686	-	-	811	165,497
Employee benefits	189,550	-	-	-	189,550
Pension	149,480	-	-	-	149,480
Refunds	-	-	4,327	6,226	10,553
Unemployment	8,354	-	-	905	9,259
Total Expenditures	3,210,980	162,460	72,198	826,142	4,271,780

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - continued
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General Fund	Capital Equipment Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Uses:					
Interfund operating transfers out	223,720	19,857	-	34,108	277,685
Total Expenditures and Other Financing Uses	3,434,700	182,318	72,198	860,250	4,549,466
Net changes in fund balances	233,264	170,291	102,666	334,025	840,246
Fund balances at beginning of year	1,597,158	3,101,498	(436,044)	1,145,560	5,408,172
Fund balances at end of year	\$ 1,830,422	\$ 3,271,789	\$ (333,378)	\$ 1,479,585	\$ 6,248,418

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES-MODIFIED ACCRUAL BASIS- TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Net change in fund balances - governmental funds	\$ 840,246
Amounts reported for governmental activities in the statement of activities are different because:	
Some taxes will not be collected for several months after the Borough's fiscal year end, they are not considered "available" revenues in the governmental funds.	49,442
Amounts received on long-term receivables are not accrued for on the governmental-type statement of revenues, expenditures and changes in fund balances.	(209,338)
Government funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	6,900
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(504,687)
Changes in other postemployment benefits that are not accrued for the modified basis accrual basis of accounting.	(37,880)
Interest that is accrued on the government-wide financial statements that is not accrued for the modified accrual basis of accounting.	(322)
Change in accrued compensated absences that are not accrued for the modified accrual basis of accounting.	1,187
Pension expense in relation to net pension liability is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources. Therefore, pension expense is not reported as an expenditure in governmental funds	41,416
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net positions. The amount is the net effect of these differences for the treatment of long-term debt and related items:	
Repayment of principal portion of long-term debt:	548,985
Change in net position of governmental activities	<u>\$ 735,949</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
STATEMENT OF NET POSITION
BUSINESS-TYPE FUNDS
DECEMBER 31, 2017**

	<u>Sewer Fund</u>
<u>ASSETS</u>	
Current Assets;	
Cash - unrestricted	\$ 2,899,426
User fees receivable, net	512,740
Interfund receivables	46,001
Total Current Assets	<u>3,458,167</u>
Capital Assets:	
Land	187,711
Buildings and plant	13,572,020
Machinery and equipment	812,227
Sewer rights	6,261,753
	<u>20,833,711</u>
Less: accumulated depreciation and amortization	9,539,634
Total Capital Assets	<u>11,294,077</u>
TOTAL ASSETS	<u><u>\$ 14,752,244</u></u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
STATEMENT OF NET POSITION - continued
BUSINESS-TYPE FUNDS
DECEMBER 31, 2017**

	<u>Sewer Fund</u>
<u>LIABILITIES AND NET POSITION</u>	
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	\$ 18,978
Accrued wages	5,743
Accrued interest	12,662
Current portion long-term debt	300,028
Interfund payables - governmental-type-funds	64,031
Total Current Liabilities	<u>401,442</u>
Non-Current Liabilities:	
Non-current portion long-term debt	6,758,874
Accrued compensated absences	3,058
Total Non-Current Liabilities	<u>6,761,932</u>
TOTAL LIABILITIES	<u>7,163,374</u>
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	4,382,404
Unrestricted	3,206,466
TOTAL NET POSITION	<u>7,588,870</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 14,752,244</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
BUSINESS-TYPE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Sewer Fund</u>
Operating Revenues:	
User charges and penalties	\$ 1,376,294
Total Operating Revenues	<u>1,376,294</u>
Operating Expenses:	
General Government Expenses:	
Salaries & benefits	28,186
Travel & training	417
Computer & office	4,227
Billing, postage & printing	6,677
Dues	804
Audit	1,969
Engineer	53,342
Legal	8,116
Refunds of prior year revenues	98,828
Occupancy	4,057
Total General Government Expenses	<u>206,623</u>
Recycling and Sewage Expenses:	
Supplies	2,430
Electric	885
Equipment repair & maintenance	27
Total Recycling and Sewage Expenses	<u>3,342</u>
Highway Expenses:	
Salaries & benefits	150,494
Computer & office	203
Vehicle	7,108
Occupancy	3,374
Equipment maintenance & repair	13,609
Small tools & supplies	451
Total Highway Expenses	<u>175,239</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION-continued
BUSINESS-TYPE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Sewer Fund</u>
Other Operating Expenses:	
General insurance	31,366
Depreciation and amortization	402,895
Employee benefits	101,995
Total Other Operating Expenses	<u>536,256</u>
Total Expenditures	<u>921,460</u>
Operating Income	454,834
Non-Operating Revenues (Expenses):	
Regional costs	(492,196)
Interest expense	(170,621)
Interest income	12,959
Total Non-Operating Revenues (Expenses)	<u>(649,858)</u>
Change in Net Position	(195,024)
Net Position at Beginning of Year	<u>7,783,895</u>
Net Position at End of Year	<u>\$ 7,588,871</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
STATEMENT OF CASH FLOWS
BUSINESS-TYPE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,409,350
Cash payments for materials and services	(328,075)
Cash payments for wages	(178,389)
Cash payments for administrative expenses	<u>(9,761)</u>
Net Cash provided by operating activities	893,125
Cash flows from non-capital financing activities:	
Payment of regional costs	<u>(492,196)</u>
Net cash (used) by non-capital financing activities	(492,196)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(6,900)
Interest paid on capital debt	(171,012)
Principal paid on capital debt	<u>(255,667)</u>
Net cash (used) by capital and related financing activities	(433,579)
Cash flows from investing activities:	
Interfund borrowings, net	75,712
Interest earned on cash and investments	<u>12,960</u>
Net cash (used in) investing activities	88,672
Net increase in cash and cash equivalents	56,022
Cash at beginning of year	<u>2,843,404</u>
Cash at end of year	<u><u>\$ 2,899,426</u></u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 STATEMENT OF CASH FLOWS-continued
 BUSINESS-TYPE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Sewer Fund</u>
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations:	\$ 454,834
Adjustments to reconcile operating income to cash provided (used) by operating activities:	
Depreciation and amortization	402,895
Decrease in current assets	
Accounts receivable	1,843
Interfund receivables, net	31,543
Increase (decrease) in current liabilities	
Accounts payable	2,050
Accrued wages	291
Accrued interest	(331)
Total Adjustments	<u>438,291</u>
Net cash provided by operating activities	<u>\$ 893,125</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
STATEMENT OF PLAN NET POSITION
NON-UNIFORM PENSION FUND
DECEMBER 31, 2017**

ASSETS

Current Assets:

Prepaid pension benefits	\$	21,185
Members' contributions		<u>3,090</u>
Total Current Assets		24,275

Investments:

Domestic equity		2,430,917
Fixed income		<u>1,220,653</u>
Total Investments		<u>3,651,570</u>

Total Assets \$ **3,675,845**

NET POSITION

Held in Trust for Pension Benefits \$ **3,675,845**

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
STATEMENT OF CHANGES IN PLAN NET POSITION
NON-UNIFORM PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Additions:

Minimum municipal obligation	\$ 78,000
Member contributions	<u>165,051</u>
Total Additions	243,051

Investment Income:

Change in market value	<u>491,361</u>
Total Investment Income	

Total Additions and Investment Income 734,412

Deductions:

Payments to retirees	234,178
Refunds of terminated members' contributions	15,156
Management fees	<u>26,318</u>
Total Deductions	275,652

Increase in Net Position 458,760

Held in Trust for Pension Benefits:

Beginning of year	<u>3,217,085</u>
End of year	<u><u>\$ 3,675,845</u></u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
BALANCE SHEET
AGENCY FUND - PAYROLL
DECEMBER 31, 2017**

ASSETS

Cash	\$	-
Interfund receivables - governmental-type funds		3,453
Interfund receivables - business-type funds		1,201
TOTAL ASSETS	\$	<u>4,654</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Employee benefits payable	\$	3,699
TOTAL LIABILITIES		<u>3,699</u>

FUND BALANCE

Unassigned		<u>955</u>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>4,654</u>

See accompanying notes to basic financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough of Stroudsburg (the Municipality) was organized in 1815 and operates as a borough in Monroe County, Pennsylvania. It operates using a Council as its governing body.

The Borough has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011.

A. Financial Reporting Entity

The report includes all of the services provided by the Borough to residents and businesses within its boundaries. Borough services provided include general administrative services, public safety (police and fire), highways and streets, planning and zoning, recreation and community services, sewer, water and sanitation services. The criteria for including organizations as component units within the Borough's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Borough holds the corporate powers of the organization
- The Borough appoints a voting majority of the organization's board
- The Borough is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Borough
- There is fiscal dependency by the organization on the Borough

Based on the aforementioned criteria, the Borough of Stroudsburg does not have any component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the Borough. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the business-type funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the Borough considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Real estate, transfer and occupation taxes associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

- The General Fund is the main operating fund of the Borough. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid through the General Fund.
- The Capital Equipment fund accounts for amounts received for the sale of Authority rights as well as for the purpose of future major equipment purchases.
- The Fire Fund is used to account for tax monies received and expended that are restricted for fire services.

The government reports the following major proprietary fund:

- The general sewer fund accounts for the collection of amounts due from the activities of the Borough's sewer service.

Additionally, the Borough reports the following fund types:

- The highway fund accounts for the receipt and expenditures of the annual allocation received from the Pennsylvania Department of Transportation for road improvements and maintenance.
- The street fund is used to manage revenues and expenditures for funds collected other than from PennDOT for the maintenance of its highways and streets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

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

- The Borough maintains five (5) other governmental funds for the allocation of revenues and expenditures of specific governmental programs, which include: police building fund, recreation fund, street light fund, insurance dividends fund, and the debt service fund.
- The pension trust funds account for the activities of the Non-Uniformed Pension Plan, which accumulates resources for pension benefit payments to qualified employees.
- The agency fund accounts for the Borough's payroll checks and tax liabilities.

The Proprietary Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Funds are charges to customers for sales and services. Operating expense for the Sewer Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgets and Budgetary Accounting

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are adjusted to the actual results for this comparison.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. At least 30 days prior to budget adoption, the Borough prepares a proposed budget for the ensuing year.
2. Notification of the proposed budget and hearings on it are held by the Borough prior to adoption.
3. Prior to December 31st, the budget is legally enacted by the Borough and the tax levy ordinance is adopted.
4. The Borough, during the budget year, is authorized to modify the budget through either budget transfers or supplemental appropriations.
5. The budget lapses at the end of the year.

Prior to December 31st, the budget is legally enacted by the Borough and the tax levy ordinance is adopted.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

E. Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings, plant and improvements	10-40 years
Vehicles and transportation equipment	5-10 years
Machinery and equipment	5-10 years
Infrastructure	25-50 years

F. Compensated Absences

The Borough's policy for accrual of compensated absences is to allow full-time employees to accrue time for compensated time, vacation and sick leave. The value of compensated absences at the end of the year is calculated by multiplying the number of accumulated hours by each employees pay rate as of the end of the year.

G. Reservations of Net position

The net position reserves for its pension plans because those funds are for the specific payment of the Borough's retirees benefit payments.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

I. Statement of Cash Flows

The Borough adopted GASB Statement 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". For purposes of reporting cash flows all highly liquid investments (including restricted assets) with maturity of three months or less are considered to be cash equivalents.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

J. Fund Equity

Beginning with fiscal year 2011, the Borough implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance -- amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance -- amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance -- amounts constrained to specific purposes by the Borough itself, using its highest level of decision-making authority (i.e. Borough Council). To be reported as committed, amounts cannot be used for any other purpose unless the Borough makes the highest level action to remove or change the constraint.
- Assigned fund balance -- amounts the Borough intends to use for a specific purpose. Intent can be expressed by the Borough Council or by an official or body to which the Borough Council delegates the authority.
- Unassigned fund balance -- amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Restricted or unrestricted amounts are considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The Borough's Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the business manager through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or other purposes).

K. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

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

Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 ." This Statement became effective for fiscal years beginning after June 15, 2016. The Borough is still analyzing the impact this pronouncement has on its financial statements.

Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" was effective for fiscal years beginning after June 15, 2016. The Borough is still analyzing the impact this pronouncement has on its financial statements.

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

K. Impact of Recently Issued Accounting Principles

Statement No. 80, "*Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.*" The objective of this Statement became effective for fiscal years beginning after June 15, 2016. The Statement has no impact on the Borough's financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements.*" The Objective of this Statement became effective for periods beginning after December 15, 2016. This Statement has no impact on the Borough's financial statements.

Statement No. 82, "*Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.*" The Objective of this Statement, effective for periods beginning after June 15, 2016, is to address certain issues with respect to Statements No. 67, "*Financial Reporting for Pension Plans*", No. 68, "*Accounting and Financial Reporting for Pensions*" and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*" The Borough is evaluating the impact this Statement may have on the financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be recovered. The Borough's policy for minimizing credit risk for bank balances exceeding the Federal Deposit Insurance Corporation's insured limits relies upon the Pennsylvania Pledge Act 72 (72 P.S. section 3836-1et seq.). The act requires the financial institution to pool collateral for all of its government deposits in addition to having the collateral held by an approved custodian in the institution's name. At December 31, 2017 the carrying amount and bank deposit balance of the Borough's deposits were \$8,673,163 and \$8,735,456, respectively. Of the bank balance \$500,000 was covered by federal depository insurance.

Balances held in each category as of December 31, 2017 are as follows:

	Carrying Balance	Bank Balance
Total governmental funds	\$ 5,776,844	\$ 5,818,983
Business-type funds	2,899,427	2,911,387
Trust & agency	(3,108)	5,086
Totals	\$ 8,673,163	\$ 8,735,456

Custodial Credit Risks

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Borough's custodial relates to investments in its Non-Uniform Pension Fund.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 – PROPERTY TAXES

Based upon assessed valuation provided by the County (approximately \$55,899,330 in 2017), the Borough bills and collects its own property taxes through an elected tax collector. The schedule for property taxes levied for 2017 is as follows:

March 1	Levy Date
March 1 through April 30	2% Discount Period
May 1 through June 30	Face Payment Period
July 1 through December 31	10% Penalty Period
January 1 (following year)	Lien Date

The Borough's tax rate for all purposes for 2017 was 40.50 mills (\$40.50 per \$1,000 of assessed taxable valuations).

<u>Fund</u>	<u>Mills</u>
General Fund	25.700
Fire Fund	3.000
Street Lighting Fund	1.493
Police Building Fund	1.810
Recreation Fund	3.260
Street Fund	3.000
Debt Service Fund	2.237
Total Mills	<u>40.500</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Balance 1/1/17</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance 12/31/17</u>
Governmental Activities:				
Land	\$ 616,562	\$ -	\$ -	\$ 616,562
Construction in process	1,706,833	-	-	1,706,833
Capital assets, being depreciated:				
Buildings	1,414,689	-	-	1,414,689
Improvements	1,889,047	-	-	1,889,047
Parking deck	2,755,263	-	-	2,755,263
Vehicles	2,403,903	-	-	2,403,903
Machinery and equipment	4,806,150	6,900	-	4,813,050
Infrastructure	1,973,696	-	-	1,973,696
	<u>17,566,143</u>	<u>6,900</u>	<u>-</u>	<u>17,573,043</u>
Less: accumulated depreciation	7,692,470	504,687	-	8,197,157
Governmental activities capital assets, net	<u>\$ 9,873,673</u>	<u>\$ (497,787)</u>	<u>\$ -</u>	<u>\$ 9,375,886</u>
Business-type activities:				
Land	\$ 187,711	\$ -	\$ -	\$ 187,711
Capital assets, being depreciated:				
Buildings, plant and improvements	13,572,020	-	-	13,572,020
Machinery and operating equipment	612,548	199,679	-	812,227
Sewer rights	6,261,753	-	-	6,261,753
	<u>20,634,032</u>	<u>199,679</u>	<u>-</u>	<u>20,833,711</u>
Less: accumulated depreciation/amortization	9,136,739	402,895	-	9,539,634
Business activities capital assets, net	<u>\$ 11,497,293</u>	<u>\$ (203,216)</u>	<u>\$ -</u>	<u>\$ 11,294,077</u>

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 –LONG-TERM DEBT

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

DESCRIPTION	Balance 1/1/17	Additions	Payments & Retirements	Balance 12/31/17
<u>Governmental-type Entities:</u>				
GON Series of 2016 10 year annual payments Interest rate 2.60% Matures March 30, 2026	\$ 490,379	\$ -	\$ 43,570	\$ 446,809
PEMA Note – payable in monthly Installments of \$ 564, including Interest at 2.% annually, matures In May of 2022, collateralized by Fire equipment	34,764	-	6,139	28,625
GOB Series of 2013 18 year semi-annual payments 2.440% interest Matures October 15, 2031	493,800	-	27,600	466,200
GON Series A of 2013 20 year semi-annual payments 2.90% interest Matures August 1, 2033	1,639,876	-	86,200	1,553,676
GON Series A of 2015 7 year semi-annual payments 1.550% - 3.000% interest Matures December 1, 2021	1,516,577	-	300,217	1,216,360
Total Governmental	<u>4,175,396</u>	<u>-</u>	<u>463,726</u>	<u>3,711,670</u>
<u>Business-type Entities:</u>				
PENNVEST Loan 19 year monthly payments Interest rates 1.00% to 1.51% Matures August 1, 2032	1,226,681	-	72,779	1,153,902
Wayne Bank Loan 5 year annual payments Interest rates 2.64% Matures March 6, 2022	-	199,679	-	199,679
GOB Series of 2015 AA 26 year semi-annual payments Interest rate 2.70% Matures December 1, 2040	5,865,960	-	175,700	5,690,260
Total Business-type	<u>7,092,641</u>	<u>199,679</u>	<u>248,479</u>	<u>7,043,841</u>
Total Long-Term Debt	<u>\$ 11,268,037</u>	<u>\$ 199,679</u>	<u>\$ 712,205</u>	<u>\$ 10,755,511</u>

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 –LONG-TERM DEBT – continued

The maturities of the governmental-type activities bonds, notes and loans are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 374,810	\$ 42,188	\$ 416,998
2019	384,748	35,625	420,373
2020	395,792	28,888	424,680
2021	390,137	26,378	416,515
2022	83,542	15,123	98,665
2023-2027	379,365	43,637	423,002
2028-2031	149,600	8,327	157,927
Totals	<u>\$ 2,157,994</u>	<u>\$ 200,166</u>	<u>\$ 2,358,160</u>

The above does not include the \$1,553,676 balance of the GON Series A of 2013, as this Note is not yet fully funded. This amount is included in current long-term debt until such time all funds have been drawn down.

The maturities of the business-type activities bonds and notes are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 292,615	\$ 171,579	\$ 464,194
2019	298,850	168,883	467,733
2020	306,627	161,684	468,311
2021	314,047	154,268	468,315
2022	321,244	146,675	467,919
2023-2027	1,487,405	625,107	2,112,512
2028-2032	1,638,175	438,803	2,076,978
2033-2037	1,431,030	246,566	1,677,596
2038-2040	953,850	52,040	1,005,890
Totals	<u>\$ 7,043,843</u>	<u>\$ 2,165,605</u>	<u>\$ 9,209,448</u>

NOTE 6 – CAPITAL LEASES

The Borough uses capital leases to acquire vehicles and equipment. The following is the future minimum lease requirements for the Borough's capital leases:

	<u>Balance</u> <u>1/1/17</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/17</u>
<u>Governmental-type funds:</u>				
2016 Street sweeper	\$ 251,361	\$ -	\$ 47,706	\$ 203,655
Snow Blower	42,215	-	20,781	21,434
Two trucks	51,911	-	16,773	35,138
Governmental total	<u>\$ 345,487</u>	<u>\$ -</u>	<u>\$ 85,260</u>	<u>\$ 260,227</u>
<u>Business-type funds</u>				
Two Trucks	\$ 22,248	\$ -	\$ 7,189	\$ 15,059
Business total	<u>\$ 22,248</u>	<u>\$ -</u>	<u>\$ 7,189</u>	<u>\$ 15,059</u>

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 – CAPITAL LEASES - continued

The maturities of the Borough's governmental type capital leases are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 87,520	\$ 7,577	\$ 95,097
2019	68,019	4,972	72,991
2020	51,609	2,984	54,593
2021	53,079	1,512	54,591
Totals	<u>\$ 260,227</u>	<u>\$ 17,045</u>	<u>\$ 277,272</u>

Assets capitalized currently from the outstanding lease payable total \$822,235 and accumulated amortization totaled \$391,226.

The maturities of the Borough's business-type capital leases are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 7,413	\$ 472	\$ 7,885
2019	7,646	240	7,886
Totals	<u>\$ 15,059</u>	<u>\$ 712</u>	<u>\$ 15,771</u>

NOTE 7 – FUND BALANCES

Governmental-type funds reports restricted fund balances of \$439,005 at December 31, 2017. The State Liquid Fuels Fund reports restricted fund balance of \$213,733, which is restricted by the Commonwealth of Pennsylvania for construction, reconstruction, maintenance and repair of public roads or streets. The Fire Fund reported a negative restricted fund balance of \$(333,378), which is restricted by the ordinance of the 3.0 mill tax levy to provide funding to the Borough's fire company. The Recreation Fund reported restricted fund balance of \$128,450, which is restricted by the ordinance of the 3.26 mill tax levy to provide funding for the Borough's parks. The Street Light Fund reported restricted fund balance of \$126,326, which is restricted by the ordinance of the 1.493 mill tax levy to provide funding for the utility payments of the streetlights. The Police Building fund reported restricted fund balance of \$117,417, which is restricted by the ordinance of the 1.81 mill tax levy to provide funding for the maintenance of the police building. The Debt Service Fund reported restricted fund balance of \$186,457, which is restricted by the ordinance of the 2.237 mill tax levy to provide funding to pay for certain portions of the Borough's debts.

NOTE 8 – JOINT VENTURE – TWIN BOROUGHES RECYCLING

The Borough has a joint venture with the Borough of East Stroudsburg for curb-side recycling collection, processing and marketing of recyclable materials. All revenues and expenses are shared equally by each Borough. All revenues earned are deposited into a joint recycling account to pay the expenses of the program. All expenses must be approved by each Borough. Annual audited financial statements are available for review at each of the Borough offices.

NOTE 9 – SALE OF STROUDSBURG MUNICIPAL AUTHORITY

The Borough sold its equity interest in the Stroudsburg Municipal Authority on July 1, 2006 to the Brodhead Creek Regional Authority for the purpose of regionalizing the County's sewer collection and treatment services. The Borough signed an agreement to sell their equity interest for \$5,735,378. The agreement states that the Brodhead Creek Regional Authority will pay the Borough in quarterly installments of \$85,660, plus interest ranging from 4.75 to 5.45 percent. The loan receivable will mature on October 15, 2044.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 – SALE OF STROUDSBURG MUNICIPAL AUTHORITY-continued

The following is a schedule of payments for the loan receivable from the Brodhead Creek Regional Authority:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 199,638	\$ 143,002	\$ 342,640
2019	190,203	152,437	342,640
2020	181,037	161,603	342,640
2021	172,142	170,498	342,640
2022	163,526	179,114	342,640
2023	155,190	187,450	342,640
2024	147,135	195,505	342,640
2025	139,361	203,279	342,640
2026	131,870	210,770	342,640
2027	124,660	217,980	342,640
2028	117,729	224,911	342,640
2029	111,074	231,566	342,640
2030	105,980	236,660	342,640
2031	99,845	242,795	342,640
2032	93,973	248,667	342,640
2033	88,360	254,280	342,640
2034	83,002	259,638	342,640
2035	77,893	264,747	342,640
2036	73,027	269,613	342,640
2037	68,399	274,241	342,640
2038	64,002	278,638	342,640
2039	59,829	282,811	342,640
2040	55,873	286,767	342,640
2041	52,129	290,511	342,640
2042	48,589	294,051	342,640
2043	45,246	297,394	342,640
2044	42,094	300,548	342,642
Totals	<u>\$ 2,891,806</u>	<u>\$ 6,359,476</u>	<u>\$ 9,251,282</u>

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
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DECEMBER 31, 2017**

NOTE 10 – POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the Borough provides coverage for medical benefits to Borough employees based on eligibility requirements set for each group of employees pursuant to Governmental Accounting Standards Board Statement No. 45. The benefits are based on negotiated memorandums of understanding with employee contracts. The costs of retiree health care benefits are recognized as expenditures and a net other post-employment benefit payable based on an actuarial valuation. For the year ended December 31, 2017, the accrued expense and liability for these benefits totaled \$327,565.

Health Care Cost Trend

The annual healthcare cost trend rate is assumed to be 7% for both 2016 and 2017, thereafter reduced by 0.25% per year to an ultimate level of 5% per year.

Actuarial Assumptions and Methods

A. Actuarial Cost Method

Entry Age Normal Cost Method. This cost method effectively spread liabilities over the future working lifetime of active participants as a level dollar amount.

B. Discount Rate

The discount rate is based upon the funding method that the sponsor employs. Since the Borough uses the pay-as-you-go method of funding, benefits are expected to be paid out of the general fund of the Borough, which is expected to earn a short-term investment rate of 4%.

C. Mortality

The rates of mortality are assumed to be RP 2000 Tables for Males and Females.

D. Valuation Date

First day of the fiscal year (January 1, 2015)

E. Withdrawal

Rates of withdrawal are based on Table W65

F. Disability

None assumed

G. Retirement

Assumed at age 60 with a minimum of 10 years of service.

H. Participation

100% of eligible retirees are assumed to participate in post-retirement health and welfare coverage.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 10 – POSTEMPLOYMENT BENEFITS – continued

Summary of Principal Plan Provisions

1. Retiree Benefits

Medical coverage valued under GASB 45

2. Medical Coverage

- a. Description – Medical, prescription drug, dental and vision coverage same as when active.
- b. Eligibility – Minimum of age 60 and 10 years of service.
- c. Period of Coverage
 - i) Coverage ends upon Medicare eligibility.

Summary of Participant Data

A. Summary of Lives

Active Lives:	
Fully Eligible	1
Not Fully Eligible	18
Total Active Lives	<u>19</u>
Retired Lives	<u>2</u>
Total Lives	<u><u>21</u></u>

B. Other Participant Data

- i) Average service to full eligibility is 13.5 years.
- ii) Average service years to assumed retirement is 12.5 years.

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2017**

NOTE 11 – NON-UNIFORM PENSION PLAN

The Stroudsburg Borough Non-Uniformed Pension Plan is a single-employer defined benefit pension plan that covers substantially all full-time, non-uniformed employees of Stroudsburg Borough and which is controlled by the provisions of Ordinance No. 817, as amended, adopted pursuant to Act 581. The plan is governed by the Borough Council which is responsible for the management of plan assets. Borough Council has appointed the Pension Board as the official body to which all related investment matters of the Fund are delegated. The Pension Board consists of seven members; the Council President, a Council Member, Borough Secretary/Treasurer and four plan participants. The Borough Council has delegated the authority to manage certain plan assets to TCG Investment Advisory, Inc., with Nationwide Financial as custodian.

Employees Covered by the Plan

Memberships of the plan consist of the following:

As of December 31, 2017, the Pension Plan’s membership consisted of the following:

Active members	18
Retirees and beneficiaries currently receiving benefits	14
Inactive employees entitled to benefits but not yet receiving them	<u>9</u>
Total	<u>41</u>

Contributions

Act 205 requires that annual contributions to the plan be based upon the plan’s Minimum Municipal Obligation (MMO), which is based on the plan’s biennial actuarial valuation. In accordance with the plan’s governing document, employees are not required to contribute to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

For the year ended December 31, 2017, active members were required to contribute 5% of monthly compensation to the plan.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Summary of Significant Accounting Policies

A. Basis of Accounting

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

B. Valuation of Investments

The plan values its investments at fair market value.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 11 – NON-UNIFORM PENSION PLAN - continued

Investments

A. Investment Policy

The Pension Board, with the assistance of TCG Investment Advisory, Inc., shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries.

It is not expected that the Investment Policy Statement will change frequently. In particular, short term changes in the financial markets should not require an adjustment in the Investment Policy Statement. However, any changes to the asset allocation model will only be implemented in accordance with formal authorization and instructions given by the Pension Board.

As of December 31, 2017, it shall be the policy of the Pension Board to invest the fund's assets with the following allocations:

<u>Asset Class</u>	<u>Asset Weighting Range</u>	<u>Target Allocation</u>
Domestic Equity	47% - 57%	52%
International Equity	3% - 13%	8%
Fixed Income	30% - 40%	35%
Real Estate	0% - 0%	0%
Cash	0% - 10%	5%
		<u>100%</u>

B. Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 14.85 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Pension Liability

A. Net Pension Liability

The components of the net pension liability of the municipality as of December 31, 2017 were as follows:

Total Pension Liability (TPL)	\$ 4,289,880
Plan Fiduciary Net Position	\$ (3,633,475)
Net Pension Liability (NPL)	\$ 656,405
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.70%

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2017**

NOTE 11 – NON-UNIFORM PENSION PLAN – continued

B. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions:

Inflation	3.0 percent
Salary increases	4.5 percent, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation
Cost-of-living adjustments	None

Mortality rates were based on the RP2000 Table for Males or Females, as appropriate, and termination rates were based on Scale W65.

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

C. Long-Term expected Rate of Return

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
<i>Domestic Equity</i>		International Equity	8.75%
Large Cap	8.25%	Fixed Income	4.40%
Mid Cap	8.75%	Balanced/Blend	8.75%
Small Cap	9.00%	Cash	2.10%

D. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. This discount rate is based on the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. The plan’s fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer must meet the funding requirements of Act 205 on an annual basis or be subject to an interest penalty as required. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100% funded status.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 11 – NON-UNIFORM PENSION PLAN – continued

E. Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 1,126,765	\$ 656,405	\$ 253,196

F. Changes in Net Pension Liability

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

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2016	\$ 4,350,707	\$ 3,217,085	\$ 1,133,622
Changes for the year:			
Service Cost	114,546	-	114,546
Interest	309,470	-	309,470
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(335,886)	-	(335,886)
Changes of Assumptions	142,747	-	142,747
Contributions – Employer	-	121,302	(121,302)
Contributions – State Aid	-	78,000	(78,000)
Contributions – Member	-	43,749	(43,749)
Net Investment Income	-	465,043	(465,043)
Benefit Payments	(291,704)	(291,704)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	(60,827)	416,390	(477,217)
Balances at 12/31/2017	\$ 4,289,880	\$ 3,633,475	\$ 656,405

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 11 – NON-UNIFORM PENSION PLAN – continued

Pension Expense for Fiscal Year Ended December 31, 2017

Service Cost	\$ 114,546
Interest on Total Pension Liability	309,470
Changes in Benefit Terms	-
Difference Between Expected and Actual Experience	(56,918)
Changes in Assumptions	48,225
Employee Contributions	(43,749)
Projected Earnings on Pension Plan Investments	(235,720)
Differences Between Projected and Actual Earnings on Investments	20,444
Administrative Expenses	-
Other Changes in Fiduciary Net Position	-
Total Pension Expense	<u>\$ 156,298</u>

Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2017, the municipality recognized a pension expense of \$156,298. At December 31, 2017, the municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 303,745
Changes in Assumptions	206,480	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	42,031
Total	<u>\$ 206,480</u>	<u>\$ 345,776</u>

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

Year Ended December 31:	Amount
2018	\$ 11,751
2019	\$ 11,749
2020	\$ (45,747)
2021	\$ (70,675)
2022	\$ (29,353)
Thereafter	\$ (17,021)

NOTE 11 – NON-UNIFORM PENSION PLAN – continued

Salient Features of the Plan

A. Eligibility

Every full time non-uniformed employee working a minimum 35 hours per week shall become a member of the plan on January 1 or July 1 next following the date the employee completes 1 year of service and attains age 21.

B. Retirement Dates

- a. Normal retirement date – Age 60 and 10 years of service. For those hired after December 31, 2012, age 65 and 10 years of service.
- b. Early Retirement - 20 years of service, actuarially reduced for each year or partial year prior to age 60. For those hired after December 31, 2012, 20 years of service, actuarially reduced for each year or partial year prior to age 65.

C. Retirement Benefits

The monthly pension shall be 5.0% credit for each year of service (maximum 50%) times the average annual compensation over the participant's highest five (5) consecutive years of employment. For those hired after December 31, 2012, the monthly pension shall be 2.0% credit for each year of service (maximum 50%) times the average annual compensation over the participant's highest five (5) consecutive years of employment.

D. Survivor Benefit

If eligible to retire at time of death, the beneficiary shall receive the present value of the member's accrued benefit. At retirement, the member may select a survivor benefit.

NOTE 12 – DEFERRED COMPENSATION PLAN

The Borough maintains deferred compensation plans for the administrative employees. The plans are administered by the International City Management Association Retirement Corporation (ICMA) and the Copeland Companies. The plan meets the requirement of IRC Section 457.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Borough (without being restricted to the provisions of benefits under the plan), subject only to the claims the Borough's general creditors.

It is the opinion of the Borough's legal counsel that the Borough has no liability for losses under the plan agreements but does have the duty of due care that would be required of any ordinary prudent investor. The Borough believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 13 – INTERFUND TRANSFERS

Interfund transfers were approved to help cover operating expenses during the year ended December 31, 2017, were as follows:

<u>Transfers to</u>	<u>Transfers From</u>	
	<u>General Fund</u>	<u>Totals</u>
Insurance Dividend	\$ 34,108	\$ 34,108
Police Building Fund	223,720	223,720
Totals	\$ 257,828	\$ 257,828

NOTE 14 – INTERFUND BALANCES

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Sewer Fund	\$ -	\$ 46,001
Payroll Fund	-	2,693
Street Fund:		
Payroll Fund	-	2
Fire Fund:		
Capital Equipment Fund	-	1,150,591
Payroll Fund	-	3
Capital Equipment Fund:		
Fire Fund	1,150,591	-
Police Building Fund:		
Sewer Fund	62,830	-
Sewer Fund:		
General Fund	46,001	-
Payroll Fund	-	1,201
Police Building Fund	-	62,830
Recreation Fund:		
Payroll Fund	-	752
Street Light Fund:		
Payroll Fund	-	2
Debt Service Fund:		
Payroll Fund	-	1

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 DECEMBER 31, 2017**

NOTE 14 – INTERFUND BALANCES - continued

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<i>Payroll Fund</i>		
General Fund	2,693	-
Street Fund	2	-
Fire Fund	3	-
Street Light Fund	2	-
Debt Service Fund	1	-
Sewer Fund	1,201	-
Recreation Fund	752	-
Totals	<u>\$ 1,264,076</u>	<u>\$ 1,264,076</u>

NOTE 15 – SUBSEQUENT EVENTS

In preparing these financial statements, management of the Borough of Stroudsburg has evaluated events and transactions subsequent to December 31, 2017 through October 9, 2018, the date these financial statements were available to be issued. Based on the definitions and requirements of the Subsequent Topics of the FASB Accounting Standards Codification, management of the Borough has noted the following subsequent events that would require recognition or disclosure in the financial statements:

- The sinking fund #1 account has been closed, and funds were transferred to the Sewer Fund.
- The sinking fund #2 account has been closed, and funds were transferred to the Debt Service Fund.

The effect on the above has closed the Parking/Police Building Fund completely.

REQUIRED SUPPLEMENTARY INFORMATION

BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,125,555	\$ 2,125,555	\$ 2,308,897	\$ 183,342
Licenses and permits	176,200	176,200	150,414	(25,786)
Fines	478,000	478,000	367,355	(110,645)
Interest and rents	7,040	7,040	12,031	4,991
Intergovernmental	123,695	123,695	119,513	(4,182)
Charges for services	499,950	499,950	510,661	10,711
Miscellaneous	1,860	1,860	164,985	163,125
Total Revenues	3,412,300	3,412,300	3,633,856	221,556
Other Financing Sources:				
Interfund operating transfers in	-	-	34,108	34,108
Total Revenues and Other Financing Sources	3,412,300	3,412,300	3,667,964	255,664
Expenditures:				
General government	350,338	327,838	317,057	10,781
Public safety and protective inspection	1,775,237	1,731,512	1,668,682	62,830
Health & animal control	7,752	7,898	6,325	1,573
Sanitation, storm water & flood control	80,462	94,178	120,683	(26,505)
Highways and streets	393,390	400,857	355,222	45,635
Parking facilities	270,107	280,971	193,164	87,807
Culture and recreation	19,000	19,653	17,895	1,758
Community development	2,500	2,500	1,483	1,017
Debt service - principal and interest	-	-	18,399	(18,399)
Insurance	122,965	151,934	164,686	(12,752)
Employee benefits	190,769	195,179	189,550	5,629
Pension	149,480	149,480	149,480	-
Unemployment	13,526	13,526	8,354	5,172
Total Expenditures	3,375,526	3,375,526	3,210,980	164,546
Other Financing Uses:				
Interfund operating transfers out	34,865	34,865	223,720	(188,855)
Total Expenditures and Other Financing Uses	3,410,391	3,410,391	3,434,700	(24,309)
Net changes in fund balances	1,909	1,909	233,264	\$ 231,355
Fund Balance Forwarded	560,692	560,692	1,597,158	
Fund balance at end of year	\$ 562,601	\$ 562,601	\$ 1,830,422	

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
SCHEDULE OF CHANGES IN MUNICIPALITY'S NET PENSION LIABILITY AND RELATED RATIOS - NON UNIFORMED PENSION
DECEMBER 31, 2017**

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 91,432	\$ 116,118	\$ 121,343	\$ 114,546
Interest	288,545	295,973	311,333	309,470
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	-	(36,519)	-	(335,886)
Changes of Assumptions	-	165,020	-	142,747
Benefit Payments, Including Refunds of Member Contributions	(185,770)	(201,564)	(223,465)	(291,704)
Net Change in Total Pension Liability	<u>194,207</u>	<u>339,028</u>	<u>209,211</u>	<u>(60,827)</u>
Total Pension Liability - Beginning	<u>3,608,261</u>	<u>3,802,468</u>	<u>4,141,496</u>	<u>4,350,707</u>
Total Pension Liability - Ending	<u>\$ 3,802,468</u>	<u>\$ 4,141,496</u>	<u>\$ 4,350,707</u>	<u>\$ 4,289,880</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 99,286	\$ 102,715	\$ 99,281	\$ 121,302
Contributions - State Aid	65,836	66,654	74,369	78,000
Contributions - Member	40,691	42,014	42,062	43,749
Net Investment Income	96,582	(58,346)	180,708	465,043
Benefit Payments, Including Refunds of Member Contributions	(185,770)	(201,564)	(223,465)	(291,704)
Administrative Expense	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>116,625</u>	<u>(48,527)</u>	<u>172,955</u>	<u>416,390</u>
Plan Net Position - Beginning	<u>2,976,032</u>	<u>3,092,657</u>	<u>3,044,130</u>	<u>3,217,085</u>
Plan Net Position - Ending	<u>\$ 3,092,657</u>	<u>\$ 3,044,130</u>	<u>\$ 3,217,085</u>	<u>\$ 3,633,475</u>
Municipality's Net Pension Liability	<u>\$ 709,811</u>	<u>\$ 1,097,366</u>	<u>\$ 1,133,622</u>	<u>\$ 656,405</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.3%	73.5%	73.9%	84.7%
Covered Employee Payroll	\$ 816,717	\$ 825,329	\$ 893,026	\$ 788,391
Municipality's Net Pension Liability as a Percentage of Covered Employee Payroll	86.9%	133.0%	126.9%	83.3%

Notes to schedules:

Assumption Changes - In 2015, the interest rate assumption was lowered from 8.0% to 7.5% per annum and the salary scale was lowered from 5.0% to 4.5%
In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2017 using Scale AA

The schedule will present 10 years of information once it is accumulated.

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 SCHEDULE OF EMPLOYER CONTRIBUTIONS- NON UNIFORMED PENSION
 DECEMBER 31, 2017**

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

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	January 1, 2017
Cost Method	Entry age
Actuarial Asset Valuation Method	Market
Assumed Rate of Return on Investments	7.5% per annum, net of investment expenses
Projected Salary Increases	4.5% compounded annually
Cost-of-living Adjustment	None
Amortization Method	Level dollar
Remaining Amortization Period	8 years

**BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

NOTE A – BUDGETARY COMPLIANCE

The Borough's financial statements for the year ended December 31, 2017 present its legally adopted budget for the General Fund. The Borough approved to legally adopt the General Fund budget for the 2017 year.

The Budget has been adopted on the activity basis; expenditures at this level in excess of amounts budgeted are a violation of the Pennsylvania Borough Code. Comparison of actual results of operations to the budget of the General Fund as adopted by the Borough's Council is included in the required supplemental information of the basic financial statements.

There were no significant expenditures in excess of budgeted amounts in the General Fund for the year ended December 31, 2017.

SUPPLEMENTARY INFORMATION

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 COMBINING BALANCE SHEETS
 OTHER GOVERNMENTAL FUNDS
 DECEMBER 31, 2017**

	<u>Highway Fund</u>	<u>Police Building Fund</u>	<u>Recreation Fund</u>	<u>Street Light Fund</u>
ASSETS				
Cash	\$ 223,785	\$ 52,664	\$ 126,593	\$ 119,256
Taxes receivable - real estate	-	1,923	3,419	1,581
Accounts receivable	-	-	-	10,288
Interfund receivables - business-type funds	-	62,830	-	-
	<u>\$ 223,785</u>	<u>\$ 117,417</u>	<u>\$ 130,012</u>	<u>\$ 131,125</u>
TOTAL ASSETS	\$ 223,785	\$ 117,417	\$ 130,012	\$ 131,125
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 10,052	-	\$ 152	\$ 4,797
Accrued wages	-	-	658	-
Interfund payables - fiduciary-type funds	-	-	-	2
Interfund payables - governmental-type funds	-	-	752	-
	<u>10,052</u>	<u>-</u>	<u>1,562</u>	<u>4,799</u>
TOTAL LIABILITIES	10,052	-	1,562	4,799
FUND BALANCES				
Restricted	213,733	117,417	128,450	126,326
Assigned	-	-	-	-
Total Fund Balance	<u>213,733</u>	<u>117,417</u>	<u>128,450</u>	<u>126,326</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 223,785	\$ 117,417	\$ 130,012	\$ 131,125

BOROUGH OF STROUDSBURG
MONROE COUNTY, PENNSYLVANIA
COMBINING BALANCE SHEETS - continued
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Insurance Dividend Fund	Street Fund	Debt Service Fund	Total Other Governmental Totals
ASSETS				
Cash	\$ 224,414	\$ 481,533	\$ 184,108	\$ 1,412,353
Taxes receivable - real estate	-	3,162	2,350	12,435
Accounts receivable	-	-	-	10,288
Interfund receivables - business-type funds	-	-	-	62,830
	<u>\$ 224,414</u>	<u>\$ 484,695</u>	<u>\$ 186,458</u>	<u>\$ 1,497,906</u>
TOTAL ASSETS				
	<u>\$ 224,414</u>	<u>\$ 484,695</u>	<u>\$ 186,458</u>	<u>\$ 1,497,906</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 1,905	\$ -	\$ 16,906
Accrued wages	-	-	-	658
Interfund payables - fiduciary-type funds	-	2	1	5
Interfund payables - governmental-type funds	-	-	-	752
	<u>-</u>	<u>1,907</u>	<u>1</u>	<u>18,321</u>
TOTAL LIABILITIES				
	<u>-</u>	<u>1,907</u>	<u>1</u>	<u>18,321</u>
FUND BALANCES				
Restricted	-	-	186,457	772,383
Assigned	224,414	482,788	-	707,202
Total Fund Balance	<u>224,414</u>	<u>482,788</u>	<u>186,457</u>	<u>1,479,585</u>
TOTAL LIABILITIES AND FUND BALANCES				
	<u>\$ 224,414</u>	<u>\$ 484,695</u>	<u>\$ 186,458</u>	<u>\$ 1,497,906</u>

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	Highway Fund	Police Building Fund	Recreation Fund	Street Light Fund
Revenues:				
Taxes	\$ -	\$ 103,000	\$ 183,099	\$ 84,789
Interest	704	416	485	419
Intergovernmental	149,157	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	833	12,747
Total Revenues	149,861	103,416	184,417	97,955
Other Financing Sources				
Interfund operating transfers in	-	223,720	-	19,857
Total Revenues and Other Financing Sources	149,861	327,136	184,417	117,812
Expenditures:				
General government	-	4,095	10,398	2,783
Highways	58,842	-	72,514	99,607
Culture and recreation	-	-	73,380	-
Debt service principal	-	300,216	-	13,900
Debt service interest	-	23,507	-	5,957
Insurance	-	-	-	-
Unemployment	-	-	905	-
Total Expenditures	58,842	327,818	157,197	122,247
Other Financing Uses:				
Interfund operating transfers out	-	-	-	-
Refund of prior year revenues	-	6,226	-	-
Total Expenditures and Other Financing Uses	58,842	334,044	157,197	122,247
Net changes in fund balances	91,019	(6,908)	27,220	(4,435)
Fund balances at beginning of year	122,714	124,324	101,230	130,760
Fund balances at end of year	\$ 213,733	\$ 117,416	\$ 128,450	\$ 126,325

**BOROUGH OF STROUDSBURG
 MONROE COUNTY, PENNSYLVANIA
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - continued
 OTHER GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	Insurance Dividend Fund	Street Fund	Debt Service Fund	Total Other Governmental Fund
Revenues:				
Taxes	\$ -	\$ 169,176	\$ 126,046	\$ 666,110
Interest	905	2,035	594	5,558
Intergovernmental	-	-	-	149,157
Charges for services	-	31,680	-	31,680
Miscellaneous	75,977	-	8,636	98,193
Total Revenues	76,882	202,891	135,276	950,698
Other Financing Sources:				
Interfund operating transfers in	-	-	-	243,577
Total Revenues and Other Financing Sources	76,882	202,891	135,276	1,194,275
Expenditures:				
General government	-	36,442	1,392	55,110
Highways	-	38,470	-	269,433
Culture and recreation	-	-	-	73,380
Debt service principal	-	-	68,487	382,603
Debt service interest	-	-	8,210	37,674
Insurance	811	-	-	811
Unemployment	-	-	-	905
Total Expenditures	811	74,912	78,089	819,916
Other Financing Uses:				
Interfund operating transfers out	34,108	-	-	34,108
Refund of prior year revenues	-	-	-	6,226
Total Expenditures and Other Financing Uses	34,919	74,912	78,089	860,250
Net changes in fund balances	41,963	127,979	57,187	334,025
Fund balances at beginning of year	182,451	354,807	129,274	1,145,560
Fund balances at end of year	\$ 224,414	\$ 482,786	\$ 186,461	\$ 1,479,585