

# **County of Monroe, Pennsylvania**

Financial Statements and  
Supplementary Information

December 31, 2022

# County of Monroe, Pennsylvania

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## Independent Auditors' Report

To the County Commissioners of  
County of Monroe, Pennsylvania

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Monroe, Pennsylvania (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units. In addition, we did not audit Pleasant Valley Manor, Inc., a major enterprise fund which represents 100% of the assets, net position and revenues of the major enterprise fund and 56%, 28% and 78% of the assets, net position and revenues of the business-type activities, respectively. We also did not audit the financial statements of the Monroe County Industrial Development Authority, the Pocono Mountains Industrial Park Authority, Pocono Mountains Industries, Inc., the Monroe County Municipal Waste Management Authority, the Pocono Mountains Airport Authority and the Redevelopment Authority of Monroe County (collectively, the discretely presented component units), which collectively represent 100% of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the discretely presented component units, are based solely on the reports of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Pleasant Valley Manor, Inc., a major enterprise fund, as well as the discretely presented component units of the Monroe County Industrial Development Authority, Pocono Mountains Industrial Park Authority, Pocono Mountains Industries, Inc., and Monroe County Municipal Waste Management Authority were not audited in accordance with *Government Auditing Standards*.

### ***Emphasis of a Matter***

As discussed in Notes 2 and 16, the County adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Wilkes-Barre, Pennsylvania  
November 13, 2023

# County of Monroe, Pennsylvania

## Management's Discussions and Analysis - Required Supplementary Information

December 31, 2022

(Unaudited)

### Introduction

This section of the financial statements for the County of Monroe, Pennsylvania (the County) presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2022. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain a thorough understanding of the County's financial condition at December 31, 2022.

### Financial Highlights

- At December 31, 2022, the total General Fund balance was \$26,221,479. The unassigned portion was \$11,140,654, down from \$13,725,978 the previous year.
- Property tax rates remained at 3.2273 mills for 2022.
- Total primary government net position at year-end was \$78,663,248, an increase of \$5,621,682 over the prior year.
- During 2022, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary purpose of this standard is to bring consistency to the accounting and reporting requirements related to lease activities and to establish a single lease accounting model using the basic premise that all leases constitute the financing of the right to use the underlying asset. At December 31, 2022, the County had right-of-use capital assets and lease obligations of \$3,343,763.
- During 2022, the County received the first 2 of 18 payments in conjunction with its share of the Commonwealth's Opioid litigation settlement. At December 31, 2022, the estimated present value of these future payments amounted to \$5,504,350.

### Overview of the Financial Statements

The financial section of this report consists of three components: (1) management's discussion and analysis, (2) basic financial statements (including notes) and (3) required supplementary information.

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader better understand the County government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the County's pension plan and budget to actual figures for the General Fund.

The basic financial statements present two different views of the County.

### Government-Wide Financial Statements

The first two statements provide information about the County's overall financial status, as well as the financial status of the County's component units.

### Fund Financial Statements

The remaining statements focus on individual parts of the County government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:

#### Governmental Funds

These statements show how general government services, such as public safety, were financed in the short-term, as well as what remains for future spending.

# County of Monroe, Pennsylvania

Management's Discussions and Analysis - Required Supplementary Information  
December 31, 2022  
(Unaudited)

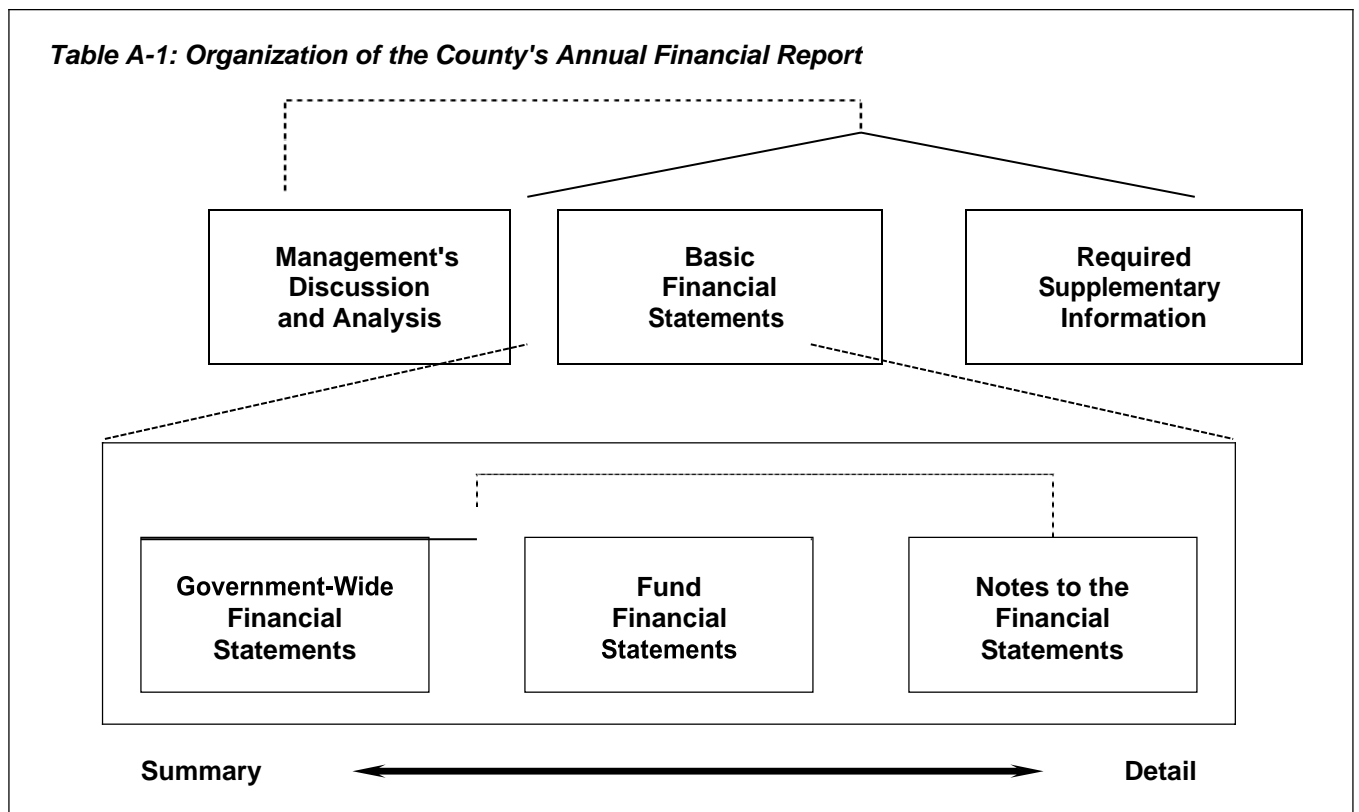
## Proprietary Funds

These statements offer short-term and long-term financial information about the activities the County operates like a business, such as the Sewer and Water Fund.

## Fiduciary Funds

These statements reflect activities involving resources that are held by the County as a trustee or custodian for the benefit of others, including employees of the County, like the pension plan. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the County's programs.

Table A-1 shows how the various parts of this annual report are arranged and related to one another.



## County of Monroe, Pennsylvania

Management's Discussions and Analysis - Required Supplementary Information

December 31, 2022

(Unaudited)

Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities they cover and the types of information they contain.

<b>Table A-2: Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-Wide	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County and component units (except Fiduciary Funds)	The day-to-day operating activities of the County, such as public safety and courts	The activities of the County, such as the Sewer and Water Fund and includes certain blended component units such as Pleasant Valley Manor and the Conservation District	Instances in which the County administers resources on behalf of others, such as the employee pension plan
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources measurement focus	Accrual accounting and economic resources measurement focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital and short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



# County of Monroe, Pennsylvania

Management's Discussions and Analysis - Required Supplementary Information

December 31, 2022

(Unaudited)

The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

## **Government-Wide Financial Statements**

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

The statement of net position presents information for all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, except fiduciary funds, with the difference between these items reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Net position is one way to measure the County's financial position. However, other nonfinancial factors, such as changes in the County's real property tax base and general economic conditions, must be considered to assess the overall position of the County.

The statement of activities presents information showing how the County's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items where cash flows will not result until future periods (e.g., uncollected taxes and earned, but unused vacation leave).

The statement of activities focuses on how the County's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the County can exercise influence and/or be obligated to provide financial support. The County has two blended component units: Pleasant Valley Manor, Inc. and the Monroe County Conservation District. Also, the County has six discretely presented component units: the Monroe County Industrial Development Authority; the Pocono Mountains Industrial Park Authority; Pocono Mountains Industries, Inc.; the Monroe County Municipal Waste Management Authority; the Pocono Mountains Municipal Airport Authority; and the Redevelopment Authority of Monroe County. Complete and detailed financial statements for the individual component units are available for public inspection in the County Controller's Office (see Note 1 to the financial statements).

There are two categories for the primary government:

### **Governmental Activities**

Governmental activities include the County's basic services such as general and judicial administration, corrections, public safety, public works and human services. Property taxes and state and federal grants finance most of these activities.

### **Business-Type Activities**

Business-type activities such as the County's Sewer and Water Fund charge a fee to customers to help cover the costs of services. In addition, the County's business-type activities include the operations of its blended component units, Pleasant Valley Manor, Inc. and the Monroe County Conservation District, which provide services to County residents in exchange for services received.

## County of Monroe, Pennsylvania

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Management's Discussions and Analysis - Required Supplementary Information

December 31, 2022

(Unaudited)

Net position of the governmental activities differs from the governmental funds balances because Governmental Fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expensed to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays of capital assets
- Report long-term debt and lessee arrangements as a liability
- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Calculate revenue and expenses using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position balances as follows:
  - Net investment in capital assets
  - Restricted net position is net position that has constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
  - Unrestricted net position is net position that does not meet any of the above restrictions

### **Fund Financial Statements**

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

### **Governmental Funds**

Governmental funds include most of the County's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash and (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the County's programs.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The County adopts an annual budget for the General Fund and certain Special Revenue Funds, as required by state law. Budgetary comparison for the County's General Fund is presented as required supplementary information.

# County of Monroe, Pennsylvania

Management's Discussions and Analysis - Required Supplementary Information  
December 31, 2022  
(Unaudited)

## Proprietary Funds

Proprietary funds report business-type programs and activities that charge fees designed to recover the cost of providing services. They report using full accrual accounting.

## Fiduciary Funds

Fiduciary funds are funds for which the County is the trustee or fiduciary. These include the Employee Retirement Fund and certain Custodial Funds or clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations or government agencies to which they belong. The County is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

## Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 74 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's Employee Retirement Plan and the County's original and final budgeted revenues and expenditures versus actual revenues and expenditures. Required supplementary information can be found on pages 75 through 79 of this report.

## Government-Wide Financial Analysis

### Net Position

The County's total assets were \$229,341,946 at December 31, 2022. Of this amount, \$85,859,449 was comprised of its capital assets.

Governmental Accounting Standards Board (GASB) Statement No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allow infrastructure to be added over several years.

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. For the County, total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$78,663,248 at the close of the most recent year.

A portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## County of Monroe, Pennsylvania

Management's Discussions and Analysis - Required Supplementary Information  
December 31, 2022  
(Unaudited)

The following is a condensed summary of net position for the years ended December 31, 2022 and 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other assets	\$ 134,522,957	\$ 140,828,938	\$ 8,959,540	\$ 12,412,061	\$ 143,482,497	\$ 153,240,999
Capital assets	82,567,141	57,262,695	3,292,308	3,913,544	85,859,449	61,176,239
Total assets	217,090,098	198,091,633	12,251,848	16,325,605	229,341,946	214,417,238
<b>Deferred Outflows of Resources</b>						
Deferred charges on refunding	11,040	22,646	-	-	11,040	22,646
Related to pensions	15,936,975	7,772,047	-	-	15,936,975	7,772,047
Total deferred outflows of resources	15,948,015	7,794,693	-	-	15,948,015	7,794,693
<b>Liabilities</b>						
Current liabilities	34,008,883	31,916,886	4,997,425	3,398,610	39,006,308	35,315,496
Long-term debt and other liabilities outstanding	126,099,039	100,954,922	1,521,366	1,808,064	127,620,405	102,762,986
Total liabilities	160,107,922	132,871,808	6,518,791	5,206,674	166,626,713	138,078,482
<b>Deferred Inflows of Resources</b>						
Related to pensions	-	11,091,883	-	-	-	11,091,883
<b>Net Position</b>						
Net investment in capital assets	25,384,795	22,317,969	4,186,861	3,417,324	29,571,656	25,735,293
Restricted	65,356,341	80,749,842	48,861	48,375	65,405,202	80,798,217
Unrestricted	(17,810,945)	(41,145,176)	1,497,335	7,653,232	(16,313,610)	(33,491,944)
Total net position	\$ 72,930,191	\$ 61,922,635	\$ 5,733,057	\$ 11,118,931	\$ 78,663,248	\$ 73,041,566

The County's capital assets increased approximately \$25.1 million from December 31, 2021 to December 31, 2022 as a result of the County's ongoing courthouse renovation and expansion project and the addition of right-of use assets following the implementation of GASB 87.

The County's current and other assets decreased approximately \$10.2 million from December 31, 2021 to December 31, 2022 as a result of spending associated with the ongoing courthouse renovation and expansion project. In addition, the County received its second allocation under the American Rescue Plan Act of approximately \$16.5 million. The County also recorded a \$5.5 million receivable stemming from its share of the Opioid litigation settlements, to be repaid over the next 18 years.

The County's long-term debt and other liabilities outstanding increased approximately \$18.3 million from December 31, 2021 to December 31, 2022 as a result of increases in the net pension liability, which, increased from approximately \$93 thousand at December 31, 2021 to approximately \$22.9 million at December 31, 2022 as a result of changes in the investment market and underlying plan assets, repayments of long-term debt and the recording of lease obligations following the implementation of GASB 87.

## County of Monroe, Pennsylvania

Management's Discussions and Analysis - Required Supplementary Information  
December 31, 2022  
(Unaudited)

The following condensed statement of activities represents changes in net position for the years ended December 31, 2022 and 2021. It shows revenues by sources and expenses by function for governmental activities, business-type activities and the government as a whole.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 23,166,811	\$ 23,574,957	\$ 11,330,588	\$ 11,675,330	\$ 34,497,399	\$ 35,250,287
Operating grants and contributions	49,006,533	46,254,104	2,136,001	5,659,671	51,142,534	51,913,775
General revenues:						
Property taxes	45,458,540	46,323,125	-	-	45,458,540	46,323,125
Hotel room rental tax	1,729,990	1,688,643	-	-	1,729,990	1,688,643
Licenses and permits	136,818	42,520	-	-	136,818	42,520
Intergovernmental revenues not earmarked	13,689,951	9,262,489	-	-	13,689,951	9,262,489
Interest, investment earnings and royalties	1,809,712	262,581	40,388	4,631	1,850,100	267,212
Miscellaneous	730,271	(2,635,507)	-	-	730,271	(2,635,507)
Transfers	(142,523)	(141,043)	107,227	104,445	(35,296)	(36,598)
Total revenues	<u>135,586,103</u>	<u>124,631,869</u>	<u>13,614,204</u>	<u>17,444,077</u>	<u>149,200,307</u>	<u>142,075,946</u>
<b>Program Expenses</b>						
General government:						
Administrative	25,942,660	23,765,766	-	-	25,942,660	23,765,766
Judicial	20,979,851	19,196,327	-	-	20,979,851	19,196,327
Public safety	23,916,476	20,837,648	-	-	23,916,476	20,837,648
Public works	2,904,969	2,961,379	-	-	2,904,969	2,961,379
Human services	32,796,086	23,945,628	16,237,534	14,621,565	49,033,620	38,567,193
Culture and recreation	3,071,775	2,979,181	-	-	3,071,775	2,979,181
Community and economic development	9,437,548	16,840,716	-	-	9,437,548	16,840,716
Sewer and water services	-	-	256,713	233,083	256,713	233,083
Conservation and development	2,861,113	1,954,068	2,505,831	1,739,099	5,366,944	3,693,167
Interest on long-term debt	2,668,069	2,435,311	-	-	2,668,069	2,435,311
Total program expenses	<u>124,578,547</u>	<u>114,916,024</u>	<u>19,000,078</u>	<u>16,593,747</u>	<u>143,578,625</u>	<u>131,509,771</u>
Changes in net position	<u>\$ 11,007,556</u>	<u>\$ 9,715,845</u>	<u>\$ (5,385,874)</u>	<u>\$ 850,330</u>	<u>\$ 5,621,682</u>	<u>\$ 10,566,175</u>

The operations and activities of the County were comparable for the years ended December 31, 2022 and 2021 when factoring out the effect on expenditures from the increase in the net pension liability, which increased costs during 2022 and the reduction of community and economic development activities as the COVID-19 funding and activities wound down.

## County of Monroe, Pennsylvania

Management's Discussions and Analysis - Required Supplementary Information

December 31, 2022

(Unaudited)

### Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2022 and 2021, general property taxes brought in \$45,458,540 and \$46,323,125, respectively. The following table depicts the net program expenses for the years ended December 31:

Program	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government:				
Administrative	\$ 25,942,660	\$ 10,082,476	\$ 23,765,766	\$ 7,977,174
Judicial	20,979,851	15,659,760	19,196,327	13,339,807
Public safety	23,916,476	22,546,148	20,837,648	19,242,630
Public works	2,904,969	576,841	2,961,379	400,806
Human services	32,796,086	3,531,832	23,945,628	54,583
Culture and recreation	3,071,775	667,385	2,979,181	573,396
Conservation and development	2,861,113	1,884,819	1,954,068	1,023,292
Community and economic development	9,437,548	(5,212,127)	16,840,716	39,964
Interest on long-term debt	2,668,069	2,668,069	2,435,311	2,435,311
Human services, business-type activities	16,237,534	5,663,081	14,621,565	(541,405)
Sewer and water services, business-type activities	256,713	102,725	233,083	100,988
Conservation and development, business-type activities	2,505,831	(232,317)	1,739,099	(300,837)
	<u>\$ 143,578,625</u>	<u>\$ 57,938,692</u>	<u>\$ 131,509,771</u>	<u>\$ 44,345,709</u>

The County relied on property taxes and other general revenues to fund approximately 44% and 42% of its governmental and business-type activities in both 2022 and 2021, respectively.

The property tax is based on the assessed value of real property. Property tax revenues for 2022 have increased slightly in comparison to 2021. The millage rate for 2022 and 2021 was 3.2273 mills. Accordingly, real property tax revenue decreased 1.87% in 2022 and increased 0.34% in 2021. The County's current millage rate of 3.2273 mills is below the Commonwealth of Pennsylvania set cap of 25 mills for operating costs.

## County of Monroe, Pennsylvania

Management's Discussions and Analysis - Required Supplementary Information

December 31, 2022

(Unaudited)

### Capital Assets

The County's investment in capital assets at December 31, 2022, net of accumulated depreciation was \$82,567,141 for governmental activities and \$3,292,308 for business-type activities. Capital assets consist primarily of land, buildings, machinery and tools and infrastructure. The following table is a summary of capital assets at December 31:

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
Land	\$ 1,945,826	\$ 1,945,826	\$ 263,262	\$ 263,262
Collection	-	-	3,725	3,725
Agricultural easements	20,288,825	20,288,825	-	-
Sewer improvements	-	-	1,035,391	1,035,391
Land improvements	-	-	535,748	535,748
Buildings and improvements	43,899,988	43,850,119	7,114,312	7,031,502
Equipment and furniture	7,223,503	5,884,595	9,784,635	9,993,249
Infrastructure	3,669,166	3,669,166	-	-
Construction in progress	35,498,137	12,745,543	7,803	59,113
Accumulated depreciation	(32,859,504)	(31,121,379)	(15,452,568)	(15,008,446)
Right-of-use assets, net	2,901,200	-	-	-
	<u>\$ 82,567,141</u>	<u>\$ 57,262,695</u>	<u>\$ 3,292,308</u>	<u>\$ 3,913,544</u>

At December 31, 2022, buildings and improvements, net of accumulated depreciation, account for approximately 20.7% of the County's capital assets for governmental activities. The listed agricultural easements for the County under governmental activities is for land that is valued for purposes of real property at its current agricultural use valuation purchased with the County's General Fund or matching grant money.

Additional information on the County's capital assets can be found in Note 10 to the financial statements.

### Debt Administration

#### Long-Term Debt and Other Liabilities

At December 31, 2022, the County had \$126,416,999 of long-term debt outstanding for governmental activities. This was an increase of \$15,961,479 from the previous year. The following table details activity related to the long-term debt:

	Beginning Balance	Additions	Reductions	Ending Balance
General obligation debt	\$ 93,630,000	\$ 8,438,000	(13,711,000)	\$ 88,357,000
Issuance discount	(40,961)	-	7,797	(33,164)
Bond premium	12,600,152	-	(1,081,469)	11,518,683
Net debt	106,189,191	8,438,000	(14,784,672)	99,842,519
Lease obligations	3,045,675	680,550	(825,025)	2,901,200
Compensated absences	392,983	-	-	392,983
Net pension liability	93,327	22,759,844	-	22,853,171
Self-insurance claims payable	734,344	-	(314,599)	419,745
	<u>\$ 110,455,520</u>	<u>\$ 31,878,394</u>	<u>\$ (15,924,296)</u>	<u>\$ 126,409,618</u>

## County of Monroe, Pennsylvania

Management's Discussions and Analysis - Required Supplementary Information

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(Unaudited)

### Bond Rating

At December 31, 2022, the County's bond rating through Moody's is Aa3. The combined net nonelectoral and net lease rental debt limit for 2022 will be approximately \$223,000,000.

Additional information on the County's long-term debt can be found in Note 15 to the financial statements, information on the County's lease obligations can be found in Note 16 and information on the County's net pension liability can be found in Note 17 to the financial statements.

### Governmental Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of resources available for spending. Such information is useful in assessing the County's financing requirements. In particular, unreserved/undesignated fund balances may serve as a useful measure of the County's net resources available for spending at the end of the year.

The County's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and the Capital Projects Fund. The General Fund is the chief operating fund for the County. Special Revenue Funds are restricted to specific legislated use, while construction and other projects funded primarily through bond issues are accounted for through the use of the Capital Projects Fund. The Debt Service Fund is used to accumulate funds to pay the principal and interest on debt. The major funds are shown on the statement of revenues, expenditures and changes in fund balances - governmental funds and the balance sheet - governmental funds in the financial statements.

### Governmental Funds Revenues

Governmental funds revenues and other financing sources are summarized below at December 31:

	<u>2022</u>	<u>2021</u>
Real estate taxes, net	\$ 46,731,084	\$ 47,556,146
Licenses and permits	136,818	42,520
Intergovernmental	52,900,250	51,086,021
Charges for services	16,930,397	18,733,760
Hotel room rental tax	1,729,990	1,688,643
Investment income	1,809,712	262,581
Miscellaneous	405,918	217,103
Rental income	124,426	124,426
Bond proceeds, net	8,438,000	79,008,250
Proceeds from extended term financing	680,550	-
Operating transfers in	16,374,576	11,657,498
	<u>\$ 146,261,721</u>	<u>\$ 210,376,948</u>

Governmental funds revenue totaled \$146,261,721 for the year ended December 31, 2022. This was a decrease of \$64,115,227 or 30% from the previous year, largely as a result of the 2021 issuance of new debt related to the County's courthouse expansion and renovation project. There were also increases in investment income as interest rates increased substantially during the year.



## County of Monroe, Pennsylvania

Management's Discussions and Analysis - Required Supplementary Information

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(Unaudited)

### Governmental Funds Expenditures

Governmental funds expenditures and other financing uses by function are summarized below at December 31:

	<u>2022</u>	<u>2021</u>
General government:		
Administrative	\$ 14,764,474	\$ 13,870,485
Judicial	19,740,240	19,026,686
Public safety	22,077,182	21,548,933
Public works	2,867,928	2,927,057
Human services	32,776,019	24,932,826
Culture and recreation	3,010,081	2,917,487
Conservation and development	2,715,570	2,362,666
Community and economic development	9,437,548	16,840,716
Capital improvements	23,573,903	9,554,172
Debt service principal payments	5,476,000	5,215,000
Debt service interest and issuance costs	3,898,138	2,060,169
Payments to bond refunding agent	8,235,000	3,250,338
Operating transfers out	16,481,803	11,761,943
Transfers to component units	35,296	36,598
	<u>\$ 165,089,182</u>	<u>\$ 136,305,076</u>

Governmental funds expenditures totaled \$165,089,182 for the year ended December 31, 2022. This represents an increase of \$28,784,106 or 21% from the prior year. The primary increases related to additional capital outlay expenditures related to the County's Courthouse renovation and expansion project, along with additional expenditures under the American Rescue Plan funding received.

### Governmental Funds Balances

Ending fund balances for governmental funds and net position for proprietary funds are listed below at December 31, 2022:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
General fund	\$ 26,221,479	\$ -
COVID Recovery fund	9,688,709	-
Capital projects fund	39,571,996	-
Other governmental funds	12,260,479	-
Pleasant Valley Manor, Inc.	-	1,602,777
Other enterprise funds	-	4,130,280
	<u>\$ 87,742,663</u>	<u>\$ 5,733,057</u>

The County's governmental funds reported a combined fund balance of \$87,742,663 at December 31, 2022. Of that total, \$11,140,654 was unassigned in the General Fund and is available to meet the County's current and future needs.

The General Fund is the primary operating fund of the County. At December 31, 2022, the total General Fund balance was \$26,221,479 as stated above; the unassigned portion was approximately \$11.1 million, down from approximately \$13.7 million at December 31, 2021.

## County of Monroe, Pennsylvania

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Management's Discussions and Analysis - Required Supplementary Information  
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### Budgetary Highlights

The Monroe County Office of Fiscal Affairs revises the budget on an ongoing basis. These revisions include budgeted transfers from one general ledger account to another, and amendments to the bottom line of various funds. The requests for general ledger account transfers are submitted by departmental and agency heads and, if deemed appropriate and after consideration of accounting principles generally accepted in the United States of America and County policy, are approved by the Commissioners and entered into the financial system. Increases or decreases to the bottom line of an individual fund or budget amendments are entered as new sources of revenue are known or unplanned operating expenditures become evident. New grants are a common source of budget amendments requiring Commissioner approval.

### Economic Factors

According to U.S. Census American Community Survey, Monroe County's population is currently approximately 168,000, which is slightly lower than last year at this time.

The June 2023 Unemployment Rate in Monroe County was 4.9%, while one year earlier it was 5.4%. This rate is higher than the Commonwealth of Pennsylvania rate of 3.8%.

The largest employment sector in Monroe County, Pennsylvania is Accommodations & Food Services is currently the largest industry sector in the County employing 9,722 workers. It is followed closely by Retail with 9,034 and Health Care & Social Assistance with 8,549.

Occupation groups in Monroe County, Pennsylvania with the highest average wages per worker are Management of Companies and Enterprises (\$127,534), Utilities (\$107,542) and Manufacturing (\$86,495). Regional sectors with the best job growth (or most moderate job losses) over the last five years are Transportation and Warehousing (+661 jobs), Health Care and Social Assistance (+549 jobs) and Construction (+230 jobs).

Several projects have been completed and commenced over the past year. Messer LLC completed construction of a manufacturing facility and purchased an additional adjacent lot for future expansion. Newland Capital Group broke ground on a 1.1 million square foot distribution center in Mount Pocono. A 425,000 square foot building was completed in the PMCC East and another building of 420,000 square feet close to that has been approved. PMEDC closed on has 114 acres PMCC West under agreement of sale, but the project was delayed due to appeals of the NPDES permit.

Commercial/Industrial inquiries continue to be consistent coming mostly from logistics and manufacturing. Demand for manufacturing and logistics workers remains high.

Inventory of available industrial/logistics buildings is virtually non-existent, to the point that, much like the housing market in Monroe, when a building comes on the market, potential buyers are swarming. This demand, which began before the pandemic but has continued throughout, has led to several speculative industrial/logistics projects which is something new to Monroe County. There is more than 4 million square feet of warehouse/distribution planned and being permitted. These projects are of critical importance to a future healthy economy.

The retail and office markets have faced challenging times. Some spaces have undergone conversions to allow alternate uses even as recovery has accelerated since the 4th quarter 2022.

Overall, Monroe County's economy continues to be diverse. Industry sectors such as healthcare and manufacturing and warehouse/distribution continue to grow and competition is driving wages up. Residential real estate professionals have indicated a significant upswing in home buying activity and new home construction.

## County of Monroe, Pennsylvania

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Management's Discussions and Analysis - Required Supplementary Information  
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In 2021, the GDP of Monroe County expanded 8.3%. For the five-year period from 2015 to 2019, Monroe County saw continuous GDP growth. It fell during 2020 due to the pandemic but rebounded 8.3% in 2021.

Manufacturing contributed the largest portion of GDP in 2021, \$2,045,174,000 which represents 28%+ of total GDP generated in Monroe County. The next-largest contributions came from Real Estate and Rental and Leasing (\$716,000,000, 9.4% of Total Monroe GDP); Health Care and Social Assistance (\$614,683,000, 8.6% of total Monroe GDP); and Retail Trade (\$572,480,000, 8.1% of total Monroe GDP).

### Next Year's Budget

The 2023 budget for Monroe County was adopted on December 14, 2022 in the amount of \$180.4 million, including a General Fund budget of \$69.8 million.

For 2023, the millage rate remained at 3.2273 mills; 2.7554 mills will be utilized for general purposes and 0.4719 mills are designated for debt service obligations.

All nonunion employees will receive a 4.5% cost of living adjustment (COLA) on January 1, 2023.

The total capital budget including projects for 2023 is approximately \$41.6 million.

### Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning this financial information or requests for additional information should be directed to the County of Monroe, Pennsylvania, Office of Fiscal Affairs, One Quaker Plaza, Room 204, Stroudsburg, Pennsylvania 18360-2164.

**County of Monroe, Pennsylvania**

Statement of Net Position

December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets and Deferred Outflows of Resources</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 66,355,614	\$ 2,399,613	\$ 68,755,227	\$ 6,746,227
Cash and cash equivalents, restricted	39,301,998	465,019	39,767,017	13,429,239
Receivables:				
Grants and other	8,828,905	3,527,228	12,356,133	1,233,006
Taxes	1,403,411	-	1,403,411	-
Loan receivable from component unit	4,998,169	-	4,998,169	-
Accrued interest on loan receivable	1,037,668	-	1,037,668	50,927
Notes receivable, land and building projects	-	-	-	2,730,182
Notes receivable	-	-	-	2,586,079
Interfund loans receivable	2,294,164	108,042	2,402,206	-
Due from other governmental units	5,367,386	-	5,367,386	-
Due from fiduciary funds	107,057	-	107,057	-
Internal balances	(691,077)	691,077	-	-
Inventories	15,312	247,810	263,122	51,268
Prepaid expenses	-	165,480	165,480	112,611
Other assets	5,504,350	1,355,271	6,859,621	10,767,603
Capital assets, net	82,567,141	3,292,308	85,859,449	17,104,244
<b>Total assets</b>	<b>217,090,098</b>	<b>12,251,848</b>	<b>229,341,946</b>	<b>54,811,386</b>
<b>Deferred Outflows of Resources</b>				
Deferred charges on refunding	11,040	-	11,040	-
Related to pensions	15,936,975	-	15,936,975	-
<b>Total deferred outflows of resources</b>	<b>15,948,015</b>	<b>-</b>	<b>15,948,015</b>	<b>-</b>
<b>Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Payables:				
Accounts	6,408,117	1,701,385	8,109,502	1,389,477
Retainage payable	2,005,226	-	2,005,226	-
Grants	-	-	-	336,090
Due to TIF districts	-	-	-	12,732,907
Accrued liabilities	3,009,958	677,887	3,687,845	4,573,359
Unearned revenue	19,795,117	2,133,144	21,928,261	1,058,601
Due to other governmental units	2,790,465	-	2,790,465	-
Current portion of:				
Self-insurance claims payable	419,745	81,334	501,079	-
Bonds and notes payable	5,798,000	364,664	6,162,664	1,116,114
Lease obligations	725,271	39,011	764,282	-
Notes payable, land and building projects	-	-	-	2,200,710
<b>Total current liabilities</b>	<b>40,951,899</b>	<b>4,997,425</b>	<b>45,949,324</b>	<b>23,407,258</b>
<b>Noncurrent Liabilities</b>				
Noncurrent portion of:				
Net pension liability	22,853,171	-	22,853,171	-
Compensated absences	82,404	-	82,404	9,834
Payable from restricted assets	-	78,711	78,711	-
Interfund loans payable	-	1,039,103	1,039,103	-
Loan payable to primary government	-	-	-	5,108,169
Bonds and notes payable	94,044,519	-	94,044,519	8,803,600
Lease obligations	2,175,929	403,552	2,579,481	-
<b>Total noncurrent liabilities</b>	<b>119,156,023</b>	<b>1,521,366</b>	<b>120,677,389</b>	<b>13,921,603</b>
<b>Total liabilities</b>	<b>160,107,922</b>	<b>6,518,791</b>	<b>166,626,713</b>	<b>37,328,861</b>
<b>Net Position</b>				
Net investment in capital assets	25,384,795	4,186,861	29,571,656	16,998,869
Restricted	65,356,341	48,861	65,405,202	1,388,289
Unrestricted	(17,810,945)	1,497,335	(16,313,610)	(904,633)
<b>Total net position</b>	<b>\$ 72,930,191</b>	<b>\$ 5,733,057</b>	<b>\$ 78,663,248</b>	<b>\$ 17,482,525</b>

See notes to financial statements

**County of Monroe, Pennsylvania**

Statement of Activities  
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Functions/Programs</b>								
Primary government:								
Governmental activities:								
General government:								
Administrative	\$ 25,942,660	\$ 15,837,479	\$ 22,705	\$ -	\$ (10,082,476)		\$ (10,082,476)	
Judicial	20,979,851	4,361,143	958,948	-	(15,659,760)		(15,659,760)	
Public safety	23,916,476	1,266,853	103,475	-	(22,546,148)		(22,546,148)	
Public works	2,904,969	548,769	1,779,359	-	(576,841)		(576,841)	
Health services	27,504,290	171,883	29,092,371	-	1,759,964		1,759,964	
Culture and recreation	3,071,775	4,390	2,400,000	-	(667,385)		(667,385)	
Conservation and development	2,861,113	976,294	-	-	(1,884,819)		(1,884,819)	
Community and economic development	14,729,344	-	14,649,675	-	(79,669)		(79,669)	
Interest on long-term debt	2,668,069	-	-	-	(2,668,069)		(2,668,069)	
Total governmental activities	<u>124,578,547</u>	<u>23,166,811</u>	<u>49,006,533</u>	<u>-</u>	<u>(52,405,203)</u>		<u>(52,405,203)</u>	
Business-type activities:								
Human services	16,237,534	9,653,480	920,973	-		\$ (5,663,081)	(5,663,081)	
Sewer and water services	256,713	153,988	-	-		(102,725)	(102,725)	
Conservation and development	2,505,831	1,523,120	1,215,028	-		232,317	232,317	
Total business-type activities	<u>19,000,078</u>	<u>11,330,588</u>	<u>2,136,001</u>	<u>-</u>		<u>(5,533,489)</u>	<u>(5,533,489)</u>	
Total primary government	<u>\$ 143,578,625</u>	<u>\$ 34,497,399</u>	<u>\$ 51,142,534</u>	<u>\$ -</u>			<u>(57,938,692)</u>	
<b>Component Units</b>								
Industrial and economic development	\$ 8,491,440	\$ 3,932,775	\$ 2,551,727	\$ -				\$ (2,006,938)
Waste management	2,652,900	2,427,466	339,296	-				113,862
Airport operation	1,749,911	1,026,647	154,000	1,169,372				600,108
Public works	2,812,463	49,041	2,668,543	-				(94,879)
Total component units	<u>\$ 15,706,714</u>	<u>\$ 7,435,929</u>	<u>\$ 5,713,566</u>	<u>\$ 1,169,372</u>				<u>(1,387,847)</u>
<b>General Revenues and Transfers</b>								
Property taxes, general levy					45,458,540	-	45,458,540	-
Hotel room rental tax					1,729,990	-	1,729,990	-
Licenses and permits					136,818	-	136,818	-
Intergovernmental revenues not earmarked					13,689,951	-	13,689,951	-
Interest, investment earnings and royalties					1,809,712	40,388	1,850,100	9,904
Mortgage payoffs					-	-	-	33,524
Miscellaneous					730,271	-	730,271	196,937
Transfers (internal activities)					(107,227)	107,227	-	-
Transfer to component units					(35,296)	-	(35,296)	-
Total general revenues and transfers					<u>63,412,759</u>	<u>147,615</u>	<u>63,560,374</u>	<u>240,365</u>
Change in net position					11,007,556	(5,385,874)	5,621,682	(1,147,482)
<b>Net Position, Beginning</b>					<u>61,922,635</u>	<u>11,118,931</u>	<u>73,041,566</u>	<u>18,630,007</u>
<b>Net Position, Ending</b>					<u>\$ 72,930,191</u>	<u>\$ 5,733,057</u>	<u>\$ 78,663,248</u>	<u>\$ 17,482,525</u>

See notes to financial statements

**County of Monroe, Pennsylvania**

Balance Sheet - Governmental Funds

December 31, 2022

	<u>General Fund</u>	<u>Children and Youth Fund</u>	<u>COVID Recovery Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 17,460,838	\$ 3,785	\$ 37,167,248	\$ 39,301,998	\$ 11,723,743	\$ 105,657,612
Receivables, net of uncollectible accounts:						
Grants and other	1,524,507	-	5,265,909	-	2,029,437	8,819,853
Taxes	1,403,411	-	-	-	-	1,403,411
Due from other funds	24,666,307	2,666,748	929,551	3,481,075	16,244,524	47,988,205
Due from other governmental units	69	5,343,629	-	-	23,688	5,367,386
Interfund loans receivable	1,363,104	-	-	-	532,222	1,895,326
	<u>1,363,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>532,222</u>	<u>1,895,326</u>
Total assets	<u>\$ 46,418,236</u>	<u>\$ 8,014,162</u>	<u>\$ 43,362,708</u>	<u>\$ 42,783,073</u>	<u>\$ 30,553,614</u>	<u>\$ 171,131,793</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 2,304,134	\$ 1,017,386	\$ 1,444,198	\$ 1,205,851	\$ 351,091	\$ 6,322,660
Retainage payable	-	-	-	2,005,226	-	2,005,226
Accrued liabilities	1,733,901	-	-	-	-	1,733,901
Due to other funds	15,292,099	6,996,776	9,792,838	-	17,908,108	49,989,821
Due to other governmental units	-	-	2,790,396	-	69	2,790,465
Unearned revenues	107,164	-	19,646,567	-	33,867	19,787,598
	<u>107,164</u>	<u>-</u>	<u>19,646,567</u>	<u>-</u>	<u>33,867</u>	<u>19,787,598</u>
Total liabilities	<u>19,437,298</u>	<u>8,014,162</u>	<u>33,673,999</u>	<u>3,211,077</u>	<u>18,293,135</u>	<u>82,629,671</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue, property taxes	759,459	-	-	-	-	759,459
	<u>759,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>759,459</u>
<b>Fund Balances</b>						
Nonspendable	1,363,104	-	-	-	532,222	1,895,326
Restricted	-	-	9,688,709	39,571,996	11,856,303	61,117,008
Committed	13,717,721	-	-	-	-	13,717,721
Unassigned	11,140,654	-	-	-	(128,046)	11,012,608
	<u>11,140,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128,046)</u>	<u>11,012,608</u>
Total fund balances	<u>26,221,479</u>	<u>-</u>	<u>9,688,709</u>	<u>39,571,996</u>	<u>12,260,479</u>	<u>87,742,663</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 46,418,236</u>	<u>\$ 8,014,162</u>	<u>\$ 43,362,708</u>	<u>\$ 42,783,073</u>	<u>\$ 30,553,614</u>	<u>\$ 171,131,793</u>

See notes to financial statements

## County of Monroe, Pennsylvania

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
December 31, 2022

**Total Fund Balances - Governmental Funds** \$ 87,742,663

Amounts reported for governmental activities  
in the statement of net position are different because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported  
in the funds. 82,567,141

Property taxes revenues will be collected after year end,  
but are not available soon enough to pay for current period  
expenditures and therefore are not recognized as revenues  
in the governmental funds. 759,459

Long-term assets applicable to the County's governmental  
activities are not due and collectible in the current period  
and, accordingly, are not reported as fund assets. All assets  
are reported in the statement of net position. Balances at  
December 31, 2022 are:

Opioid settlement funds (recorded as Other assets)	\$ 5,504,350	
Loan receivable from component unit	4,998,169	
Accrued interest on loan receivable from component unit	<u>1,037,668</u>	
		11,540,187

Long-term liabilities applicable to the County's governmental  
activities are not due and payable in the current period and,  
accordingly, are not reported as fund liabilities. Interest on  
long-term debt is not accrued in governmental funds, but  
rather is recognized as an expenditure when due. All  
liabilities, both current and noncurrent, are reported in the  
statement of net position. Balances at December 31, 2022 are:

Net pension liability (net of deferred inflows and outflows of resources)	(6,916,196)	
Compensated absences	(82,404)	
Accrued interest on bonds (included in accrued liabilities)	(1,276,057)	
Bonds and notes payable, net	(99,842,519)	
Lease obligations	(2,901,200)	
Deferred charges on refunding	<u>11,040</u>	
		(111,007,336)

The assets and liabilities of the Internal Service Fund are not  
included in the fund financial statements, but are included in the  
governmental activities on the statement of net position.

1,328,077

**Total Net Position - Governmental Activities** \$ 72,930,191

**County of Monroe, Pennsylvania**

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
 Year Ended December 31, 2022

	General Fund	Children and Youth Fund	COVID Recovery Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Real estate taxes, net	\$ 39,814,958	\$ -	\$ -	\$ -	\$ 6,916,126	\$ 46,731,084
Licenses and permits	136,818	-	-	-	-	136,818
Intergovernmental	1,941,175	14,843,522	23,708,896	2,400,000	10,006,657	52,900,250
Charges for services	11,155,576	-	4,730,394	-	1,044,427	16,930,397
Hotel room rental tax	494,115	-	1,235,875	-	-	1,729,990
Investment income	604,578	40	540,771	586,468	77,855	1,809,712
Miscellaneous	365,890	1,324	1,010	-	37,694	405,918
Rental income	124,426	-	-	-	-	124,426
<b>Total revenues</b>	<b>54,637,536</b>	<b>14,844,886</b>	<b>30,216,946</b>	<b>2,986,468</b>	<b>18,082,759</b>	<b>120,768,595</b>
<b>Expenditures</b>						
Current:						
General government:						
Administrative	14,514,662	-	-	-	249,812	14,764,474
Judicial	17,217,032	-	131,851	71,925	2,319,432	19,740,240
Public safety	21,174,274	-	697,046	-	205,862	22,077,182
Public works	16,167	-	214,759	-	2,637,002	2,867,928
Human services	269,668	17,783,187	3,266,587	-	6,164,781	27,484,223
Culture and recreation	96,500	-	513,581	2,400,000	-	3,010,081
Conservation and development	2,477,386	-	238,184	-	-	2,715,570
Community and economic development	-	-	14,729,344	-	-	14,729,344
Capital improvements	834,277	-	1,927	22,737,699	-	23,573,903
Debt service:						
Principal payments	-	-	-	-	5,476,000	5,476,000
Interest and fiscal charges	-	-	-	-	3,870,450	3,870,450
Bond issuance costs	-	-	-	-	27,688	27,688
<b>Total expenditures</b>	<b>56,599,966</b>	<b>17,783,187</b>	<b>19,793,279</b>	<b>25,209,624</b>	<b>20,951,027</b>	<b>140,337,083</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,962,430)</b>	<b>(2,938,301)</b>	<b>10,423,667</b>	<b>(22,223,156)</b>	<b>(2,868,268)</b>	<b>(19,568,488)</b>
<b>Other Financing Sources (Uses)</b>						
Bond proceeds	-	-	-	-	8,438,000	8,438,000
Payment to bond escrow agent	-	-	-	-	(8,235,000)	(8,235,000)
Proceeds from issuance of extended term financing	680,550	-	-	-	-	680,550
Operating transfers in	8,577,696	2,938,301	1,490,524	-	3,368,055	16,374,576
Operating transfers out	(6,370,323)	-	(7,752,696)	(2,325,502)	(33,282)	(16,481,803)
Transfers to component units	(35,296)	-	-	-	-	(35,296)
<b>Total other financing sources (uses), net</b>	<b>2,852,627</b>	<b>2,938,301</b>	<b>(6,262,172)</b>	<b>(2,325,502)</b>	<b>3,537,773</b>	<b>741,027</b>
<b>Net change in fund balances</b>	<b>890,197</b>	<b>-</b>	<b>4,161,495</b>	<b>(24,548,658)</b>	<b>669,505</b>	<b>(18,827,461)</b>
<b>Fund Balances, Beginning</b>	<b>25,331,282</b>	<b>-</b>	<b>5,527,214</b>	<b>64,120,654</b>	<b>11,590,974</b>	<b>106,570,124</b>
<b>Fund Balances, Ending</b>	<b>\$ 26,221,479</b>	<b>\$ -</b>	<b>\$ 9,688,709</b>	<b>\$ 39,571,996</b>	<b>\$ 12,260,479</b>	<b>\$ 87,742,663</b>

See notes to financial statements



## County of Monroe, Pennsylvania

Reconciliation of the Statement of Governmental Funds Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities  
Year Ended December 31, 2022

**Total Net Change in Fund Balances - Governmental Funds** \$ (18,827,461)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. In addition, governmental funds do not report losses from disposals of capital assets since they are fully expended in the year of acquisition. However, in the statement of activities, losses from disposals are recognized in the period the capital asset is disposed.

Capital outlay	\$ 24,328,468	
Depreciation expense	(1,916,436)	
Loss on disposal	(8,786)	
Right-of-use capital asset outlay	680,550	
Amortization expense	<u>(825,025)</u>	22,258,771

Real estate taxes revenues received after the close of the reporting period that are not considered current financial resources, thus are not reported as revenues in the governmental funds.

(1,272,544)

Accrued interest on long-term loans receivable do not provide current financial resources to governmental funds. This is the change in accrued interest on long-term loans receivable that represents expenses reported in the statement of activities.

199,927

Revenues received in the current year related to long-term receivables are recognized within the statement of revenues, expenditures and changes in fund balance, but were previously recognized as revenue in the statement of activities

5,504,350

Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt or leases increases long-term liabilities in the statement of financial position. Repayment of bond or lease principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. The effect of these activities are as follows:

Issuance of long-term debt	(8,438,000)	
Repayment of bonds and notes payable	13,711,000	
Issuance of extended term financing (leases)	(680,550)	
Repayment of lease obligations	<u>825,025</u>	5,417,475

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

Amortization of deferred charges on refunding	(11,606)	
Amortization of debt premiums and discounts	1,073,673	
Change in accrued interest expense on long-term debt	168,004	
Change in net deferred inflows/outflows of resources, pension	(26,449,531)	
Increase in net pension liability	<u>22,946,498</u>	<u>(2,272,962)</u>

**Change in Net Position of Governmental Activities** \$ 11,007,556

# County of Monroe, Pennsylvania

## Statement of Net Position - Proprietary Funds

December 31, 2022

	Enterprise Funds			Internal Service Fund
	Pleasant Valley Manor, Inc.	Other Enterprise Funds	Total Enterprise Funds	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 556,618	\$ 1,842,995	\$ 2,399,613	\$ -
Accounts receivable	3,050,372	476,856	3,527,228	9,052
Prepaid expenses	162,534	2,946	165,480	-
Inventories	240,507	7,303	247,810	15,312
Due from other funds	-	691,077	691,077	16,374,994
Interfund loans receivable	-	108,042	108,042	398,838
Total current assets	<u>4,010,031</u>	<u>3,129,219</u>	<u>7,139,250</u>	<u>16,798,196</u>
<b>Noncurrent Assets</b>				
Restricted cash and investments	95,442	369,577	465,019	-
Right-to-use asset - operating lease	433,011	922,260	1,355,271	-
Capital assets, net	2,383,092	909,216	3,292,308	-
Total noncurrent assets	<u>2,911,545</u>	<u>2,201,053</u>	<u>5,112,598</u>	<u>-</u>
Total assets	<u>\$ 6,921,576</u>	<u>\$ 5,330,272</u>	<u>\$ 12,251,848</u>	<u>\$ 16,798,196</u>
<b>Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 959,090	\$ 742,295	\$ 1,701,385	\$ 85,457
Accrued liabilities	677,887	-	677,887	-
Unearned revenue	1,675,447	457,697	2,133,144	7,519
Due to other units	-	-	-	14,957,398
Current portion of long-term debt	364,664	-	364,664	-
Current portion of lease obligations	39,011	-	39,011	-
Self-insurance claims payable	81,334	-	81,334	419,745
Total current liabilities	<u>3,797,433</u>	<u>1,199,992</u>	<u>4,997,425</u>	<u>15,470,119</u>
<b>Noncurrent Liabilities</b>				
Payable from restricted assets	78,711	-	78,711	-
Interfund loans payable	1,039,103	-	1,039,103	-
Long-term lease obligations	403,552	-	403,552	-
Total noncurrent liabilities	<u>1,521,366</u>	<u>-</u>	<u>1,521,366</u>	<u>-</u>
Total liabilities	<u>5,318,799</u>	<u>1,199,992</u>	<u>6,518,791</u>	<u>15,470,119</u>
<b>Net Position</b>				
Net investment in capital assets	2,359,695	1,827,166	4,186,861	-
Restricted for conservation	-	48,861	48,861	-
Unrestricted	(756,918)	2,254,253	1,497,335	1,328,077
Total net position	<u>1,602,777</u>	<u>4,130,280</u>	<u>5,733,057</u>	<u>1,328,077</u>
Total liabilities and net position	<u>\$ 6,921,576</u>	<u>\$ 5,330,272</u>	<u>\$ 12,251,848</u>	<u>\$ 16,798,196</u>

See notes to financial statements

## County of Monroe, Pennsylvania

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds  
 Year Ended December 31, 2022

	Enterprise Funds			Internal Service Fund
	Pleasant Valley Manor, Inc.	Other Enterprise Funds	Total Enterprise Funds	
<b>Operating Revenues</b>				
Charges for services	\$ 7,706,269	\$ 1,677,108	\$ 9,383,377	\$ 8,644,848
Medical Assistance cost report settlement	1,947,211	-	1,947,211	-
Miscellaneous	-	-	-	1,883,447
Total operating revenues	<u>9,653,480</u>	<u>1,677,108</u>	<u>11,330,588</u>	<u>10,528,295</u>
<b>Operating Expenses</b>				
Services and supplies	-	256,713	256,713	10,528,295
Patient care	16,217,021	-	16,217,021	-
Conservation and development	-	2,505,831	2,505,831	-
Total operating expenses	<u>16,217,021</u>	<u>2,762,544</u>	<u>18,979,565</u>	<u>10,528,295</u>
Operating loss	<u>(6,563,541)</u>	<u>(1,085,436)</u>	<u>(7,648,977)</u>	<u>-</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	-	40,388	40,388	-
Grants and subsidies	920,973	1,215,028	2,136,001	-
Interest expense	(20,513)	-	(20,513)	-
Total nonoperating revenues	<u>900,460</u>	<u>1,255,416</u>	<u>2,155,876</u>	<u>-</u>
Net (loss) income before transfers	<u>(5,663,081)</u>	<u>169,980</u>	<u>(5,493,101)</u>	<u>-</u>
<b>Transfers In</b>	<u>-</u>	<u>107,227</u>	<u>107,227</u>	<u>-</u>
Changes in net position	<u>(5,663,081)</u>	<u>277,207</u>	<u>(5,385,874)</u>	<u>-</u>
<b>Net Position, Beginning</b>	<u>7,265,858</u>	<u>3,853,073</u>	<u>11,118,931</u>	<u>1,328,077</u>
<b>Net Position, Ending</b>	<u>\$ 1,602,777</u>	<u>\$ 4,130,280</u>	<u>\$ 5,733,057</u>	<u>\$ 1,328,077</u>

See notes to financial statements

**County of Monroe, Pennsylvania**

 Statement of Cash Flows - Proprietary Funds  
 Year Ended December 31, 2022

	Enterprise Funds			Internal Service Fund
	Pleasant Valley Manor, Inc.	Other Enterprise Funds	Total Enterprise Funds	
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 11,529,911	\$ 1,258,675	\$ 12,788,586	\$ -
Receipts from interfund services provided	-	-	-	8,955,105
Other cash receipts	-	-	-	1,883,089
Payments to suppliers	(9,334,192)	(1,231,618)	(10,565,810)	(10,838,194)
Payments to employees	(6,102,340)	(497,766)	(6,600,106)	-
Interest paid	(20,513)	-	(20,513)	-
Net cash used in operating activities	<u>(3,927,134)</u>	<u>(470,709)</u>	<u>(4,397,843)</u>	<u>-</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Net operating transfers in (out)	-	107,227	107,227	-
Subsidies and grants	(30,000)	425,576	395,576	-
Net cash provided by (used in) noncapital financing activities	<u>(30,000)</u>	<u>532,803</u>	<u>502,803</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchase of fixed assets	(264,915)	(66,407)	(331,322)	-
Payment of long-term debt	(126,242)	-	(126,242)	-
Payment of lease obligation	(35,502)	-	(35,502)	-
Net cash used in capital and related financing activities	<u>(426,659)</u>	<u>(66,407)</u>	<u>(493,066)</u>	<u>-</u>
<b>Cash Flows From Investing Activities</b>				
Interest income	-	40,388	40,388	-
Net change in cash and cash equivalents	<u>(4,383,793)</u>	<u>36,075</u>	<u>(4,347,718)</u>	<u>-</u>
<b>Cash and Cash Equivalents, Beginning</b>	<u>5,035,853</u>	<u>2,176,497</u>	<u>7,212,350</u>	<u>-</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 652,060</u>	<u>\$ 2,212,572</u>	<u>\$ 2,864,632</u>	<u>\$ -</u>
<b>Cash Shown As:</b>				
Cash and cash equivalents	\$ 556,618	\$ 1,842,995	\$ 2,399,613	\$ -
Restricted cash and investments	95,442	369,577	465,019	-
Total Cash and Cash Equivalents	<u>\$ 652,060</u>	<u>\$ 2,212,572</u>	<u>\$ 2,864,632</u>	<u>\$ -</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>				
Operating loss	\$ (5,663,081)	\$ (1,085,436)	\$ (6,748,517)	\$ -
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation and amortization expense	445,478	83,592	529,070	-
Noncash staffing costs	-	799,038	799,038	-
(Increase) decrease in assets:				
Residents' trust fund	(40,962)	-	(40,962)	-
Accounts receivable	(20,248)	(775)	(21,023)	(1,947)
Prepaid expenses	(6,570)	970	(5,600)	-
Inventories	(22,850)	(1,061)	(23,911)	-
Due from:				
Other funds	-	(32,130)	(32,130)	(1,596,356)
Other governmental units	-	(356,748)	(356,748)	-
Increase (decrease) in liabilities:				
Accounts payable	552,173	136,560	688,733	17,133
Accrued liabilities	(199,544)	-	(199,544)	-
Unearned revenue	1,038,639	(14,719)	1,023,920	291
Due to other funds	-	-	-	1,329,082
Self-insurance claims payable	(10,169)	-	(10,169)	251,797
Net cash used in operating activities	<u>\$ (3,927,134)</u>	<u>\$ (470,709)</u>	<u>\$ (4,397,843)</u>	<u>\$ -</u>

See notes to financial statements

## County of Monroe, Pennsylvania

### Statement of Net Position - Fiduciary Funds

December 31, 2022

	<u>Employee Retirement Trust Fund</u>	<u>Custodial Funds</u>	<u>Total Fiduciary Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 17,569,682	\$ 17,569,682
Accrued interest receivable	104,065	-	104,065
Investments	118,841,039	-	118,841,039
Total assets	<u>\$ 118,945,104</u>	<u>\$ 17,569,682</u>	<u>\$ 136,514,786</u>
<b>Liabilities and Net Position</b>			
<b>Liabilities</b>			
Due to other funds	\$ 25,546	\$ 81,511	\$ 107,057
Funds held in escrow	-	3,272	3,272
Total liabilities	<u>25,546</u>	<u>84,783</u>	<u>110,329</u>
<b>Net Position</b>			
Restricted for employees' retirement system	118,919,558	-	118,919,558
Restricted for individuals, organizations and other governments	-	17,484,899	17,484,899
Total net position	<u>118,919,558</u>	<u>17,484,899</u>	<u>136,404,457</u>
Total liabilities and net position	<u>\$ 118,945,104</u>	<u>\$ 17,569,682</u>	<u>\$ 136,514,786</u>

See notes to financial statements

## County of Monroe, Pennsylvania

### Statement of Changes in Fiduciary Net Position - Fiduciary Funds

Year Ended December 31, 2022

	<u>Employee Retirement Trust Fund</u>	<u>Custodial Funds</u>	<u>Total Fiduciary Funds</u>
<b>Additions</b>			
Contributions:			
Employee contributions	\$ 2,267,241	\$ -	\$ 2,267,241
Employer contributions	3,339,112	-	3,339,112
Total contributions	<u>5,606,353</u>	<u>-</u>	<u>5,606,353</u>
Investment earnings:			
Dividends	2,697,735	-	2,697,735
Net depreciation in fair value of investments	(17,428,378)	-	(17,428,378)
Total investment earnings	(14,730,643)	-	(14,730,643)
Investment management fees	(624,770)	-	(624,770)
Total investment earnings, net	<u>(15,355,413)</u>	<u>-</u>	<u>(15,355,413)</u>
Custodial Collections:			
Taxes	-	1,274,881	1,274,881
Fees	-	6,069,813	6,069,813
Other	-	2	2
Total custodial collections	<u>-</u>	<u>7,344,696</u>	<u>7,344,696</u>
Total additions	<u>(9,749,060)</u>	<u>7,344,696</u>	<u>(2,404,364)</u>
<b>Deductions</b>			
Benefit payments to retired plan participants	6,183,628	-	6,183,628
Payments to other governments	-	4,941,539	4,941,539
Payments to individuals and organizations	-	3,992,926	3,992,926
Refunds of employee contributions	462,974	-	462,974
Other expenses	27,939	-	27,939
Total deductions	<u>6,674,541</u>	<u>8,934,465</u>	<u>15,609,006</u>
Change in net position	(16,423,601)	(1,589,769)	(18,013,370)
<b>Net Position, Beginning</b>	<u>135,343,159</u>	<u>19,074,668</u>	<u>154,417,827</u>
<b>Net Position, Ending</b>	<u>\$ 118,919,558</u>	<u>\$ 17,484,899</u>	<u>\$ 136,404,457</u>

See notes to financial statements

## County of Monroe, Pennsylvania

Combining Statement of Net Position - Component Units

December 31, 2022

	<b>Monroe County Industrial Development Authority</b>	<b>Pocono Mountains Industrial Park Authority</b>	<b>Pocono Mountains Industries, Inc.</b>	<b>Monroe County Municipal Waste Management Authority</b>	<b>Pocono Mountains Municipal Airport Authority</b>	<b>Redevelopment Authority of Monroe County</b>	<b>Total Component Units</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 414,240	\$ 157,968	\$ 2,678,441	\$ 1,172,833	\$ 276,355	\$ 2,046,390	\$ 6,746,227
Cash and cash equivalents, restricted	13,285,862	-	-	-	143,377	-	13,429,239
Receivables:							
Grants and other	40,703	118,517	132,813	202,231	539,061	199,681	1,233,006
Related-party component units	-	221,899	210,966	-	-	-	432,865
Accrued interest on loan receivable	-	-	-	-	-	50,927	50,927
Notes receivable, land and building projects	-	-	2,200,710	529,472	-	-	2,730,182
Note receivable	522,641	2,063,438	-	-	-	-	2,586,079
Inventories	-	-	-	-	47,309	3,959	51,268
Prepaid expenses	8,146	9,787	33,006	38,585	-	23,087	112,611
Other assets	556	7,814	10,759,233	-	-	-	10,767,603
Capital assets, net	5,419	769,612	3,656	3,147,153	13,135,294	43,110	17,104,244
	<u>14,277,567</u>	<u>3,349,035</u>	<u>16,018,825</u>	<u>5,090,274</u>	<u>14,141,396</u>	<u>2,367,154</u>	<u>55,244,251</u>
Total assets							

See notes to financial statements

## County of Monroe, Pennsylvania

Combining Statement of Net Position - Component Units  
December 31, 2022

	Monroe County Development Authority	Pocono Mountains Industrial Park Authority	Pocono Mountains Industries, Inc.	Monroe County Municipal Waste Management Authority	Pocono Mountains Municipal Airport Authority	Redevelopment Authority of Monroe County	Total Component Units
<b>Liabilities and Net Position</b>							
<b>Current Liabilities</b>							
Payables:							
Accounts	\$ 3,775	\$ 154,850	\$ 9,772	\$ 417,391	\$ 504,368	\$ 299,321	\$ 1,389,477
Grants	336,090	-	-	-	-	-	336,090
Related-party component units	304,088	-	128,777	-	-	-	432,865
Due to TIF districts	12,732,907	-	-	-	-	-	12,732,907
Accrued liabilities	-	-	4,517,964	55,395	-	-	4,573,359
Unearned revenue	-	-	278,502	-	37,420	742,679	1,058,601
Current portion of bonds and notes payable	-	689,093	9,574	386,322	31,125	-	1,116,114
Notes payable, land and building projects	-	-	2,200,710	-	-	-	2,200,710
	<u>13,376,860</u>	<u>843,943</u>	<u>7,145,299</u>	<u>859,108</u>	<u>572,913</u>	<u>1,042,000</u>	<u>23,840,123</u>
Total current liabilities							
<b>Noncurrent Liabilities</b>							
Noncurrent portion of:							
Compensated absences	-	-	-	-	-	9,834	9,834
Loan payable to primary government	-	-	5,108,169	-	-	-	5,108,169
Bonds and notes payable	-	1,909,659	6,819,691	-	74,250	-	8,803,600
	<u>-</u>	<u>1,909,659</u>	<u>11,927,860</u>	<u>-</u>	<u>74,250</u>	<u>9,834</u>	<u>13,921,603</u>
Total noncurrent liabilities							
Total liabilities	<u>13,376,860</u>	<u>2,753,602</u>	<u>19,073,159</u>	<u>859,108</u>	<u>647,163</u>	<u>1,051,834</u>	<u>37,761,726</u>
<b>Net Position (Deficit)</b>							
Net investment in capital assets	5,419	769,612	3,656	3,147,153	13,029,919	43,110	16,998,869
Restricted for other purposes	344,871	-	-	-	-	1,043,418	1,388,289
Unrestricted	550,417	(174,179)	(3,057,990)	1,084,013	464,314	228,792	(904,633)
	<u>\$ 900,707</u>	<u>\$ 595,433</u>	<u>\$ (3,054,334)</u>	<u>\$ 4,231,166</u>	<u>\$ 13,494,233</u>	<u>\$ 1,315,320</u>	<u>\$ 17,482,525</u>
Total net position (deficit)							

See notes to financial statements



**County of Monroe, Pennsylvania**

Combining Statement of Activities - Component Units  
Year Ended December 31, 2022

	Net Revenues (Expenses) and Changes in Net Position										
	Program Revenues			Monroe County Industrial Development Authority	Pocono Mountains Industrial Park Authority	Pocono Mountains Industries, Inc.	Monroe County Municipal Waste Management Authority	Pocono Mountains Municipal Airport Authority	Redevelopment Authority of Monroe County	Total Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions								Capital Grants and Contributions
<b>Component Units</b>											
Industrial and economic development:											
Monroe County Industrial Development Authority	\$ 2,357,945	\$ 100,579	\$ 2,206,727	\$ -	\$ (50,639)						\$ (50,639)
Pocono Mountains Industrial Park Authority	1,181,642	984,050	117,000	-	-	\$ (80,592)					(80,592)
Pocono Mountains Industries, Inc.	4,951,853	2,848,146	228,000	-	-	-	\$ (1,875,707)				(1,875,707)
Waste management:											
Monroe County Municipal Waste Management Authority	2,652,900	2,427,466	339,296	-	-	-	\$ 113,862				113,862
Airport operation:											
Pocono Mountains Municipal Airport Authority	1,749,911	1,026,647	154,000	1,169,372	-	-	-	\$ 600,108			600,108
Public works:											
Redevelopment Authority of Monroe County	2,812,463	49,041	2,668,543	-	-	-	-	-	\$ (94,879)		(94,879)
<b>Total component units</b>	<b>\$ 15,706,714</b>	<b>\$ 7,435,929</b>	<b>\$ 5,713,566</b>	<b>\$ 1,169,372</b>	<b>(50,639)</b>	<b>(80,592)</b>	<b>(1,875,707)</b>	<b>113,862</b>	<b>600,108</b>	<b>(94,879)</b>	<b>(1,387,847)</b>
<b>General Revenues</b>											
Interest, investment earnings and royalties					3,439	2	317	152	1,425	4,569	9,904
Mortgage payoffs					-	-	-	-	-	33,524	33,524
Miscellaneous					60,000	-	-	13,121	-	123,816	196,937
<b>Total general revenues</b>					<b>63,439</b>	<b>2</b>	<b>317</b>	<b>13,273</b>	<b>1,425</b>	<b>161,909</b>	<b>240,365</b>
<b>Change in net position</b>					<b>12,800</b>	<b>(80,590)</b>	<b>(1,875,390)</b>	<b>127,135</b>	<b>601,533</b>	<b>67,030</b>	<b>(1,147,482)</b>
<b>Net Position, Beginning</b>					<b>887,907</b>	<b>676,023</b>	<b>(1,178,944)</b>	<b>4,104,031</b>	<b>12,892,700</b>	<b>1,248,290</b>	<b>18,630,007</b>
<b>Net Position, Ending</b>	<b>\$ 900,707</b>	<b>\$ 595,433</b>	<b>\$ (3,054,334)</b>	<b>\$ 4,231,166</b>	<b>\$ 13,494,233</b>	<b>\$ 1,315,320</b>	<b>\$ 17,482,525</b>				

See notes to financial statements

# County of Monroe, Pennsylvania

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Notes to Financial Statements  
December 31, 2022

## 1. Reporting Entity

The County of Monroe, Pennsylvania (the County) was formed in 1836 and operates under the direction of an elected Board of Commissioners. The County provides general administrative services, tax assessment and collection, judicial, public improvements, public safety and human services.

As required by accounting principles generally accepted in the United States of America (GAAP), the financial statements present the County of Monroe (the primary government) and its component units. The component units (discussed below) are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Consistent with guidance contained in Governmental Accounting Standards Board (GASB) Statement No. 61, the criteria used by the County to evaluate the possible inclusion of related entities (authorities, boards, councils and similar entities) within its reporting entity, are: legally separate, financial accountability, misleading to exclude and the nature and significance of other considerations.

Based on the foregoing criteria, the reporting entity has been defined to include all the fund types and component units for which the County is financially accountable or for which there is a significant relationship. The component units discussed below are included in the County's reporting entity because of the significance of their financial and operational relationships with the County. All component units have December 31, 2022 year ends.

### Blended Component Units

In accordance with GAAP, the financial statements of the following entities have been included in the financial reporting entity of the County as blended component units in the Enterprise Funds:

#### **Pleasant Valley Manor, Inc. (the Manor)**

The Manor is a nonprofit Pennsylvania corporation, without shareholders, that operates a 174-bed nursing home for individuals, primarily residents of Monroe County who qualify for public assistance under the Medical Assistance Program.

Monroe County, the Manor and the Pennsylvania Department of Human Services, by agreement dated December 12, 1984, settled various administrative appeals and court actions. Part of the settlement included recognizing the Manor as a county home retroactive to July 1, 1981. The County effectively controls the Manor as the three standing Commissioners form a majority of the five-member board of trustees.

#### **Monroe County Conservation District (the District)**

The District was organized on September 2, 1947 for the purpose of conserving the soil and water resources of the County through the cooperative efforts of the citizens of the County.

All members of the governing board of the District are appointed by the Board of County Commissioners. The Board of County Commissioners pays the salaries of the District's staff and their benefits directly. The Board of County Commissioners has issued general obligation debt for the purpose of renovating the District's office building.

Complete and more detailed financial statements for the individual blended component units can be obtained from their administrative offices as follows:

Pleasant Valley Manor, Inc.  
4227 Manor Drive  
Stroudsburg, Pennsylvania 18360

Monroe County Conservation District  
8050 Running Valley Road  
Stroudsburg, Pennsylvania 18360

# County of Monroe, Pennsylvania

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Notes to Financial Statements  
December 31, 2022

## Discretely Presented Component Units

Component units that are not blended as part of the primary government are discretely presented, which entails reporting component unit financial data in a column separate from the financial data of the primary government. The component units presented in this way include the following:

### Monroe County Industrial Development Authority

The 11 members of the governing board of the Monroe County Industrial Development Authority are appointed by the Board of County Commissioners. The County provides financial support through appropriations.

### Pocono Mountains Industrial Park Authority

The 11 members of the governing board of the Pocono Mountains Industrial Park Authority are appointed by the Board of County Commissioners. The County provides financial support through appropriations.

### Pocono Mountains Industries, Inc.

The 11 members of the governing board of Pocono Mountains Industries, Inc. are appointed by the Board of County Commissioners. The County provides financial support through appropriations.

### Monroe County Municipal Waste Management Authority

The ten members of the governing board of the Monroe County Municipal Waste Management Authority are appointed by the Board of County Commissioners. The County guarantees the general obligation debt of the Monroe County Municipal Waste Management Authority.

### Pocono Mountains Municipal Airport Authority

The nine members of the governing board of the Pocono Mountains Municipal Airport Authority are appointed by the Board of County Commissioners. The County retains the right to approve any future plans and has the sole right to amend the bylaws of the Pocono Mountains Municipal Airport Authority.

### Redevelopment Authority of Monroe County

The five members of the governing board of the Redevelopment Authority of Monroe County are appointed by the Board of County Commissioners. The County provides financial support through grant funding. The County also guarantees the general obligation debt of the Redevelopment Authority of Monroe County.

Complete and more detailed financial statements for the individual component units can be obtained from their administrative offices as follows:

Monroe County Industrial Development Authority  
566 Main Street  
Stroudsburg, Pennsylvania 18360

Pocono Mountains Industrial, Inc.  
566 Main Street  
Stroudsburg, Pennsylvania 18360

Pocono Mountains Industries Park Authority  
566 Main Street  
Stroudsburg, Pennsylvania 18360

Monroe County Municipal Waste  
Management Authority  
912 Main Street, Suite 203  
Stroudsburg, Pennsylvania 18360

## County of Monroe, Pennsylvania

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Notes to Financial Statements  
December 31, 2022

Pocono Mountains Municipal Airport Authority  
Route 611  
Mt. Pocono, Pennsylvania 18344

Redevelopment Authority of Monroe County  
701 Main Street, Suite 502  
Stroudsburg, Pennsylvania 18360

### Fiduciary Component Unit

The County's Pension Trust Fund is a component unit, fiduciary in nature, used to account for the Employee Retirement Plan contributions of the County and its employees and related benefit payments and other plan costs. The financial results of this Plan are reported and included in the statement of fiduciary net position and statement of changes in fiduciary net position. The Plan is not audited separately and does not issue separate financial statements.

### Related Organizations

The Board of County Commissioners is also responsible for appointing the members of the governing boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. These organizations include:

- Monroe County Hospital Authority
- Monroe County Housing Authority
- Monroe County Railroad Authority
- Monroe County Transportation Authority

### Joint Venture

The County has entered into various agreements for the provision of services to the member counties. The County's joint ventures are as follows:

#### Carbon/Monroe/Pike Mental Health and Developmental Services

The County of Monroe has entered into an agreement with Carbon and Pike Counties for the provision of Mental Health/Intellectual Disability services. The governing board consists of the nine County Commissioners involved in the agreement. This board, on an annual basis, sets the amount of the contribution required from each participating county.

Condensed financial information for this joint venture is as follows as of and for the year ended June 30, 2022:

Assets	\$ 11,704,687
Liabilities	<u>(11,697,828)</u>
Net position (deficit)	<u>\$ 6,859</u>
Revenues	\$ 22,788,645
Expenditures	<u>(22,847,932)</u>
Net decrease in net position	<u>\$ (59,287)</u>

Complete and more detailed financial information is available by contacting Carbon/Monroe/Pike Mental Health and Developmental Services, Phillips Street, Stroudsburg, Pennsylvania 18360.

# County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

## Carbon/Monroe/Pike Drug and Alcohol Commission, Inc.

The County of Monroe has entered an agreement with Carbon and Pike Counties for the provision of drug and alcohol services. The governing board consists of the nine County Commissioners involved in the agreement. This board, on an annual basis, sets the amount of the contribution required from each participating county.

Condensed financial information for this joint venture is as follows as of and for the year ended June 30, 2022:

Assets	\$	943,840
Liabilities		<u>(428,920)</u>
Net position	\$	<u>514,920</u>
Revenues	\$	3,431,563
Expenditures		<u>(3,717,464)</u>
Net decrease in net position	\$	<u>(285,901)</u>

Complete and more detailed financial information is available by contacting Carbon/Monroe/Pike Drug and Alcohol Commission, Inc., Sixth Street, Stroudsburg, Pennsylvania 18360.

## 2. Summary of Significant Accounting Policies

The accompanying financial statements are prepared in accordance with GAAP, as applicable to local governmental units, as prescribed by the GASB. The following is a summary of the more significant policies.

### Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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 revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as expenditures.

For the most part, the effect of interfund activity has been eliminated from these statements. Activities between component units and the primary government are generally reported as external transactions. The balances of the Internal Service Fund are reported as governmental activities on the statement of net position.

# County of Monroe, Pennsylvania

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Notes to Financial Statements  
December 31, 2022

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

## **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 proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized in 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.

In the government-wide statement of net position and statement of activities, the component units are presented using the accrual basis of accounting.

Governmental funds 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 collected within the current period. For this purpose, the County considers revenues to be available if they are collected within 180 days of the end of the current fiscal period with the exception of taxes, which must be received within 60 days of year end to be deemed available. Expenditures generally are recorded when a liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a liability when expected to be paid with expendable available financial resources.

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reported as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Licenses, operating and capital grants, and interest earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County.

The County reports unavailable revenues on its governmental funds balance sheet. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the County has a legal claim to the resources, the liability for unavailable revenue is removed from the balance sheet and revenue is recognized.

In the fund financial statements, financial transactions and accounts of the County are organized and operated on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity with a self-balancing set of accounts recording cash and/or other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Fund financial statements for the primary government's governmental, proprietary and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

# County of Monroe, Pennsylvania

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Notes to Financial Statements  
December 31, 2022

## Governmental Funds

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources." Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental funds exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental funds expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is made.

## Proprietary Funds

The County's enterprise funds and internal service fund are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with the fund's activity are included on the fund's statement of net position. Proprietary funds type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements rather than as another financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities rather than an expense.

## Fiduciary Funds

The County's fiduciary funds are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of a third-party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The fiduciary funds statements include financial information for the Employee Retirement Trust Fund and custodial funds. The custodial funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

The determination of major funds is based on minimum criteria as set forth in pronouncements issued by the GASB. In addition, the County may elect to report any government or enterprise fund as a major fund if the County believes that the fund is particularly important to the financial statement users. The nonmajor funds are combined in a column in the fund financial statements.

## County of Monroe, Pennsylvania

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Notes to Financial Statements  
December 31, 2022

The following are the County's governmental funds:

### **General Fund (Major Fund)**

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, state and federal grants and fees for services. Many of the basic activities of the County are accounted for in this fund, including operation of general county government, boards, commissioners, the court system and health and welfare services.

### **Children and Youth Fund (Major Fund)**

Children and Youth Fund is used to account for specific revenue sources related to the provisions of children and youth services that are restricted to expenditures for those specified parties.

### **COVID Recovery Fund (Major Fund)**

The COVID Recovery Fund is used to account for specific revenue sources related to annual grants, including specific revenue streams received from the federal and state government to respond to the public health crisis stemming from COVID-19.

### **Capital Projects Fund (Major Fund)**

Capital Projects Fund accounts for the financial resources used for the acquisition and capital construction of major capital facilities other than those financed by the proprietary funds.

### **Other Governmental Funds**

The County reports the following nonmajor governmental funds: Liquid Fuels, Domestic Relations, Adult Supervisory, DUI Central Processing, Affordable Housing, Debt Service, Aging, Medical Assistance Transportation and Career Link, which account for specific revenue streams for those purposes.

The County reports the following proprietary funds:

### **Pleasant Valley Manor, Inc. (Major Fund)**

Pleasant Valley Manor, Inc. accounts for the fiscal activities of the nursing home that are financed and operated in a manner similar to private business enterprises, where the intent of the governing board is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and cost reimbursement plans.

### **Other Proprietary Funds**

The County reports its sewage/water treatment and blended component unit (Monroe Count Conservation District) as other proprietary funds.

Additionally, the County reports the following other types of funds:

### **Internal Service Fund**

Internal Service Fund is maintained to account for, and finance, services and commodities furnished exclusively for the user offices, departments, and other agencies and funds of the County on a cost reimbursement basis. The primary use of the Internal Service Fund relates to the County's Health Insurance.



# County of Monroe, Pennsylvania

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Notes to Financial Statements  
December 31, 2022

## **Employee Retirement Trust Fund**

Employee Retirement Trust Fund accounts for the revenue (i.e., member contributions, County contributions and net investment income) and the expenses (i.e., contributions refunded, retirement allowance and death benefits paid) of the Employee Retirement Trust Fund.

## **Custodial Funds**

Custodial Funds consist of restricted revenues of the various row offices of the County. The row office funds, in essence, are escrow funds maintained by the row offices for bails posted, funds held for sheriff's sales, realty transfer taxes held and owed to other governmental entities and other funds reserved for disposition of legal action.

## **Cash and Cash Equivalents**

The County considers all highly-liquid investments (including restricted assets) with original maturities of three months or less that do not have significant withdrawal restrictions to be cash and cash equivalents.

### **Pleasant Valley Manor, Inc. (the Manor)**

Cash and cash equivalents include investments in highly-liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with third-party payors.

### **Monroe County Conservation District (the District)**

Cash and cash equivalents include all certificates of deposit and other time deposits that do not have significant withdrawal restrictions.

## **Accounts and Other Receivables**

Accounts and other receivables are reported net of an allowance for uncollectible amounts, as applicable. Accounts and other receivables are evaluated for collectability and an allowance is established, as deemed necessary, based on the best information available and in an amount management believes is adequate. Accounts receivable and other receivables are written off when deemed uncollectible. Recoveries of accounts and other receivables previously written off are recorded when received.

### **Pleasant Valley Manor, Inc. (the Manor)**

The Manor extends credit in the normal course of business to its residents and performs ongoing credit evaluations related to those residents and their outstanding balance(s). Trade accounts receivable are reported net of an allowance for doubtful accounts to reserve for potential uncollectible amounts. Receivables are generally due 30 days after they are billed. The allowance for doubtful accounts is estimated based upon collectability of delinquent accounts, generally those accounts that are three months or more past due. Receivables are charged off against the allowance when, in the judgment of management, it is unlikely they will be collected.

## **Investments**

Investments for the County are reported at fair value. Investments that do not have an established market value are reported at estimated fair values.

## **Interfund Receivable and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

# County of Monroe, Pennsylvania

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Notes to Financial Statements  
December 31, 2022

## Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures/expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it, which are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

## Leases

The County is a lessee because it leases capital assets from other entities. As a lessee the County reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments that the County is reasonably certain to exercise. The County monitors changes in circumstances that would require remeasurement of a lease and will remeasure the lease asset and liability if certain changes occur. The County uses its estimated incremental borrowing rate as the discount rate as of the time the lease was placed in service. In the governmental fund financial statements, the County recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability as a debt service payment.

## Investments

Investments of the Pension Trust Fund are stated at fair value for both reporting and actuarial purposes. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are generally reported at cost which is not expected to be materially different from fair value. Alternative investments are valued at net asset value per share, which approximates fair value. Short-term investments are reported at cost, which approximates fair value.

The County's investments in its Pension Trust Fund are comprised of a variety of financial instruments and are managed by an external investment advisor. The fair values reported in the statement of fiduciary net position are exposed to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

Purchases and sales are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Cost of securities sold is determined on the specific identification method, generally on a first-in, first-out basis.

## Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items.

## Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets, are recorded as expenditures of the governmental funds in the fund financial statements, assets of the proprietary funds in the fund financial statements, and assets in the government-wide financial statements. Capital assets with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

## County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2022

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized. Major outlays of capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of the capital asset of business-type activities is included as part of the capitalized value of the assets constructed.

### **Pleasant Valley Manor, Inc. (the Manor)**

Property and equipment are stated at cost. Depreciation is computed using the straight-line method for all classes of assets over the estimated useful lives of the assets. Maintenance and repairs are charged to operations as incurred, and expenditures for significant betterments and renewals are capitalized. Gains or losses on sales or retirements of property and equipment are reflected in the change in net position.

### **Monroe County Conservation District (the District)**

The District provides for depreciation using the straight-line method. The land and the collection, comprised of stuffed animal mounts, are not depreciated in accordance with GAAP.

Capital assets of the primary government and blended component units are depreciated using the straight-line method over the following useful lives:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Building improvements	10-40 years	10-40 years
Machinery and equipment	5-40 years	5-10 years
Infrastructure	40 years	N/A

### **Compensated Absences**

County policy permits employees to accumulate a limited amount of earned, but unused vacation. These benefits are payable to employees upon separation of services. All vacation pay is accrued when incurred in the government-wide and proprietary funds financial statements. The amount of vacation pay expected to be paid in the next fiscal year is recorded in the governmental fund financial statements, as part of accrued liabilities, since these future payments will require current financial resources.

Sick pay does not vest and, therefore, no accrual is recorded in the financial statements.

### **Long-Term Obligations**

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary funds statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond discounts and bond issuance costs are reported as other assets and bond premiums are reported as long-term liabilities.

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

# County of Monroe, Pennsylvania

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Notes to Financial Statements  
December 31, 2022

## Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. The first such item, deferred charges on refunding represents the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second such item, deferred outflows related to pensions is deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## Net Position Classifications

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

*Net Investment in Capital Assets* - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

*Restricted Net Position* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - This category represents net position of the County not restricted for any project or other purpose.

## Fund Balance Classifications

Fund balances for governmental fund types are classified in the following categories:

*Nonspendable* - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.

*Committed* - Amounts that can be used only for specific purposes determined by a formal action by the Board of Commissioners.

*Assigned* - Amounts that are intended to be used for a specific purpose, as expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority.

*Unassigned* - All amounts not included in other spendable classifications.

# County of Monroe, Pennsylvania

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Notes to Financial Statements

December 31, 2022

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed for their intended purposes. When committed, assigned or unassigned amounts are available for its use, it is the County's policy to use resources in the following order: committed; assigned; unassigned. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

## **Net Resident Service Revenues, Pleasant Valley Manor**

Resident service revenues are recorded at estimated net realizable amounts from residents, third-party payors and others for services rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. A majority of the Manor's third-party revenues are received through contractual agreements with the Medical Assistance and Medicare programs. Payments are currently received from both programs on a prospective basis with no anticipated end of year settlement.

The Manor has agreements with third-party payors that provide for payments to the Manor at amounts different from its established rates. A significant portion of the Manor's net resident service revenues is derived from these third-party payor programs.

## **Use of Estimates**

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the period. Actual amounts may differ from those estimates.

## **New Accounting Pronouncements**

The County adopted GASB Statement No. 87, *Leases*, for the year ended December 31, 2022. This standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use as underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the Authority's leasing activities. This standard was implemented during the County's year ended December 31, 2022, which resulted in the recognition of right-of-use assets and lease obligations at January 1, 2022 of \$3,045,675.

## **Discretely Presented Component Units**

### **Monroe County Industrial Development Authority (MCIDA)**

#### **Cash and Cash Equivalents**

It is MCIDA's policy to classify all checking and savings accounts, time deposits, and any investments in money funds negotiated at \$1 that do not have significant withdrawal restrictions as cash and cash equivalents.

### **Pocono Mountains Industrial Park Authority (PMIPA)**

#### **Cash and Cash Equivalents**

It is PMIPA's policy to classify all checking and savings accounts, time deposits and any investments in money funds negotiated at \$1 that do not have significant withdrawal restrictions as cash and cash equivalents.

# County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

## Accounts Receivable

PMIPA uses the allowance for uncollectible accounts method to record uncollectible accounts receivable based on management's collection experience.

## Capital Assets

Capital assets are recorded at cost. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the results of operations. PMIPA provides for depreciation using the straight-line and declining-balance methods. Rates used to compute depreciation are based on the following methods and estimated useful lives:

Classification	Method	Years
Equipment	Declining-balance	5-7 years
Sewer plant	Straight-line	25 years
Pre-treatment facility	Straight-line	40 years

Maintenance and repair expenditures that do not increase the useful lives of the assets are charged to expense when incurred.

## Pocono Mountains Industries, Inc. (PMI)

### Cash and Cash Equivalents

It is PMI's policy to classify all checking and savings accounts, time deposits, and any investments in money funds negotiated at \$1 that do not have significant withdrawal restrictions as cash and cash equivalents.

## Monroe County Municipal Waste Management Authority (MWMA)

### Cash and Cash Equivalents

The Pennsylvania Municipal Authorities Act requires all monies of MWMA, from whatever source derived, be paid to the treasurer of MWMA, who currently uses accounts for daily operating activities. For purposes of the statement of cash flows, MWMA considers all highly-liquid debt instruments with a maturity date of three months or less to be cash and cash equivalents.

### Capital Assets

Capital assets of MWMA include an office building with attached garage, collection building and equipment, vehicles and office furniture and equipment. Capital assets are defined by MWMA as assets with an initial cost of \$500 or more and estimated useful life in excess of one year. Such assets are recorded at historical cost. The costs of additions and improvements are capitalized and expenditures for repairs and maintenance are expensed when incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Building	40 years
Office furniture and equipment	5-7 years
Equipment	5-10 years
Vehicles and trailers	7-10 years
Land improvements	15 years

# County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

## Pocono Mountains Municipal Airport Authority (PMMA)

### Cash and Cash Equivalents

Cash and cash equivalents include all temporary cash investments purchased with a maturity of three months or less.

### Capital Assets

All capital assets purchased by PMMA are shown at historical cost. Capital assets contributed to PMMA are shown at estimated fair market value, as determined by management, at the date of contribution. During 2000, land, runway improvements, buildings and improvements and equipment were conveyed to PMMA. At that time, management estimated the value of buildings and equipment is based on an insurance appraisal performed during the same year; the value of land was determined based on the price per acre of adjoining, comparable land sold during 2000 and 2001; and the value of the runway was based on the cumulative total of grants received from governmental sources used for runway improvements, which would have to be repaid in the event that the property is not operated as a public airport.

Expenditures that significantly extend the life of an asset are capitalized. All other repair and maintenance expenditures are charged to expense as incurred. Interest is capitalized on construction projects until the projects are substantially complete.

Depreciation is calculated using the straight-line method over the useful lives of the assets as follows:

Runway improvements	25 years
Buildings and improvements	40 years
Equipment	5-10 years

## Redevelopment Authority of Monroe County (MCRDA)

### Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and cash with fiscal agent.

### 3. Deposits and Investments

Pennsylvania statutes provide for investment of governmental and proprietary funds resources into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania governmental obligations, and insured or collateralized time deposits (certificates of deposit). The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized for governmental and proprietary funds, fiduciary funds investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

The deposit and investment policy of the County adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or savings accounts, certificates of deposit or repurchase agreements.

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

### Primary Government

The carrying amounts of the cash and investments consist of the following at December 31, 2022:

Cash and cash equivalents:	
Governmental	\$ 68,355,614
Business-type	2,399,613
Fiduciary	17,569,682
Component units	6,746,227
Restricted cash and cash equivalents:	
Governmental	39,301,998
Business-type	465,019
Component units	13,429,239
Investments, fiduciary	118,841,039
	<u>\$ 267,108,431</u>

### Custodial Credit Risk

The County has custodial credit risk on cash deposits. This is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance.

At December 31, 2022, the carrying amounts of the County's governmental and fiduciary fund bank deposits were \$94,622,194 and the bank balances were \$98,373,529, of which \$1,420,782 was covered by the Federal Deposit Insurance Corporation (FDIC). The remaining amount of \$96,952,747 was exposed to credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name in accordance with the collateralization provisions of Commonwealth of Pennsylvania Act 72 of 1971, as amended. The County has a petty cash balance of \$6,098 at December 31, 2022.

PLGIT is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their cash for temporary investment. PLGIT functions similar to a money market fund, seeking to maintain a net asset value of \$1 per share. Participants purchase shares in PLGIT, which invests the proceeds in: obligations of the United States Government, its agencies or instrumentalities; obligations of the Commonwealth of Pennsylvania, its agencies, instrumentalities or political subdivisions and deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. Shares may be withdrawn at any time in any amount, with no liquidity fees or redemption gates. PLGIT/PLGIT PLUS have received an AAAM rating from Standard and Poor's, an independent credit rating agency. At December 31, 2022, the carrying amount and the bank balance of the County's deposits with PLGIT was \$28,599,008.

### Pleasant Valley Manor, Inc. (the Manor)

#### Concentrations of Credit Risk

At times during the year ended December 31, 2022, the Manor maintained cash balances that exceeded FDIC insured limits. The Manor has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.



# County of Monroe, Pennsylvania

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Notes to Financial Statements  
December 31, 2022

## Monroe County Conservation District (the District)

### Deposits and Investments

The District can invest its funds as authorized for local government units by the Local Government Unit Debt Act, and as provided by the County and applicable grant agreements.

Authorized types of investments include:

- U.S. Treasury bills
- Obligations of the United States of America, the Commonwealth of Pennsylvania or any of their agencies or instrumentalities, which are secured by the full faith and credit of such entity
- Checking or savings accounts, certificates of deposit or share accounts, provided such amounts are insured and any deposits in excess of such insurance are collateralized by the depository
- Shares of a registered investment company, provided that the investments of that company are in authorized investments as noted above

### Investments

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County has adopted a policy of holding all investments to maturity. Accordingly, any change in fair value due to changing market interest rates is temporary.

The County's Employee Retirement Trust Fund Investment Policy (Retirement Investment Policy) states that emphasis shall be placed on providing adequate and timely investment cash flow to permit benefit payments from the Employee Retirement Plan when due. The policy states specific allocations to individual investments ranging from 4% to 19% of total investments.

At December 31, 2022, the County had no investments that were subject to interest rate risk.

#### Credit Risk

The County's investments in fixed income mutual funds were rated BBB to A by Standard & Poor's. The equity mutual funds are unrated.

#### Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer, with the exception of its Employee Retirement Trust Fund. The County's Retirement Investment Policy limits individual holdings, other than U.S. Treasury or other investments in federal agencies, to no more than 5% of the total market value of the corresponding investment type in the portfolio. In addition, not more than 25% of common stock investments may be held in any one industry category.

## County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2022

At December 31, 2022, the County carried the following investments representing more than 5% of the total investments in its Employee Retirement Trust Fund:

<b>Investments</b>	<b>Security Identifier</b>	<b>Fair Value</b>	<b>Percentage of Total Investments</b>
Equity Mutual Funds:			
SEI Large Cap Index Fund	LCIAX	\$ 14,884,271	12.5 %
SEI US Equity Fctr Alloc	SEHAX	16,052,643	13.5
SEI World Equity Ex-U.S. Fund	WEUSX	25,816,871	21.7
Fixed Income Mutual Fund:			
SEI Core Fixed Income Fund	SCOAX	20,741,744	17.5
Collective Investment Trust Funds:			
SEI Core Property Collective Investment Trust	N/A	8,362,261	7.0
SEI Vist Collective Investment Trust	N/A	6,115,181	5.1

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy sets out a fair value hierarchy with the highest priority being quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Fair value measurements will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active marks for identical assets or liabilities

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data

Level 3 - Unobservable inputs that are not corroborated by market data

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

The following table presents the balances of fair value measurement on a recurring basis by level within the hierarchy as of December 31, 2022:

	Fiduciary Funds			Total
	Level 1	Level 2	Level 3	
Equity mutual funds:				
Large blend	\$ 60,269,144	\$ -	\$ -	\$ 60,269,144
Small blend	3,439,346	-	-	3,439,346
	<u>63,708,490</u>	<u>-</u>	<u>-</u>	<u>63,708,490</u>
Fixed income mutual funds:				
Emerging markets	3,520,575	-	-	3,520,575
High yield	3,436,863	-	-	3,436,863
Intermediate term	20,741,744	-	-	20,741,744
Short-term	4,646,815	-	-	4,646,815
Inflation protected	4,626,711	-	-	4,626,711
	<u>36,972,708</u>	<u>-</u>	<u>-</u>	<u>36,972,708</u>
Total investments measured by fair value levels	<u>\$ 100,681,198</u>	<u>\$ -</u>	<u>\$ -</u>	100,681,198
Measured at net asset value (NAV)				
Collective investment trust funds				<u>18,159,841</u>
Total investments measured at fair value				<u>\$ 118,841,039</u>

Equity and fixed income mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Collective investment trust funds are valued at NAV of units held in the investment funds and not the underlying holdings of such investment funds. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Employee Retirement Trust Fund to initiate a full redemption of the collective trust(s), the investment adviser reserves the right to temporarily delay withdrawal from the trust(s) in order to ensure that securities liquidations will be carried out in an orderly business manner. The following table summarizes investments for which fair value is measured using the NAV per share practical expedient:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Collective Investments Trust Funds:				
Core Property	\$ 8,362,261	\$ -	Quarterly	95 days
GPA IV	3,682,398	-	N/A	N/A
Vista Collective	6,115,181	-	Semi Annual	95 days
	<u>\$ 18,159,840</u>	<u>\$ -</u>		

# County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

## 4. Grants and Restricted Cash

### Monroe County Conservation District (the District)

Restricted cash consists of cash held in segregated accounts for the NPDES/Clean Water and Dirt and Gravel and Low Volume Road Maintenance Programs. The NPDES/Clean Water account consists of monies received from developers for permit processing, which, in turn, is used to pay related payroll expenses. The Dirt and Gravel and Low Volume Road Maintenance monies consist of advances received from the state that have not yet been paid out under the Dirt and Gravel and Low Volume Road Maintenance Program and accumulated interest thereon. At December 31, 2022, restricted cash also includes amounts contributed to the District restricted for use on expenditures relating to the annual Conservation Camp.

## 5. Accounts Receivable

### Pleasant Valley Manor, Inc. (the Manor)

The components of the Manor's accounts receivable are as follows as of December 31, 2022:

Private pay	\$	15,512
Medicare		242,578
Medical Assistance		617,503
Other insurance and hospice		296,813
ERTC receivable		<u>2,062,493</u>
		3,234,899
Allowance for doubtful accounts		<u>(184,527)</u>
Total net accounts receivable	\$	<u><u>3,050,372</u></u>

The Manor grants credit without collateral to its residents, most of whom are local residents and are insured under third-party payor agreements.

## 6. Real Estate Taxes

The County is permitted by the County Code of Pennsylvania to levy real estate taxes up to 25 mills on every dollar of adjusted valuation for general County purposes exclusive of the requirements for the payment of interest and principal on bonded or funded debt. The County's 2022 real estate taxes are based on assessed values established by the County's Bureau of Assessment. The current tax levy of the County is 3.2273 mills for general (2.7443 mills) and debt service purposes (0.4830 mills).

Real estate taxes for the calendar year are levied on March 1 of each year. Any unpaid real estate taxes attach as an enforceable lien on property as of January 1 of the following year. Taxes are levied on March 1 and payable with a 2% discount to April 30, with no discount or penalty to June 30, and with a 10% penalty from July 1 to December 31. The County bills these taxes, which are collected by elected local tax collectors. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities. Current tax collections for the County was 92% of the levy.

## 7. Mortgages and Notes Receivable/Payable, Land and Building Projects, Component Units

### Pocono Mountains Industries, Inc. (PMI)

PMI is the conduit through which Pennsylvania Industrial Development Authority (PIDA) monies are loaned to businesses located in the County. PMI acts as an intermediary between equitable owners and financial institutions or corporations, which provide capital to manufacturing industries.

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

Mortgages of record are negotiated by PMI with various banks, corporations and PIDA. These mortgages are secured by liens on industrial plants under purchase agreements between the industrial occupant and PMI, or for which deeds of reconveyance have been delivered. PMI records these projects as receivables and also records the corresponding liabilities. The liability of PMI on all projects, as represented by various financing methods and obligations other than PIDA financing, is limited to the property involved. There is a loss sharing agreement between PMI and PIDA in which they share the loss of any uncollectible balances. Obligations applicable to property may consist of more than one item, each of which relates to an amount receivable under installment sales or lease purchase agreements. The obligations are annually reduced by the amount received under these agreements.

Land and building projects consist of the following at December 31, 2022:

RR2 Airport Rd LLC	\$	26,193
Summit Aerospace		330,708
114 Progress LLC		325,295
DK Stroudsburg LLC		1,518,514
		<u>1,518,514</u>
	\$	<u>2,200,710</u>

The related mortgages and notes payable with PIDA are recorded as liabilities.

### 8. Notes Receivable, Component Units

#### Monroe County Industrial Development Authority (MCIDA)

On December 28, 2009, a promissory note of \$590,000 was issued to Skyline Heights, Inc. MCIDA received the funds from DCED as a grant through the Local Share Account (LSA) program. Funds were used for new construction and administrative costs for a 42-unit townhouse development in Smithfield Township, Pennsylvania. The loan bears no interest and was to be repaid in 30 annual principal payments, which were scheduled to begin on June 30, 2011. However, during 2011 through 2015, MCIDA allowed Skyline Heights, Inc. to defer the first payment. Since 2016, MCIDA has required that Skyline Heights, Inc. make payments on the loan based on financial information provided to MCIDA related to each year. Currently, the note is scheduled to be repaid in 25 annual principal payments.

During 2019, based on reviews of Skyline Heights, Inc.'s financial information, MCIDA agreed to accept payment of \$24,077.

During 2014, MCIDA received a LSA grant to create the Monroe County Small Business Grant/Loan Fund. Loans of up to \$50,000 are available to small businesses in Monroe County to expand their business and to create and retain jobs. Funds are loaned out at a 2% interest rate. The related cash balance and the notes receivable for this program are reported as restricted equity.

Notes receivable consisted of the following for the year ended December 31, 2022:

Skyline Heights, Inc.	\$	433,383
Small business loans		<u>89,258</u>
Total notes receivable	\$	<u>522,641</u>

## County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2022

### Pocono Mountains Industrial Park Authority (PMIPA)

On May 20, 2008, PMIPA executed a \$3,000,000 note payable to the Commonwealth of Pennsylvania, through the State's PennWorks Program to assist Smithfield Sewer Authority to make capital improvements to its wastewater treatment system. In return, Smithfield Sewer Authority executed a Loan Assumption Agreement wherein the Smithfield Sewer Authority agreed to assume PMIPA's responsibilities pertaining to this note. The balance of the loan receivable and payable at December 31, 2022 is \$2,063,438.

### 9. Other Asset - Opioid Settlement

The Commonwealth of Pennsylvania, Office of Attorney General participated in the negotiation of three settlements in July 2022 related to the opioid crisis involving Distributors, Amerisource Bergen, Cardinal Health and McKesson, and Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc and Janssen Pharmaceutica, Inc. (the Opioid Settlement Funds). To allocate those funds among the Commonwealth and its subdivisions, the Office of Attorney General, established the Pennsylvania Opioid Misuse and Addiction Abatement Trust to collect the settlement funds and allocate the funding to Pennsylvania counties. The Opioid Settlement Funds must be expended solely for purposes specified on the Pennsylvania Opioid Misuse and Addiction Abatement Trust's List of Opioid Remediation Uses.

The County received its first two settlement payments in 2022 and will continue to receive its settlement allocation over 16 years (2023-2038). The County collected \$726,527 during 2022 or within 60 days after December 31, 2022. The remaining \$6,348,016 unpaid balance is reported at its net present value of \$5,504,350 in the statement of net position (deficit) as other assets. In November and December of 2022, five additional defendants have entered into National Opioid Settlements (2022 National Settlements): Teva, Allergan, CVS, Walgreens and Walmart.

The Commonwealth of Pennsylvania is currently in the process of determining allocations for these settlements, so the payment schedule and amounts for these are not able to be disclosed at this time.

The County's anticipated future receipts under the terms of these settlement agreements is as follows:

Years ending December 31:	
2023	\$ 423,349
2024	529,320
2025	547,580
2026	310,496
2027	392,211
2028 - 2032	2,124,038
2033 - 2037	1,684,185
2038	<u>336,837</u>
Total payments receivable	6,348,016
Less present value discount	<u>(843,666)</u>
Opioid settlement receivable	<u>\$ 5,504,350</u>

# County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

## 10. Capital Assets

### Primary Government, Governmental Activities

The changes in capital assets were as follows:

	Balance, January 1, 2022	Additions	Deletions	Balance, December 31, 2022
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,945,826	\$ -	\$ -	\$ 1,945,826
Construction in process	12,745,543	22,752,594	-	35,498,137
Agricultural easements	20,288,825	-	-	20,288,825
Total capital assets, not being depreciated	<u>34,980,194</u>	<u>22,752,594</u>	<u>-</u>	<u>57,732,788</u>
Capital assets, being depreciated:				
Building and improvements	43,850,119	67,369	(17,500)	43,899,988
Equipment and furniture	5,884,595	1,508,505	(169,597)	7,223,503
Infrastructure	3,669,166	-	-	3,669,166
Total capital assets being depreciated	<u>53,403,880</u>	<u>1,575,874</u>	<u>(187,097)</u>	<u>54,792,657</u>
Accumulated depreciation:				
Building and improvements	25,655,716	1,174,859	(12,997)	26,817,578
Equipment and furniture	2,954,880	644,328	(165,314)	3,433,894
Infrastructure	2,510,783	97,249	-	2,608,032
Total accumulated depreciation	<u>31,121,379</u>	<u>1,916,436</u>	<u>(178,311)</u>	<u>32,859,504</u>
Total capital assets, being depreciated, net	<u>22,282,501</u>	<u>(340,562)</u>	<u>(8,786)</u>	<u>21,933,153</u>
Lease assets, net (Note 16)	<u>3,045,675</u>	<u>(137,094)</u>	<u>(7,381)</u>	<u>2,901,200</u>
Governmental activities capital assets, net	<u>\$ 60,308,370</u>	<u>\$ 22,274,938</u>	<u>\$ (16,167)</u>	<u>\$ 82,567,141</u>

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

General government:	
Administrative	\$ 1,061,385
Judicial	175,040
Public safety	543,031
Public works	36,142
Human services	6,705
Culture and recreation	61,694
Conservation and development	32,439
	<u>\$ 1,916,436</u>

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

At December 31, 2022, the County was in the process of completing a variety of capital projects. A summary of the significant projects underway is as follows:

Project	Awarded Amount	Expended to Date	Remaining to Expend
Courthouse Renovation	\$ 51,413,613	\$ 27,579,625	\$ 23,833,988

### Primary Government, Business-Type Activities

#### Pleasant Valley Manor, Inc. (the Manor)

The changes in capital assets were as follows:

	Balance, January 1, 2022	Additions	Deletions	Balance, December 31, 2022
Capital assets, not being depreciated:				
Land	\$ 9,538	\$ -	\$ -	\$ 9,538
Construction in progress	59,113	-	(59,113)	-
Total capital assets not being depreciated	68,651	-	(59,113)	9,538
Capital assets, being depreciated:				
Land improvements	535,748	-	-	535,748
Building and improvements	6,439,113	82,810	-	6,521,923
Equipment and furniture	9,679,582	200,157	(438,706)	9,441,033
Total capital assets being depreciated	16,654,443	282,967	(438,706)	16,498,704
Accumulated depreciation	13,726,428	398,722	-	14,125,150
Total capital assets, being depreciated, net	2,928,015	(115,755)	(438,706)	2,373,554
Capital assets, net	\$ 2,996,666	\$ (115,755)	\$ (497,819)	\$ 2,383,092



## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

The changes in the County's Other Enterprise Funds, comprised of the Monroe County Conservation District and its Sewage and Wastewater Treatment facility, capital assets were as follows:

	<b>Balance, January 1, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance, December 31, 2022</b>
Capital assets, not being depreciated:				
Collection	\$ 3,725	\$ -	\$ -	\$ 3,725
Land	253,724	-	-	253,724
Construction in progress	-	7,803	-	7,803
	<u>257,449</u>	<u>7,803</u>	<u>-</u>	<u>265,252</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Sewer improvements	1,035,391	-	-	1,035,391
Buildings	592,389	-	-	592,389
Equipment	125,845	22,787	-	148,632
Furniture	25,540	-	-	25,540
Vehicles	162,282	31,507	(24,359)	169,430
	<u>1,941,447</u>	<u>54,294</u>	<u>(24,359)</u>	<u>1,971,382</u>
Total capital assets being depreciated				
Accumulated depreciation:				
Sewer improvements	770,534	31,499	-	802,033
Buildings	223,465	21,789	-	245,254
Equipment	106,722	7,635	-	114,357
Furniture	26,394	242	-	26,636
Vehicles	154,903	8,594	(24,359)	139,138
	<u>1,282,018</u>	<u>69,759</u>	<u>(24,359)</u>	<u>1,327,418</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>659,429</u>	<u>(15,465)</u>	<u>-</u>	<u>643,964</u>
Capital assets, net	<u>\$ 916,878</u>	<u>\$ (7,662)</u>	<u>\$ -</u>	<u>\$ 909,216</u>

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

### Discretely Presented Component Units

#### Monroe County Municipal Waste Management Authority (MWMA)

The changes in capital assets were as follows:

	Balance, January 1, 2022	Additions	Deletions	Balance, December 31, 2022
Capital assets, not being depreciated,				
Land	\$ 215,779	\$ -	\$ -	\$ 215,779
Capital assets, being depreciated:				
Building	3,097,353	331,584	-	3,428,937
Office furniture	188,763	19,753	(22,317)	186,199
Equipment	1,129,205	97,464	-	1,226,669
Vehicles	1,362,287	97,385	-	1,459,672
Land improvement	283,393	-	-	283,393
Total capital assets being depreciated	6,061,001	546,186	(22,317)	6,584,870
Accumulated depreciation:				
Building	1,260,547	80,258	-	1,340,805
Office furniture	96,189	21,701	-	117,890
Equipment	936,272	41,367	(22,317)	955,322
Vehicles	1,060,378	117,091	-	1,177,469
Land improvement	44,274	17,736	-	62,010
Total accumulated depreciation	3,397,660	278,153	(22,317)	3,653,496
Total capital assets, being depreciated, net	2,663,341	268,033	-	2,931,374
Capital assets, net	\$ 2,879,120	\$ 268,033	\$ -	\$ 3,147,153

#### Pocono Mountains Municipal Airport Authority (PMMA)

During the year ended December 31, 2000, the property on which the airport is located was conveyed to PMMA from the Commonwealth of Pennsylvania. This deed contains a reversion clause, which would return the airport property back to the Commonwealth of Pennsylvania if the property were no longer used by PMMA or its successor as a public airport, or June 30, 2050, if PMMA does not act to renew itself.

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

The changes in capital assets were as follows:

	<u>Balance, January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, December 31, 2022</u>
Capital assets, not being depreciated:				
Land	\$ 2,384,254	\$ -	\$ -	\$ 2,384,254
Capital assets, being depreciated:				
Runway improvements	16,461,918	-	-	16,461,918
Buildings and improvements	4,142,211	1,134,165	-	5,276,376
Equipment	724,999	5,241	-	730,240
Total capital assets being depreciated	<u>21,329,128</u>	<u>1,139,406</u>	<u>-</u>	<u>22,468,534</u>
Accumulated depreciation:				
Runway improvements	8,892,265	623,783	-	9,516,048
Buildings and improvements	1,401,286	126,927	-	1,528,213
Equipment	648,306	24,927	-	673,233
Total accumulated depreciation	<u>10,941,857</u>	<u>775,637</u>	<u>-</u>	<u>11,717,494</u>
Total capital assets, being depreciated, net	<u>10,387,271</u>	<u>363,769</u>	<u>-</u>	<u>10,751,040</u>
Capital assets, net	<u>\$ 12,771,525</u>	<u>\$ 363,769</u>	<u>\$ -</u>	<u>\$ 13,135,294</u>

### 11. Loans Receivable/Payable

#### Interfund Loans Receivable

On January 17, 1996, the County issued \$2,520,000 of tax-exempt General Obligation Bonds. The County loaned the funds to the Manor. The Manor is required to repay principal and interest to the County over the life of the bonds. At December 31, 2022, the County has interfund loans receivable due from the Manor of \$532,222 in the debt service fund and interfund loans payable for the same amount in the enterprise fund.

In 2002, the County funded various expenses of the Manor for sewage and water and medical expenses that are recorded as interfund loans receivable from the Manor in other enterprise funds and the internal service fund, respectively, and interfund loans payable in the same amounts in the enterprise fund. At December 31, 2022, the County had interfund loans receivable from the Manor of \$108,042 and \$398,838 in other enterprise funds and the internal service fund, respectively, and interfund loans payable in the same amounts in the enterprise fund.

In November 2015, the Manor obtained an \$800,000 loan from the County for the purpose of working capital. This loan is due on demand with no accrued interest. In addition, during 2022, the County advanced \$3,567,807 to the Manor for additional working capital needs, of which \$2,567,807 was repaid before December 31, 2022. At December 31, 2022, the balance on these loans was \$1,363,104, recorded as has an interfund loan receivable due from the Manor in the general fund and an interfund loan payable, reported as long-term debt, for the same amount in the enterprise fund.

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

### Loans Receivable From Component Units

In April 2009, the County issued Series of 2009 General Obligation Bonds in the amount of \$8,570,000 to refund notes payable on behalf of Pocono Mountains Industries, Inc. (PMI), a component unit of the County. Since the County requires repayment of all borrowing costs, the debt was recorded on PMI as if the component unit had issued the debt itself. The County recorded long-term debt and a corresponding loan receivable from PMI. Principal and interest payments are due when and as lots are sold by PMI in the Pocono Mountains Corporate Centers, with the entire amount of unpaid principal and interest due on December 15, 2023. In September 2021, the County Commissioners agreed to forgive \$3,077,000 of accrued interest on the note payable, to extend the due date for principal and interest to December 2028, and to reduce the applicable interest rate on the debt to 2.00% per annum. The balance outstanding was \$4,998,169 at December 31, 2022. In addition, the County has recorded accrued interest amounting to \$1,037,668 at December 31, 2022. The amount is recorded as a note payable by PMI.

### 12. Interfund Receivables, Payables and Transfers

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
General Fund	\$ 24,666,307	\$ 15,292,099
Children and Youth Fund	2,666,748	6,996,776
COVID Recovery Fund	929,551	9,792,838
Capital Projects Fund	3,481,075	-
Other Governmental Funds	16,244,524	17,908,108
	<u>47,988,205</u>	<u>49,989,821</u>
Proprietary Funds:		
Other Enterprise Fund	691,077	-
Internal Service Fund	16,374,994	14,957,398
	<u>17,066,071</u>	<u>14,957,398</u>
Fiduciary Funds:		
Employee Retirement Trust Fund	-	25,546
Custodial Fund	-	81,511
	<u>-</u>	<u>107,057</u>
Total interfund receivables and payables	<u>\$ 65,054,276</u>	<u>\$ 65,054,276</u>

Outstanding balances between funds may result from the time lag between the dates that: (1) interfund good and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All interfund receivables and payables are short-term and are expected to be paid within one year.

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

The composition of interfund transfers is as follows during the year ended December 31, 2022:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 8,577,696	\$ 6,370,323
Children and Youth Fund	2,938,301	-
COVID Recovery Fund	1,490,524	7,752,696
Capital Projects Fund	-	2,325,502
Other Governmental Funds	3,368,055	33,282
Other Enterprise Funds:		
Internal Service Fund	<u>107,227</u>	<u>-</u>
Total interfund transfers	<u>\$ 16,481,803</u>	<u>\$ 16,481,803</u>

The General Fund advances its Special Revenue and Enterprise Funds prior to the funds receiving reimbursement from federal and state funding sources. The General Fund's transfer made to other funds represents the County's match for various special revenue programs. In addition, during 2022, the COVID Recovery Fund transferred \$7,752,696 to the General Fund pursuant to the lost revenue calculation under the American Rescue Fund program provisions.

### 13. Land and Land Improvements Held for Resale, Component Units

#### Pocono Mountains Industries, Inc. (PMI)

##### Pocono Mountains Corporate Center East

Pocono Mountains Corporate Center East is the project whereby PMI is redeveloping the former Senda property. The acquisition of this property was a joint effort with the Redevelopment Authority of Monroe County. During 1999, PMI acquired this property and is currently developing the property in accordance with a plan established by the Monroe County Planning Commission.

The acquisition of the Pocono Mountains Corporate Center East property was accomplished with funding provided by the County in the form of a note payable to the County and construction period bank financing obtained by the County. The bank debt was refinanced by the County and will be repaid from proceeds of sales of the land.

The County, on behalf of PMI, obtained a Capital Redevelopment Assistance Grant of \$2,500,000 for improvements to this property. The County was the recipient of this grant, which was administered by the Redevelopment Authority of Monroe County. The County has received all funds due under the terms of the grant.

The purpose of the \$2,500,000 Capital Redevelopment Assistance Grant was to make the development of the Pocono Mountains Corporate Center East economically feasible by providing reimbursement for the excess costs associated with developing this property. In accordance with GAAP, the grant proceeds were recorded as revenue in the period they were earned rather than as an offset of the actual costs that were reimbursed.

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

Project costs have been capitalized as follows as of December 31, 2022:

Acquisition	\$ 3,190,047
Construction	3,055,446
Interest	3,145,847
Engineering	1,118,362
Management and administration	98,908
Legal fees	147,552
Other	<u>170,857</u>
Total project costs	10,927,019
Cost of lots sold	<u>(5,587,592)</u>
Remaining project costs	<u>\$ 5,339,427</u>

### Pocono Mountains Corporate Center West

Pocono Mountains Corporate Center West is the project whereby PMI is developing the former Camp Tegawitha property, acquired in 1999, to create additional business park properties.

The acquisition of this property was accomplished through a combination of funding provided by the County for economic development and bank debt guaranteed by the County. The bank debt was refinanced by the County and will be repaid from proceeds of sales of the land.

PMI acquired approval of a \$2,886,427 grant and a \$6,886,427 loan through the state's Business in Our Sites Program (BIOS). PMI entered into a sales agreement with Arcadia Properties, LLC (Arcadia) in which Arcadia was expected to purchase the entire site. PMI and Arcadia cooperated in the completion of the infrastructure of the property. During the construction period, PMI received proceeds from the BIOS grant and loan and, accordingly, paid those amounts over to Arcadia to fund improvements made on this property. Due to subsequent financial difficulties, as of January 8, 2018, Arcadia formally agreed to relinquish any claims to the Pocono Mountains Corporate Center West property. PMI is currently marketing the property for sale.

Project costs have been capitalized as follows as of December 31, 2022:

Acquisition	\$ 3,787,500
Construction	9,693,899
Interest	1,223,073
Engineering	591,000
Management and administration	14,425
Legal fees	83,129
Other	<u>57,384</u>
Total project costs	15,450,410
Cost of lots sold	(3,417,737)
Less: valuation allowance, impairment loss	<u>(6,752,608)</u>
Remaining project costs	<u>\$ 5,280,065</u>

Based on a land appraisal performed for PMI during 2021, the market value of the land available for sale in Pocono Mountains Corporate Center West was determined to be \$5,280,000. GAAP requires that land held for resale to be recorded at the lower of cost or market value. The result is an impairment loss of \$6,752,608.

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

### Pocono Mountains Corporate Center South

During 1992, PMI purchased 113 acres of land located in Coolbaugh Township, Monroe County, as part of a park expansion project at Pocono Mountains Corporate Center South. The land is being used to develop additional industrial building sites for resale and future industrial development of the area. The project was financed through a Pennsylvania Power and Light land acquisition loan of \$551,250 and a Pennsylvania Industrial Development Authority loan of \$884,425. During 2000, several developed properties were traded to a neighboring property owner in return for approximately 99 acres of undeveloped land.

Of the 212 acres included in Pocono Mountains Corporate Center South, 77 acres have been sold and 39 acres are not saleable as determined by the engineer. The remaining 96 acres are currently available for sale, 23 acres of which are wetlands that cannot be developed.

The project budget and cumulative expenses are as follow as of December 31, 2022:

Original project	\$ 1,341,248
Additional expansion and water system improvements	<u>131,388</u>
Total project costs	1,472,636
Cumulative cost of lots sold	<u>(1,386,577)</u>
Remaining project costs	<u>\$ 86,059</u>

### 14. Tax Increment Project, Components Unit

#### Monroe County Industrial Development Authority (MCIDA)

The County, Pocono Township and Pocono Mountain School District entered into a TIF Project for which MCIDA is the facilitator. The objective of the project was to assist CBK Lodge, LP with its development of a destination facility. Tax increment funds were used to help finance certain off-site improvements and road improvements required by the Pennsylvania Department of Transportation and the purchase and installation of furnishings and equipment in the facility. In December 2013, MCIDA closed on debt to be used for this project. The total amount of TIF debt was not to exceed \$13,821,000. The TIF debt will be repaid from the tax increment proceeds generated by new development within the TIF District, which is composed of 25 acres located in Pocono Township. By agreement, the TIF is scheduled to end December 2033, at which time the debt is scheduled to be paid in full. The outstanding debt balance at December 31, 2022 is \$10,731,000.

The County, Tobyhanna Township and Pocono Mountain School District entered into a TIF Project for which MCIDA is the facilitator. The objective of the project is to assist Kalahari Resorts, LLC with its development of a destination facility. Tax increment funds were used to help finance infrastructure improvements. In April 2014, MCIDA closed on debt to be used for this project. The total amount of TIF debt was not to exceed \$26,000,000. The TIF debt will be repaid from the tax increment proceeds generated by new development within the TIF District, which is composed of 154 acres located in Tobyhanna Township. By agreement, the TIF is scheduled to end July 1, 2033, at which time the debt is schedule to be paid in full. The outstanding balance at December 31, 2022 is \$21,400,000.

## County of Monroe, Pennsylvania

### Notes to Financial Statements

December 31, 2022

The County, Smithfield Township and East Stroudsburg Area School District have entered into a TIF project for which MCIDA is the administrator. The objective of the project is to assist DEPG Smithfield Master, L.P, DEPG Smithfield Associates, L.P, DEPG of Shawnee II, L.P, and DEPG of Shawnee IV, L.P (collectively the developers) with its expansion plans. Tax increment funds are being used to help finance infrastructure improvements needed for a retail shopping complex. In February 2021, MCIDA closed on a Pennsylvania Infrastructure Bank (PIB) loan, in the maximum amount of \$3,498,411, to be used for this project. In September 2022, additional debt, in a not-to-exceed amount of \$2,500,000 was obtained to be used on this project. MCIDA is responsible to repay these TIF debts from the tax increment proceeds generated by new development within the TIF District, which is comprised of 91.24 acres located in Smithfield Township. By agreement, the TIF is scheduled to end February 2030, at which time the debt is scheduled to be paid in full. The outstanding debt balance at December 31, 2022 is \$5,998,441.

Since TIF debt is payable only from the incremental tax revenues generated by the TIF District, the note payables described above are not recorded on MCIDA's financial statements as liabilities. The due to TIF district liability is equal to the current balance of the TIF bank accounts, which are included in restricted cash of \$12,732,907 at December 31, 2022. The balances in these accounts consist of proceeds of debt that has not yet been spent and/or tax payments received in excess of debt service payments made.

## 15. Long-Term Debt

### Primary Government, Governmental Activities

A summary of changes in long-term debt for the year ended December 31, 2022 is as follows:

Description	Interest Rate	Amount of Original Issue	Balance, January 1, 2022	Additions	Payments	Balance, December 31, 2022	Current Portion
General Obligation Bonds, Series A of 2009	5.80 - 5.90 %	\$ 8,570,000	\$ 7,885,000	\$ -	\$ 5,285,000	\$ 2,600,000	\$ 2,600,000
General Obligation Bonds, Series D of 2012	2.250 - 3.674	6,675,000	90,000	-	90,000	-	-
General Obligation Bonds, Series of 2014	2.50 - 5.00	19,215,000	8,235,000	-	8,235,000	-	-
General Obligation Bonds, Series A of 2019	1.00 - 5.00	2,965,000	2,965,000	-	-	2,965,000	-
General Obligation Bonds, Series B of 2019	2.27 - 2.57	7,760,000	7,690,000	-	20,000	7,670,000	60,000
General Obligation Bonds, Series of 2021	1.00 - 3.00	8,840,000	8,835,000	-	5,000	8,830,000	5,000
General Obligation Bonds, Series A of 2021	3.00 - 4.00	54,655,000	54,655,000	-	5,000	54,650,000	5,000
General Obligation Notes, Series B of 2021	1.857 - 2.096	3,275,000	3,275,000	-	-	3,275,000	-
General Obligation Note, Series of 2022 *	2.602	8,438,000	-	8,438,000	71,000	8,367,000	3,128,000
Subtotal			93,630,000	8,438,000	13,711,000	88,357,000	5,798,000
Bond premiums and discounts, net			12,559,191	-	1,073,672	11,485,519	-
Total			\$ 106,189,191	\$ 8,438,000	\$ 14,784,672	\$ 99,842,519	\$ 5,798,000

\* - Denotes Direct Borrowing arrangement



## County of Monroe, Pennsylvania

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### Notes to Financial Statements

December 31, 2022

During 2009, the County issued its General Obligation Bonds, Series of 2009, in the principal amount of \$8,570,000, payable in varying annual installments plus interest at rates ranging between 5.80 and 5.90%, with final maturity scheduled for 2023. These bond proceeds were used to (a) refund all of the \$2,276,810 outstanding balance of a loan the Redevelopment Authority of the County of Monroe, guaranteed by the County, for the purpose of undertaking a project consisting of the acquisition and development of the 247-acre site formerly known as the Senda property, located in Coolbaugh Township, Monroe County, for economic development purposes; (b) to refund all of the \$4,052,594 outstanding balance, together with any unpaid accrued interest thereon and any premium due of a loan Pocono Mountains Industries made, and guaranteed by the County, for the purpose of the purchase and development of the Tegawitha Camp property, located in Coolbaugh Township, Monroe County, for economic development purposes; and (c) to refund all of the \$848,685 outstanding balance and any unpaid accrued interest thereon of a certain loan made by Pocono Mountains Industries with the Pennsylvania Industrial Development Authority; (d) to refund all of the \$655,680 outstanding balance and any unpaid accrued interest thereon of a certain loan made by Pocono Mountains Industries with the County; and (e) to pay the costs of issuing and insuring the Bonds.

During 2012, the County issued its General Obligation Bonds, Series D of 2012, in the principal amount of \$6,675,000, payable in varying annual installments plus interest at rates ranging between 2.25 and 3.674%, with final maturity occurring in 2022. These bond proceeds were used to advance refund a portion of the County's General Obligation Notes, Series of 2008 and to pay the costs of issuing and insuring the Bonds.

During 2014, the County issued its General Obligation Bonds, Series of 2014, in the principal amount of \$19,215,000, payable in varying annual installments plus interest at rates ranging between 2.50 and 5.00%, with final maturity scheduled for 2025. The bond proceeds were used to (a) currently refund the County's General Obligation Notes, Series of 2008; (b) currently refund the County's General Obligation Bonds, Series A of 2009; (c) advance refund the County's General Obligation Bonds, Series C of 2009; and (d) pay the costs of issuing the Bonds. These Bonds were refunded during 2022 with the issuance of the County's General Obligation Note, Series of 2022.

During 2019, the County issued its General Obligation Bonds, Series A of 2019, in the principal amount of \$2,965,000, payable in varying annual installments plus interest at 5.00 per annum, maturing in 2027. The bond proceeds were used for various capital improvement projects and to pay the costs of issuing the Bonds.

During 2019, the County issued its General Obligation Bonds, Series B of 2019, in the principal amount of \$7,760,000, payable in varying annual installments plus interest at rates ranging between 2.27 and 2.57% per annum, maturing in 2026. The bond proceeds were used to (a) advance refund the County's outstanding General Obligation Bonds, Series B of 2009; (b) various capital improvement projects; and (c) pay the costs of issuing the Bonds.

During 2021, the County issued its General Obligation Bonds, Series of 2021 in the principal amount of \$8,840,000, payable in varying semi-annual installments of principal and interest at rates ranging between 1.00 and 3.00% per annum, maturing in 2029. The bond proceeds were used to (a) fund various capital construction and improvement projects; and (b) pay the costs of issuing the bonds.

During 2021, the County issued its General Obligation Bonds, Series A of 2021 in the principal amount of \$54,655,000, payable in semi-annual installments of principal and interest at rates ranging between 3.00 and 4.00% per annum, maturing in 2038. The bond proceeds were used to (a) fund the Monroe County Courthouse Expansion project; (b) fund a deposit to a capitalized interest fund account; and (c) pay the costs of issuing the bonds.

During 2021, the County issued its General Obligation Notes, Series B of 2021 (federally taxable) in the principal amount of \$3,275,000, payable in semi-annual installments of principal and interest at rates ranging between 1.857 and 2.096% per annum, maturing in 2029. The proceeds of the note were used to (a) advance refunding a portion of the County's General Obligation Bonds, Series of 2014 (consisting of portions of the September 2024 and 2025 payments); and (b) pay the costs of issuing the notes.

## County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2022

During May 2022, the County issued its General Obligation Note, Series of 2022 (direct borrowing), in the principal amount of \$8,438,000, payable in varying semi-annual installments of principal and interest at 2.602% per annum, with final maturity scheduled for September 2025. These note proceeds were used to (1) currently refund a portion of the County's outstanding General Obligation Bonds, Series of 2014 and (2) pay the costs of issuing the note.

This refunding decreased the County's total debt service payments over the next three years by approximately \$677,000, resulting in a net economic gain of approximately \$650,000.

The County has pledged its full faith, credit and taxing power as security for the repayment of the above obligations. The County's outstanding long-term debt obligations contain provisions that if there is an event of default or termination that materially impairs the underlying collateral or the County's ability to satisfy its obligations, all amounts may become due and payable immediately. Events of default include failure to pay any principal or interest installment when due or failure by the County to observe or perform any covenants in the agreements.

Interest paid on these bonds and notes during the year ended December 31, 2022 amounts to \$3,870,450.

Annual debt service requirements to maturity for Governmental Activities General Obligation Bonds and Notes are as follows:

Year	General Obligation Bonds and Notes		Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2023	\$ 2,670,000	\$ 3,012,916	\$ 3,128,000	\$ 217,709	\$ 9,028,625
2024	1,295,000	2,857,888	3,262,000	136,319	7,551,207
2025	2,695,000	2,826,463	1,977,000	51,442	7,549,905
2026	4,845,000	2,759,843	-	-	7,604,843
2027	5,000,000	2,606,245	-	-	7,606,245
2028-2032	27,645,000	10,376,369	-	-	38,021,369
2033-2037	33,420,000	4,599,400	-	-	38,019,400
2038-2042	2,420,000	96,800	-	-	2,516,800
	<u>\$ 79,990,000</u>	<u>\$ 29,135,924</u>	<u>\$ 8,367,000</u>	<u>\$ 405,470</u>	<u>\$ 117,898,394</u>

### Primary Government, Pleasant Valley Manor, Inc. (the Manor)

Long-term debt consists of the following at December 31, 2022:

	January 1, 2022	Additions	Repayments	December 31, 2022	Due Within One Year
County loan	\$ 483,104	\$ -	\$ 120,000	\$ 363,104	\$ 363,104
USDA note payable	7,802	-	6,242	1,560	1,560
	<u>\$ 490,906</u>	<u>\$ -</u>	<u>\$ 126,242</u>	<u>\$ 364,664</u>	<u>\$ 364,664</u>

In 2015, the County loaned \$800,000 to the Manor for the purpose of working capital, due on demand bearing no interest.

The Manor received a note payable from the United States Department of Agriculture in the maximum principal amount of \$39,700, payable in quarterly installments of \$1,592, including principal and interest at 3.25%, maturing March 2023. The note payable is secured by substantially all assets of the Manor, including the equipment which the loan was utilized to finance.

## County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2022

Maturities of long-term debt of the Manor are as follows for the years ending December 31:

2023 \$ 364,664

### Aggregate Discretely Presented Component Units

#### Pocono Mountains Industrial Park Authority (PMIPA)

The following is a summary of the long-term debt activity:

	January 1, 2022	Additions	Repayments	December 31, 2022	Due Within One Year
Note payable, ESSA Bank & Trust Co. - Exits 298 and 299 project	\$ 417,545	\$ 105,633	\$ -	\$ 523,178	\$ 523,178
Note payable, Pennsylvania Department of Community and Economic Development (DCED)	2,220,182	-	156,744	2,063,438	159,908
Note payable, MCIDA	18,024	-	5,888	12,136	6,007
Total	<u>\$ 2,655,751</u>	<u>\$ 105,633</u>	<u>\$ 162,632</u>	<u>\$ 2,598,752</u>	<u>\$ 689,093</u>

In March 2016, PMIPA closed on a nonrevolving line of credit with ESSA Bank & Trust Co. up to \$4,000,000. The line of credit has a term of five years, with interest at 3.0%. During 2022, the line of credit was extended to December 15, 2023. As of December 31, 2022, a total of \$523,178 has been drawn down on the note, leaving \$3,476,822 available to be drawn. This loan is being utilized to fund construction improvements at Exits 298 and 299 of Interstate 80 within the County. In connection with the project, certain local businesses and other organizations that will benefit from the improvements have agreed to contribute \$4,687,500 to the cost of design and construction. Under terms established in the Highway Improvements Cost Contribution Agreement of October 2010, PMIPA has agreed to act as a conduit for the project funding. The agreement includes a provision where the participating businesses and organizations have the right to withdraw from the agreement since more than 36 months have passed. To date, PMIPA has not received notification of any withdrawals.

On May 20, 2008, PMIPA executed a \$3,000,000 note payable to the Commonwealth of Pennsylvania, through the state's PennWorks Program to assist Smithfield Sewer Authority to make capital improvements to its wastewater treatment system. In return, Smithfield Sewer Authority executed a Loan Assumption Agreement wherein the Smithfield Sewer Authority agreed to assume PMIPA's responsibilities pertaining to this note. The loan is to be repaid in 240 monthly installments, including interest at 2.0%. Payments are being made directly by Smithfield Sewer Authority, but PMIPA would be liable for the balance if the Smithfield Sewer Authority were to default.

During 2018, MCIDA awarded PMIPA a Small Business Loan in the amount of \$35,000. The loan will be repaid to MCIDA over 72 months. Monthly payments are \$516, including interest at 2.00%. The loan will mature in December 2024.

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

Schedule of maturities for years ending December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 689,093	\$ 52,522	\$ 741,615
2024	169,265	36,648	205,913
2025	166,429	33,288	199,717
2026	169,788	29,929	199,717
2027	173,215	26,501	199,716
2028 - 2032	919,951	78,630	998,581
2033 - 2034	311,011	5,210	316,221
	<u>\$ 2,598,752</u>	<u>\$ 262,728</u>	<u>\$ 2,861,480</u>

### Pocono Mountains Industries, Inc. (PMI)

The following is a summary of the long-term debt activity:

	<u>January 1, 2022</u>	<u>Additions</u>	<u>Repayments</u>	<u>December 31, 2022</u>	<u>Due Within One Year</u>
Loan payable, Monroe County	\$ 110,000	\$ -	\$ -	\$ 110,000	\$ -
Note payable, Commonwealth Financing Authority	6,816,457	-	-	6,816,457	-
Note payable, Monroe County	4,998,169	-	-	4,998,169	-
Loan payable, Monroe County Small Business Loan Fund	22,192	-	9,384	12,808	9,574
Total	<u>11,946,818</u>	<u>-</u>	<u>9,384</u>	<u>11,937,434</u>	<u>9,574</u>

The following schedule of debt service, which includes the principal and interest payments on note payable, Commonwealth Financing Authority and note payable, Monroe County, assumes no land sales. Actual debt service payments may be different.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 9,574	\$ 169	\$ 9,743
2024	3,234	13	3,247
2025	110,000	56,977	166,977
2026	-	-	-
2027	6,816,457	2,978,324	9,794,781
2028	4,998,169	2,953,584	7,951,753
	<u>\$ 11,937,434</u>	<u>\$ 5,989,067</u>	<u>\$ 17,926,501</u>

Loan payable; County of Monroe; dated March 1, 2006; interest at 2.75%; unpaid principal balance and interest due earlier of March 1, 2023 or the sale of the former International Boiler Works property located in East Stroudsburg, Pennsylvania.

Note payable; Commonwealth Financing Authority (BIOS loan); dated May 17, 2007; interest at 3.00% began to accrue on October 31, 2012; on November 14, 2017, the Commonwealth Financing Authority granted an extension of the maturity date to May 25, 2022; during 2021, the Commonwealth Finance Authority granted an extension of the maturity date to May 25, 2027.

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

Note payable; County of Monroe; dated April 1, 2009; interest ranging from 5.80% to 5.90%. The General Obligation Bond was issued to refund several debt instruments of PMI. Principal amounts and accrued interest to be paid from proceeds of land sales as the sales occur, or December 15, 2023. On September 15, 2021, the County Board of Commissioners agreed to forgive \$3,077,000 in accrued interest, extended the due date for principal and interest to December 15, 2028 and reduce the applicable interest rate on this debt to 2.00% effective September 1, 2022.

Note payable; Monroe County Industrial Development Authority; dated May 5, 2017; interest at 2.00%; unpaid principal and interest to be repaid in monthly installments of \$812, beginning May 1, 2018; maturity date of April 1, 2024.

### 16. Lease Obligations

The County is obligated as a lessee under various leasing arrangements with remaining commitments ranging between 3 and 9 years as of December 31, 2022. Most agreements include escalating rent payments over the term of the agreements based. There are no leases with variable rate payments.

The County's governmental activity lease activity for the year ended December 31, 2022 is as follows:

Description	Issue Dates	Maturity Dates	Interest Rate	Original Amount	December 31 2022 Balances
Buildings	January 2021	December 2026	0.86 -		
	- January 2022	- December 2031	1.45 %	\$ 2,578,282	\$ 2,298,164
Equipment	May 2022	May 2027	0.86	176,240	154,169
Vehicles	November 2017 -	November 2022	6.54 -		
	November 2022	- November 2027	21.18	1,457,396	448,867
Total lease liability					2,901,200
Lease liability, due within one year					725,271
Lease liability, due in more than one year					<u>\$ 2,175,929</u>

Lease commitment requirements are as follows:

	Principal	Interest	Total Lease Commitment
Years ending December 31:			
2023	\$ 725,271	\$ 70,759	\$ 796,030
2024	676,281	51,104	727,385
2025	665,381	34,732	700,113
2026	649,806	18,952	668,758
2027	78,566	5,141	83,707
2028 - 2031	105,895	3,203	109,098
Total	<u>\$ 2,901,200</u>	<u>\$ 183,891</u>	<u>\$ 3,085,091</u>

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

A summary of lease asset activity during the year ended December 31, 2022 is as follows:

	Balance, January 1, 2022, as Restated	Additions	Deletions	Re- measurements	Balance, December 31, 2022
Lease assets:					
Buildings	\$ 2,578,282	\$ 239,169	\$ -	\$ -	\$ 2,817,451
Vehicles	467,393	265,141	(32,398)	-	700,136
Equipment	-	176,240	-	-	176,240
Total lease assets	<u>3,045,675</u>	<u>680,550</u>	<u>(32,398)</u>	<u>-</u>	<u>3,693,827</u>
Less accumulated amortization:					
Buildings	-	519,287	-	-	519,287
Vehicles	-	276,286	(25,017)	-	251,269
Equipment	-	22,071	-	-	22,071
Total accumulated amortization	<u>-</u>	<u>817,644</u>	<u>(25,017)</u>	<u>-</u>	<u>792,627</u>
Total lease assets, net (Note 10)	<u>\$ 3,045,675</u>	<u>\$ (137,094)</u>	<u>\$ (7,381)</u>	<u>\$ -</u>	<u>\$ 2,901,200</u>

### Pleasant Valley Manor, Inc. (the Manor)

The Manor entered into an energy savings agreement with Sustainable Energy Fund, a nonprofit organization, to install energy conservation equipment to improve the operational efficiency at the Manor. This agreement has been classified as a finance/capital lease that expires in March 2032.

The asset and liability under the finance/capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The property held under capital lease with a cost of \$479,823 is included in fixed equipment and is being depreciated over its related lease term. Amortization of the asset under finance/capital lease in the amount of \$46,812 is included in depreciation expense for the year ended December 31, 2022. Accumulated amortization for property held under finance/capital lease was \$46,812 at December 31, 2022.

Minimum future lease payments under capital lease are as follows as of December 31 and thereafter:

2023	\$ 59,045
2024	59,045
2025	59,045
2026	59,045
2027	59,045
Thereafter	<u>250,942</u>
Total minimum lease payments	546,167
Amounts representing interest	<u>103,604</u>
Present value of minimum lease payments	442,563
Less current portion	<u>39,011</u>
Long-term portion	<u>\$ 403,552</u>

# County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

Interest rate on the finance lease is 4.77% and was imputed based on the lower of the Manor's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

The Manor leases other equipment on a short-term basis. These leases are considered short-term in nature.

## 17. Pension Plan

### Plan Description

The Employee Retirement Board administers the Monroe County Employee Retirement Trust Fund Plan, a single-employer defined benefit pension plan that covers substantially all employees of the County. The plan is regulated according to the County Pension Law Act 96 of 1971, as amended. The board consists of five members consisting of the three County-elected Commissioners, the elected County Controller and the County-elected Treasurer.

The financial statements of the Pension Trust Fund are prepared on the accrual basis of accounting. Plan members and employer contributions to the Plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments of the Plan are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

The County Retirement Board, comprised of the three Commissioners, the County Controller and the County Treasurer, manage and govern the Plan. The Retirement Board administers the Plan and acts as administrative agent. The Plan provides retirement and disability benefits to plan members and also provides for a death benefit for surviving spouses.

### Plan Membership

Pension plan membership consisted of the following at December 31, 2022:

Inactive plan members or beneficiaries currently receiving benefits	400
Inactive plan members entitled to, but not yet receiving benefits	100
Active plan members	611
	<hr/>
	1,111
	<hr/>

### Benefits Provided

The Monroe County Employee Retirement Trust Fund Plan provides retirement, disability and death benefits. Retirement benefits for plan members are calculated as a percent of the member's highest three-year average salary times the member's years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire. All plan members are eligible for disability benefits after five years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25% of highest average salary at time of retirement. Death benefits for a member who dies with ten years of service prior to retirement is the total present value of member's retirement paid in a lump sum. A plan member who leaves County service with less than five years of service may withdraw his or her contributions, plus any accumulated interest.

On an ad hoc basis, cost-of-living adjustments to each member's retirement allowance shall be reviewed at least once in every three years subsequent to the member's retirement date. The adjustment, should the County elect to give one, is the Consumer Price Index for All Urban Consumers (CPI-U) for the Pennsylvania, New Jersey, Delaware and Maryland are for the 12-month period ending August 31.

## County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

### Contributions

An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2022 measurement period, the active member contribution rate was 5.00% of annual pay, and the County average contribution rate was 10.36% of annual payroll.

### Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of plan investment expense, was (10.85)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Net Pension Liability

The County's net pension liability was measured as of December 31, 2022, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2022. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

The components of the net pension liability of the Plan as of December 31, 2022 are as follows:

Total pension liability	\$ 141,798,278
Plan fiduciary net position	<u>118,945,107</u>
Plan net pension liability	<u>\$ 22,853,171</u>
Plan fiduciary net position as a percentage of total pension liability	<u>83.88%</u>

### Changes in Net Pension Liability

The following table shows the changes in net pension liability for the year ended December 31, 2022.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) - (b)
Balance, December 31, 2021	\$ 135,476,905	\$ 135,383,578	\$ 93,327
Changes for the year:			
Service cost	3,044,147	-	3,044,147
Interest	9,182,545	-	9,182,545
Differences between expected and actual experience	828,664	-	828,664
Changes of assumptions	-	-	-
Contributions, employer	-	3,339,112	(3,339,112)
Contributions, member	-	2,267,241	(2,267,241)
Net investment income (loss)	-	(15,357,806)	15,357,806
Benefit payments, including refunds of member contributions	(6,733,983)	(6,733,983)	-
Plan administrative expense (excluding investment advisory fees)	-	(40,418)	40,418
Other changes	-	87,383	(87,383)
Balance, December 31, 2022	<u>\$ 141,798,278</u>	<u>\$ 118,945,107</u>	<u>\$ 22,853,171</u>



# County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

The schedule of changes in the employer's net pension liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information related to the funded status of the Plan.

## Actuarial Assumptions

The total pension liability in the January 1, 2022 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.50%, average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubG-2010 Mortality Tables for Males and Females, set forward one year with generational mortality improvement using MP20.

The actuarial assumptions used in the December 31, 2022 measurement period were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result.

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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	30 %	5.4 - 6.4 %
International equity	25	5.5 - 6.5
Fixed income	32	1.3 - 3.3
Real estate	13	4.5 - 5.5
Cash	0	0.0 - 1.0

## Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# County of Monroe, Pennsylvania

Notes to Financial Statements  
December 31, 2022

## Net Pension Liability Sensitivity

The following presents the net pension liability of the County, calculated using the discount rate of 6.75%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net Pension Liability (Asset)	\$ 39,583,534	\$ 22,853,171	\$ 8,839,859

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

For the year ended December 31, 2022, the County recognized pension expense of \$6,842,147. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,122,052	\$ -
Changes in assumptions	3,998,989	-
Net difference between projected and actual earnings on pension plan investments	<u>10,815,933</u>	<u>-</u>
	<u>\$ 15,936,974</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending December 31:

2023	\$ 1,904,956
2024	3,849,753
2025	5,152,093
2026	<u>5,030,177</u>
	<u>\$ 15,936,979</u>

## 18. Fund Balance Classifications and Deficit Fund Balance

The County presents its governmental fund balances by level of constraint in the aggregate on its balance sheet - governmental funds. The individual specific purposes of each constraint are presented below:

	<u>General Fund</u>	<u>COVID Recovery Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable for loans receivable	<u>\$ 1,363,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,222</u>	<u>\$ 1,895,326</u>

## County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2022

	General Fund	COVID Recovery Fund	Capital Projects	Other Governmental Funds	Total
Restricted for:					
Program purposes	\$ -	\$ 9,688,709	\$ -	\$ 7,951,146	\$ 17,639,855
County programs	-	-	-	2,973,983	2,973,983
Debt	-	-	-	931,174	931,174
Capital projects	-	-	39,571,996	-	39,571,996
	<u>\$ -</u>	<u>\$ 9,688,709</u>	<u>\$ 39,571,996</u>	<u>\$ 11,856,303</u>	<u>\$ 61,117,008</u>
Committed for:					
Subsequent year budget	\$ 11,738,914	\$ -	\$ -	\$ -	\$ 11,738,914
Capital projects	1,728,807	-	-	-	1,728,807
Operating reserve	250,000	-	-	-	250,000
	<u>\$ 13,717,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,717,721</u>

### Deficit Fund Balances

The Aging and Grants Funds have unassigned net deficit fund balances of \$127,988 and \$58, respectively, at December 31, 2022. The County anticipates future revenues streams will result in positive changes in fund balances in future years.

## 19. Commitments and Contingencies

### Primary Government

#### Audit

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

#### Litigation

The County is a party to a number of lawsuits that have arisen in the course of business. It is the opinion of management, as advised by legal counsel, that these suits will not have a material effect on the financial statements of the County and no accruals have been made at December 31, 2022.

#### Loan Guarantees

As part of its affordable housing program, the County has guaranteed the outstanding debt of various entities totaling \$2,481,470. The guaranteed loans mature between 2026 and 2050.

## County of Monroe, Pennsylvania

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Notes to Financial Statements  
December 31, 2022

### Pleasant Valley Manor – Operating Losses

The Manor has experienced continued deficits of operating revenues over expenses and has negative cash outflows from operating activities. These deficits have been partially offset with COVID-19 related relief program revenue, net third-party settlement agreements, and support from Monroe County. Management's plans to reduce deficits of operating revenues over expenses include increasing census levels to increase resident service revenues, controlling expenses in every department as much as possible with the current inflation levels, and reducing expenses specifically in the Nursing department by significantly reducing the amount of purchased services used, which cause the largest increase in expenses for the year ended December 31, 2022. The Manor also plans to offset the operating deficit in the upcoming year with continued net third-party settlement payment agreements and support from Monroe County.

## 20. Risk Management

### Primary Government

The County is a member of a public officials, general liability, prison malpractice, automobile and property insurance pool. Under the terms of the pool, each member pays an annual contribution to the pool for their respective insurance coverage. In the event member contributions are not sufficient to cover claims, members will be assessed additional contributions. Premiums paid and charged to operations during the year ended December 31, 2022 amounted to \$795,939.

The County carries commercial insurance for other risks of loss, including employee benefits.

For the year ended December 31, 2022, there has been no significant reduction in insurance coverage from the prior year. In addition, settled claims have not exceeded the insurance coverage purchased for the years ended December 31, 2021, 2020 and 2019.

## 21. New Accounting Pronouncements

The GASB has approved the following standards:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections*
- Statement No. 101, *Compensated Absences*

County management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the County's financial statements. When they become effective, application of these standards may restate portions of these financial statements.

**County of Monroe, Pennsylvania**

Schedule of Changes in Net Pension Liability and Related Ratios  
 Last Ten Fiscal Years\*  
 (Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>									
Service cost	\$ 3,044,147	\$ 2,984,039	\$ 3,346,551	\$ 3,284,129	\$ 3,072,013	\$ 2,929,355	\$ 2,853,454	\$ 2,695,312	\$ 2,637,498
Interest	9,182,545	8,766,406	7,981,572	7,556,327	7,181,312	6,862,319	6,508,149	6,006,658	5,636,139
Differences between expected and actual experience	828,664	154,940	857,755	26,425	1,258,463	(422,243)	792,463	279,793	(1,158,598)
Changes in assumptions	-	6,429,479	-	-	7,206,377	-	-	1,217,206	-
Benefit payments, including refunds of member contributions	(6,733,983)	(6,222,746)	(5,632,621)	(5,294,326)	(4,589,359)	(4,163,030)	(4,318,511)	(3,942,763)	(3,348,581)
Net change in total pension liability	6,321,373	12,112,118	6,553,257	5,572,555	14,128,806	5,206,401	5,835,555	6,256,206	3,766,458
<b>Total Pension Liability, Beginning</b>	<u>135,476,905</u>	<u>123,364,787</u>	<u>116,811,530</u>	<u>111,238,975</u>	<u>97,110,169</u>	<u>91,903,768</u>	<u>86,068,213</u>	<u>79,812,007</u>	<u>76,045,549</u>
<b>Total Pension Liability, Ending (a)</b>	<u>\$ 141,798,278</u>	<u>\$ 135,476,905</u>	<u>\$ 123,364,787</u>	<u>\$ 116,811,530</u>	<u>\$ 111,238,975</u>	<u>\$ 97,110,169</u>	<u>\$ 91,903,768</u>	<u>\$ 86,068,213</u>	<u>\$ 79,812,007</u>
<b>Plan Fiduciary Net Position</b>									
Employer contributions	\$ 3,339,112	\$ 3,731,483	\$ 3,734,394	\$ 3,468,706	\$ 3,154,788	\$ 3,020,499	\$ 2,885,599	\$ 2,767,440	\$ 2,837,641
Employee contributions	2,267,241	2,235,132	1,933,954	1,953,254	1,763,039	1,707,948	1,608,107	1,498,112	1,437,818
Net investment income (loss)	(15,357,806)	14,327,794	14,574,351	16,656,134	(6,014,424)	12,716,799	5,895,894	(1,455,239)	4,706,389
Benefits payments, including refunds of member contributions	(6,733,983)	(6,222,746)	(5,632,621)	(5,294,326)	(4,589,359)	(4,163,030)	(4,318,511)	(3,942,763)	(3,348,581)
Administrative expenses	(40,418)	(94,750)	(29,896)	-	-	(29,113)	(23,754)	(31,261)	(34,773)
Other changes	87,383	86,722	3,412	3,140	1,206	6,956	1,160	-	8,152
Net change in plan fiduciary net position	(16,438,471)	14,063,635	14,583,594	16,786,908	(5,684,750)	13,260,059	6,048,495	(1,163,711)	5,606,646
<b>Plan Fiduciary Net Position, Beginning</b>	<u>135,383,578</u>	<u>121,319,943</u>	<u>106,736,349</u>	<u>89,949,441</u>	<u>95,634,191</u>	<u>82,374,132</u>	<u>76,325,637</u>	<u>77,489,348</u>	<u>71,882,702</u>
<b>Plan Fiduciary Net Position, Ending (b)</b>	<u>\$ 118,945,107</u>	<u>\$ 135,383,578</u>	<u>\$ 121,319,943</u>	<u>\$ 106,736,349</u>	<u>\$ 89,949,441</u>	<u>\$ 95,634,191</u>	<u>\$ 82,374,132</u>	<u>\$ 76,325,637</u>	<u>\$ 77,489,348</u>
Net pension liability, ending (a) - (b)	<u>\$ 22,853,171</u>	<u>\$ 93,327</u>	<u>\$ 2,044,844</u>	<u>\$ 10,075,181</u>	<u>\$ 21,289,534</u>	<u>\$ 1,475,978</u>	<u>\$ 9,529,636</u>	<u>\$ 9,742,576</u>	<u>\$ 2,322,659</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<u>83.88%</u>	<u>99.93%</u>	<u>98.34%</u>	<u>91.37%</u>	<u>80.86%</u>	<u>98.48%</u>	<u>89.63%</u>	<u>88.68%</u>	<u>97.09%</u>
<b>Covered-Employee Payroll</b>	<u>\$ 32,243,820</u>	<u>\$ 32,034,464</u>	<u>\$ 31,130,953</u>	<u>\$ 29,254,961</u>	<u>\$ 28,604,789</u>	<u>\$ 27,248,223</u>	<u>\$ 26,459,240</u>	<u>\$ 25,204,263</u>	<u>\$ 25,142,130</u>
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	<u>70.88%</u>	<u>0.29%</u>	<u>6.57%</u>	<u>34.44%</u>	<u>74.43%</u>	<u>5.42%</u>	<u>36.02%</u>	<u>38.65%</u>	<u>9.24%</u>

\* This schedule is intended to present information for ten years, but until a full ten-year trend is compiled, only the information for those years for which information is available is shown.

**County of Monroe, Pennsylvania**

Schedule of Pension Plan Contributions  
Last Ten Fiscal Years  
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 3,339,112	\$ 3,731,483	\$ 3,734,394	\$ 3,468,706	\$ 3,154,788	\$ 3,020,499	\$ 2,885,599	\$ 2,767,440	\$ 2,837,641	\$ 3,495,352
Contributions in relation to the actuarially determined contribution	<u>3,339,112</u>	<u>3,734,394</u>	<u>3,468,706</u>	<u>3,468,706</u>	<u>3,154,788</u>	<u>3,020,499</u>	<u>2,885,599</u>	<u>2,767,440</u>	<u>2,837,641</u>	<u>3,805,568</u>
Contribution deficiency (excess)	\$ -	\$ (2,911)	\$ 265,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (310,216)
Covered-employee payroll	\$ 32,243,820	\$ 31,130,953	\$ 29,254,961	\$ 29,254,961	\$ 28,604,789	\$ 27,248,223	\$ 26,459,240	\$ 25,204,263	\$ 25,142,130	
Contributions as a percentage of covered-employee payroll	10.36%	12.00%	11.86%	11.86%	11.03%	11.09%	10.91%	10.98%	11.29%	

**Notes to Schedule:**

Valuation dates	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
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Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	15 years
Asset valuation method	Market value adjusted for unrecognized gains and losses from prior years
Inflation	3.00%
Salary increases	4.50% average, including inflation
Investment rate of return	6.75%, net of pension investment expense, including inflation
Retirement age	Age 60 or 55 with 20 years of service
Mortality	PubG-2010 Mortality Table for males and females set forward one year with generational mortality improvement using MP20

**County of Monroe, Pennsylvania**

Schedule of Pension Plan Investment Returns  
Last Ten Fiscal Years\*  
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	(10.9) %	12.54 %	13.90 %	19.36 %	(6.35) %	16.15 %	8.40 %	(1.65) %	6.84 %

\* This schedule is intended to present information for ten years, but until a full ten-year trend is compiled, only the information for those years for which information is available is shown.

**County of Monroe, Pennsylvania****Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget**

(U.S. GAAP Basis) to Actual - General Fund

Year Ended December 31, 2022

(Unaudited)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Real estate taxes, net	\$ 39,428,809	\$ 39,428,809	\$ 39,814,958	\$ 386,149
Licenses and permits	41,500	41,500	136,818	95,318
Intergovernmental	1,524,974	2,219,841	1,941,175	(278,666)
Charges for services	10,316,184	10,502,372	11,155,576	653,204
Hotel room rental tax	300,000	300,000	494,115	194,115
Investment income	113,000	113,000	604,578	491,578
Miscellaneous	228,176	228,176	365,890	137,714
Rental income	124,427	124,427	124,426	(1)
	<u>52,077,070</u>	<u>52,958,125</u>	<u>54,637,536</u>	<u>1,679,411</u>
Total revenues				
<b>Expenditures</b>				
General government:				
Administrative	16,272,943	16,571,324	14,514,662	2,056,662
Judicial	18,670,432	18,901,387	17,217,032	1,684,355
Public safety	22,097,556	22,076,268	21,174,274	901,994
Public works	101,242	89,600	16,167	73,433
Human services	269,668	269,668	269,668	-
Culture and recreation	96,500	96,500	96,500	-
Conservation and development	2,529,065	2,542,746	2,477,386	65,360
Capital improvements	1,055,465	1,217,629	834,277	383,352
	<u>61,092,871</u>	<u>61,765,122</u>	<u>56,599,966</u>	<u>5,165,156</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(9,015,801)</u>	<u>(8,806,997)</u>	<u>(1,962,430)</u>	<u>6,844,567</u>
<b>Other Financing Sources (Uses)</b>				
Appropriated fund balance	8,381,324	8,111,039	-	(8,111,039)
Proceeds from extended term financing	-	-	680,550	680,550
Operating transfers in	6,278,126	6,363,296	8,577,696	2,214,400
Operating transfers out	(5,608,049)	(5,621,364)	(6,370,323)	(748,959)
Transfers to component units	<u>(35,600)</u>	<u>(35,600)</u>	<u>(35,296)</u>	<u>304</u>
	<u>9,015,801</u>	<u>8,817,371</u>	<u>2,852,627</u>	<u>(5,964,744)</u>
Total other financing sources				
Net change in fund balances	<u>\$ -</u>	<u>\$ 10,374</u>	<u>890,197</u>	<u>\$ 879,823</u>
<b>Fund Balances, Beginning</b>			<u>25,331,282</u>	
<b>Fund Balances, Ending</b>			<u>\$ 26,221,479</u>	

See note to budgetary comparison schedule of revenues, expenditures and changes in fund balances - budget (U.S. GAAP Basis) to actual - general fund



## County of Monroe, Pennsylvania

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Note to Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (U.S. GAAP Basis) to Actual - General Fund  
December 31, 2022

### 1. Stewardship, Compliance and Accountability

Commonwealth of Pennsylvania law (the County Code) requires that county governments establish budgetary systems and adopt annual operating budgets. The County's annual budget includes the General Fund, certain Special Revenue Funds and the Debt Service Fund and is based on estimates of revenues and expenditures approved by the Commissioners. The County follows these procedures detailed in the County Code in establishing the budgetary data reflected in the financial statements. The following summarizes the County's budget process:

1. The Commissioners, at least 30 days prior to adopting the budget, shall begin the preparation of the proposed budget for the succeeding fiscal year.
2. The Controller shall transmit to the Commissioners comparative statements of revenues for the current and the immediately preceding fiscal year and comparative statements of expenditures, including interest due or to be due on all lawful interest-bearing debts of the County for the same years.
3. All appropriation requests are submitted by County offices and agencies to the Commissioners via the Fiscal Affairs Office.
4. The Controller's statements, in such form and detail as the Commissioners direct, shall be prepared upon a form or forms furnished, as provided in this subdivision, by the Pennsylvania Department of Community and Economic Development. With this information as a guide, the Commissioners shall, within a reasonable time, begin the preparation of a proposed budget for the succeeding fiscal year.
5. The proposed budget shall be prepared and adopted not later than December 31, and notice thereof shall be published, and the proposed budget shall be made available for public inspection, for at least 20 days prior to the date set for adopting the budget. The date set for final action on the budget shall likewise be made a matter of public notice for at least ten days prior thereto.
6. Formal budgeting process is employed as a planning device. The budget adopted is on a basis of accounting consistent with accounting principles generally accepted in the United States of America. Budget amounts are as amended by the County Commissioners.

The County maintains budgeting control at an individual fund level. Unexpended appropriations lapse at year-end. During the course of the year, departmental needs may change, emergencies may occur or additional revenue resources may arise. As a result, funds are occasionally transferred between line items of the department's budget or additional revenues may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and are approved by the County Commissioners. Financial analysis is provided monthly to management showing spending levels in comparison to the current budget. The budget is also reviewed by management with other departments.

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the General Fund and each major Special Revenue Fund with a legally adopted budget. The County is not legally required to adopt a budget on a calendar year basis for the Children and Youth Fund. Therefore, no budgetary comparison information is presented for this fund as part of the County's required supplementary information.