

County of Monroe, Pennsylvania

Financial Statements and
Supplementary Information

December 31, 2020

County of Monroe, Pennsylvania

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Independent Auditors' Report

To the County Commissioners of
County of Monroe, Pennsylvania

Report on the Financial Statements

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, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County of Monroe, Pennsylvania's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monroe County Conservation District, which represents 2 percent, 2 percent and 1 percent, respectively, of the assets, net position and revenues of the aggregate remaining fund information and 22 percent, 25 percent, and 9 percent respectively, of the assets, net position, and revenues of the business-type activities. In addition, we did not audit Pleasant Valley Manor, Inc., a major enterprise fund, which represents 100 percent of the assets, net position and revenues of the major enterprise fund and 71 percent, 65 percent and 91 percent of the assets, net position and revenues of the business-type activities. 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 Municipal Airport Authority, and the Redevelopment Authority of Monroe County (collectively, the discretely presented component units), which collectively represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Pleasant Valley Manor, Inc, a major enterprise fund, as well as the aggregate 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*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the 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 of Monroe, Pennsylvania as of December 31, 2020, 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.

Emphasis of Matter

As discussed in Notes 2 and 20, the County of Monroe, Pennsylvania adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

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, 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 19, 2021 on our consideration of the County of Monroe, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 of Monroe, Pennsylvania'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 of Monroe, Pennsylvania's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Wilkes-Barre, Pennsylvania
November 19, 2021

County of Monroe, Pennsylvania

Management's Discussions and Analysis
December 31, 2020
(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, 2020. 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, 2020.

Financial Highlights

- At December 31, 2020, the total General Fund balance was \$19,801,463. The unassigned portion was \$8,192,215, down from \$12,128,226 the previous year.
- Property tax rates were at 3.2273 mills for 2020.
- Total primary government net position at year-end was \$62,475,391.

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.

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.

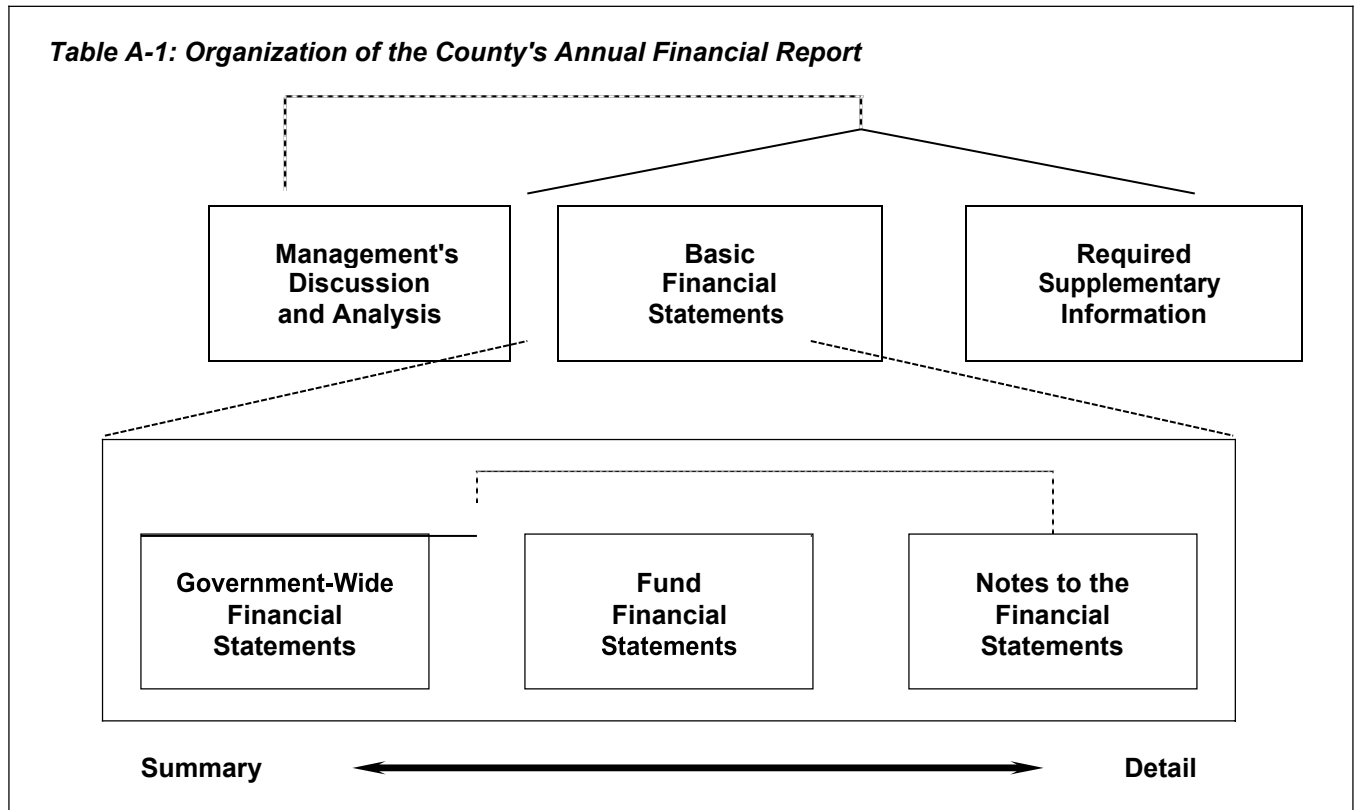
Fiduciary Funds

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.

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



County of Monroe, Pennsylvania

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 (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.

	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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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

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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 and liabilities, except fiduciary funds, with the difference between the two 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.

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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 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, certain Special Revenue Funds and the Capital Projects Fund, as required by state law. Budgetary comparisons for the County's major funds are presented as required supplementary information.

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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 73 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 74 through 78 of this report.

Government-Wide Financial Analysis

Net Position

The County's total assets were \$123,706,024 at December 31, 2020. Of this amount, \$53,376,952 was invested in 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 \$62,475,391 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

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(Unaudited)

The following is a condensed summary of net position for the years ended December 31, 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 59,342,562	\$ 64,657,798	\$ 10,986,510	\$ 7,981,887	\$ 70,329,072	\$ 72,639,685
Capital assets	49,177,342	43,503,993	4,199,610	4,227,299	53,376,952	47,731,292
Total assets	108,519,904	108,161,791	15,186,120	12,209,186	123,706,024	120,370,977
Deferred Outflows of Resources						
Deferred charges on refunding	34,252	55,709	-	-	34,252	55,709
Related to pensions	4,591,744	13,397,658	-	-	4,591,744	13,397,658
Total deferred outflows of resources	4,625,996	13,453,367	-	-	4,625,996	13,453,367
Liabilities						
Long-term debt and other liabilities outstanding	39,331,817	52,849,580	2,605,069	2,481,308	41,936,886	55,330,888
Other liabilities	12,954,560	9,527,684	2,312,450	2,464,454	15,267,010	11,992,138
Total liabilities	52,286,377	62,377,264	4,917,519	4,945,762	57,203,896	67,323,026
Deferred Inflows of Resources						
Related to pensions	8,652,733	11,283,663	-	-	8,652,733	11,283,663
Net Position						
Net investment in capital assets	24,605,521	24,489,115	4,130,679	4,198,563	28,736,200	28,687,678
Restricted	14,157,221	13,226,691	1,462,377	1,694,913	15,619,598	14,921,604
Unrestricted	13,444,048	8,854,114	4,675,545	1,369,948	18,119,593	10,224,062
Total net position	\$ 52,206,790	\$ 46,569,920	\$ 10,268,601	\$ 7,263,424	\$ 62,475,391	\$ 53,833,344

The County's capital assets increased approximately \$5.7 million from December 31, 2019 to December 31, 2020 as a result of the County's ongoing courthouse renovation and expansion project.

The County's net pension liability, included in long-term debt and other liabilities outstanding, decreased from approximately \$10 million at December 31, 2019 to approximately \$2 million at December 31, 2020 due to continued County and employee contributions, combined with a significant return on the County's underlying investments.

County of Monroe, Pennsylvania

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The following condensed statement of activities represents changes in net position for the years ended December 31, 2020 and 2019. 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	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 19,551,732	\$ 12,028,387	\$ 15,029,752	\$ 17,440,840	\$ 34,581,484	\$ 29,469,227
Operating grants and contributions	34,772,053	37,088,690	4,690,796	1,081,934	39,462,849	38,170,624
General revenues:						
Property taxes	46,165,287	47,263,374	-	-	46,165,287	47,263,374
Hotel room rental tax	907,798	1,329,869	-	-	907,798	1,329,869
Licenses and permits	41,541	45,577	-	-	41,541	45,577
Intergovernmental revenues not earmarked	15,376,980	-	-	-	15,376,980	-
Interest, investment earnings and royalties	326,552	776,641	8,277	5,659	334,829	782,300
Miscellaneous	941,308	931,104	(4,972)	-	936,336	931,104
Transfers (internal activities)	(131,402)	(140,311)	96,093	104,694	(35,309)	(35,617)
Total revenues	<u>117,951,849</u>	<u>99,323,331</u>	<u>19,819,946</u>	<u>18,633,127</u>	<u>137,771,795</u>	<u>117,956,458</u>
Program Expenses						
General government:						
Administrative	20,711,800	13,977,436	-	-	20,711,800	13,977,436
Judicial	18,630,101	19,686,482	-	-	18,630,101	19,686,482
Public safety	24,866,535	27,090,011	-	-	24,866,535	27,090,011
Public works	3,218,840	4,111,260	-	-	3,218,840	4,111,260
Human services	24,917,466	26,047,007	14,997,452	15,416,940	39,914,918	41,463,947
Culture and recreation	3,338,233	2,865,393	-	-	3,338,233	2,865,393
Community and economic development	13,306,296	-	-	-	13,306,296	-
Sewer and water services	-	-	217,299	229,235	217,299	229,235
Conservation and development	2,144,458	2,618,892	1,600,018	1,693,475	3,744,476	4,312,367
Interest on long-term debt	1,181,250	1,907,527	-	-	1,181,250	1,907,527
Capital improvements	-	978,493	-	-	-	978,493
Total program expenses	<u>112,314,979</u>	<u>99,282,501</u>	<u>16,814,769</u>	<u>17,339,650</u>	<u>129,129,748</u>	<u>116,622,151</u>
Changes in net position	<u>\$ 5,636,870</u>	<u>\$ 40,830</u>	<u>\$ 3,005,177</u>	<u>\$ 1,293,477</u>	<u>\$ 8,642,047</u>	<u>\$ 1,334,307</u>

During 2020, the County received Coronavirus relief funding through the Pennsylvania Department of Community and Economic Development as part of the County Relief Block Grant. This funding, amounting to approximately \$15.3 million during 2020, was utilized to offset the additional costs incurred during the COVID-19 pandemic, including certain public safety salaries and wages, personal protective equipment and was also utilized to provide assistance to business and other organizations within the County. In addition during 2020, the County received additional grants that were utilized to fund new voting machines and for certain supplies.

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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 2020 and 2019, general property taxes brought in \$46,165,287 and \$47,263,374, respectively. The following table depicts the net program expenses for the years ended December 31:

Program	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government:				
Administrative	\$ 20,711,800	\$ 7,518,168	\$ 13,977,436	\$ 7,730,674
Judicial	18,630,101	13,829,246	19,686,482	13,711,249
Public safety	24,866,535	18,857,514	27,090,011	21,742,406
Public works	3,218,840	275,128	4,111,260	(787,425)
Human services	24,917,466	1,045,419	26,047,007	2,343,959
Culture and recreation	3,338,233	648,429	2,865,393	457,513
Conservation and development	2,144,458	1,329,744	2,618,892	2,081,028
Community and economic development	13,306,296	13,306,296	-	-
Interest on long-term debt	1,181,250	1,181,250	1,907,527	1,907,527
Capital improvements	-	-	978,493	978,493
Human services, business-type activities	14,997,452	(2,924,419)	15,416,940	(1,208,845)
Sewer and water services, business-type activities	217,299	95,764	229,235	102,827
Conservation and development, business-type activities	1,600,018	(77,124)	1,693,475	(77,106)
	<u>\$ 129,129,748</u>	<u>\$ 55,085,415</u>	<u>\$ 116,622,151</u>	<u>\$ 48,982,300</u>

The County relied on property taxes and other general revenues to fund approximately 49 and 43 percent of its governmental and business-type activities in both 2020 and 2019, respectively.

The property tax is based on the assessed value of real property. Property tax revenues for 2020 have decreased slightly in comparison to 2019. During 2020, the County implemented the reassessed real estate certification values at 100 percent ratio from 25 percent ratio. The millage rate for 2020 and 2019 was 3.2273 mills and 21.25 mills, respectively. Accordingly, real property tax revenue decreased approximately 2.3 percent in 2020 and increased approximately 2.0 percent in 2019. 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

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Capital Assets

The County's investment in capital assets at December 31, 2020, net of accumulated depreciation was \$49,177,342 for governmental activities and \$4,199,610 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	
	2020	2019	2020	2019
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	43,755,392	42,425,582	6,932,948	6,894,492
Equipment and furniture	5,107,606	5,090,580	9,757,645	9,464,100
Infrastructure	3,669,166	3,648,587	-	-
Construction in progress	3,648,070	-	49,432	-
Accumulated depreciation	(29,237,543)	(29,895,407)	(14,378,541)	(13,969,419)
	<u>\$ 49,177,342</u>	<u>\$ 43,503,993</u>	<u>\$ 4,199,610</u>	<u>\$ 4,227,299</u>

At December 31, 2020, buildings and improvements, net of accumulated depreciation, account for approximately 39.3 percent 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 9 to the financial statements.

Debt Administration

Long-Term Debt and Other Liabilities

At December 31, 2020, the County had \$39,331,817 of long-term debt outstanding for governmental activities. This was a decrease of \$13,517,764 from the previous year. The following table details activity related to the long-term debt:

	Beginning Balance	Additions	Reductions	Ending Balance
General obligation debt	\$ 40,125,000	\$ -	\$ (5,025,000)	\$ 35,100,000
Issuance discount	(56,900)	-	8,143	(48,757)
Bond premium	1,776,917	-	(333,545)	1,443,372
Net debt	41,845,017	-	(5,350,402)	36,494,615
Compensated absences	309,811	-	-	309,811
Net pension liability	10,075,181	-	(8,030,337)	2,044,844
Self-insurance claims payable	619,572	-	(137,025)	482,547
	<u>\$ 52,849,581</u>	<u>\$ -</u>	<u>\$ (13,517,764)</u>	<u>\$ 39,331,817</u>

County of Monroe, Pennsylvania

Management's Discussions and Analysis
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Bond Rating

The County's current bond rating through Moody's is Aa3. The current combined net nonelectoral and net lease rental debt limit for 2021 will be approximately \$229,000,000.

Additional information on the County's long-term debt can be found in Note 14 to the financial statements and information on the County's net pension liability can be found in Note 16 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 by source are summarized below at December 31:

	<u>2020</u>	<u>2019</u>
Real estate taxes, net	\$ 45,689,601	\$ 47,114,546
Licenses and permits	41,541	45,577
Intergovernmental	50,034,648	37,088,690
Charges for services	10,402,346	12,028,387
Hotel room rental tax	907,798	1,329,869
Investment income	326,552	776,641
Miscellaneous	819,111	227,762
Note receivable repayments	2,365,199	-
Rental income	122,197	148,846
Bond proceeds	-	10,009,485
Operating transfers in	6,819,097	9,840,799
	<u>\$ 117,528,090</u>	<u>\$ 118,610,602</u>

Governmental funds revenue totaled \$117,528,090 for the year ended December 31, 2020. This was a decrease of \$1,082,512 or 0.9 percent from the previous year, largely as a result of decreases in real estate tax collections and charges for services due to the COVID-19 restrictions. There was also a significant decrease in bond proceeds, resulting from the County issuing debt during 2019 and not during 2020 and reduced transfers. These decreases were offset by an increase in intergovernmental revenue related to additional COVID-19 funding the County received from the County Relief Block Grant for purposes of stimulating the economic pursuant to the Coronavirus pandemic.

County of Monroe, Pennsylvania

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Governmental Funds Expenditures

Governmental funds expenditures by function are summarized below at December 31:

	<u>2020</u>	<u>2019</u>
General government:		
Administrative	\$ 14,085,199	\$ 14,722,984
Judicial	19,042,521	18,907,686
Public safety	25,077,896	26,026,091
Public works	3,185,525	4,071,319
Human services	25,169,784	25,725,008
Culture and recreation	3,276,539	2,803,699
Conservation and development	2,191,760	2,559,500
Community and economic development	13,306,296	-
Capital improvements	4,078,145	978,493
Debt service principal payments	5,025,000	4,755,000
Debt service interest and fiscal charges	1,638,796	1,579,623
Operating transfers out	6,915,190	4,789,081
Transfers to component units	35,309	35,617
	<u>\$ 123,027,960</u>	<u>\$ 106,954,101</u>

Governmental funds expenditures totaled \$123,027,960 for the year ended December 31, 2020. This represents an increase of \$16,073,859 or 15 percent from the prior year. The majority of the increase relates to the County's expenditures from the County Relief Block Grant for purposes of stimulating the economy pursuant to the Coronavirus pandemic.

Governmental Funds Balances

Ending fund balances for governmental funds and net position for proprietary funds are listed below at December 31, 2020:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
General fund	\$ 19,801,463	\$ -
Calendar year programs	4,414,405	-
Capital projects fund	(2,113,018)	-
Other governmental funds	10,395,401	-
Pleasant Valley Manor, Inc.	-	6,724,453
Other enterprise funds	-	3,544,148
	<u>\$ 32,498,251</u>	<u>\$ 10,268,601</u>

The County's governmental funds reported a combined fund balance of \$32,498,251 at December 31, 2020. Of that total, \$8,192,215 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, 2020, the total General Fund balance was \$19,801,463 as stated above; the unassigned portion was approximately \$8.2 million, down from approximately \$12.1 million at December 31, 2019.

The Capital Projects Fund has a net deficit fund balance of \$2,113,018 at December 31, 2020. The County anticipates this deficit will be funded through additional borrowings in future years as related to the Courthouse expansion and renovation project.

County of Monroe, Pennsylvania

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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 170,000, which is slightly higher than last year at this time.

The COVID-19 pandemic has affected Monroe County significantly due to our tourism/hospitality and retail industry clusters and the number of people who are employed in those industries. The June 2021 Unemployment Rate in Monroe County was 6.9 percent, while one year earlier it was 18.3 percent. This rate is higher than the national rate of 4.6 percent.

The largest employment sector in Monroe County, Pennsylvania is Retail Trade, employing 8,650 workers. This is a change brought by the impact by the pandemic on the Accommodation and Food Services Industry (8,441 workers) which has been traditionally the largest employment/industry sector in Monroe. The third largest sector is Health Care and Social Assistance (7,710).

Occupation groups in Monroe County, Pennsylvania with the highest average wages per worker are Management Occupations (\$101,400), Architecture and Engineering Occupations (\$83,400) and Legal Occupations (\$78,600). The unemployment rate in the region varied among the major groups from 2.5 percent among Community and Social Service Occupations to 16.8 percent among Food Preparation and Serving Related Occupations.

In spite of the COVID-19 pandemic, Monroe County has benefitted from a several new developments in 2020. LPC recently completed construction of the 750,000-sf facility which is partially in Mt. Pocono Borough and Coolbaugh Township. They have signed a lease with a foreign-based company which will begin operations in 2021 creating at least 100 new jobs. The gas mixing company, Messer, which purchased property in Pocono Mountains Corporate Center East last year is completing construction of their manufacturing facility which will create 35 jobs. The former Union Metal Building in Stroud Township was acquired by an international company where they will manufacture building products with 150 workers.

The Tobyhanna Army Depot continues to be the largest employer in Northeast Pennsylvania and continues to add employees. They are currently at 3,850 employees and have positions available. Monroe County's largest private employer is Sanofi Pasteur who currently employs about 2,400. Sanofi Pasteur continues to explore expansion opportunities at their Swiftwater campus and are engaged in the development of a new vaccine for the coronavirus.

Lehigh Valley Health Network (LVHN) and St. Luke's Hospital both continue to expand in the County and have added a variety of health care services in areas that were underserved. St. Luke's is presently permitting a major expansion of their hospital in Bartonsville, and ground will be broken soon for a new facility within the Smithfield Gateway development in Smithfield Township. LVHN recently opened their new hospice facility in East Stroudsburg and has plans for an expansion in Tannersville.

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DEPG Mosier Associates completed their demolition of the dilapidated structures at the Smithfield Gateway site in Smithfield Township and have since made progress on the stormwater work and excavation in anticipation of the commencement of construction of the first building proposed for the project (see St. Luke's above). Roadwork along Rt. 209 has commenced and will be ongoing through the end of 2022. More than \$17 million in private investment and public infrastructure grants and loans is in place to carry the project to completion.

Overall, Monroe County's economy continues to be diverse. Industry sectors such as health care and manufacturing are growing and competition in the hospitality industry is driving wages up. Residential real estate professionals have indicated a significant upswing in home buying activity, similar to what we saw after the September 11, 2001 terror attacks.

In 2020, nominal GDP in Monroe County, Pennsylvania contracted 4.0 percent. This follows growth of 3.5 percent in 2019 and 4.7 percent in 2018. As of 2020, total GDP in Monroe County, Pennsylvania was \$6,552,003,000. Manufacturing contributed the largest portion of GDP in 2020, \$1,841,252,000. The next-largest contributions came from Real Estate and Rental and Leasing (\$595,310,000); Health Care and Social Assistance (\$585,215,000); and Public Administration (\$553,724,000). The other major contributor industries to GDP in Monroe County in 2020 were: Educational Services (\$519,000,000), Retail Trade (\$495,000,000) and Accommodations and Food Services (\$409,000,000).

Next Year's Budget

The 2021 budget for Monroe County was adopted on December 16, 2020 in the amount of \$114.3 million, including a General Fund budget of \$61.6 million.

For 2021, the millage rate remained at 3.2273 mills; 2.7503 mills will be utilized for general purposes and 0.477 mills are designated for debt service obligations.

All nonunion employees will receive a 3 percent cost of living adjustment (COLA) on January 1, 2021.

The total capital budget including projects for 2021 is approximately \$8,100,000.

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, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets and Deferred Outflows of Resources				
Assets				
Cash and cash equivalents	\$ 35,108,557	\$ 6,288,491	\$ 41,397,048	\$ 3,180,585
Cash and cash equivalents, restricted	-	575,483	575,483	12,999,041
Receivables:				
Grants and other	5,672,325	2,056,966	7,729,291	1,294,428
Taxes	3,982,746	-	3,982,746	-
Loan receivable from component unit	4,998,169	-	4,998,169	-
Accrued interest on loan receivable from component unit	3,814,778	-	3,814,778	44,870
Notes receivable, land and building projects	-	-	-	3,712,458
Notes receivable	-	-	-	3,025,832
Interfund loans receivable	1,584,762	117,444	1,702,206	94,196
Due from other governmental units	4,663,019	-	4,663,019	-
Due from fiduciary funds	136,840	-	136,840	-
Internal balances	(623,326)	623,326	-	-
Inventories	4,692	244,880	249,572	25,696
Prepaid expenses	-	1,079,920	1,079,920	62,727
Other assets	-	-	-	14,276,666
Capital assets not being depreciated	25,882,721	266,987	26,149,708	-
Capital assets being depreciated, net	23,294,621	3,932,623	27,227,244	17,258,407
Total assets	108,519,904	15,186,120	123,706,024	55,974,906
Deferred Outflows of Resources				
Deferred charges on refunding	34,252	-	34,252	-
Related to pensions	4,591,744	-	4,591,744	2,932
Total deferred outflows of resources	4,625,996	-	4,625,996	2,932
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Payables:				
Accounts	10,062,983	990,938	11,053,921	703,433
Grants	-	-	-	386,636
Related-party component units	-	-	-	259,890
Due to TIF districts	-	-	-	12,791,801
Accrued liabilities	897,201	909,710	1,806,911	6,854,477
Lot deposits	-	-	-	28,772
Unearned revenue	270,645	411,802	682,447	81,261
Due to other governmental units	1,723,731	-	1,723,731	-
Current portion of:				
Self-insurance claims payable	482,547	121,095	603,642	-
Compensated absences	233,345	-	233,345	-
Bonds and notes payable	5,210,000	609,147	5,819,147	1,199,074
Capital leases	-	35,345	35,345	-
Notes payable, land and building projects	-	-	-	3,177,090
Total current liabilities	18,880,452	3,078,037	21,958,489	25,482,434
Noncurrent Liabilities				
Noncurrent portion of:				
Net pension liability	2,044,844	-	2,044,844	8,386
Compensated absences	76,466	-	76,466	782,885
Payable from restricted assets	-	103,916	103,916	-
Interfund loans payable	-	1,099,103	1,099,103	-
Deferred payroll taxes	-	150,596	150,596	-
Loan payable to primary government	-	-	-	5,134,891
Bonds and notes payable	31,284,615	7,802	31,292,417	9,173,271
Capital leases	-	478,065	478,065	-
Total noncurrent liabilities	33,405,925	1,839,482	35,245,407	15,099,433
Total liabilities	52,286,377	4,917,519	57,203,896	40,581,867
Deferred Inflows of Resources				
Related to pensions	8,652,733	-	8,652,733	2,316
Net Position				
Net investment in capital assets	24,605,521	4,130,679	28,736,200	16,833,018
Restricted	14,157,221	1,462,377	15,619,598	1,274,530
Unrestricted	13,444,048	4,675,545	18,119,593	(2,713,893)
Total net position	\$ 52,206,790	\$ 10,268,601	\$ 62,475,391	\$ 15,393,655

See notes to financial statements

County of Monroe, Pennsylvania

Statement of Activities

Year Ended December 31, 2020

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	
Functions/Programs								
Primary government:								
Governmental activities:								
General government:								
Administrative	\$ 20,711,800	\$ 13,001,368	\$ 192,264	\$ -	\$ (7,518,168)		\$ (7,518,168)	
Judicial	18,630,101	3,855,422	945,433	-	(13,829,246)		(13,829,246)	
Public safety	24,866,535	1,256,923	4,752,098	-	(18,857,514)		(18,857,514)	
Public works	3,218,840	386,660	2,557,052	-	(275,128)		(275,128)	
Health services	24,917,466	235,730	23,636,317	-	(1,045,419)		(1,045,419)	
Culture and recreation	3,338,233	915	2,688,889	-	(648,429)		(648,429)	
Conservation and development	2,144,458	814,714	-	-	(1,329,744)		(1,329,744)	
Community and economic development	13,306,296	-	-	-	(13,306,296)		(13,306,296)	
Interest on long-term debt	1,181,250	-	-	-	(1,181,250)		(1,181,250)	
Total governmental activities	<u>112,314,979</u>	<u>19,551,732</u>	<u>34,772,053</u>	<u>-</u>	<u>(57,991,194)</u>		<u>(57,991,194)</u>	
Business-type activities:								
Human services	14,997,452	14,252,057	3,669,814	-		\$ 2,924,419	2,924,419	
Sewer and water services	217,299	121,535	-	-		(95,764)	(95,764)	
Conservation and development	1,600,018	656,160	1,020,982	-		77,124	77,124	
Total business-type activities	<u>16,814,769</u>	<u>15,029,752</u>	<u>4,690,796</u>	<u>-</u>		<u>2,905,779</u>	<u>2,905,779</u>	
Total primary government	<u>\$ 129,129,748</u>	<u>\$ 34,581,484</u>	<u>\$ 39,462,849</u>	<u>\$ -</u>			<u>(55,085,415)</u>	
Component Units								
Industrial and economic development	\$ 6,850,594	\$ 4,555,167	\$ 4,271,352	\$ 158,268				\$ 2,134,193
Waste management	2,562,697	3,054,118	75,685	-				567,106
Airport operation	1,067,636	381,198	63,991	1,584,962				962,515
Public works	1,756,189	38,953	1,713,310	-				(3,926)
Total component units	<u>\$ 12,237,116</u>	<u>\$ 8,029,436</u>	<u>\$ 6,124,338</u>	<u>\$ 1,743,230</u>				<u>3,659,888</u>
General Revenues and Transfers								
Property taxes, general levy					46,165,287	-	46,165,287	-
Hotel room rental tax					907,798	-	907,798	-
Licenses and permits					41,541	-	41,541	-
Intergovernmental revenues not earmarked					15,376,980	-	15,376,980	-
Interest, investment earnings and royalties					326,552	8,277	334,829	14,538
Mortgage payoffs					-	-	-	36,813
Miscellaneous					941,308	-	941,308	90,343
Loss on sale of assets					-	(4,972)	(4,972)	-
PPP loan forgiveness					-	-	-	210,602
Impairment loss					-	-	-	(6,752,608)
Transfers (internal activities)					(96,093)	96,093	-	-
Transfer to component units					(35,309)	-	(35,309)	-
Total general revenues and transfers					<u>63,628,064</u>	<u>99,398</u>	<u>63,727,462</u>	<u>(6,400,312)</u>
Change in net position					5,636,870	3,005,177	8,642,047	(2,740,424)
Net Position, Beginning					<u>46,569,920</u>	<u>7,263,424</u>	<u>53,833,344</u>	<u>18,134,079</u>
Net Position, Ending					<u>\$ 52,206,790</u>	<u>\$ 10,268,601</u>	<u>\$ 62,475,391</u>	<u>\$ 15,393,655</u>

See notes to financial statements

County of Monroe, Pennsylvania

Balance Sheet - Governmental Funds

December 31, 2020

	General Fund	Children and Youth Fund	Calendar Year Programs	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 13,037,892	\$ 3,787	\$ 10,441,960	\$ 756,702	\$ 10,868,213	\$ 35,108,554
Receivables, net of uncollectible accounts:						
Grants and other	2,305,673	-	2,158,205	-	1,201,700	5,665,578
Taxes	3,982,746	-	-	-	-	3,982,746
Due from other funds	22,463,372	2,160,739	809,219	24,541	8,416,017	33,873,888
Due from other governmental units	68	4,639,263	-	-	23,688	4,663,019
Interfund loans receivable	603,104	-	-	-	548,548	1,151,652
Total assets	<u>\$ 42,392,855</u>	<u>\$ 6,803,789</u>	<u>\$ 13,409,384</u>	<u>\$ 781,243</u>	<u>\$ 21,058,166</u>	<u>\$ 84,445,437</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 6,508,207	\$ 1,043,857	\$ 391,347	\$ 928,974	\$ 1,370,939	\$ 10,243,324
Accrued liabilities	665,009	-	-	-	-	665,009
Due to other funds	12,138,033	5,759,932	6,881,828	1,965,287	9,034,373	35,779,453
Due to other governmental units	-	-	1,721,804	-	1,927	1,723,731
Unearned revenues	15,119	-	-	-	255,526	270,645
Total liabilities	<u>19,326,368</u>	<u>6,803,789</u>	<u>8,994,979</u>	<u>2,894,261</u>	<u>10,662,765</u>	<u>48,682,162</u>
Deferred Inflows of Resources						
Unavailable revenue, property taxes	3,265,024	-	-	-	-	3,265,024
Fund Balances						
Nonspendable:	603,104	-	-	-	548,548	1,151,652
Restricted	-	-	4,414,405	24,004	9,916,749	14,355,158
Committed	11,006,144	-	-	-	-	11,006,144
Unassigned	8,192,215	-	-	(2,137,022)	(69,896)	5,985,297
Total fund balances	<u>19,801,463</u>	<u>-</u>	<u>4,414,405</u>	<u>(2,113,018)</u>	<u>10,395,401</u>	<u>32,498,251</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,392,855</u>	<u>\$ 6,803,789</u>	<u>\$ 13,409,384</u>	<u>\$ 781,243</u>	<u>\$ 21,058,166</u>	<u>\$ 84,445,437</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, 2020

Total Fund Balances - Governmental Funds \$ 32,498,251

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. 49,177,342

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. 3,265,024

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, 2020 are:

Loan receivable from component unit	\$ 4,998,169	
Accrued interest on loan receivable from component unit	3,814,778	
	<u>8,812,947</u>	8,812,947

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, 2019 are:

Net pension liability (net of deferred inflows and outflows of resources)	(6,105,833)	
Compensated absences	(76,466)	
Accrued interest on bonds (included in accrued liabilities)	(232,189)	
Bonds and notes payable	(36,494,615)	
Deferred charges on refunding	34,252	
	<u>(42,874,851)</u>	(42,874,851)

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 \$ 52,206,790

County of Monroe, Pennsylvania

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 Year Ended December 31, 2020

	<u>General Fund</u>	<u>Children and Youth Fund</u>	<u>Calendar Year Programs</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Real estate taxes, net	\$ 38,795,832	\$ -	\$ -	\$ -	\$ 6,893,769	\$ 45,689,601
Licenses and permits	41,541	-	-	-	-	41,541
Intergovernmental	5,964,564	13,867,244	16,734,170	2,688,889	10,779,781	50,034,648
Charges for services	8,798,991	8,411	497,562	-	1,097,382	10,402,346
Hotel room rental tax	351,015	-	556,783	-	-	907,798
Investment income	207,423	20	54,958	11,913	52,238	326,552
Miscellaneous	317,820	-	-	404,860	96,431	819,111
Note receivable repayment	2,365,199	-	-	-	-	2,365,199
Rental income	122,197	-	-	-	-	122,197
	<u>56,964,582</u>	<u>13,875,675</u>	<u>17,843,473</u>	<u>3,105,662</u>	<u>18,919,601</u>	<u>110,708,993</u>
Expenditures						
Current:						
General government:						
Administrative	13,090,079	-	70,158	596,084	328,878	14,085,199
Judicial	16,267,548	-	136,727	-	2,638,246	19,042,521
Public safety	24,424,832	-	421,937	-	231,127	25,077,896
Public works	80,075	-	33,444	-	3,072,006	3,185,525
Human services	262,876	17,488,186	938,838	-	6,479,884	25,169,784
Culture and recreation	88,000	-	499,650	2,688,889	-	3,276,539
Conservation and development	2,169,547	-	22,213	-	-	2,191,760
Community and economic development	-	-	13,306,296	-	-	13,306,296
Capital improvements	385,965	-	44,110	3,648,070	-	4,078,145
Debt service:						
Principal payments	-	-	-	-	5,025,000	5,025,000
Interest and fiscal charges	-	-	-	-	1,638,796	1,638,796
	<u>56,768,922</u>	<u>17,488,186</u>	<u>15,473,373</u>	<u>6,933,043</u>	<u>19,413,937</u>	<u>116,077,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>195,660</u>	<u>(3,612,511)</u>	<u>2,370,100</u>	<u>(3,827,381)</u>	<u>(494,336)</u>	<u>(5,368,468)</u>
Other Financing Sources (Uses)						
Operating transfers in	1,990,451	3,612,511	42,958	-	1,173,177	6,819,097
Operating transfers out	(4,885,756)	-	(1,990,451)	-	(38,983)	(6,915,190)
Transfers to component units	(35,309)	-	-	-	-	(35,309)
	<u>(2,930,614)</u>	<u>3,612,511</u>	<u>(1,947,493)</u>	<u>-</u>	<u>1,134,194</u>	<u>(131,402)</u>
Total other financing sources, net	<u>(2,930,614)</u>	<u>3,612,511</u>	<u>(1,947,493)</u>	<u>-</u>	<u>1,134,194</u>	<u>(131,402)</u>
Net change in fund balances	(2,734,954)	-	422,607	(3,827,381)	639,858	(5,499,870)
Fund Balances, Beginning	<u>22,536,417</u>	<u>-</u>	<u>3,991,798</u>	<u>1,714,363</u>	<u>9,755,543</u>	<u>37,998,121</u>
Fund Balances, Ending	<u>\$ 19,801,463</u>	<u>\$ -</u>	<u>\$ 4,414,405</u>	<u>\$ (2,113,018)</u>	<u>\$ 10,395,401</u>	<u>\$ 32,498,251</u>

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, 2020

Total Net Change in Fund Balances - Governmental Funds \$ (5,499,870)

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	7,344,163	
Depreciation expense	(1,653,843)	
Loss on disposal	(16,971)	5,673,349

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.

475,685

Long-term loans receivable payments received in the current year reflect income in the governmental funds, however, reduce the outstanding receivable balance in the statement of financial position.

(2,365,199)

Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of financial position. Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. This is the amount by which repayments exceeded borrowings.

5,025,000

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 refunding loss	\$ (21,457)	
Amortization of debt premiums and discounts	325,402	
Change in accrued interest expense on long-term debt	153,605	
Change in net deferred inflows/outflows of resources, pension	(6,174,984)	
Decrease in net pension liability	8,030,337	2,312,903

The Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities.

15,002

Change in Net Position of Governmental Activities

\$ 5,636,870

County of Monroe, Pennsylvania

Statement of Net Position - Proprietary Funds

December 31, 2020

	Enterprise Funds			Internal Service Fund
	Pleasant Valley Manor, Inc.	Other Enterprise Funds	Total Enterprise Funds	
Assets				
Current Assets				
Cash and cash equivalents	\$ 5,014,611	\$ 1,273,880	\$ 6,288,491	\$ -
Accounts receivable	1,981,690	75,276	2,056,966	6,747
Prepaid expenses	124,939	954,981	1,079,920	-
Inventories	238,841	6,039	244,880	4,692
Due from other funds	-	623,326	623,326	13,019,744
Interfund loans receivable	-	117,444	117,444	433,110
Total current assets	<u>7,360,081</u>	<u>3,050,946</u>	<u>10,411,027</u>	<u>13,464,293</u>
Noncurrent Assets				
Restricted cash and investments	117,159	458,324	575,483	-
Capital assets not being depreciated	9,538	257,449	266,987	-
Capital assets being depreciated, net	3,266,431	666,192	3,932,623	-
Total noncurrent assets	<u>3,393,128</u>	<u>1,381,965</u>	<u>4,775,093</u>	<u>-</u>
Total assets	<u>\$ 10,753,209</u>	<u>\$ 4,432,911</u>	<u>\$ 15,186,120</u>	<u>\$ 13,464,293</u>
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 462,708	\$ 528,230	\$ 990,938	\$ 53,004
Accrued liabilities	909,710	-	909,710	-
Unearned revenue	51,269	360,533	411,802	-
Due to other units	-	-	-	11,600,665
Current portion of long-term debt	609,147	-	609,147	-
Current portion of capital leases	35,345	-	35,345	-
Self-insurance claims payable	121,095	-	121,095	482,547
Total current liabilities	<u>2,189,274</u>	<u>888,763</u>	<u>3,078,037</u>	<u>12,136,216</u>
Noncurrent Liabilities				
Payable from restricted assets	103,916	-	103,916	-
Deferred payroll taxes	150,596	-	150,596	-
Interfund loans payable	1,099,103	-	1,099,103	-
Long-term debt	7,802	-	7,802	-
Long-term capital leases	478,065	-	478,065	-
Total noncurrent liabilities	<u>1,839,482</u>	<u>-</u>	<u>1,839,482</u>	<u>-</u>
Total liabilities	<u>4,028,756</u>	<u>888,763</u>	<u>4,917,519</u>	<u>12,136,216</u>
Net Position				
Net investment in capital assets	2,748,714	1,381,965	4,130,679	-
Restricted for conservation	-	1,462,377	1,462,377	-
Unrestricted	3,975,739	699,806	4,675,545	1,328,077
Total net position	<u>6,724,453</u>	<u>3,544,148</u>	<u>10,268,601</u>	<u>1,328,077</u>
Total liabilities and net position	<u>\$ 10,753,209</u>	<u>\$ 4,432,911</u>	<u>\$ 15,186,120</u>	<u>\$ 13,464,293</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, 2020

	Enterprise Funds			Internal Service Fund
	Pleasant Valley Manor, Inc.	Other Enterprise Funds	Total Enterprise Funds	
Operating Revenues				
Charges for services	\$ 10,360,040	\$ 777,695	\$ 11,137,735	\$ 7,875,655
Medical Assistance cost report settlement	3,892,017	-	3,892,017	-
Miscellaneous	-	-	-	1,388,115
Total operating revenues	<u>14,252,057</u>	<u>777,695</u>	<u>15,029,752</u>	<u>9,263,770</u>
Operating Expenses				
Services and supplies	-	217,299	217,299	9,248,768
Patient care	14,971,592	-	14,971,592	-
Conservation and development	-	1,600,018	1,600,018	-
Total operating expenses	<u>14,971,592</u>	<u>1,817,317</u>	<u>16,788,909</u>	<u>9,248,768</u>
Operating income (loss)	<u>(719,535)</u>	<u>(1,039,622)</u>	<u>(1,759,157)</u>	<u>15,002</u>
Nonoperating Revenues (Expenses)				
Interest income	-	8,277	8,277	-
Grants and subsidies	3,669,814	1,020,982	4,690,796	-
Loss on disposal of fixed assets	(4,972)	-	(4,972)	-
Interest expense	(25,860)	-	(25,860)	-
Total nonoperating revenues (expenses)	<u>3,638,982</u>	<u>1,029,259</u>	<u>4,668,241</u>	<u>-</u>
Net (loss) before transfers	<u>2,919,447</u>	<u>(10,363)</u>	<u>2,909,084</u>	<u>15,002</u>
Transfers In	<u>-</u>	<u>96,093</u>	<u>96,093</u>	<u>-</u>
Changes in net position	<u>2,919,447</u>	<u>85,730</u>	<u>3,005,177</u>	<u>15,002</u>
Net Position, Beginning	<u>3,805,006</u>	<u>3,458,418</u>	<u>7,263,424</u>	<u>1,313,075</u>
Net Position, Ending	<u>\$ 6,724,453</u>	<u>\$ 3,544,148</u>	<u>\$ 10,268,601</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, 2020

	Enterprise Funds			Internal Service Fund
	Pleasant Valley Manor, Inc.	Other Enterprise Funds	Total Enterprise Funds	
Cash Flows From Operating Activities				
Receipts from customers	\$ 18,828,557	\$ 881,152	\$ 19,709,709	\$ -
Receipts from interfund services provided	-	-	-	7,984,288
Other cash receipts	-	-	-	1,396,339
Payments to suppliers	(6,571,045)	(616,357)	(7,187,402)	(9,380,627)
Payments to employees	(8,087,488)	(472,444)	(8,559,932)	-
Interest paid	(25,860)	-	(25,860)	-
Net cash provided by (used in) operating activities	4,144,164	(207,649)	3,936,515	-
Cash Flows From Noncapital Financing Activities				
Net operating transfers in	-	96,093	96,093	-
Subsidies and grants	(30,000)	341,965	311,965	-
Net cash provided by (used in) noncapital financing activities	(30,000)	438,058	408,058	-
Cash Flows From Capital and Related Financing Activities				
Net repayment of long-term debt	(159,554)	-	(159,554)	-
Purchase of fixed assets	(462,130)	(12,369)	(474,499)	-
Net cash used in capital and related financing activities	(621,684)	(12,369)	(634,053)	-
Cash Flows From Investing Activities				
Interest income	-	8,277	8,277	-
Net cash provided by investing activities	-	8,277	8,277	-
Net increase in cash and cash equivalents	3,492,480	226,317	3,718,797	-
Cash and Cash Equivalents, Beginning	1,639,290	1,505,887	3,145,177	-
Cash and Cash Equivalents, Ending	\$ 5,131,770	\$ 1,732,204	\$ 6,863,974	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ 2,919,447	\$ (1,039,622)	\$ 1,879,825	\$ 15,002
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	428,527	68,689	497,216	-
Noncash staffing costs	-	688,036	688,036	-
Loss on disposal of fixed assets	4,972	-	4,972	-
(Increase) decrease in assets:				
Residents' trust fund	41,624	-	41,624	-
Accounts receivable	813,793	919	814,712	8,224
Prepaid expenses	(25,607)	12,233	(13,374)	-
Inventories	(78,749)	916	(77,833)	1,104
Due from:				
Other funds	-	(55,271)	(55,271)	(1,598,401)
Other governmental units	-	(12,798)	(12,798)	17,136
Other assets	-	4,701	4,701	-
Increase (decrease) in liabilities:				
Accounts payable	(203,998)	9,212	(194,786)	4,060
Accrued liabilities	237,587	-	237,587	-
Unearned revenue	51,269	115,336	166,605	-
Due to other funds	-	-	-	1,689,898
Self-insurance claims payable	(44,701)	-	(44,701)	(137,023)
Net cash provided by (used in) operating activities	\$ 4,144,164	\$ (207,649)	\$ 3,936,515	\$ -

See notes to financial statements

County of Monroe, Pennsylvania

Statement of Net Position - Fiduciary Funds

December 31, 2020

	<u>Employee Retirement Trust Fund</u>	<u>Custodial Funds</u>	<u>Total Fiduciary Funds</u>
Assets			
Cash and cash equivalents	\$ -	\$ 12,601,187	\$ 12,601,187
Accrued interest receivable	56,026	-	56,026
Investments	121,263,916	-	121,263,916
Total assets	<u>\$ 121,319,942</u>	<u>\$ 12,601,187</u>	<u>\$ 133,921,129</u>
Liabilities and Net Position			
Liabilities			
Due to other funds	\$ 111,426	\$ 25,414	\$ 136,840
Funds held in escrow	-	3,272	3,272
Total liabilities	<u>111,426</u>	<u>28,686</u>	<u>140,112</u>
Net Position			
Restrcted for employees' retirement system	121,208,516	-	121,208,516
Restricted for individuals, organizations and other governments	-	12,572,501	12,572,501
Total net position	<u>121,208,516</u>	<u>12,572,501</u>	<u>133,781,017</u>
Total liabilities and net position	<u>\$ 121,319,942</u>	<u>\$ 12,601,187</u>	<u>\$ 133,921,129</u>

See notes to financial statements

County of Monroe, Pennsylvania

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

Year Ended December 31, 2020

	<u>Employee Retirement Trust Fund</u>	<u>Custodial Funds</u>	<u>Total Fiduciary Funds</u>
Additions			
Contributions:			
Employee contributions	\$ 1,933,954	\$ -	\$ 1,933,954
Employer contributions	3,734,394	-	3,734,394
Total contributions	<u>5,668,348</u>	<u>-</u>	<u>5,668,348</u>
Investment earnings:			
Dividends	1,915,007	-	1,915,007
Net appreciation in fair value of investments	13,151,155	-	13,151,155
Total investment earnings	15,066,162	-	15,066,162
Investment management fees	(520,120)	-	(520,120)
Total investment earnings, net	<u>14,546,042</u>	<u>-</u>	<u>14,546,042</u>
Custodial Collections:			
Taxes	-	1,986,565	1,986,565
Fees	-	47,364,837	47,364,837
Other	-	7	7
Total custodial collections	<u>-</u>	<u>49,351,409</u>	<u>49,351,409</u>
Total additions	<u>20,214,390</u>	<u>49,351,409</u>	<u>69,565,799</u>
Deductions			
Benefit payments to retired plan participants	5,286,324	-	5,286,324
Payments to other governments	-	25,933,907	25,933,907
Payments to individuals and organizations	-	22,620,288	22,620,288
Refunds of employee contributions	346,297	-	346,297
Other expenses	21,642	-	21,642
Total deductions	<u>5,654,263</u>	<u>48,554,195</u>	<u>54,208,458</u>
Change in net position	<u>14,560,127</u>	<u>797,214</u>	<u>15,357,341</u>
Net Position, Beginning			
As previously reported	106,648,389	-	106,648,389
Effect of adoption of GASB No. 84	-	11,775,287	11,775,287
As restated	<u>106,648,389</u>	<u>11,775,287</u>	<u>118,423,676</u>
Net Position, Ending	<u>\$ 121,208,516</u>	<u>\$ 12,572,501</u>	<u>\$ 133,781,017</u>

See notes to financial statements

County of Monroe, Pennsylvania

Combining Statement of Net Position - Component Units

December 31, 2020

	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
Assets							
Cash and cash equivalents	\$ 272,885	\$ 224,058	\$ 521,411	\$ 910,114	\$ 117,434	\$ 1,134,683	\$ 3,180,585
Cash and cash equivalents, restricted	12,914,147	-	-	-	84,894	-	12,999,041
Receivables:							
Grants and other	37,740	388,055	132,813	317,217	191,773	226,830	1,294,428
Related-party component units	-	242,424	170,047	-	-	-	412,471
Accrued interest on loan receivable	-	-	-	-	-	44,870	44,870
Notes receivable, land and building projects	-	-	3,177,090	535,368	-	-	3,712,458
Note receivable	652,007	2,373,825	-	-	-	-	3,025,832
Interfund loans receivable	-	-	-	-	-	94,196	94,196
Inventories	-	-	-	-	21,711	3,985	25,696
Prepaid expenses	7,952	10,366	-	11,114	-	33,295	62,727
Other assets	556	7,814	14,268,296	-	-	-	14,276,666
Capital assets being depreciated, net	3,443	807,002	45,663	2,983,114	13,404,930	14,255	17,258,407
Total assets	13,888,730	4,053,544	18,315,320	4,756,927	13,820,742	1,552,114	56,387,377
Deferred Outflows of Resources							
Related to pensions	-	-	-	-	-	2,932	2,932

See notes to financial statements

County of Monroe, Pennsylvania

Combining Statement of Net Position - Component Units

December 31, 2020

	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
Liabilities and Net Position							
Current Liabilities							
Line of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payables:							
Accounts	717	253,982	3,637	246,159	40,481	158,457	703,433
Grants	22,265	270,175	-	-	-	94,196	386,636
Related-party component units	204,877	-	207,594	-	259,890	-	672,361
Due to TIF districts	12,791,801	-	-	-	-	-	12,791,801
Accrued liabilities	-	-	6,817,151	37,326	-	-	6,854,477
Lot deposit	-	-	-	28,772	-	-	28,772
Unearned revenue	-	-	-	-	40,713	40,548	81,261
Current portion of bonds and notes payable	-	576,960	214,199	378,134	29,781	-	1,199,074
Notes payable, land and building projects	-	-	3,177,090	-	-	-	3,177,090
Total current liabilities	13,019,660	1,101,117	10,419,671	690,391	370,865	293,201	25,894,905
Noncurrent Liabilities							
Noncurrent portion of:							
Compensated absences	-	-	-	774,780	-	8,105	782,885
Loan payable to primary government	-	-	5,134,891	-	-	-	5,134,891
Net pension liability	-	-	-	-	-	8,386	8,386
Bonds and notes payable	-	2,238,206	6,799,347	-	135,718	-	9,173,271
Total noncurrent liabilities	-	2,238,206	11,934,238	774,780	135,718	16,491	15,099,433
Total liabilities	13,019,660	3,339,323	22,353,909	1,465,171	506,583	309,692	40,994,338
Deferred Inflows of Resources							
Related to pensions	-	-	-	-	-	2,316	2,316
Net Position (Deficit)							
Net investment in capital assets	3,443	807,002	45,663	2,983,114	12,979,541	14,255	16,833,018
Restricted for other purposes	313,781	-	-	-	-	960,749	1,274,530
Unrestricted	551,846	(92,781)	(4,084,252)	308,642	334,618	268,034	(2,713,893)
Total net position (deficit)	\$ 869,070	\$ 714,221	\$ (4,038,589)	\$ 3,291,756	\$ 13,314,159	\$ 1,243,038	\$ 15,393,655

See notes to financial statements

County of Monroe, Pennsylvania

Combining Statement of Activities - Component Units
Year Ended December 31, 2020

	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
Component Units											
Industrial and economic development:											
Monroe County Industrial Development Authority	\$ 3,389,745	\$ 106,856	\$ 3,187,908	\$ -	\$ (94,981)					\$ (94,981)	
Pocono Mountains Industrial Park Authority	1,539,643	683,344	793,444	158,268		\$ 95,413				95,413	
Pocono Mountains Industries, Inc.	1,921,206	3,764,967	290,000	-		\$ 2,133,761				2,133,761	
Waste management:											
Monroe County Municipal Waste Management Authority	2,562,697	3,054,118	75,685	-			\$ 567,106			567,106	
Airport operation:											
Pocono Mountains Municipal Airport Authority	1,067,636	381,198	63,991	1,584,962				\$ 962,515		962,515	
Public works:											
Redevelopment Authority of Monroe County	1,756,189	38,953	1,713,310	-					\$ (3,926)	(3,926)	
Total component units	\$ 12,237,116	\$ 8,029,436	\$ 6,124,338	\$ 1,743,230	(94,981)	95,413	2,133,761	567,106	962,515	(3,926)	3,659,888
General Revenues											
Interest, investment earnings and royalties					6,577	1	209	2,715	184	4,852	14,538
Mortgage payoffs					-	-	-	-	-	36,813	36,813
Miscellaneous					55,000	3,491	-	-	-	31,852	90,343
PPP loan forgiveness					-	-	-	210,602	-	-	210,602
Impairment loss					-	-	(6,752,608)	-	-	-	(6,752,608)
Total general revenues					61,577	3,492	(6,752,399)	213,317	184	73,517	(6,400,312)
Change in net position					(33,404)	98,905	(4,618,638)	780,423	962,699	69,591	(2,740,424)
Net Position, Beginning					902,474	615,316	580,049	2,511,333	12,351,460	1,173,447	18,134,079
Net Position, Ending	\$ 869,070	\$ 714,221	\$ (4,038,589)	\$ 3,291,756	\$ 3,291,756	\$ 13,314,159	\$ 1,243,038	\$ 15,393,655			

See notes to financial statements

County of Monroe, Pennsylvania

Notes to Financial Statements
December 31, 2020

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, 2020 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

Notes to Financial Statements
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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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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, 2020:

Assets	\$ 5,010,328
Liabilities	<u>(5,402,372)</u>
Net assets (deficit)	<u>\$ (392,044)</u>
Revenues	\$ 19,416,669
Expenditures	(20,801,189)
Transfers	<u>1,355,484</u>
Net decrease in net position	<u>\$ (29,036)</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

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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, 2020:

Assets	\$	1,239,698
Liabilities		<u>(382,104)</u>
Net assets	\$	<u>857,594</u>
Revenues	\$	3,712,445
Expenditures		<u>(3,568,132)</u>
Net increase in net position	\$	<u>144,313</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

Notes to Financial Statements
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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

Notes to Financial Statements
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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

Notes to Financial Statements
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The following are the County's major governmental funds:

General 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

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.

Calendar Year Programs

The Calendar Year Programs fund is used to account for specific revenue sources related to annual grants. For 2020, the largest component of this Fund relates to the County Relief Block Grant funding received by the County.

Capital Projects 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.

The County reports the following major proprietary funds:

Pleasant Valley Manor, Inc.

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.

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.

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.

County of Monroe, Pennsylvania

Notes to Financial Statements
December 31, 2020

Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, 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."

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.

County of Monroe, Pennsylvania

Notes to Financial Statements
December 31, 2020

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.

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:

	Governmental Activities	Business-Type Activities
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 funds financial statements 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.

County of Monroe, Pennsylvania

Notes to Financial Statements

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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.

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.

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.

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.

County of Monroe, Pennsylvania

Notes to Financial Statements
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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.

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.

New Accounting Standards

The County adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, during 2020. This statement establishes guidance for determining the timing and pattern of recognition for liabilities and deferred outflows of resources related to certain asset retirement obligations. The implementation of this standard did not have a material effect on the County's financial statements.

The County adopted GASB Statement No. 84, *Fiduciary Activities*, during 2020. This statement amends criteria for identifying fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of this standard resulted in the Pension Trust Fund being reported as a fiduciary component unit, a restatement of beginning custodial fund net position by \$11,775,287, and expansion of note disclosures.

The County adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, during 2020. This statement improves the information that is disclosed related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of this standard did not have a material effect on the County's financial statements.

County of Monroe, Pennsylvania

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The County adopted GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, during 2020. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The adoption of this standard did not have a material effect on the County's financial statements.

The County adopted portions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans*, during 2020. This standard increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board would typically perform; mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and enhances the relevance, consistency and comparability of accounting and financial reporting for IRC Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The County adopted the requirements of this Statement that exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans or other employee benefit plans and limit the applicability of the financial burden criterion in paragraph 7 of GASB No. 84 to defined benefit pension and OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of GASB Nos. 67 and 74. The adoption of this standard did not have a significant impact on the County's financial statements.

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.

Accounts Receivable

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

County of Monroe, Pennsylvania

Notes to Financial Statements

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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

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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, 2020

Primary Government

The carrying amounts of the cash and investments consist of the following at December 31, 2020:

Cash and cash equivalents:	
Governmental	\$ 35,108,557
Business-type	6,288,491
Fiduciary	12,601,187
Component units	3,180,585
Restricted cash and cash equivalents:	
Business-type	563,767
Component units	12,999,041
Investments, fiduciary	121,263,916
	<u>\$ 192,005,544</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, 2020, the carrying amounts of the County's governmental and fiduciary fund bank deposits were \$41,631,735 and the bank balances were \$45,856,474, of which \$1,711,298 was covered by the Federal Deposit Insurance Corporation (FDIC). The remaining amount 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. The County has a petty cash balance of \$6,098 at December 31, 2020.

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, 2020, both the carrying amount and the bank balance of the County's deposits with PLGIT was \$6,071,911.

Pleasant Valley Manor, Inc. (the Manor)

Concentrations of Credit Risk

At times during the year ended December 31, 2020, 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

Notes to Financial Statements
December 31, 2020

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 percent to 19 percent of total investments.

At December 31, 2020, 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 percent of the total market value of the corresponding investment type in the portfolio. In addition, not more than 25 percent of common stock investments may be held in any one industry category.

County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2020

At December 31, 2020, the County carried the following investments representing more than 5 percent of the total investments in its Employee Retirement Trust Fund:

Investments	Security Identifier	Fair Value	Percentage of Total Investments
Equity Mutual Funds:			
SEI Large Cap Index Fund	LCIAX	\$ 36,005,307	29.7 %
SEI World Equity Ex-U.S. Fund	WEUSX	30,135,041	24.9
Fixed Income Mutual Fund,			
SEI Core Fixed Income Fund	SCOAX	15,115,068	12.5

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

The following table presents the balances of fair value measurement on a recurring basis by level within the hierarchy as of December 31, 2020:

	Fiduciary Funds			Total
	Level 1	Level 2	Level 3	
Money market	\$ 13	\$ -	\$ -	\$ 13
Equity mutual funds:				
Large blend	70,126,857	-	-	70,126,857
Small blend	5,480,710	-	-	5,480,710
	75,607,567	-	-	75,607,567
Fixed income mutual funds:				
Emerging markets	4,947,083	-	-	4,947,083
High yield	4,918,836	-	-	4,918,836
Intermediate term	15,115,068	-	-	15,115,068
Short-term	5,770,064	-	-	5,770,064
Inflation protected	3,504,551	-	-	3,504,551
	34,255,602	-	-	34,255,602
Total investments measured by fair value levels	\$ 109,863,182	\$ -	\$ -	109,863,182
Measured at net asset value (NAV) Collective investment trust funds				11,400,734
Total investments measured at fair value				\$ 121,263,916

County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2020

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:

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Collective Investments Trust				
Funds:				
Core Property	\$ 5,708,580	\$ -	Quarterly	65 days
GPA IV	1,730,423	-	N/A	N/A
Opportunity	3,961,731	-	Quarterly	65 days
	<u>\$ 11,400,734</u>	<u>\$ -</u>		

4. Grants and Restricted Cash, Component Units

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, 2020, 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, 2020:

Private pay	\$ 491,045
Medicare	766,659
Medical Assistance	718,742
Other insurance and hospice	331,062
Miscellaneous	51,097
	<u>2,358,605</u>
Allowance for doubtful accounts	<u>(376,915)</u>
Total net accounts receivable	<u>\$ 1,981,690</u>

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

County of Monroe, Pennsylvania

Notes to Financial Statements
December 31, 2020

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 2020 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 (2.768 mills) and debt service purposes (0.4593 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 percent discount to April 30, with no discount or penalty to June 30, and with a 10 percent penalty from July 1 to December 31. During May 2020, the County amended its tax collection calendar to extend the discount period to August 31 and the face collection period to December 31, 2020. (During 2020, there was no "penalty" collection period.) 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 91 percent 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.

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, 2020:

Rt 447 Storage Center LLC	\$	114,211
RR2 Airport Rd LLC		228,263
EVS Metals		428,450
Summit Aerospace		428,785
114 Progress LLC		385,243
Harmony Labels, Inc.		98,765
DK Stroudsburg LLC		1,493,373
		<hr/>
	\$	<u>3,177,090</u>

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

County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2020

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 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 Local Share Account 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 percent 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, 2020:

Skyline Heights, Inc.	\$	481,536
Small business loans		170,471
		<hr/>
Total notes receivable		652,007
		<hr/>
Less current portion		73,907
		<hr/>
	\$	<u>578,100</u>

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, 2020 is \$2,373,825.

County of Monroe, Pennsylvania

Notes to Financial Statements
December 31, 2020

9. Capital Assets

Primary Government, Governmental Activities

The changes in capital assets were as follows:

	Balance, January 1, 2020	Additions	Deletions	Balance, December 31, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,945,826	\$ -	\$ -	\$ 1,945,826
Construction in process	-	3,648,070	-	3,648,070
Agricultural easements	20,288,825	-	-	20,288,825
Total capital assets, not being depreciated	22,234,651	3,648,070	-	25,882,721
Capital assets, being depreciated:				
Building and improvements	42,425,582	1,778,979	(449,169)	43,755,392
Equipment and furniture	5,090,580	1,896,535	(1,879,509)	5,107,606
Infrastructure	3,648,587	20,579	-	3,669,166
Total capital assets being depreciated	51,164,749	3,696,093	(2,328,678)	52,532,164
Accumulated depreciation:				
Building and improvements	23,668,901	1,213,330	(449,169)	24,433,062
Equipment and furniture	3,908,508	344,978	(1,862,538)	2,390,948
Infrastructure	2,317,998	95,535	-	2,413,533
Total accumulated depreciation	29,895,407	1,653,843	(2,311,707)	29,237,543
Total capital assets, being depreciated, net	21,269,342	2,042,250	(16,971)	23,294,621
Governmental activities capital assets, net	<u>\$ 43,503,993</u>	<u>\$ 5,690,320</u>	<u>\$ (16,971)</u>	<u>\$ 49,177,342</u>

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

General government:	
Administrative	\$ 672,411
Judicial	304,512
Public safety	544,075
Public works	35,599
Human services	28,847
Culture and recreation	61,694
Conservation and development	6,705
	<u>\$ 1,653,843</u>

County of Monroe, Pennsylvania

Notes to Financial Statements
December 31, 2020

Primary Government, Business-Type Activities

Pleasant Valley Manor, Inc. (the Manor)

The changes in capital assets were as follows:

	<u>Balance, January 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, December 31, 2020</u>
Capital assets, not being depreciated:				
Land	\$ 9,538	\$ -	\$ -	\$ 9,538
Capital assets, being depreciated:				
Land improvements	535,748	-	-	535,748
Building and improvements	6,355,233	38,456	-	6,393,689
Equipment and furniture	9,163,884	374,242	(93,066)	9,445,060
Construction in progress	-	49,432	-	49,432
Total capital assets being depreciated	16,054,865	462,130	(93,066)	16,423,929
Accumulated depreciation	12,817,065	428,527	(88,094)	13,157,498
Total capital assets, being depreciated, net	3,237,800	33,603	(4,972)	3,266,431
Capital assets, net	<u>\$ 3,247,338</u>	<u>\$ 33,603</u>	<u>\$ (4,972)</u>	<u>\$ 3,275,969</u>

County of Monroe, Pennsylvania

Notes to Financial Statements
December 31, 2020

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:

	Balance, January 1, 2020	Additions	Deletions	Balance, December 31, 2020
Capital assets, not being depreciated:				
Collection	\$ 3,725	\$ -	\$ -	\$ 3,725
Land	253,724	-	-	253,724
Total capital assets, not being depreciated	<u>257,449</u>	<u>-</u>	<u>-</u>	<u>257,449</u>
Capital assets, being depreciated:				
Sewer improvements	1,035,391	-	-	1,035,391
Buildings	539,259	-	-	539,259
Equipment	112,394	12,369	-	124,763
Furniture	25,540	-	-	25,540
Vehicles	162,282	-	-	162,282
Total capital assets being depreciated	<u>1,874,866</u>	<u>12,369</u>	<u>-</u>	<u>1,887,235</u>
Accumulated depreciation:				
Sewer improvements	702,317	35,674	-	737,991
Buildings	182,370	20,158	-	202,528
Equipment	96,914	7,486	-	104,400
Furniture	25,689	452	-	26,141
Vehicles	145,064	4,919	-	149,983
Total accumulated depreciation	<u>1,152,354</u>	<u>68,689</u>	<u>-</u>	<u>1,221,043</u>
Total capital assets, being depreciated, net	<u>722,512</u>	<u>(56,320)</u>	<u>-</u>	<u>666,192</u>
Capital assets, net	<u>\$ 979,961</u>	<u>\$ (56,320)</u>	<u>\$ -</u>	<u>\$ 923,641</u>

County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2020

Discretely Presented Component Units

Monroe County Municipal Waste Management Authority (MWMA)

The changes in capital assets were as follows:

	Balance, January 1, 2020	Additions	Deletions	Balance, December 31, 2020
Capital assets, not being depreciated,				
Land	\$ 215,779	\$ -	\$ -	\$ 215,779
Capital assets, being depreciated:				
Building	2,855,964	228,440	-	3,084,404
Office furniture	73,799	44,940	-	118,739
Equipment	1,053,350	19,320	-	1,072,670
Vehicles	1,304,211	58,076	-	1,362,287
Land improvement	25,455	257,938	-	283,393
Total capital assets being depreciated	5,312,779	608,714	-	5,921,493
Accumulated depreciation:				
Building	1,108,685	74,329	-	1,183,014
Office furniture	74,413	8,157	-	82,570
Equipment	871,824	30,692	-	902,516
Vehicles	817,710	141,810	-	959,520
Land improvement	17,400	9,138	-	26,538
Total accumulated depreciation	2,890,032	264,126	-	3,154,158
Total capital assets, being depreciated, net	2,422,747	344,588	-	2,767,335
Capital assets, net	\$ 2,638,526	\$ 344,588	\$ -	\$ 2,983,114

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, 2020

The changes in capital assets were as follows:

	Balance, January 1, 2020	Additions	Deletions	Balance, December 31, 2020
Capital assets, not being depreciated:				
Land	\$ 2,384,254	\$ -	\$ -	\$ 2,384,254
Capital assets, being depreciated:				
Runway improvements	16,309,203	152,715	-	16,461,918
Buildings and improvements	2,556,741	1,437,756	-	3,994,497
Equipment	689,343	70,043	(34,387)	724,999
Total capital assets being depreciated	19,555,287	1,660,514	(34,387)	21,181,414
Accumulated depreciation:				
Runway improvements	7,640,819	626,342	-	8,267,161
Buildings and improvements	1,171,663	98,635	-	1,270,298
Equipment	640,024	17,642	(34,387)	623,279
Total accumulated depreciation	9,452,506	742,619	(34,387)	10,160,738
Total capital assets, being depreciated, net	10,102,781	917,895	-	11,020,676
Capital assets, net	\$ 12,487,035	\$ 917,895	\$ -	\$ 13,404,930

10. 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, 2020, the County has interfund loans receivable due from the Manor of \$548,547 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, 2020, the County had interfund loans receivable from the Manor of \$117,444 and \$433,110 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. At December 31, 2020, the balance on this loan was \$603,104. At December 31, 2020, the County has an interfund loan receivable due from the Manor of \$603,104 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, 2020

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. Interest is accrued on the loan receivable equal to the interest payments required on the Series of 2009 General Obligation Bonds. The balance outstanding was \$4,998,169 at December 31, 2020. In addition, the County has recorded accrued interest amounting to \$3,814,778 at December 31, 2020. The amount is recorded as a note payable by PMI.

11. Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows as of December 31, 2020:

	Due From Other Funds	Due To Other Funds
Governmental Funds:		
General Fund	\$ 22,463,372	\$ 12,138,033
Children and Youth Fund	2,160,739	5,759,932
Calendar Year Programs	809,219	6,881,828
Capital Projects Fund	24,541	1,965,287
Other Governmental Funds	8,416,017	9,034,373
	<u>33,873,888</u>	<u>35,779,453</u>
Proprietary Funds:		
Other Enterprise Fund	623,326	-
Internal Service Fund	13,019,744	11,600,665
	<u>13,643,070</u>	<u>11,600,665</u>
Fiduciary Funds:		
Employee Retirement Trust Fund	-	111,426
Agency Fund	-	25,414
	<u>-</u>	<u>136,840</u>
Total interfund receivables and payables	<u>\$ 47,516,958</u>	<u>\$ 47,516,958</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, 2020

The composition of interfund transfers is as follows during the year ended December 31, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 1,990,451	\$ 4,885,756
Children and Youth Fund	3,612,511	-
Calendar Year Programs	42,958	1,990,451
Other Governmental Funds	1,173,177	38,983
Proprietary Funds:		
Other Enterprise Funds	96,093	-
Total interfund transfers	<u>\$ 6,915,190</u>	<u>\$ 6,915,190</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 2020, the Calendar Year Programs fund transferred funds to the General Fund in reimbursement of eligible expenditures under the County Relief Block Grant funding.

12. 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
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Project costs have been capitalized as follows as of December 31, 2020:

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>170,607</u>
Total project costs		10,926,769
Cost of lots sold		<u>(2,056,608)</u>
Remaining project costs	\$	<u>8,870,161</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, 2020:

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>57,319</u>
Total project costs		15,450,345
Cost of lots sold		(3,417,737)
Less: valuation allowance, impairment loss		<u>(6,752,608)</u>
Remaining project costs	\$	<u>5,280,000</u>

Based on a land appraisal performed for PMI, the market value of the land available for sale in Pocono Mountains Corporate Center West was determined to be \$5,280,000. Accounting principles require that land held for resale to be recorded at the lower of cost or market value. The result is an impairment loss of \$6,752,508.

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December 31, 2020

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, 2020:

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>

13. Tax Increment Project Components Units

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, 2020 is \$11,740,000.

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, 2020 is \$23,300,000.

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 \$12,914,147 at December 31, 2020. 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.

County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2020

14. Long-Term Debt

Primary Government, Governmental Activities

A summary of changes in long-term debt for the year ended December 31, 2020 is as follows:

Description	Interest Rate	Amount of Original Issue	Balance, January 1, 2020	Additions	Payments	Balance, December 31, 2020	Current Portion
General Obligation Bonds, Series A of 2009	5.80 - 5.90 %	\$ 8,570,000	\$ 8,065,000	\$ -	\$ 85,000	\$ 7,980,000	\$ 95,000
General Obligation Bonds, Series B of 2012	3.00	4,875,000	2,685,000	-	2,685,000	-	-
General Obligation Bonds, Series C of 2012	2.00	585,000	560,000	-	560,000	-	-
General Obligation Bonds, Series D of 2012	2.25 - 3.674	6,675,000	6,650,000	-	1,470,000	5,180,000	5,090,000
General Obligation Bonds, Series of 2014	2.50 - 5.00	19,215,000	11,465,000	-	200,000	11,265,000	5,000
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	2.18 - 2.57	7,760,000	7,735,000	-	25,000	7,710,000	20,000
Subtotal			40,125,000	-	5,025,000	35,100,000	5,210,000
Bond premiums and discounts, net			1,720,017	-	325,402	1,394,615	-
Total			\$ 41,845,017	\$ -	\$ 5,350,402	\$ 36,494,615	\$ 5,210,000

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 percent, 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 B of 2012, in the principal amount of \$4,875,000, payable in varying annual installments plus interest at 3.00 percent, with final maturity scheduled for 2020. These bond proceeds were used to advance refund the County's General Obligation Bonds, Series B of 2007 and to pay the costs of issuing and insuring the Bonds. The County repaid the Series B of 2012 bonds in full during 2020.

County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2020

During 2012, the County issued its General Obligation Bonds, Series C of 2012, in the principal amount of \$585,000, payable in varying annual installments plus interest at 2.00 percent, with final maturity scheduled for 2020. These bond proceeds were used to advance refund the County's General Obligation Bonds, Series C of 2007 and to pay the costs of issuing and insuring the Bonds. The County repaid the Series C of 2012 bonds in full during 2020.

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 percent, with final maturity scheduled for 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 percent, 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.

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 percent 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.

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 during the year ended December 31, 2020 amounts to \$1,638,796.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
Years ending:			
2021	\$ 5,210,000	\$ 1,498,156	\$ 6,708,156
2022	5,357,784	1,305,067	6,662,851
2023	5,752,216	995,921	6,748,137
2024	5,955,000	749,593	6,704,593
2025	6,220,000	484,868	6,704,868
2026 - 2027	6,605,000	330,298	6,935,298
	<u>\$ 35,100,000</u>	<u>\$ 5,363,903</u>	<u>\$ 40,463,903</u>

County of Monroe, Pennsylvania

Notes to Financial Statements
December 31, 2020

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

Long-term debt consists of the following at December 31, 2020:

	<u>January 1, 2020</u>	<u>Additions</u>	<u>Repayments</u>	<u>December 31, 2020</u>	<u>Due Within One Year</u>
County loan	\$ 723,104	\$ -	\$ (120,000)	\$ 603,104	\$ 603,104
USDA note payable	19,695	-	(5,850)	13,845	6,043
	<u>\$ 742,799</u>	<u>\$ -</u>	<u>\$ (125,850)</u>	<u>\$ 616,949</u>	<u>\$ 609,147</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 percent, maturing October 2022. The note payable is secured by substantially all assets of the Manor, including the equipment which the loan was utilized to finance.

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

2021	\$ 609,147
2022	7,802

Aggregate Discretely Presented Component Units

Pocono Mountains Industrial Park Authority (PMIPA)

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

	<u>January 1, 2020</u>	<u>Additions</u>	<u>Repayments</u>	<u>December 31, 2020</u>	<u>Due Within One Year</u>
Note payable, ESSA Bank & Trust Co. - Exits 298 and 299 project	\$ 411,062	\$ 6,483	\$ -	\$ 417,545	\$ 417,545
Note payable, Pennsylvania Department of Community and Economic Development (DCED)	2,524,429	-	(150,604)	2,373,825	153,643
Note payable, MCIDA	31,315	-	(7,519)	23,796	5,772
Total	<u>\$ 2,966,806</u>	<u>\$ 6,483</u>	<u>\$ (158,123)</u>	<u>\$ 2,815,166</u>	<u>\$ 576,960</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 percent. As of December 31, 2020, a total of \$417,545 has been drawn down on the note, leaving \$3,582,455 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.

County of Monroe, Pennsylvania

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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 percent. 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 percent. The loan will mature in December 2024.

Schedule of maturities for years ending December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 576,960	\$ 49,516	\$ 626,476
2022	162,634	43,279	205,913
2023	165,915	39,996	205,911
2024	169,264	36,648	205,912
2025	166,429	33,288	199,717
2026 - 2030	883,909	114,673	998,582
2031 - 2034	690,055	25,597	715,652
	<u>\$ 2,815,166</u>	<u>\$ 342,997</u>	<u>\$ 3,158,163</u>

Pocono Mountains Industries, Inc. (PMI)

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

	<u>January 1, 2020</u>	<u>Additions</u>	<u>Repayments</u>	<u>December 31, 2020</u>	<u>Due Within One Year</u>
Mortgage payable, PP&L					
Electric Utilities Corporation	\$ 105,000	\$ -	\$ -	\$ 105,000	\$ 105,000
Loan payable, Monroe County	110,000	-	-	110,000	-
Note payable, Commonwealth Financing Authority	6,816,457	-	-	6,816,457	-
Note payable, Monroe County	7,363,368	-	(2,365,199)	4,998,169	-
D2PA Revolving Loan Fund	100,000	-	-	100,000	100,000
Loan payable, Monroe County Small Business Loan Fund	41,892	-	(5,971)	35,921	9,199
Total	14,536,717	-	(2,371,170)	12,165,547	214,199
Unamortized bond discount	(24,734)	-	7,624	(17,110)	-
Net notes payable	<u>\$ 14,511,983</u>	<u>\$ -</u>	<u>\$ (2,363,546)</u>	<u>\$ 12,148,437</u>	<u>\$ 214,199</u>

County of Monroe, Pennsylvania

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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>
2021	\$ 214,199	\$ 544	\$ 214,743
2022	6,825,841	1,504,523	8,330,364
2023	5,117,743	6,351,205	11,468,948
2024	7,764	13	7,777
	<u>\$ 12,165,547</u>	<u>\$ 7,856,285</u>	<u>\$ 20,021,832</u>

Mortgage payable; PP&L Electric Utilities Corporation; dated February 2, 2002; 0.00 percent interest; minimum annual payment of \$125,000 beginning in 2005; sharing a first lien on the property with PIDA; there is an informal agreement to extend repayment period through at least December 31, 2021.

Loan payable; County of Monroe; dated March 1, 2006; interest at 2.75 percent; unpaid principal balance and interest due earlier of March 1, 2021 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 percent 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.

Note payable; County of Monroe; dated April 1, 2009; interest ranging from 5.80 percent to 5.90 percent. 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 percent effective September 1, 2021.

Note payable; D2PA Revolving Loan Fund; dated January 25, 2017; 0.00 percent interest, unless an event of default occurs, at which point interest accrues at five points per year above Wall Street Journal prime rate; unpaid principal balance due the earlier of January 25, 2022 or the sale of Lot 28 in Pocono Mountains Corporate Center East.

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

15. Leases

Operating Leases

The County leases office space, land and certain equipment under various operating leases. Future minimum lease payment requirements under these leases are as follows for the years ending December 31 and thereafter:

2021	\$ 812,907
2022	618,280
2023	584,467
2024	471,904
2025	440,710
Thereafter	794,428
	<u>\$ 3,722,696</u>

Total rental expense for these leases during 2020 approximated \$800,000.

County of Monroe, Pennsylvania

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Pleasant Valley Manor, Inc. (the Manor)

Operating Leases

The Manor leased copier and telephone equipment under various operating leases expiring through 2022. Rent expenses under these leases was \$17,906 for the year ended December 31, 2020. Minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year as of December 31 are as follows:

2021	\$	9,429
2022		<u>5,029</u>
	\$	<u>14,458</u>

Capital Lease

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 capital lease that expires in March 2032. The asset and liability under the 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 \$979,533 is included in fixed equipment and is being depreciated over its related lease term. Depreciation of the asset under capital lease in the amount of \$68,420 is included in depreciation expense for the year ended December 31, 2020. Accumulated depreciation for property held under capital lease was \$273,680 at December 31, 2020.

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

2021	\$	59,045
2022		59,045
2023		59,045
2024		59,045
2025		59,045
Thereafter		<u>369,036</u>
Total minimum lease payments		664,261
Amounts representing interest		<u>(150,851)</u>
Present value of minimum lease payments	\$	<u>513,410</u>

Interest rate on the capital lease is 4.77 percent 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.

County of Monroe, Pennsylvania

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16. 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, 2020:

Inactive plan members or beneficiaries currently receiving benefits	341
Inactive plan members entitled to, but not yet receiving benefits	84
Active plan members	650
	<hr/>
	1,075
	<hr/> <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 percent 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

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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 2020 measurement period, the active member contribution rate was 5.00 percent of annual pay, and the County average contribution rate was 12.00 percent of annual payroll.

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of plan investment expense, was 13.90 percent. 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, 2020, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2020. 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, 2020 are as follows:

Total pension liability	\$ 123,364,787
Plan fiduciary net position	<u>121,319,943</u>
Plan net pension liability	<u>\$ 2,044,844</u>
Plan fiduciary net position as a percentage of total pension liability	<u>98.34%</u>

Changes in Net Pension Liability

The following table shows the changes in net pension liability for the year ended December 31, 2020.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) - (b)
Balance, December 31, 2019	\$ 116,811,530	\$ 106,736,349	\$ 10,075,181
Changes for the year:			
Service cost	3,346,551	-	3,346,551
Interest	7,981,572	-	7,981,572
Differences between expected and actual experience	857,755	-	857,755
Changes of assumptions	-	-	-
Contributions, employer	-	3,734,394	(3,734,394)
Contributions, member	-	1,933,954	(1,933,954)
Net investment income (loss)	-	14,574,351	(14,574,351)
Benefit payments, including refunds of member contributions	(5,632,621)	(5,632,621)	-
Plan administrative expense (excluding investment advisory fees)	-	(29,896)	29,896
Other changes	-	3,412	(3,412)
Balance, December 31, 2020	<u>\$ 123,364,787</u>	<u>\$ 121,319,943</u>	<u>\$ 2,044,844</u>

County of Monroe, Pennsylvania

Notes to Financial Statements

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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, 2020 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 RP-2013 Annuitant and Non Annuitant Mortality Tables for Males and Females with no projected improvement.

The actuarial assumptions used in the December 31, 2020 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	47 %	5.4 - 6.4 %
International equity	19	5.5 - 6.5
Fixed income	34	1.3 - 3.3
Real estate	-	4.5 - 5.5
Cash	-	0.0 - 1.0

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. 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, 2020

Net Pension Liability Sensitivity

The following presents the net pension liability of the County, calculated using the discount rate of 6.75 percent, 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 percent) or one percentage point higher (7.75 percent) 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	\$ 16,106,253	\$ 2,044,844	\$ (9,772,525)

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

For the year ended December 31, 2020, the County recognized pension expense of \$1,879,035. At December 31, 2020, 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	\$ 1,343,518	\$ 97,441
Changes in assumptions	3,248,226	-
Net difference between projected and actual earnings on pension plan investments	-	8,555,292
	<u>\$ 4,591,744</u>	<u>\$ 8,652,733</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:

2021	\$ (391,592)
2022	880,082
2023	(3,247,139)
2024	<u>(1,302,340)</u>
	<u>\$ (4,060,989)</u>

17. 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>Calendar Year Programs</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable for loans receivable	<u>\$ 603,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,548</u>	<u>\$ 1,151,652</u>

County of Monroe, Pennsylvania

Notes to Financial Statements

December 31, 2020

	<u>General Fund</u>	<u>Calendar Year Programs</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:					
Program purposes	\$ -	\$ 4,414,405	\$ -	\$ 6,932,721	\$ 11,347,126
County programs	-	-	-	2,402,869	2,402,869
Debt	-	-	-	581,159	581,159
Capital projects	-	-	24,004	-	24,004
	<u>\$ -</u>	<u>\$ 4,414,405</u>	<u>\$ 24,004</u>	<u>\$ 9,916,749</u>	<u>\$ 14,355,158</u>
Committed for:					
Subsequent year budget	\$ 9,284,680	\$ -	\$ -	\$ -	\$ 9,284,680
Capital projects	1,471,464	-	-	-	1,471,464
Operating reserve	250,000	-	-	-	250,000
	<u>\$ 11,006,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,006,144</u>

Deficit Fund Balances

The Capital Projects Fund has an unassigned net deficit fund balance of \$2,137,022 at December 31, 2020. The County anticipates this deficit will be funded through additional borrowings in future years as related to the Courthouse expansion and renovation project.

The DUI Central Processing Fund and the Monroe County Transportation Agency Operations Fund have unassigned net deficit fund balances of \$45,296 and \$24,600, respectively, at December 31, 2020. The County anticipates future revenues streams will result in positive changes in fund balances in future years.

18. 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, 2020.

Loan Guarantees

As part of its affordable housing program, the County has guaranteed the outstanding debt of various entities totaling \$2,397,003. The guaranteed loans mature between 2026 and 2050.

County of Monroe, Pennsylvania

Notes to Financial Statements
December 31, 2020

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economy, financial markets and the geographical area of the County. It is unknown how long these conditions will last and what the complete financial effect will be to the County.

19. 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, 2020 amounted to \$685,176.

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

For the year ended December 31, 2020, 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, 2019, 2018 and 2017.

20. Restatement of Beginning Net Position and Implementation of GASB No. 84, *Fiduciary Activities*

During the year ended December 31, 2020, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of financial statements by including accruals and ending net position to custodial funds not previously required. Beginning net position has been restated to reflect this change. The adjustment to beginning balances are as follows:

Fiduciary activities, Custodial Funds	
Net position, January 1, 2020, as previously presented	\$ -
Restatement due to change in accounting principle	<u>11,775,287</u>
Net position, January 1, 2020, as restated	<u>\$ 11,775,287</u>

In addition, following an evaluation of the activity included in the December 31, 2019 agency funds, the County determined that certain activities did not meet the criteria to be included within the County's financial reporting entity, which removed approximately \$845,000 in previously reported cash and approximately \$9,100,000 in previously reported investments.

County of Monroe, Pennsylvania

Notes to Financial Statements
December 31, 2020

21. New Accounting Pronouncements

The GASB has approved the following standards:

- Statement No. 87, *Leases*
- Statement No. 90, *Majority Equity Interests-an Amendment to GASB Statements No. 14 and No. 61*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an Amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32 (portions of GASB Statement No. 97 were implemented in 2020, see Note 2).*
- Statement No. 98, *The Annual Comprehensive Financial Report*

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.

22. Subsequent Events

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The County's estimated award is \$33,073,146, which will be used to combat the negative effects of the public health emergency in the local economy. The County received 50 percent of the funds in June 2021, with the remaining expected a year later. The funds are to cover costs incurred through December 31, 2024.

In January 2021, the County issued its General Obligation Bonds, Series of 2021 in the principal amount of \$8,840,000 for the purposes of funding various capital construction and improvement projects and to pay the costs of issuing the bonds. The Bonds bear interest at rates ranging between 1.00 and 3.00 percent, maturing in 2029.

In May 2021, the County issued its General Obligation Bonds, Series A of 2021 in the principal amount of \$54,655,000 for the purpose of funding the Monroe County Courthouse Expansion project, to fund a deposit to a capitalized interest fund account and to pay the costs of issuing the Bonds. The Bonds bear interest at rates ranging between 3.00 and 4.00 percent, maturing in 2038.

In May 2021, the County issued its General Obligation Notes, Series B of 2021 (federally taxable) in the principal amount of \$3,275,000, for the purpose of advance refunding a portion of the County's General Obligation Bonds, Series of 2014 and to pay the costs of issuing the Notes. The Notes bear interest at rates ranging between 1.857 and 2.096 percent, maturing in 2029.

County of Monroe, Pennsylvania

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability							
Service cost	\$ 3,346,551	\$ 3,284,129	\$ 3,072,013	\$ 2,929,355	\$ 2,853,454	\$ 2,695,312	\$ 2,637,498
Interest	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	857,755	26,425	1,258,463	(422,243)	792,463	279,793	(1,158,598)
Changes in assumptions	-	-	7,206,377	-	-	1,217,206	-
Benefit payments, including refunds of member contributions	<u>(5,632,621)</u>	<u>(5,294,326)</u>	<u>(4,589,359)</u>	<u>(4,163,030)</u>	<u>(4,318,511)</u>	<u>(3,942,763)</u>	<u>(3,348,581)</u>
Net change in total pension liability	6,553,257	5,572,555	14,128,806	5,206,401	5,835,555	6,256,206	3,766,458
Total Pension Liability, Beginning	<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>
Total Pension Liability, Ending (a)	<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>
Plan Fiduciary Net Position							
Employer contributions	\$ 3,734,394	\$ 3,468,706	\$ 3,154,788	\$ 3,020,499	\$ 2,885,599	\$ 2,767,440	\$ 2,837,641
Employee contributions	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)	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	(5,632,621)	(5,294,326)	(4,589,359)	(4,163,030)	(4,318,511)	(3,942,763)	(3,348,581)
Administrative expenses	(29,896)	-	-	(29,113)	(23,754)	(31,261)	(34,773)
Other changes	<u>3,412</u>	<u>3,140</u>	<u>1,206</u>	<u>6,956</u>	<u>1,160</u>	<u>-</u>	<u>8,152</u>
Net change in plan fiduciary net position	14,583,594	16,786,908	(5,684,750)	13,260,059	6,048,495	(1,163,711)	5,606,646
Plan Fiduciary Net Position, Beginning	<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>
Plan Fiduciary Net Position, Ending (b)	<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>\$ 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>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<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>
Covered-Employee Payroll	<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>
Net Pension Liability as a Percentage of Covered-Employee Payroll	<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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 3,734,394	\$ 3,468,706	\$ 3,154,788	\$ 3,020,499	\$ 2,885,599	\$ 2,767,440	\$ 2,837,641	\$ 3,495,352	\$ 3,393,767	\$ 2,978,260
Contributions in relation to the actuarially determined contribution	<u>3,734,394</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>	<u>4,078,139</u>	<u>2,978,260</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (310,216)</u>	<u>\$ (684,372)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 31,130,953	\$ 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	12.00%	11.86%	11.03%	11.09%	10.91%	10.98%	11.29%			

Notes to Schedule:

Valuation dates January 1, 2020 January 1, 2019 January 1, 2018 January 1, 2017 January 1, 2016 January 1, 2015 January 1, 2014

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 2013 RP Annuitant and Non-Annuitant Mortality Tables for Males and Females with no projected improvement

County of Monroe, Pennsylvania

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

	<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	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, 2020

(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Real estate taxes, net	\$ 40,337,833	\$ 40,337,833	\$ 38,795,832	\$ (1,542,001)
Licenses and permits	44,900	44,900	41,541	(3,359)
Intergovernmental	5,448,883	5,622,015	5,964,564	342,549
Charges for services	10,620,827	11,008,428	8,798,991	(2,209,437)
Hotel room rental tax	308,000	308,000	351,015	43,015
Investment income	595,925	597,925	207,423	(390,502)
Miscellaneous	235,034	235,034	317,820	82,786
Proceeds from repayment of note receivable	-	-	2,365,199	2,365,199
Rental income	148,770	148,770	122,197	(26,573)
Total revenues	57,740,172	58,302,905	56,964,582	(1,338,323)
Expenditures				
General government:				
Administrative	14,786,153	15,197,256	13,090,079	2,107,177
Judicial	17,795,646	18,038,164	16,267,548	1,770,616
Public safety	24,628,969	24,683,804	24,424,832	258,972
Public works	108,444	108,444	80,075	28,369
Human services	262,876	262,876	262,876	-
Culture and recreation	88,000	88,000	88,000	-
Conservation and development	2,399,891	2,399,891	2,169,547	230,344
Capital improvements	1,841,303	1,777,851	385,965	1,391,886
Total expenditures	61,911,282	62,556,286	56,768,922	5,787,364
Excess (deficiency) of revenues over expenditures	(4,171,110)	(4,253,381)	195,660	4,449,041
Other Financing Sources (Uses)				
Appropriated fund balance	7,830,659	7,916,464	-	(7,916,464)
Operating transfers in	1,768,612	1,768,612	1,990,451	221,839
Operating transfers out	(5,392,926)	(5,396,385)	(4,885,756)	510,629
Transfers to component units	(35,235)	(35,310)	(35,309)	1
Total other financing sources (uses)	4,171,110	4,253,381	(2,930,614)	(7,183,995)
Net change in fund balances	\$ -	\$ -	(2,734,954)	\$ (2,734,954)
Fund Balances, Beginning			22,536,417	
Fund Balances, Ending			\$ 19,801,463	

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

Note to Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (U.S. GAAP Basis) to Actual - General Fund
December 31, 2020

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.