

**COUNTY OF MONROE,
PENNSYLVANIA**

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2023

COUNTY OF MONROE, PENNSYLVANIA
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report | 1 - 3 |
| Management's Discussion and Analysis (Unaudited) | 4 - 16 |
| | |
| Government-wide Financial Statements | |
| Statement of Net Position | 17 |
| Statement of Activities | 18 |
| | |
| Fund Financial Statements | |
| <i>Governmental Funds</i> | |
| Balance Sheet | 19 |
| Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities | 20 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 21 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 22 |
| | |
| <i>Proprietary Funds</i> | |
| Statement of Net Position | 23 |
| Statement of Revenues, Expenses, and Changes in Net Position | 24 |
| Statement of Cash Flows | 25 |
| | |
| <i>Fiduciary Fund</i> | |
| Statement of Fiduciary Net Position | 26 |
| Statement of Changes in Fiduciary Net Position | 27 |
| | |
| Combining Statement of Net Position - Component Units | 28 |
| Combining Statement of Activities - Component Units | 29 |
| | |
| Notes to the Financial Statements | 30 - 75 |
| | |
| Required Supplementary Information | |
| Schedule of Changes in the Net Pension Plan Liability and Related Ratios Last Ten Fiscal Years | 76 |
| Schedule of Pension Plan Contributions Last Ten Fiscal Years | 77 |
| Schedule of Pension Plan Investment Returns Last Ten Fiscal Years | 78 |
| Budgetary Comparison Schedule | 79 |
| Note to the Budgetary Comparison Schedule | 80 - 81 |



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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
County of Monroe, Pennsylvania
Stroudsburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023 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.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregately discretely presented component units, which represent 100 percent of the assets and revenues of the aggregately presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for the aggregately presented discretely presented units, is based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, ("GAS"), issued by the Comptroller General of the United States.. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Monroe, Pennsylvania and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

830 Sir Thomas Court, Suite 100, Harrisburg, PA 17109
3800 McKnight East Drive, Suite 3805, Pittsburgh, PA 15237
34745 Burbage Road, Frankford, DE 19945

2370 York Road, Suite A-5, Jamison, PA 18929
420 Chinquapin Round Road, Suite 2-i, Annapolis, MD 21401
210 Tollgate Hill Road, Greensburg, PA 15601

www.zallc.org



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To the Board of Commissioners
County of Monroe, Pennsylvania
Stroudsburg, Pennsylvania
Page 2

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension information, and budgetary comparison information on pages 4-16 and 76-81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the



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CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

To the Board of Commissioners
County of Monroe, Pennsylvania
Stroudsburg, Pennsylvania
Page 3

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 and other auditors 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 December 23, 2024, on our consideration of County of Monroe, Pennsylvania's internal control over financial reporting and on our tests of 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 our testing, and not to provide an opinion on the effectiveness of 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 County of Monroe, Pennsylvania's internal control over financial reporting and compliance.

Zelenkofske Axlerod LLC

Zelenkofske Axlerod LLC

Jamison, Pennsylvania
December 23, 2024

COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(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, 2023. 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, 2023.

Financial Highlights

- At December 31, 2023, the total General Fund balance was \$19,260,507. The unassigned portion was \$9,671,321, down from \$11,140,654 the previous year.
- Property tax rates remained at 3.2273 mills for 2023.
- Total primary government net position at year-end was \$78,386,095, an increase of \$155,123 over the prior year.

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.

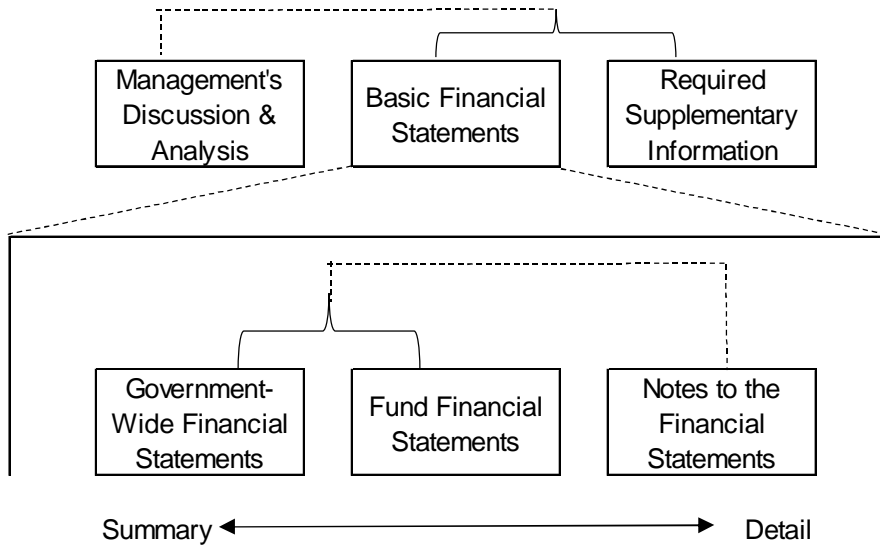
COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)

Fiduciary Funds

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

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

Table A-1: Organization of the County's Annual Financial Report



COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(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.

Table A-2: Major Features of the Government-Wide and Fund Financial Statements

| | | Fund Financial Statements | | |
|---|--|---|---|--|
| | Government-Wide | Governmental Funds | Propriety 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, expenditures, and changes in fund balances • 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 |

COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)

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

Government-Wide Financial Statements

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

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

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

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

There are two categories for the primary government:

Governmental Activities

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

Business-Type Activities

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

COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)

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

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 in the government-wide and fund financial statements found on pages 30 through 75 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 76 through 81 of this report.

Government-Wide Financial Analysis

Net Position

The County's total assets were \$220,715,774 at December 31, 2023. Of this amount, \$111,521,415 was comprised of its capital assets.

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

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. For the County, total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$78,386,095 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

COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)

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.

The County's capital assets increased approximately \$25.0 million from December 31, 2022 to December 31, 2023 as a result of the County's ongoing courthouse renovation and expansion project.

The County's current and other assets decreased approximately \$34.3 million from December 31, 2022 to December 31, 2023 as a result of spending associated with the ongoing courthouse renovation and expansion project.

The County's long-term debt and other liabilities outstanding decreased approximately \$14.5 million from December 31, 2022 to December 31, 2023 as a result of decreases in the net pension liability, which, decreased from approximately \$22.8 million at December 31, 2022 to approximately \$16.1 million at December 31, 2023 as a result of changes in the investment market and underlying plan assets and repayments of long-term debt.

The following condensed statement of activities represents changes in net position for the years ended December 31, 2023 and 2022. 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 | | Total Percentage Change 2023-2022 |
|---|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|--|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| Assets | | | | | | | |
| Current and Other Assets | \$ 102,691,030 | \$ 134,522,957 | \$ 6,503,329 | \$ 8,959,540 | \$ 109,194,359 | \$ 143,482,497 | -23.90% |
| Noncurrent Assets | 107,518,700 | 82,567,141 | 4,002,715 | 3,292,308 | 111,521,415 | 85,859,449 | 29.89% |
| Total Assets | 210,209,730 | 217,090,098 | 10,506,044 | 12,251,848 | 220,715,774 | 229,341,946 | -3.76% |
| Deferred Outflows of Resources | | | | | | | |
| Deferred charges on refunding | - | 11,040 | - | - | - | 11,040 | -100.00% |
| Deferred Outflows of Resources - Pension Activity | 9,756,162 | 15,936,975 | - | - | 9,756,162 | 15,936,975 | -38.78% |
| Total deferred outflows of resources | 9,756,162 | 15,948,015 | - | - | 9,756,162 | 15,948,015 | -38.83% |
| Liabilities | | | | | | | |
| Current Liabilities | 22,786,806 | 34,008,883 | 8,157,329 | 4,997,425 | 30,944,135 | 39,006,308 | -20.67% |
| Long-Term Liabilities | 119,769,910 | 126,099,039 | 1,371,796 | 1,521,366 | 121,141,706 | 127,620,405 | -5.08% |
| Total Liabilities | 142,556,716 | 160,107,922 | 9,529,125 | 6,518,791 | 152,085,841 | 166,626,713 | -8.73% |
| Net Position | | | | | | | |
| Net Investment in Capital Assets | 29,781,262 | 25,384,795 | 4,002,715 | 4,186,861 | 33,783,977 | 29,571,656 | 14.24% |
| Restricted | 24,901,028 | 65,356,341 | 36,754 | 48,861 | 24,937,782 | 65,405,202 | -61.87% |
| Unrestricted | 22,726,886 | (17,810,945) | (3,062,550) | 1,497,335 | 19,664,336 | (16,313,610) | -220.54% |
| Total Net Position | \$ 77,409,176 | \$ 72,930,191 | \$ 976,919 | \$ 5,733,057 | \$ 78,386,095 | \$ 78,663,248 | -0.35% |

The operations and activities of the County were comparable for the years ended December 31, 2023 and 2022.

COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2023 and 2022, general property taxes brought in \$50,267,343 and \$45,458,540, respectively. The following table depicts the net program expenses for the years ended December 31:

| | Governmental Activities | | Business-Type Activities | | Total | | Total |
|---|-------------------------|----------------------|--------------------------|-----------------------|--------------------|---------------------|--------------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | Percentage Change 2023-2022 |
| Revenues | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for Services | \$ 13,456,452 | \$ 23,166,811 | \$ 10,430,417 | \$ 11,330,588 | \$ 23,886,869 | \$ 34,497,399 | -30.76% |
| Operating Grants and Contributions | 36,589,919 | 49,006,533 | 1,665,585 | 2,136,001 | 38,255,504 | 51,142,534 | -25.20% |
| General Revenues | | | | | | | |
| Property taxes | 50,267,343 | 45,458,540 | - | - | 50,267,343 | 45,458,540 | 10.58% |
| Hotel room rental tax | 1,724,824 | 1,729,990 | - | - | 1,724,824 | 1,729,990 | -0.30% |
| Licenses and permits | 45,876 | 136,818 | - | - | 45,876 | 136,818 | -66.47% |
| Intergovernmental revenues not earmarked | 9,928,557 | 13,689,951 | - | - | 9,928,557 | 13,689,951 | -27.48% |
| Interest, investment earnings and royalties | 4,499,807 | 1,809,712 | 130,077 | 40,388 | 4,629,884 | 1,850,100 | 150.25% |
| Miscellaneous | 623,739 | 730,271 | - | - | 623,739 | 730,271 | -14.59% |
| Total Revenues | 117,136,517 | 135,728,626 | 12,226,079 | 13,506,977 | 129,362,596 | 149,235,603 | -13.32% |
| Expenses | | | | | | | |
| General Government Administrative | 17,429,804 | 25,942,660 | - | - | 17,429,804 | 25,942,660 | -32.81% |
| General Government Judicial | 23,257,135 | 20,979,851 | - | - | 23,257,135 | 20,979,851 | 10.85% |
| General Government Public Safety | 21,803,538 | 23,916,476 | - | - | 21,803,538 | 23,916,476 | -8.83% |
| General Government Public Works | 3,321,258 | 2,904,969 | - | - | 3,321,258 | 2,904,969 | 14.33% |
| Human Services | 29,877,989 | 32,796,086 | 14,829,409 | 16,237,534 | 44,707,398 | 49,033,620 | -8.82% |
| Culture and Recreation | 3,599,299 | 3,071,775 | - | - | 3,599,299 | 3,071,775 | 17.17% |
| Community & Economic Development | 7,952,763 | 9,437,548 | - | - | 7,952,763 | 9,437,548 | -15.73% |
| Conservation & Development | 2,739,027 | 2,861,113 | 1,999,426 | 2,505,831 | 4,738,453 | 5,366,944 | -11.71% |
| Interest on Long-Term Debt | 2,112,896 | 2,668,069 | - | - | 2,112,896 | 2,668,069 | -20.81% |
| Sewer and water services | - | - | 249,633 | 256,713 | 249,633 | 256,713 | -2.76% |
| Total Expenses | 112,093,709 | 124,578,547 | 17,078,468 | 19,000,078 | 129,172,177 | 143,578,625 | -10.03% |
| Change in Net Position Before Transfers | 5,042,808 | 11,150,079 | (4,852,389) | (5,493,101) | 190,419 | 5,656,978 | -96.63% |
| Transfers | | | | | | | |
| Change in Net Position | (131,547) | (142,523) | 96,251 | 107,227 | (35,296) | (35,296) | 0.00% |
| Change in Net Position | \$ 4,911,261 | \$ 11,007,556 | \$ (4,756,138) | \$ (5,385,874) | \$ 155,123 | \$ 5,621,682 | -97.24% |

The County relied on property taxes and other general revenues to fund approximately 45% and 44% of its governmental and business-type activities in both 2023 and 2022, respectively.

The property tax is based on the assessed value of real property. Property tax revenues for 2023 have increased slightly in comparison to 2022. The millage rate for 2023 and 2022 was 3.2273 mills. The County's current millage rate of 3.2273 mills is below the Commonwealth of Pennsylvania set cap of 25 mills for operating costs.

COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)

Capital Assets

The County's investment in capital assets at December 31, 2023, net of accumulated depreciation was \$107,518,700 for governmental activities and \$4,002,715 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 | |
|----------------------------|-------------------------|----------------------|--------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| 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 | - | - | 1,056,851 | 1,035,391 |
| Land improvements | - | - | 535,748 | 535,748 |
| Buildings and improvements | 43,995,701 | 43,899,988 | 7,685,079 | 7,114,312 |
| Equipment and furniture | 8,421,963 | 7,223,503 | 9,977,165 | 9,784,635 |
| Infrastructure | 3,669,166 | 3,669,166 | - | - |
| Construction in progress | 61,163,181 | 35,498,137 | - | 7,803 |
| Accumulated depreciation | (34,482,070) | (32,859,504) | (15,905,314) | (15,452,568) |
| Right to use assets, net | 2,516,108 | 2,901,200 | 386,199 | - |
| Capital Assets, Net | <u>\$ 107,518,700</u> | <u>\$ 82,567,141</u> | <u>\$ 4,002,715</u> | <u>\$ 3,292,308</u> |

At December 31, 2023, buildings and improvements, net of accumulated depreciation, account for approximately 30.9% of the County's capital assets for governmental activities. The listed agricultural easements for the County under governmental activities is for land that is valued for purposes of real property at its current agricultural use valuation purchased with the County's General Fund or matching grant money.

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

Debt Administration

Long-Term Debt and Other Liabilities

At December 31, 2023, the County had \$112,398,065 of long-term debt outstanding for governmental activities. This was an increase of \$14,011,553 from the previous year. The following table details activity related to the long-term debt:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|-------------------------------|-----------------------|-------------------|------------------------|-----------------------|
| General obligation debt | \$ 88,357,000 | \$ - | \$ (5,798,000) | \$ 82,559,000 |
| Premiums and discounts, net | 11,485,519 | - | (1,073,672) | 10,411,847 |
| Net debt | 99,842,519 | - | (6,871,672) | 92,970,847 |
| Lease obligations | 2,901,200 | 397,769 | (782,861) | 2,516,108 |
| Compensated absences | 392,983 | - | (100,901) | 292,082 |
| Net pension liability | 22,853,171 | - | (6,689,720) | 16,163,451 |
| Self-insurance claims payable | 419,745 | 35,832 | - | 455,577 |
| | <u>\$ 126,409,618</u> | <u>\$ 433,601</u> | <u>\$ (14,445,154)</u> | <u>\$ 112,398,065</u> |

COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)

Bond Rating

At December 31, 2023, the County's bond rating through Moody's is Aa3. The combined net nonelectoral and net lease rental debt limit for 2023 will be approximately \$223,000,000.

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

Governmental Funds

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

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

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

Governmental Funds Revenues

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

| | 2023 | 2022 |
|---------------------------------------|----------------|----------------|
| Real estate taxes, net | \$ 46,538,030 | \$ 46,731,084 |
| Licenses and permits | 70,609 | 136,818 |
| Intergovernmental | 48,081,694 | 52,900,250 |
| Charges for services | 12,260,792 | 16,930,397 |
| Hotel room rental tax | 1,724,824 | 1,729,990 |
| Investment income | 4,499,807 | 1,809,712 |
| Miscellaneous | 207,297 | 405,918 |
| Rental income | 124,426 | 124,426 |
| Bond proceeds, net | - | 8,438,000 |
| Proceeds from extended term financing | 397,769 | 680,550 |
| Operating transfers in | 14,981,657 | 16,374,576 |
| | \$ 128,886,905 | \$ 146,261,721 |

Governmental funds revenue totaled \$128,886,905 for the year ended December 31, 2023. This was a decrease of \$17,374,816 or 12% from the previous year, largely as a result of not receiving ARPA money in 2023. There were also increases in investment income as interest rates increased substantially during the year.

COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)

Governmental Funds Expenditures

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

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-----------------------|
| General government: | | |
| Administrative | \$ 16,454,016 | \$ 14,764,474 |
| Judicial | 21,298,302 | 19,740,240 |
| Public safety | 23,422,265 | 22,077,182 |
| Public works | 3,321,258 | 2,867,928 |
| Human services | 29,620,453 | 32,776,019 |
| Culture and recreation | 3,599,299 | 3,010,081 |
| Conservation & development | 2,739,027 | 2,715,570 |
| Community & economic development | 7,952,763 | 9,437,548 |
| Capital improvements | 26,294,028 | 23,573,903 |
| Debt service principal payments | 5,798,000 | 5,476,000 |
| Debt service interest and issuance costs | 3,230,625 | 3,898,138 |
| Payments to bond refunding agent | - | 8,235,000 |
| Operating transfers out | 15,077,908 | 16,481,803 |
| Transfers to component units | 35,296 | 35,296 |
| | <u>\$ 158,843,240</u> | <u>\$ 165,089,182</u> |

Governmental funds expenditures totaled \$158,843,240 for the year ended December 31, 2023. This represents a decrease of \$6,245,942 or 4% from the prior year.

Governmental Funds Balances

Ending fund balances for governmental funds and net position for proprietary funds are listed below at December 31, 2023:

| | <u>Governmental Funds</u> | <u>Proprietary Funds</u> |
|-----------------------------|-------------------------------|------------------------------|
| General fund | \$ 19,260,507 | \$ - |
| COVID recovery fund | 12,260,669 | - |
| Capital projects fund | 13,192,517 | - |
| Other governmental funds | 12,640,359 | - |
| Pleasant Valley Manor, Inc. | - | (3,562,751) |
| Other enterprise funds | - | 4,539,670 |
| | <u>\$ 57,354,052</u> | <u>\$ 976,919</u> |

The County's governmental funds reported a combined fund balance of \$57,354,052 at December 31, 2023. Of that total, \$9,671,321 was unassigned in the General Fund and is available to meet the County's current and future needs.

COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)

The General Fund is the primary operating fund of the County. At December 31, 2023, the total General Fund balance was \$19,260,507 as stated above; the unassigned portion was approximately \$9.6 million, down from approximately \$11.1 million at December 31, 2022.

Budgetary Highlights

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

Economic Factors

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

The June 2023 Unemployment Rate in Monroe County was 4.9%. This rate is higher than the Commonwealth of Pennsylvania rate of 3.8%.

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

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

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

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

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

COUNTY OF MONROE, PENNSYLVANIA
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)

The retail and office markets have faced challenging times. Some spaces have undergone conversions to allow alternate uses even as recovery has accelerated since the 4th quarter 2023.

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

Next Year's Budget

The 2024 budget for Monroe County is \$162.36 million including a General Fund budget of \$77.2 million.

For 2024, the millage rate increased by three quarters of a mil to 3.9773; 3.5089 will be utilized for general purposes and .4684 mills are designated for debt service obligations.

All nonunion employees will receive a 4% cost of living adjustment (COLA) on January 1, 2024.

The total capital budget including projects for 2024 is approximately \$15.3 million.

Requests for Information

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

COUNTY OF MONROE, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2023

| | Governmental Activities | Business-Type Activities | Totals | Component Units |
|--|----------------------------|-----------------------------|----------------------|----------------------|
| Assets: | | | | |
| Cash and cash equivalents | \$ 69,620,792 | \$ 2,726,440 | \$ 72,347,232 | \$ 7,916,039 |
| Restricted cash | - | 672,806 | 672,806 | 14,272,252 |
| Receivables: | | | | |
| Grants and other | 19,830,061 | 1,028,510 | 20,858,571 | 1,131,197 |
| Taxes | 4,737,597 | - | 4,737,597 | - |
| Loan receivable from component unit | 4,918,169 | - | 4,918,169 | 798,780 |
| Accrued interest on loan receivable | 1,136,031 | - | 1,136,031 | - |
| Notes receivable, land and building projects | - | - | - | 11,817,680 |
| Notes receivable | - | - | - | 2,387,209 |
| Interfund loans receivable | 2,907,768 | - | 2,907,768 | - |
| Due from fiduciary funds | 293,627 | - | 293,627 | - |
| Internal balances | (771,552) | 771,552 | - | - |
| Inventories | 18,537 | 251,851 | 270,388 | 39,727 |
| Prepaid expenses | - | 1,052,170 | 1,052,170 | 117,524 |
| Other assets | - | - | - | 77,561 |
| Capital assets, net | 107,518,700 | 4,002,715 | 111,521,415 | 18,701,766 |
| | <u>210,209,730</u> | <u>10,506,044</u> | <u>220,715,774</u> | <u>57,259,735</u> |
| Deferred Outflows of Resources: | | | | |
| Deferred outflows of resources for pensions | 9,756,162 | - | 9,756,162 | - |
| | <u>9,756,162</u> | <u>-</u> | <u>9,756,162</u> | <u>-</u> |
| Liabilities and Net Position | | | | |
| Current Liabilities | | | | |
| Accounts payable | 7,994,979 | 1,846,131 | 9,841,110 | 1,234,197 |
| Retainage payable | 3,071,444 | - | 3,071,444 | - |
| Grants payable | - | - | - | 72,586 |
| Due to TIF districts | - | - | - | 12,306,452 |
| Accrued liabilities | 3,069,703 | 639,595 | 3,709,298 | 4,829,050 |
| Unearned revenue | - | 456,571 | 456,571 | - |
| Due to other governmental units | 2,878,251 | - | 2,878,251 | 292,745 |
| Current portion of: | | | | |
| Self-insurance claims payable | 440,447 | 15,130 | 455,577 | - |
| Bonds and notes payable | 4,557,000 | 5,159,042 | 9,716,042 | 298,313 |
| Lease obligations | 774,982 | 40,860 | 815,842 | - |
| Notes payable, land and building projects | - | - | - | 2,067,293 |
| Total Current Liabilities | <u>22,786,806</u> | <u>8,157,329</u> | <u>30,944,135</u> | <u>21,100,636</u> |
| Noncurrent Liabilities | | | | |
| Noncurrent portion of: | | | | |
| Compensated absences | 292,082 | - | 292,082 | 89,464 |
| Unearned revenue | 13,159,404 | - | 13,159,404 | 1,901,002 |
| Net pension liability | 16,163,451 | - | 16,163,451 | - |
| Interfund loans payable | - | 1,009,103 | 1,009,103 | - |
| Bonds and notes payable | 88,413,847 | - | 88,413,847 | 16,514,710 |
| Lease obligations | 1,741,126 | 362,693 | 2,103,819 | - |
| Total noncurrent Liabilities | <u>119,769,910</u> | <u>1,371,796</u> | <u>121,141,706</u> | <u>18,505,176</u> |
| | <u>142,556,716</u> | <u>9,529,125</u> | <u>152,085,841</u> | <u>39,605,812</u> |
| Net Position: | | | | |
| Net Investment in Capital Assets | 25,224,262 | 4,002,715 | 29,226,977 | 17,112,233 |
| Restricted | 24,901,028 | 36,754 | 24,937,782 | 1,418,423 |
| Unrestricted | 27,283,886 | (3,062,550) | 24,221,336 | (876,733) |
| | <u>\$ 77,409,176</u> | <u>\$ 976,919</u> | <u>\$ 78,386,095</u> | <u>\$ 17,653,923</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenue and Changes in Net Position | | | Component Units |
|---|----------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|----------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Totals | |
| Governmental Activities: | | | | | | | | |
| General Government: | | | | | | | | |
| Administrative | \$ 17,429,804 | \$ 4,599,265 | \$ 61,922 | \$ - | \$ (12,768,617) | \$ - | \$ (12,768,617) | \$ - |
| Judicial | 23,257,135 | 2,630,475 | 913,717 | - | (19,712,943) | - | (19,712,943) | - |
| Public Safety | 21,803,538 | 854,767 | - | - | (20,948,771) | - | (20,948,771) | - |
| Public Works | 3,321,258 | 262,983 | 263,820 | - | (2,794,455) | - | (2,794,455) | - |
| Human Services | 29,877,989 | 2,250,056 | 24,851,099 | - | (2,776,834) | - | (2,776,834) | - |
| Culture and Recreation | 3,599,299 | 2,205 | 2,413,750 | - | (1,183,344) | - | (1,183,344) | - |
| Conservation & Development | 2,739,027 | 1,698,351 | - | - | (1,040,676) | - | (1,040,676) | - |
| Community & Economic Development | 7,952,763 | 1,158,350 | 8,085,611 | - | 1,291,198 | - | 1,291,198 | - |
| Interest on Long-Term Debt | 2,112,896 | - | - | - | (2,112,896) | - | (2,112,896) | - |
| Total Governmental Activities | 112,093,709 | 13,456,452 | 36,589,919 | - | (62,047,338) | - | (62,047,338) | - |
| Business-Type Activities: | | | | | | | | |
| Human Services | 14,829,409 | 9,382,647 | 280,574 | - | - | (5,166,188) | (5,166,188) | - |
| Sewer and water services | 249,633 | - | 1,385,011 | - | - | 1,135,378 | 1,135,378 | - |
| Conservation and development | 1,999,426 | 1,047,770 | - | - | - | (951,656) | (951,656) | - |
| Total Business-Type Activities | 17,078,468 | 10,430,417 | 1,665,585 | - | - | (4,982,466) | (4,982,466) | - |
| Total Primary Government | 129,172,177 | 23,886,869 | 38,255,504 | - | (62,047,338) | (4,982,466) | (67,029,804) | - |
| Component Units | | | | | | | | |
| Industrial and economic development | 10,211,572 | 1,960,711 | 7,327,755 | - | - | (923,106) | (923,106) | (923,106) |
| Waste management | 2,712,603 | 2,970,115 | 363,801 | - | - | 621,313 | 621,313 | 621,313 |
| Airport operation | 1,210,457 | 495,938 | 1,259,360 | - | - | 544,841 | 544,841 | 544,841 |
| Public works | 2,581,920 | 95,523 | 2,530,030 | - | - | 43,633 | 43,633 | 43,633 |
| Total Component Units | \$ 16,716,552 | \$ 5,522,287 | \$ 11,480,946 | \$ - | - | 286,681 | 286,681 | 286,681 |
| General Revenues and Transfers: | | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 50,267,343 | - | 50,267,343 | - |
| Hotel room rental tax | | | | | 1,724,824 | - | 1,724,824 | - |
| Licenses and permits | | | | | 45,876 | - | 45,876 | - |
| Intergovernmental revenues not earmarked | | | | | 9,928,557 | - | 9,928,557 | - |
| Interest, investment earnings and royalties | | | | | 4,499,807 | 130,077 | 4,629,884 | 52,079 |
| Interest expense | | | | | - | - | - | (325,617) |
| Mortgage payoffs | | | | | - | - | - | 27,371 |
| Miscellaneous | | | | | 623,739 | - | 623,739 | 42,320 |
| Gain/loss on sale of asset | | | | | - | - | - | (85,374) |
| Transfers | | | | | (96,251) | 96,251 | - | - |
| Transfers to component units | | | | | (35,296) | - | (35,296) | - |
| Total General Revenues and Transfers | | | | | 66,958,599 | 226,328 | 67,184,927 | (289,221) |
| Change in Net Position | | | | | 4,911,261 | (4,756,138) | 155,123 | (2,540) |
| Net Position Beginning of Year, Restated | | | | | 72,497,915 | 5,733,057 | 78,230,972 | 17,656,463 |
| Net Position End of Year | | | | | \$ 77,409,176 | \$ 976,919 | \$ 78,386,095 | \$ 17,653,923 |

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

| | General Fund | Children and Youth Fund | COVID Recovery Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|-------------------------------|---------------------------|-----------------------------|-----------------------------------|--------------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 12,365,770 | \$ 3,788 | \$ 27,057,936 | \$ 17,164,937 | \$ 13,028,361 | \$ 69,620,792 |
| Receivables, net of uncollectible accounts: | | | | | | |
| Grants and other | 1,936,292 | 5,399,163 | 10,373,872 | 84 | 2,015,595 | 19,725,006 |
| Taxes | 4,737,597 | - | - | - | - | 4,737,597 |
| Due from other funds | 26,626,996 | 3,865,695 | 4,079,473 | 599,902 | 10,953,001 | 46,125,067 |
| Due from fiduciary funds | 285,007 | - | - | - | - | 285,007 |
| Due from other governmental units | 68 | - | - | - | 23,688 | 23,756 |
| Interfund loans receivable | 2,526,066 | - | - | - | - | 2,526,066 |
| Total Assets | \$ 48,477,796 | \$ 9,268,646 | \$ 41,511,281 | \$ 17,764,923 | \$ 26,020,645 | \$ 143,043,291 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 2,460,324 | \$ 1,511,729 | \$ 1,491,770 | \$ 1,500,962 | \$ 863,826 | \$ 7,828,611 |
| Retainage payable | - | - | - | 3,071,444 | - | 3,071,444 |
| Accrued liabilities | 1,848,743 | - | - | - | - | 1,848,743 |
| Due to other funds | 20,321,765 | 7,756,917 | 6,880,357 | - | 12,088,066 | 47,047,105 |
| Due to other governmental units | - | - | 2,878,251 | - | - | 2,878,251 |
| Unearned Revenue | 97,685 | - | 12,614,522 | - | 428,394 | 13,140,601 |
| Total Liabilities | 24,728,517 | 9,268,646 | 23,864,900 | 4,572,406 | 13,380,286 | 75,814,755 |
| Deferred Inflows of Resources | | | | | | |
| Unavailable Revenue, Opioid Settlement | - | - | 5,385,712 | - | - | 5,385,712 |
| Unavailable Revenue, Property Taxes | 4,488,772 | - | - | - | - | 4,488,772 |
| Total Deferred Inflows of Resources | 4,488,772 | - | 5,385,712 | - | - | 9,874,484 |
| Fund Balances | | | | | | |
| Restricted | - | - | 12,260,669 | 13,192,517 | 12,640,359 | 38,093,545 |
| Committed | 9,589,186 | - | - | - | - | 9,589,186 |
| Unassigned | 9,671,321 | - | - | - | - | 9,671,321 |
| Total Fund Balances | 19,260,507 | - | 12,260,669 | 13,192,517 | 12,640,359 | 57,354,052 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 48,477,796 | \$ 9,268,646 | \$ 41,511,281 | \$ 17,764,923 | \$ 26,020,645 | \$ 143,043,291 |

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, PENNSYLVANIA
RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023

| | | |
|---|--------------|---------------|
| Total Governmental Funds Balances | | \$ 57,354,052 |
| Capital assets, net of accumulated depreciation used in governmental activities are not current financial resources and are not reported in the funds. | | 107,518,700 |
| 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. | | 4,488,772 |
| 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 as December 31, 2023 are: | | |
| Opioid settlement funds (recorded as other assets) | 5,385,712 | |
| Loan receivable from component unit | 4,918,169 | |
| Accrued interest on loan receivable from component unit | 1,136,031 | 11,439,912 |
| 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 recognized as an expenditure when due. All liabilities, both current and noncurrent, are reported in the statement of net position. Balances as December 31, 2023 are: | | |
| Net pension liability (net of deferred inflows and outflows of resources) | (6,407,289) | |
| Compensated absences | (292,082) | |
| Accrued interest on bonds (included in accrued liabilities) | (1,220,960) | |
| Bonds and notes payable, net | (92,970,847) | |
| Lease obligations | (2,516,108) | (103,407,286) |
| 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. | | 15,026 |
| Net Position of Governmental Activities | | \$ 77,409,176 |

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

| | General Fund | Children and Youth Fund | COVID Recovery Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|-------------------------------|---------------------------|-----------------------------|-----------------------------------|--------------------------------|
| Revenues: | | | | | | |
| Real estate taxes, net | \$ 39,691,355 | \$ - | \$ - | \$ - | \$ 6,846,675 | \$ 46,538,030 |
| Licenses and permits | 70,609 | - | - | - | - | 70,609 |
| Intergovernmental | 2,106,593 | 14,597,951 | 17,866,621 | 2,425,000 | 11,085,529 | 48,081,694 |
| Charges for services | 10,396,817 | - | 965,278 | - | 898,697 | 12,260,792 |
| Hotel room rental tax | 492,595 | - | 1,232,229 | - | - | 1,724,824 |
| Investment income | 1,430,791 | 759 | 1,321,589 | 1,446,263 | 300,405 | 4,499,807 |
| Miscellaneous | 207,297 | - | - | - | - | 207,297 |
| Rental income | 124,426 | - | - | - | - | 124,426 |
| Total revenues | 54,520,483 | 14,598,710 | 21,385,717 | 3,871,263 | 19,131,306 | 113,507,479 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Administrative | 16,109,997 | - | - | - | 344,019 | 16,454,016 |
| Judicial | 18,487,750 | - | 163,840 | - | 2,646,712 | 21,298,302 |
| Public safety | 23,043,915 | - | - | - | 378,350 | 23,422,265 |
| Public works | 90,826 | - | 140,212 | - | 3,090,220 | 3,321,258 |
| Human services | 287,668 | 19,672,304 | 2,981,622 | - | 6,678,859 | 29,620,453 |
| Culture and Recreation | 88,300 | - | 1,110,999 | 2,400,000 | - | 3,599,299 |
| Conservation and development | 2,593,859 | - | 145,168 | - | - | 2,739,027 |
| Community and economic development | - | - | 7,952,763 | - | - | 7,952,763 |
| Capital improvements | 628,986 | - | - | 25,665,042 | - | 26,294,028 |
| Debt service: | | | | | | |
| Principal payments | - | - | - | - | 5,798,000 | 5,798,000 |
| Interest and fiscal charges | - | - | - | - | 3,230,625 | 3,230,625 |
| Total Expenditures | 61,331,301 | 19,672,304 | 12,494,604 | 28,065,042 | 22,166,785 | 143,730,036 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (6,810,818) | (5,073,594) | 8,891,113 | (24,193,779) | (3,035,479) | (30,222,557) |
| Other Financing Sources (Uses): | | | | | | |
| Lease proceeds | 397,769 | - | - | - | - | 397,769 |
| Interfund transfers in | 6,380,826 | 5,073,594 | 61,673 | - | 3,465,564 | 14,981,657 |
| Interfund transfers out | (6,461,177) | - | (6,380,826) | (2,185,700) | (50,205) | (15,077,908) |
| Transfers to component units | (35,296) | - | - | - | - | (35,296) |
| Total Other Financing Sources (Uses) | 282,122 | 5,073,594 | (6,319,153) | (2,185,700) | 3,415,359 | 266,222 |
| Net Change in Fund Balances | (6,528,696) | - | 2,571,960 | (26,379,479) | 379,880 | (29,956,335) |
| Fund Balances at Beginning of Year | 25,789,203 | - | 9,688,709 | 39,571,996 | 12,260,479 | 87,310,387 |
| Fund Balances (Deficit) at End of Year | \$ 19,260,507 | \$ - | \$ 12,260,669 | \$ 13,192,517 | \$ 12,640,359 | \$ 57,354,052 |

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, PENNSYLVANIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - Governmental Funds \$ (29,956,335)

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 | 27,295,484 | |
| Depreciation expense | (1,958,833) | |
| Right-of-use capital asset outlay | 397,769 | |
| Amortization expense | <u>(782,861)</u> | 24,951,559 |

Real estate taxes revenues received fare the close of the reporting period that are not considered current financial resources, thus are not reported as revenues in the governmental funds. 3,729,313

Accrued interest on long-term loans receivable do not provide current financial resources to governmental funds. This is the change in accrued interest on long-term loans receivable that represents expenses reported in the statement of activities. 98,363

Revenues received in the current year related to long-term receivables are recognized within the statement of revenues, expenditures, and changes in fund balance, but were previously recognized as revenue in the statement of activities. (198,638)

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

| | | |
|--|----------------|-----------|
| Repayment of bonds and notes payable | 5,798,000 | |
| Issuance of extended term financing (leases) | (397,769) | |
| Repayment of lease obligations | <u>782,861</u> | 6,183,092 |

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

| | | |
|---|----------------|-----------|
| Amortization of deferred charges on refunding | (11,040) | |
| Amortization of debt premiums and discounts | 1,073,672 | |
| Change in compensated absences | (209,678) | |
| Change in accrued interest expense on long-term debt | 55,097 | |
| Change in net deferred inflows/outflows of resources, pension | <u>508,907</u> | 1,416,958 |

Net effect of internal service fund (1,313,051)

Change in Net Position of Governmental Activities \$ 4,911,261

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, PENNSYLVANIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2023

| | Pleasant Valley Manor, Inc. | Other Enterprise Funds | Total Proprietary Funds | Internal Service Fund |
|--------------------------------------|-----------------------------------|------------------------------|-------------------------------|-----------------------------|
| Assets: | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 595,430 | \$ 2,131,010 | \$ 2,726,440 | \$ - |
| Accounts Receivables | 783,061 | 245,449 | 1,028,510 | 81,299 |
| Prepaid Expenses | 140,658 | 911,512 | 1,052,170 | - |
| Inventories | 244,548 | 7,303 | 251,851 | 18,537 |
| Due From Other Funds | - | 771,552 | 771,552 | 18,112,561 |
| Due From Fiduciary Funds | - | - | - | 8,620 |
| Interfund Loans Receivable | - | - | - | 381,702 |
| Total Current Assets | 1,763,697 | 4,066,826 | 5,830,523 | 18,602,719 |
| Noncurrent Assets: | | | | |
| Restricted Cash and Investments | 87,573 | 585,233 | 672,806 | - |
| Right-To-Use Asset - Operating Lease | 386,199 | - | 386,199 | - |
| Capital Assets, Net: | 2,543,904 | 1,072,612 | 3,616,516 | - |
| Total Noncurrent Assets: | 3,017,676 | 1,657,845 | 4,675,521 | - |
| Total Assets | 4,781,373 | 5,724,671 | 10,506,044 | 18,602,719 |
| Liabilities: | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 1,041,529 | 728,430 | 1,769,959 | 166,368 |
| Accrued Liabilities | 639,595 | - | 639,595 | - |
| Unearned Revenue | - | 456,571 | 456,571 | 18,803 |
| Due to Other Funds | - | - | - | 17,962,075 |
| Current Portion of Long-Term Debt | 5,159,042 | - | 5,159,042 | - |
| Current Portion of Lease Obligations | 40,860 | - | 40,860 | - |
| Self-Insurance Claims Payable | 15,130 | - | 15,130 | 440,447 |
| Total Current Liabilities | 6,896,156 | 1,185,001 | 8,081,157 | 18,587,693 |
| Noncurrent Liabilities: | | | | |
| Payable from Restricted Assets | 76,172 | - | 76,172 | - |
| Interpol Loans Payable | 1,009,103 | - | 1,009,103 | - |
| Long-Term Lease Obligations | 362,693 | - | 362,693 | - |
| Total Noncurrent Liabilities | 1,447,968 | - | 1,447,968 | - |
| Total Liabilities | 8,344,124 | 1,185,001 | 9,529,125 | 18,587,693 |
| Net Position: | | | | |
| Net Investment in Capital Assets | 2,930,103 | 1,072,612 | 4,002,715 | - |
| Restricted for Conservation | - | 36,754 | 36,754 | - |
| Unrestricted | (6,492,854) | 3,430,304 | (3,062,550) | 15,026 |
| Total Net Position | \$ (3,562,751) | \$ 4,539,670 | \$ 976,919 | \$ 15,026 |

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

| | Pleasant Valley Manor, Inc. | Other Enterprise Funds | Total Proprietary Funds | Internal Service Fund |
|---|-----------------------------------|------------------------------|-------------------------------|-----------------------------|
| Operating Revenues: | | | | |
| Charges for Services | \$ 6,416,795 | \$ 1,047,770 | \$ 7,464,565 | \$ 8,469,570 |
| Medical Assistance Cost Report Settlement | 2,930,914 | - | 2,930,914 | - |
| Miscellaneous | 34,938 | - | 34,938 | 1,353,197 |
| Total Operating Revenues | <u>9,382,647</u> | <u>1,047,770</u> | <u>10,430,417</u> | <u>9,822,767</u> |
| Operating Expenses: | | | | |
| Services and Supplies | - | 249,633 | 249,633 | 11,135,818 |
| Patient Care | 14,806,185 | - | 14,806,185 | - |
| Conservation and Development | - | 1,999,426 | 1,999,426 | - |
| Total Operating Expenses | <u>14,806,185</u> | <u>2,249,059</u> | <u>17,055,244</u> | <u>11,135,818</u> |
| Operating Loss | <u>(5,423,538)</u> | <u>(1,201,289)</u> | <u>(6,624,827)</u> | <u>(1,313,051)</u> |
| Nonoperating Revenues (Expenses): | | | | |
| Intergovernmental Revenue | 280,574 | 1,385,011 | 1,665,585 | - |
| Interest and Investment Revenue | 660 | 129,417 | 130,077 | - |
| Interest Expense | (23,224) | - | (23,224) | - |
| Total Nonoperating Revenues (Expenses) | <u>258,010</u> | <u>1,514,428</u> | <u>1,772,438</u> | <u>-</u> |
| Income (Loss) Before Transfers | <u>(5,165,528)</u> | <u>313,139</u> | <u>(4,852,389)</u> | <u>(1,313,051)</u> |
| Transfers: | | | | |
| Interfund Transfers In | - | 96,251 | 96,251 | - |
| Change in Net Position | <u>(5,165,528)</u> | <u>409,390</u> | <u>(4,756,138)</u> | <u>(1,313,051)</u> |
| Net Position at Beginning of Year | <u>1,602,777</u> | <u>4,130,280</u> | <u>5,733,057</u> | <u>1,328,077</u> |
| Net Position at End of Year | <u>\$ (3,562,751)</u> | <u>\$ 4,539,670</u> | <u>\$ 976,919</u> | <u>\$ 15,026</u> |

COUNTY OF MONROE, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

| | Pleasant Valley Manor, Inc. | Other Enterprise Funds | Total Proprietary Funds | Internal Service Fund |
|---|-----------------------------------|------------------------------|-------------------------------|-----------------------------|
| Cash Flow From Operating Activities | | | | |
| Cash received from patients and third-parties | \$ 10,238,160 | \$ - | \$ 10,238,160 | \$ - |
| Payments to Employees and supplies | (14,350,623) | - | (14,350,623) | - |
| Receipts from interfund services provided | - | - | - | 8,469,570 |
| Other cash receipts | - | - | - | (451,326) |
| Interest paid | (23,224) | - | (23,224) | - |
| Cash Received from Customers | - | 1,389,693 | 1,389,693 | - |
| Payments to Employees | - | (544,873) | (544,873) | - |
| Payments to Suppliers and Vendors | - | (716,999) | (716,999) | (8,018,244) |
| Net Cash Provided (Used) by Operating Activities | (4,135,687) | 127,821 | (4,007,866) | - |
| Cash Flows from Noncapital Financing Activities | | | | |
| Subsidies and grants | (30,000) | - | (30,000) | - |
| Transfers to/from Other Funds | - | 15,776 | 15,776 | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | (30,000) | 15,776 | (14,224) | - |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Purchase of property, plant, and equipment | (558,738) | (239,486) | (798,224) | - |
| Grants | - | 470,143 | 470,143 | - |
| Borrowing of long-term debt | 4,915,938 | - | 4,915,938 | - |
| Payment of Debt | (121,560) | - | (121,560) | - |
| Payment of obligation under finance lease | (39,010) | - | (39,010) | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 4,196,630 | 230,657 | 4,427,287 | - |
| Cash Flows from Investing Activities | | | | |
| Earnings on Investments | - | 129,417 | 129,417 | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | 30,943 | 503,671 | 534,614 | - |
| Cash and Cash Equivalents at Beginning of Year | 652,060 | 2,212,572 | 2,864,632 | - |
| Cash and Cash Equivalents at End of Year | \$ 683,003 | \$ 2,716,243 | \$ 3,399,246 | \$ - |
| Reconciliation to Statement of Net Position | | | | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | | | |
| Operating Income (Loss) | \$ (5,165,528) | \$ (1,201,289) | \$ (6,366,817) | \$ (1,313,051) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities | | | | |
| Depreciation and amortization | 444,738 | 76,090 | 520,828 | - |
| Noncash staffing costs | - | 911,268 | 911,268 | - |
| (Increase) Decrease in assets | | | | |
| Accounts receivable | 204,818 | 4,741 | 209,559 | (72,247) |
| ERTC receivable | 2,062,493 | - | 2,062,493 | - |
| Inventories of supplies | (4,041) | 13,833 | 9,792 | (3,225) |
| Prepaid expenses | 21,876 | (139) | 21,737 | - |
| Interfund loans receivable | - | - | - | 17,136 |
| Due from other governments | - | 338,309 | 338,309 | - |
| Due from other funds | - | - | - | (1,746,187) |
| Increase (Decrease) in liabilities | | | | |
| Accounts payable | 82,439 | (30,685) | 51,754 | 80,911 |
| Worker's compensation claims payable | (66,204) | - | (66,204) | - |
| Due to other funds | - | - | - | 3,004,677 |
| Claims payable | - | - | - | 20,702 |
| Due to other governments | - | 16,820 | 16,820 | - |
| Deferred revenue | (1,675,447) | (1,127) | (1,676,574) | 11,284 |
| Accrued expenses | (31,951) | - | (31,951) | - |
| Medicare bad debt payable | (6,341) | - | (6,341) | - |
| Residents' trust fund payable | (2,539) | - | (2,539) | - |
| Net Cash Provided by Operating Activities | \$ (4,135,687) | \$ 127,821 | \$ (4,007,866) | \$ - |

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2023

| | Employee Retirement Trust Fund | Custodial Funds | Total Fiduciary Funds |
|---|--------------------------------------|--------------------|-----------------------------|
| Assets: | | | |
| Cash and Cash Equivalents | \$ - | \$ 17,234,634 | \$ 17,234,634 |
| Accrued Interest Receivable | 139,831 | - | 139,831 |
| Investments, at Fair Value | 132,697,425 | - | 132,697,425 |
| Total Assets | \$ 132,837,256 | \$ 17,234,634 | \$ 150,071,890 |
| Liabilities and Net Position: | | | |
| Liabilities: | | | |
| Due To Other Funds | \$ 51,414 | \$ 242,213 | \$ 293,627 |
| Funds Held in Escrow | - | 3,272 | 3,272 |
| Total Liabilities | \$ 51,414 | \$ 245,485 | \$ 296,899 |
| Net Position: | | | |
| Restricted for Pensions | \$ 132,785,842 | \$ - | \$ 132,785,842 |
| Restricted for Individuals, Organizations, and Other Governments | - | 16,989,149 | 16,989,149 |
| Total Net Position | \$ 132,785,842 | \$ 16,989,149 | \$ 149,774,991 |
| Total Liabilities and Net Position | \$ 132,837,256 | \$ 17,234,634 | \$ 150,071,890 |

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023

| | Employee Retirement Trust Fund | Custodial Funds | Total Fiduciary Funds |
|---|--------------------------------------|----------------------|-----------------------------|
| Additions: | | | |
| Contributions: | | | |
| Employer Contributions | \$ 3,694,194 | \$ - | \$ 3,694,194 |
| Member Contributions | 2,508,565 | - | 2,508,565 |
| Total Contributions | <u>6,202,759</u> | <u>-</u> | <u>6,202,759</u> |
| Investment Income | | | |
| Interest and dividends | 3,283,157 | - | 3,283,157 |
| Net appreciation in fair value of investments | 11,834,788 | - | 11,834,788 |
| Net Investment Gain | <u>15,117,945</u> | <u>-</u> | <u>15,117,945</u> |
| Investment Management Fees | <u>(678,655)</u> | <u>-</u> | <u>(678,655)</u> |
| Custodial Collections: | | | |
| Taxes | - | 4,357,308 | 4,357,308 |
| Fees | - | 63,856,946 | 63,856,946 |
| Other | <u>-</u> | <u>2</u> | <u>2</u> |
| Total Additions | <u>20,642,049</u> | <u>68,214,256</u> | <u>88,856,305</u> |
| Deductions: | | | |
| Benefits Paid to Retired Plan Participants | 6,323,937 | - | 6,323,937 |
| Refund of Member Contributions | 417,667 | - | 417,667 |
| Other Expenses | 34,161 | - | 34,161 |
| Payments to other governments | - | 33,854,976 | 33,854,976 |
| Payments to individuals and organizations | <u>-</u> | <u>34,855,030</u> | <u>34,855,030</u> |
| Total Deductions | <u>6,775,765</u> | <u>68,710,006</u> | <u>75,485,771</u> |
| Change in Net Position | 13,866,284 | (495,750) | 13,370,534 |
| Net Position at Beginning of Year | <u>118,919,558</u> | <u>17,484,899</u> | <u>136,404,457</u> |
| Net Position at End of Year | <u>\$ 132,785,842</u> | <u>\$ 16,989,149</u> | <u>\$ 149,774,991</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, PENNSYLVANIA
 COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS
 DECEMBER 31, 2023

| | 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: | | | | | | | |
| Current Assets: | | | | | | | |
| Cash and Cash Equivalents | \$ 445,118 | \$ 36,993 | \$ 2,771,762 | \$ 1,209,903 | \$ 307,487 | \$ 3,144,776 | \$ 7,916,039 |
| Cash and cash equivalents, restricted | 12,260,199 | 55,170 | - | 1,864,017 | 92,866 | - | 14,272,252 |
| Receivables: | | | | | | | |
| Grants and other | 1,492 | 335,024 | 232,407 | 257,869 | 144,007 | 160,398 | 1,131,197 |
| Related-party component units | - | 286,186 | - | 383,566 | 23,629 | 105,399 | 798,780 |
| Land and building projects | - | - | 2,047,788 | - | - | 53,952 | 2,101,740 |
| Development projects | - | - | 9,715,940 | - | - | - | 9,715,940 |
| Note receivable | 483,680 | 1,903,529 | - | - | - | - | 2,387,209 |
| Inventories | - | - | - | - | 35,829 | 3,898 | 39,727 |
| Prepaid expenses | 10,161 | 10,231 | 33,006 | 38,730 | - | 25,396 | 117,524 |
| Other assets | 556 | 7,814 | 69,191 | - | - | - | 77,561 |
| Capital assets, net | 5,132 | 725,871 | 2,245 | 4,218,097 | 13,689,894 | 60,527 | 18,701,766 |
| Total Assets | 13,206,338 | 3,360,818 | 14,872,339 | 7,972,182 | 14,293,712 | 3,554,346 | 57,259,735 |
| Current Liabilities | | | | | | | |
| Payables: | | | | | | | |
| Accounts | - | 507,722 | 99,002 | 76,247 | 142,768 | 408,458 | 1,234,197 |
| Grants | 18,460 | - | - | - | - | 54,126 | 72,586 |
| Related-party component units | 292,745 | - | - | - | - | - | 292,745 |
| Due to TIF districts | 11,971,098 | - | - | 335,354 | - | - | 12,306,452 |
| Accrued interest | - | - | 4,829,050 | - | - | - | 4,829,050 |
| Compensated absences | - | - | - | 77,975 | - | 11,489 | 89,464 |
| Unearned Revenue | - | - | 117,946 | - | 35,773 | 1,747,283 | 1,901,002 |
| Current portion of bonds and notes payable | - | 163,136 | - | 103,312 | 31,865 | - | 298,313 |
| Notes payable, land and building projects | - | - | 2,047,788 | 19,505 | - | - | 2,067,293 |
| Total Current Liabilities | 12,282,303 | 670,858 | 7,093,786 | 612,393 | 210,406 | 2,221,356 | 23,091,102 |
| Noncurrent Liabilities | | | | | | | |
| Noncurrent portion of: | | | | | | | |
| Bonds and notes payable | - | 2,330,904 | 11,844,626 | 2,296,688 | 42,492 | - | 16,514,710 |
| Total Noncurrent Liabilities | - | 2,330,904 | 11,844,626 | 2,296,688 | 42,492 | - | 16,514,710 |
| Total Liabilities | 12,282,303 | 3,001,762 | 18,938,412 | 2,909,081 | 252,898 | 2,221,356 | 39,605,812 |
| Net Position (Deficit) | | | | | | | |
| Net investment in capital assets | 5,132 | 725,871 | 2,245 | 2,820,189 | 13,498,269 | 60,527 | 17,112,233 |
| Restricted for other purposes | 345,015 | - | - | - | - | 1,073,408 | 1,418,423 |
| Unrestricted | 573,888 | (366,815) | (4,068,318) | 2,242,912 | 542,545 | 199,055 | (876,733) |
| Total net position (deficit) | \$ 924,035 | \$ 359,056 | \$ (4,066,073) | \$ 5,063,101 | \$ 14,040,814 | \$ 1,332,990 | \$ 17,653,923 |

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, PENNSYLVANIA
 COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS
 YEAR ENDED DECEMBER 31, 2023

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Position | | | | | | | Totals |
|--|-------------------|----------------------|------------------------------------|----------------------------------|--|---|-----------------------------------|--|--|--|-------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Monroe County Industrial Development Authority | Pocono Mountains Industrial Development Authority | Pocono Mountains Industries, Inc. | Monroe County Municipal Waste Management Authority | Pocono Mountains Municipal Airport Authority | Redevelopment Authority of Monroe County | | |
| Component Units: | | | | | | | | | | | | |
| Industrial and economic development: | | | | | | | | | | | | |
| Monroe County Industrial Development Authority | \$ 5,430,364 | \$ 122,791 | \$ 5,322,562 | \$ - | \$ 14,989 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,989 |
| Pocono Mountains Industrial Park Authority | 2,686,595 | 2,332,990 | 117,000 | - | - | (236,605) | - | - | - | - | - | (236,605) |
| Pocono Mountains Industries, Inc | 2,094,613 | (495,070) | 1,888,193 | - | - | - | (701,490) | - | - | - | - | (701,490) |
| Waste management: | | | | | | | | | | | | |
| Monroe County Municipal Waste Management Authority | 2,712,603 | 2,970,115 | 363,801 | - | - | - | - | 621,313 | - | - | - | 621,313 |
| Airport operation: | | | | | | | | | | | | |
| Pocono Mountains Municipal Airport Authority | 1,210,457 | 495,938 | 1,259,360 | - | - | - | - | - | 544,841 | - | - | 544,841 |
| Public works: | | | | | | | | | | | | |
| Redevelopment Authority of Monroe County | 2,581,920 | 95,523 | 2,530,030 | - | - | - | - | - | - | 43,633 | - | 43,633 |
| Total Governmental Activities | 16,716,552 | 5,522,287 | 11,480,946 | - | 14,989 | (236,605) | (701,490) | 621,313 | 544,841 | 43,633 | - | 286,681 |
| General Revenues: | | | | | | | | | | | | |
| Interest, investment earnings and royalties | - | - | - | - | 8,339 | 321 | 1,020 | 13,731 | 7,599 | 21,069 | - | 52,079 |
| Interest expense | - | - | - | - | - | (93) | (311,269) | (8,396) | (5,859) | - | - | (325,617) |
| Mortgage and grant payoffs | - | - | - | - | - | - | - | - | - | 27,371 | - | 27,371 |
| Miscellaneous income | - | - | - | - | - | - | - | - | - | 42,320 | - | 42,320 |
| Gain/loss on sale of capital asset | - | - | - | - | - | - | - | (85,374) | - | - | - | (85,374) |
| Total General Revenues | - | - | - | - | 8,339 | 228 | (310,249) | (80,039) | 1,740 | 90,760 | - | (289,221) |
| Change in Net Position | - | - | - | - | 23,328 | (236,377) | (1,011,739) | 541,274 | 546,581 | 134,393 | - | (2,540) |
| Net Position, Beginning, Restated: | - | - | - | - | 900,707 | 595,433 | (3,054,334) | 4,521,827 | 13,494,233 | 1,198,597 | - | 17,656,463 |
| Net Position, Ending: | \$ 924,035 | \$ 359,056 | \$ (4,066,073) | \$ - | \$ 924,035 | \$ 359,056 | \$ (4,066,073) | \$ 5,063,101 | \$ 14,040,814 | \$ 1,332,990 | \$ - | \$ 17,653,923 |

NOTE 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, 2023 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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

staff and their benefits directly. The Board of County Commissioners has issued general obligation debt of 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

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 the Pocono Mountains Industries 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.

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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 office 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 |
| 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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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 Development 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, 2023:

| | |
|------------------------------|---------------------|
| Assets | \$ 9,630,447 |
| Liabilities | <u>(9,814,542)</u> |
| Net Position | <u>\$ (184,095)</u> |
| | |
| Revenues | \$ 22,810,714 |
| Expenditures | <u>(23,001,668)</u> |
| Net decrease in net position | <u>\$ (190,954)</u> |

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

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, 2023:

| | |
|------------------------------|--------------------|
| Assets | \$ 2,061,429 |
| Liabilities | <u>(1,638,568)</u> |
| Net Position | <u>\$ 422,861</u> |
| | |
| Revenues | \$ 3,537,185 |
| Expenditures | <u>(3,629,244)</u> |
| Net decrease in net position | <u>\$ (92,059)</u> |

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

NOTE 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 components 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 applicant 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 progress 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.

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 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.

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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 in 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.

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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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 recording when incurred. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the fund’s activity are included in 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 transaction 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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

particularly important to the financial statement users. The nonmajor funds are combined in a column in the fund financial statements.

The following are the County's governmental funds:

General Fund (Major Fund)

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

Children and Youth Fund (Major Fund)

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

COVID Recovery Fund (Major Fund)

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

Capital Projects Fund (Major Fund)

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

Other Governmental Funds

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

The County reports the following proprietary funds:

Pleasant Valley Manor, Inc. (Major Fund)

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

Other Proprietary Funds

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

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

Internal Service Fund

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

Employee Retirement Trust Fund

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

Custodial Funds

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

Cash and Cash Equivalents

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

Pleasant Valley Manor, Inc. (the Manor)

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

Monroe County Conservation District (the District)

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

Accounts and Other Receivables

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

Pleasant Valley Manor, Inc. (the Manor)

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

Investments

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

Interfund Receivable and Payables

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

Interfund Transactions

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

Leases

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

Investments

Investments of the Pension Trust Fund are stated at fair value for both reporting and actuarial purposes. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

established market are generally reported at cost which is not expected to be materially different from fair value. Alternative investments are valued at net asset value per share, which approximates fair value. Short-term investments are reported at cost, which approximates fair value.

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

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

Prepaid Items

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

Capital Assets

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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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 fund financial statements, as part of accrued liabilities, since these future payments will require current financial resources.

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

Long-Term Obligations

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

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

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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

over the shorter of the life of the refunded or refunding debt. The second such item, deferred outflows related to pensions is deferred and recognized as an outflow of resources in the period that the amounts become available.

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

Net Position Classifications

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

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

Restricted Net Position – 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 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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

reported in operations in the year of settlement. A majority of the Manor's third-party revenues are received through contractual agreements with the Medical Assistance and Medicare programs. Payments are currently received from both programs on a prospective basis with no anticipated end of year settlement.

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

Use of Estimates

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

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.

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 |

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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 |

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.

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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.

NOTE 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.

Primary Government

The carrying amounts of the cash and investments consist of the following at December 31, 2023:

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

| | |
|---------------------------------------|----------------|
| Cash and cash equivalents: | |
| Governmental | \$ 69,620,792 |
| Business-type | 2,726,440 |
| Fiduciary | 17,234,634 |
| Restricted Cash and Cash Equivalents: | |
| Business-type | 672,806 |
| Investments, fiduciary | 132,697,425 |
| | \$ 222,952,097 |

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, 2023, the carrying amounts of the County's governmental and fiduciary fund bank deposits were \$90,254,672 and the bank balances were \$91,067,353, of which \$1,328,371 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$20,308,905 was with PLGIT. The remaining amount of \$66,956,981 was exposed to credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name in accordance with the collateralization provisions of Commonwealth of Pennsylvania Act 72 of 1971, as amended. The County has a petty cash balance of \$4,938 at December 31, 2023.

PLGIT is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their case 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 pledge 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, 2023, the carrying amount and the bank balance of the County's deposits with PLGIT was \$20,308,905.

Pleasant Valley Manor, Inc. (the Manor)

Concentrations of Credit Risk

At times during the year ended December 31, 2023, the Manor maintained cash balances that exceed 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.

Monroe County Conservation District (the District)

Deposits and Investments

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

Authorized types of investments include:

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

Investments

Interest Rate Risk

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

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

At December 31, 2023, the County had no investments that were subject to interest rate risk.

Credit Risk

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

Concentration of Credit Risk

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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

At December 31, 2023, the County carried the following investments representing more than 5% of the total investments of the Employee Retirement Trust Fund:

| Investments | Security Identifier | Fair Value | Percentage of Total Investments |
|---|---------------------|---------------|---------------------------------|
| Equity Mutual Funds: | | | |
| SEI Large Cap Index Fund | LCIAX | \$ 20,198,085 | 15.19% |
| SEI US Equity | SEHAX | 18,827,734 | 14.16% |
| SEI World Equity Ex-U.S. Fund | WEUSX | 24,461,248 | 18.40% |
| Fixed Income Mutual Fund | | | |
| SEI Core Fixed Income Fund | SCOAX | 12,123,691 | 9.12% |
| Collective Investment Trust Funds: | | | |
| SEI Core Property Collective Investment Trust | N/A | 7,601,197 | 5.72% |

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 being quoted (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, 2023:

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

| | Fiduciary Funds | | | Total |
|---|-----------------------|-------------|-------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | |
| Equity mutual funds: | | | | |
| Large blend | \$ 67,598,870 | \$ - | \$ - | \$ 67,598,870 |
| Small blend | <u>4,024,166</u> | <u>-</u> | <u>-</u> | <u>4,024,166</u> |
| | <u>71,623,036</u> | <u>-</u> | <u>-</u> | <u>71,623,036</u> |
| Fixed income mutual funds: | | | | |
| Emerging Markets | 4,061,206 | - | - | 4,061,206 |
| High yield | 4,048,422 | - | - | 4,048,422 |
| Intermediate term | 17,617,040 | - | - | 17,617,040 |
| Short-term | 5,366,896 | - | - | 5,366,896 |
| Inflation protected | <u>12,123,691</u> | <u>-</u> | <u>-</u> | <u>12,123,691</u> |
| | <u>43,217,255</u> | <u>-</u> | <u>-</u> | <u>43,217,255</u> |
| Total Investments measured by fair value levels | <u>\$ 114,840,291</u> | <u>\$ -</u> | <u>\$ -</u> | 114,840,291 |
| Measured at net asset value (NAV) Collective investment trust fund | | | | <u>17,996,965</u> |
| Total Investments measured at fair value | | | | <u>\$ 132,837,256</u> |

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

Collective investment trust funds are valued at NAV of units held in the investment funds and not the underlying holdings of such investment funds. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of 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 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 Fund: | | | | |
| Core Property | \$ 7,601,197 | \$ - | Quarterly | 95 days |
| GPA IV | 4,033,007 | - | N/A | N/A |
| Vista Collective | <u>6,362,761</u> | <u>-</u> | Semi Annual | 95 days |
| | <u>\$17,996,965</u> | <u>\$ -</u> | | |

NOTE 4: GRANTS AND RESTRICTED CASH

Monroe County Conservation District (the District)

Restricted cash consists of cash held in segregated accounts for the NPDES/Clean Water and Dirt and Gravel and Low Volume Road Maintenance Programs. The NPDES/Clean Water account consists of monies received from developers for permit processing, which,

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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, 2023, restricted cash also includes amounts contributed to the District restricted for use on expenditures relating to the annual Conservation Camp.

NOTE 5: ACCOUNTS RECEIVABLE

Pleasant Valley Manor, Inc. (the Manor)

The components of the Manor's accounts receivable are as follows as of December 31, 2023:

| | | |
|-----------------------------------|--------|-------------|
| Private pay | \$ | 29,998 |
| Medicare | | 212,454 |
| Medical Assistance | | 611,049 |
| Other insurance and hospice | | 267,162 |
| | | 1,120,663 |
| Allowance for doubtful accounts | | (337,602) |
| Total net accounts receivable | \$ | 783,061 |

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

NOTE 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 2023 real estate taxes are based on assessed values established by the County's Bureau of Assessment. The current tax levy of the County is 3.2273 mills for general (2.7443 mills) and debt service purposes (0.4830 mills).

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

NOTE 7: MORTGAGES AND NOTES RECEIVABLE/PAYABLE, LAND AND BUILDING PROJECTS, COMPONENT UNITS

Pocono Mountains Industries, Inc. (PMI)

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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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, 2023:

| | | |
|--------------------|-----------|------------------|
| Summit Aerospace | \$ | 280,555 |
| 114 Progress LLC | | 295,872 |
| DK Stroudsburg LLC | | 1,471,361 |
| | <u>\$</u> | <u>2,047,788</u> |

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

NOTE 8: NOTES RECEIVABLE, COMPONENT UNITS

Monroe County Industrial Development Authority (MCIDA)

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

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

During 2014, MCIDA received a LSA grant to create the Monroe County Small Business Grant/Loan Fund. Loans 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 2% interest rate. The related cash balance and the notes receivable for this program are reported as restricted equity.

Notes receivable consisted of the following for the year ended December 31, 2023:

| | | |
|----------------------|-----------|----------------|
| Skyline Heights Loan | \$ | 409,306 |
| Small Business Loans | | 74,374 |
| | <u>\$</u> | <u>483,680</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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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, 2023 is \$1,903,529.

NOTE 9: OTHER ASSET – OPIOID SETTLEMENT

The Commonwealth of Pennsylvania, Office of Attorney General participated in the negotiation of three settlements in July 2022 related to the opioid crisis involving Distributors, Amerisource Bergen, Cardinal Health and McKesson, and Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc. and Janssen Pharmaceutica, Inc. (the Opioid Settlement Funds). In June 2024, the settlements with TEVA, Allergan, Walgreens and CVS, and Walmart were finalized. To allocate those funds among the Commonwealth and its subdivisions, the Office of Attorney General, established the Pennsylvania Opioid Misuse and Addiction Abatement Trust to collect the settlement funds and allocate the funding to Pennsylvania counties. The Opioid Settlement Funds must be expended solely for purposes specified on the Pennsylvania Opioid Misuse and Addiction Abatement Trust's List of Opioid Remediation Uses.

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

| | |
|------------------------------|---------------------|
| Years ending December 31: | |
| 2024 | \$ 430,659 |
| 2025 | 748,709 |
| 2026 | 304,464 |
| 2027 | 382,975 |
| 2028 | 431,443 |
| 2029-2033 | 2,297,095 |
| 2034-2038 | 1,717,619 |
| 2039-2041 | <u>1,593,673</u> |
| Total payments receivable | 7,906,637 |
| Less present value discount | <u>(2,520,925)</u> |
| Opioid settlement receivable | <u>\$ 5,385,712</u> |

NOTE 10: CAPITAL ASSETS

Primary Government, Governmental Activities

The changes in capital assets were as follows:

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

| | Balance, January 1, 2023 | Additions | Deletions | Balance December 31, 2023 |
|--|--------------------------------|--------------|-----------|---------------------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,945,826 | \$ - | \$ - | \$ 1,945,826 |
| Construction in process | 35,498,137 | 25,665,044 | - | 61,163,181 |
| Agricultural easement | 20,288,825 | - | - | 20,288,825 |
| Total Capital assets, not being depreciated | 57,732,788 | 25,665,044 | - | 83,397,832 |
| Capital Assets, being depreciated: | | | | |
| Building and improvements | 43,899,988 | 95,713 | - | 43,995,701 |
| Equipment and furniture | 7,223,503 | 1,534,727 | (336,267) | 8,421,963 |
| Infrastructure | 3,669,166 | - | - | 3,669,166 |
| Total Capital assets, being depreciated | 54,792,657 | 1,630,440 | (336,267) | 56,086,830 |
| Accumulated depreciation | | | | |
| Building and improvements | 26,817,578 | 1,177,947 | - | 27,995,525 |
| Equipment and Furniture | 3,433,894 | 683,636 | (336,267) | 3,781,263 |
| Infrastructure | 2,608,032 | 97,250 | - | 2,705,282 |
| Total accumulated depreciation | 32,859,504 | 1,958,833 | (336,267) | 34,482,070 |
| Total Capital Assets, Being depreciated, net | 21,933,153 | (328,393) | - | 21,604,760 |
| Lease assets, net (Note 16) | 2,901,200 | (385,092) | - | 2,516,108 |
| Governmental activities capital assets, net | \$82,567,141 | \$24,951,559 | \$ - | \$107,518,700 |

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

| | |
|------------------------------|--------------|
| General government: | |
| Administrative | \$ 1,074,387 |
| Judicial | 192,991 |
| Public safety | 564,416 |
| Public works | 35,556 |
| Human services | 23,083 |
| Culture and recreation | 61,694 |
| Conservation and development | 6,706 |
| | \$ 1,958,833 |

At December 31, 2023, the County was in the process of completing a variety of capital projects. A summary of the significant projects underway is as follows:

| | Awarded Amount | Expended to Date | Remaining to Expend |
|----------------|-------------------|---------------------|------------------------|
| Total Projects | \$70,013,367 | \$58,255,030 | \$11,758,337 |

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

Primary Government, Business-Type Activities

Pleasant Valley Manor, Inc. (the Manor)

The changes in capital assets were as follows:

| | Balance, January 1, 2023 | Additions | Deletions | Balance December 31, 2023 |
|--|--------------------------------|-------------------|-------------|---------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 9,538 | \$ - | \$ - | \$ 9,538 |
| Total Capital assets, not being depreciated | <u>9,538</u> | <u>-</u> | <u>-</u> | <u>9,538</u> |
| Capital Assets, being depreciated | | | | |
| Land improvements | 535,748 | - | - | 535,748 |
| Building and improvements | 6,521,923 | 402,382 | - | 6,924,305 |
| Equipment and furniture | 9,441,033 | 156,355 | - | 9,597,388 |
| Total Capital assets being depreciated | <u>16,498,704</u> | <u>558,737</u> | <u>-</u> | <u>17,057,441</u> |
| Accumulated depreciation | <u>(14,125,150)</u> | <u>(397,925)</u> | <u>-</u> | <u>(14,523,075)</u> |
| Total Capital Assets, being depreciated, net | <u>2,373,554</u> | <u>160,812</u> | <u>-</u> | <u>2,534,366</u> |
| Capital assets, net | <u>\$ 2,383,092</u> | <u>\$ 160,812</u> | <u>\$ -</u> | <u>\$ 2,543,904</u> |

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, 2023 | Additions | Deletions | Balance December 31, 2023 |
|--|--------------------------------|-------------------|-------------------|---------------------------------|
| Capital Assets, being depreciated: | | | | |
| Land | \$ 253,724 | \$ - | \$ - | \$ 253,724 |
| Construction in progress | 7,803 | - | (7,803) | - |
| Collection | 3,725 | - | - | 3,725 |
| Total Capital assets, not being depreciated | <u>265,252</u> | <u>-</u> | <u>(7,803)</u> | <u>257,449</u> |
| Capital Assets, being depreciated: | | | | |
| Sewer improvements | 1,035,391 | 21,460 | - | 1,056,851 |
| Buildings | 592,389 | 168,385 | - | 760,774 |
| Equipment | 148,632 | 11,374 | - | 160,006 |
| Furniture | 25,540 | 620 | (450) | 25,710 |
| Vehicles | 169,430 | 45,450 | (20,819) | 194,061 |
| Total Capital assets, being depreciated | <u>1,971,382</u> | <u>247,289</u> | <u>(21,269)</u> | <u>2,197,402</u> |
| Accumulated depreciation | | | | |
| Sewer improvements | (802,033) | (31,499) | - | (833,532) |
| Buildings | (245,254) | (23,350) | - | (268,604) |
| Equipment | (114,357) | (9,501) | 450 | (123,408) |
| Furniture | (26,636) | (214) | 20,819 | (6,031) |
| Vehicle | (139,138) | (11,526) | - | (150,664) |
| Total accumulated depreciation | <u>(1,327,418)</u> | <u>(76,090)</u> | <u>21,269</u> | <u>(1,382,239)</u> |
| Total Capital Assets, being depreciated, net | <u>643,964</u> | <u>171,199</u> | <u>-</u> | <u>815,163</u> |
| Capital assets, net | <u>\$ 909,216</u> | <u>\$ 171,199</u> | <u>\$ (7,803)</u> | <u>\$ 1,072,612</u> |

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

Discretely Presented Component Units

Monroe County Municipal Waste Management Authority (MWMA)

The changes in capital assets were as follows:

| | Balance, January 1, 2023 | Additions | Deletions | Balance December 31, 2023 |
|--|--------------------------------|------------------|--------------------|---------------------------------|
| Capital Assets, being depreciated: | | | | |
| Land | \$ 741,566 | \$ - | \$ - | \$ 741,566 |
| Construction in progress | 13,083 | 594,577 | - | 607,660 |
| Total Capital assets, not being depreciated | <u>754,649</u> | <u>594,577</u> | <u>-</u> | <u>1,349,226</u> |
| Capital Assets, being depreciated: | | | | |
| Land improvements | 283,393 | - | - | 283,393 |
| Building | 3,371,817 | 4,295 | (150,000) | 3,226,112 |
| Machinery and Equipment | 1,307,593 | 116,735 | (87,868) | 1,336,460 |
| Vehicles and trailers | 1,371,479 | 335,354 | (111,749) | 1,595,084 |
| Office furniture and equipment | 237,707 | - | (68,041) | 169,666 |
| Total Capital assets, being depreciated | <u>6,571,989</u> | <u>456,384</u> | <u>(417,658)</u> | <u>6,610,715</u> |
| Accumulated depreciation | <u>(3,653,497)</u> | <u>(419,587)</u> | <u>331,240</u> | <u>(3,741,844)</u> |
| Total Capital Assets, being depreciated, net | <u>2,918,492</u> | <u>36,797</u> | <u>(86,418)</u> | <u>2,868,871</u> |
| Capital assets, net | <u>\$3,673,141</u> | <u>\$631,374</u> | <u>\$ (86,418)</u> | <u>\$ 4,218,097</u> |

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.

The changes in capital assets were as follows:

| | Balance, January 1, 2023 | Additions | Deletions | Balance December 31, 2023 |
|--|--------------------------------|-------------------|-------------|---------------------------------|
| Capital Assets, being depreciated: | | | | |
| Land | \$ 2,384,254 | \$ - | \$ - | \$ 2,384,254 |
| Total Capital assets, not being depreciated | <u>2,384,254</u> | <u>-</u> | <u>-</u> | <u>2,384,254</u> |
| Capital Assets, being depreciated: | | | | |
| Runway improvements | 16,461,918 | 2,786 | - | 16,464,704 |
| Building and improvements | 5,276,376 | 1,316,045 | - | 6,592,421 |
| Equipment | 730,240 | 25,571 | - | 755,811 |
| Total Capital assets, being depreciated | <u>22,468,534</u> | <u>1,344,402</u> | <u>-</u> | <u>23,812,936</u> |
| Accumulated depreciation | <u>(11,717,494)</u> | <u>(789,802)</u> | <u>-</u> | <u>(12,507,296)</u> |
| Total Capital Assets, being depreciated, net | <u>10,751,040</u> | <u>554,600</u> | <u>-</u> | <u>11,305,640</u> |
| Capital assets, net | <u>\$13,135,294</u> | <u>\$ 554,600</u> | <u>\$ -</u> | <u>\$ 13,689,894</u> |

NOTE 11: LOANS RECEIVABLE/PAYABLE

Interfund Loans Receivable

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, 2023, the balance on this loan was \$243,104, recorded as an interfund loan receivable due from the Manor in the general fund and an interfund loan payable, reported as long-term debt, for the same amount in the enterprise fund.

In July 2023, the Manor obtained a \$4,915,938 loan from the County for the purposes of intergovernmental transfers. This loan is due on demand with no accrued interest. At December 31, 2023, the balance on this loan was \$4,915,938, recorded as an interfund loan receivable due from the Manor in the general fund for \$4,678,215.

In 2023, the Manor obtained temporary funding from the County in the amount of \$1,009,103. This is recorded a long-term liability on the enterprise fund and a receivable in the nonmajor governmental funds for \$524,059, \$381,702 in the internal service fund and \$103,342 in the other enterprise funds.

Loans Receivable From Component Units

In April 2009, the County issued Series of 2009 General Obligation Bonds in the amount of \$8,570,000 to refund notes payable on behalf of Pocono Mountains Industries, Inc. (PMI), a component unit of the County. Since the County requires repayment of all borrowing costs, the debt was recorded on PMI as if the component unit had issued the debt itself. The County recorded long-term debt and a corresponding loan receivable from PMI. Principal and interest payments are due when and as lots are sold by PMI in the Pocono Mountains Corporate Centers, with the entire amount of unpaid principal and interest due on December 15, 2023. In September 2021, the County Commissioners agreed to forgive \$3,077,000 of accrued interest on the note payable, to extend the due date for principal and interest to December 2028, and to reduce the applicable interest rate on the debt to 2.00% Per annum. The balance outstanding was \$4,918,169 at December 31, 2023. The amount is recorded as a note payable by PMI.

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

NOTE 12: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows as of December 31, 2023:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|--------------------------------|---------------------------------|-------------------------------|
| Governmental Funds: | | |
| General Fund | \$26,912,003 | \$20,321,765 |
| Children and Youth Fund | 3,865,695 | 7,756,917 |
| COVID Recovery Fund | 4,079,473 | 6,880,357 |
| Capital Projects Fund | 599,902 | - |
| Other Governmental Funds | <u>10,953,001</u> | <u>12,088,066</u> |
| | <u>46,410,074</u> | <u>47,047,105</u> |
| Proprietary Funds: | | |
| Other Enterprise Fund | 771,552 | - |
| Internal Service Fund | <u>18,121,181</u> | <u>17,962,075</u> |
| | <u>18,892,733</u> | <u>17,962,075</u> |
| Fiduciary Fund: | | |
| Employee Retirement Trust Fund | - | 51,414 |
| Custodial Fund | <u>-</u> | <u>242,213</u> |
| | <u>-</u> | <u>293,627</u> |
| | <u>\$65,302,807</u> | <u>\$65,302,807</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.

The composition of interfund transfers is as follows during the year ended December 31, 2023:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------|---------------------|----------------------|
| Governmental Funds: | | |
| General Fund | \$ 6,380,826 | \$ 6,461,177 |
| Children and Youth Fund | 5,073,594 | - |
| COVID Recovery Fund | 61,673 | 6,380,826 |
| Capital Projects Fund | - | 2,185,700 |
| Other Governmental Funds | 3,465,564 | 50,205 |
| Other Enterprise Funds | | |
| Internal Service Fund | <u>96,251</u> | <u>-</u> |
| | <u>\$15,077,908</u> | <u>\$15,077,908</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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

transfer made to other funds represents the County's match for various special revenue programs. In addition, during 2023, the COVID Recovery Fund transferred \$5,112,917 to the General Fund pursuant to the lost revenue calculation under the American Rescue Fund program provisions.

NOTE 13: LAND AND LAND IMPROVEMENTS HELD FOR RESALE, COMPONENT UNITS

Pocono Mountains Industries, Inc. (PMI)

Pocono Mountains Corporate Center East

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

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

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

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

Project costs have been capitalized as follows as of December 31, 2023:

| | |
|-------------------------------|---------------------|
| Acquisition | \$ 3,190,047 |
| Construction | 3,055,446 |
| Interest | 3,145,847 |
| Engineering | 1,118,362 |
| Management and administration | 98,908 |
| Legal fee | 147,552 |
| Other | 171,422 |
| Total Project Cost | <u>10,927,584</u> |
| Cost of lots sold | <u>(5,867,703)</u> |
| Remaining project costs | <u>\$ 5,059,881</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.

Based on a land appraisal performed for PMI during May 2024, 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 be recorded at the lower of cost or market value. The result was an important loss of \$6,752,608 for the year ended December 31, 2020.

Based on a land appraisal performed for PMI during May 2024, the market value of the land available for sale in Pocono Mountains Corporate Center West was determined to be \$4,570,000. Accounting principles require that land held for resale be recorded at the lower of cost or market value. The result was an important loss of \$710,130 for the year ended December 31, 2023.

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

Project costs have been capitalized as follows as of December 31, 2023:

| | |
|---|---------------------|
| Acquisition | \$ 3,787,500 |
| Construction | 9,693,899 |
| Interest | 1,223,073 |
| Engineering | 591,000 |
| Management and administration | 14,425 |
| Legal fee | 83,129 |
| Other | <u>57,449</u> |
| Total Project Cost | 15,450,475 |
| Cost of lots sold | <u>(3,417,737)</u> |
| Remaining project costs | <u>12,032,738</u> |
| Less: Valuation Allowance - Impairment Loss | <u>(7,462,738)</u> |
| Market Value of Land | <u>\$ 4,570,000</u> |

| | |
|---|--------------------|
| Original Project | \$ 1,341,248 |
| Additional Expansion and Water System Improvements | <u>131,388</u> |
| Total | 1,472,636 |
| Less: Cumulative cost of lots sold | <u>(1,386,577)</u> |
| Remaining project costs | <u>\$ 86,059</u> |

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.

The project budget and cumulative expenses are as follows as of December 31, 2023:

| | |
|---|--------------------|
| Original Project | \$ 1,341,248 |
| Additional Expansion and Water System Improvements | <u>131,388</u> |
| Total | 1,472,636 |
| Less: Cumulative cost of lots sold | <u>(1,386,577)</u> |
| Remaining project costs | <u>\$ 86,059</u> |

NOTE 14: TAX INCREMENT PROJECT, COMPONENTS UNIT

Monroe County Industrial Development Authority (MCIDA)

The County, Pocono Township and Pocono Mountain School District entered into a TIF Project for which MCIDA is the facilitator. The objective of the project was to assist CBK Lodge, LP with its development of a destination facility. Tax increment funds were used to help finance certain off-site improvements and road improvements required by the Pennsylvania Department of Transportation and the purchase and installation of furnishings and equipment in the facility. In December 2013, MCIDA closed on debt to be used for this project. The total amount of TIF debt was not to exceed \$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 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, 2023 is \$10,158,000

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 comprised of 154 acres located in Tobyhanna Township. By agreement, the TIF is scheduled to end July 1, 2033, at which time the debt is scheduled to be paid in full. The outstanding balance at December 31, 2023 was \$20,300,000.

Monroe County, Smithfield Township and East Stroudsburg Area School District have entered into a TIF project for which MCIDA is the administrator. The objective of the project is to assist DPEG Smithfield Master, L.P., DEPG Smithfield Associates, L.P., DEPG of Shawnee II, L.P., and DEPG of Shawnee IV, L.P. (collectively the developers) with its expansion plans. Tax increment funds are being used to help finance infrastructure improvements needed for a retail shopping complex. In February 2021, MCIDA closed on a Pennsylvania Infrastructure Bank (PIB) loan, in the maximum amount of \$3,498,411, to be used for this project. In September 2021, additional debt, in a not-to-exceed amount of \$2,500,000 was obtained to be used on this project. MCIDA is responsible to repay these TIF debts from the tax increment proceeds generated by new development within the TIF District, which is comprised of 91.24 acres located in Smithfield Township. By agreement, the TIF is scheduled to end February 2030, at which time the debt is scheduled to be paid in full. The outstanding debt balance at December 31, 2023 is \$5,998,441.

Since TIF debt is payable only from the incremental tax revenues generated by the TIF District, the note payables described above are not recorded on MCIDA's financial statements as liabilities. The due to TIF district liability is equal to the current balance of the TIF bank accounts, which are included in restricted cash of \$12,260,199 at December 31, 2023. 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, 2023

NOTE 15: LONG-TERM DEBT

Primary Government, Governmental Activities

A summary of changes in long-term debt for the year ended December 31, 2023 is as follows:

| Description | Interest Rate | Amount of Original Issue | Balance January 1, 2023 | Additions | Payments | Balance, December 31, 2023 | Current Portion |
|---|-----------------|--------------------------|-------------------------|-------------|--------------------|----------------------------|--------------------|
| General Obligation Bonds Series A of 2009 | 5.80% - 5.90% | \$8,570,000 | \$ 2,600,000 | \$ - | \$2,600,000 | \$ - | \$ - |
| General Obligation Bonds Series A of 2019 | 1.00% - 5.00% | 2,965,000 | 2,965,000 | - | - | 2,965,000 | - |
| General Obligation Bonds Series B of 2019 | 2.27% - 2.57% | 7,760,000 | 7,670,000 | - | 60,000 | 7,610,000 | 1,285,000 |
| General Obligation Bonds Series of 2021 | 1.00% - 3.00% | 8,840,000 | 8,830,000 | - | 5,000 | 8,825,000 | 5,000 |
| General Obligation Bonds Series A of 2021 | 3.00% - 4.00% | 54,655,000 | 54,650,000 | - | 5,000 | 54,645,000 | 5,000 |
| General Obligation Bonds Series B of 2021 | 1.857% - 2.096% | 3,275,000 | 3,275,000 | - | - | 3,275,000 | - |
| General Obligation Bonds Series of 2022* | 2.602% | 8,438,000 | <u>8,367,000</u> | <u>-</u> | <u>3,128,000</u> | <u>5,239,000</u> | <u>3,262,000</u> |
| | | | 88,357,000 | - | 5,798,000 | 82,559,000 | 4,557,000 |
| Bond premiums and discounts, net | | | <u>11,485,519</u> | <u>-</u> | <u>1,073,672</u> | <u>10,411,847</u> | <u>-</u> |
| | | | <u>\$ 99,842,519</u> | <u>\$ -</u> | <u>\$6,871,672</u> | <u>\$92,970,847</u> | <u>\$4,557,000</u> |

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

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

During 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.

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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

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

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

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

During May 2022, the County issued its General Obligation Note, Series of 2022 (direct borrowing), in the principal amount of \$8,438,000 payable in varying semi-annual installments of principal and interest at 2.602% per annum, with final maturity scheduled for September 2025. These note processed were used to (1) currently refund a portion of the County's outstanding General Obligation Bonds, Series of 2014 and (2) pay the costs of issuing the note. This refunding decreased the County's total debt service payments over the next three years by approximately \$677,000, resulting in a net economic gain of approximately \$650,000.

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

Interest paid on these bonds and notes during the year ended December 31, 2023 amounts to \$3,230,626.

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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

| Year | General Obligation Bonds and Notes | | Direct Borrowings | | Total |
|-------------|------------------------------------|---------------------|---------------------|-------------------|----------------------|
| | Principal | Interest | Principal | Interest | |
| 2024 | \$ 1,295,000 | \$ 2,857,888 | \$ 3,262,000 | \$ 136,319 | \$ 7,551,207 |
| 2025 | 2,695,000 | 2,826,462 | 1,977,000 | 51,442 | 7,549,904 |
| 2026 | 4,845,000 | 2,759,843 | - | - | 7,604,843 |
| 2027 | 5,000,000 | 2,606,245 | - | - | 7,606,245 |
| 2028 | 5,185,000 | 2,420,845 | - | - | 7,605,845 |
| 2029 - 2033 | 28,630,000 | 9,389,124 | - | - | 38,019,124 |
| 2034 - 2038 | 29,670,000 | 3,262,900 | - | - | 32,932,900 |
| | <u>\$ 77,320,000</u> | <u>\$26,123,307</u> | <u>\$ 5,239,000</u> | <u>\$ 187,761</u> | <u>\$108,870,068</u> |

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

Long-term debt consists of the following at December 31, 2023:

| | January 1, 2023 | Additions | Repayments | December 31, 2023 | Due within one year |
|-------------------|--------------------|---------------------|-------------------|----------------------|------------------------|
| County loan | \$ 363,104 | \$ 4,915,938 | \$ 120,000 | \$ 5,159,042 | \$ 5,159,042 |
| USDA note payable | 1,560 | - | 1,560 | - | - |
| | <u>\$ 364,664</u> | <u>\$ 4,915,938</u> | <u>\$ 121,560</u> | <u>\$ 5,159,042</u> | <u>\$ 5,159,042</u> |

In 2015, the County loaned \$800,000 to the Manor for the purpose of working capital, due on demand bearing no interest. In 2023, the County loaned \$4,915,938 for the purpose of intergovernmental transfers, due on demand bearing no interest.

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

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

| | |
|------|--------------|
| 2024 | \$ 5,159,042 |
|------|--------------|

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

Aggregate Discretely Presented Component Units

Pocono Mountains Industrial Park Authority (PMIPA)

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

| | January 1, 2023 | Additions | Repayments | December 31, 2023 | Due within one year |
|--|---------------------|------------------|-------------------|----------------------|------------------------|
| Note Payable, ESSA Bank & Trust Co. - Exits 298 and 299 Project | \$ 523,178 | \$ 67,333 | \$ - | \$ 590,511 | \$ - |
| Note payable, Pennsylvania Department of Community and Economic Development (DCED) | 2,063,438 | - | 159,909 | 1,903,529 | 163,136 |
| Note Payable, MCIDA | 12,136 | - | 12,136 | - | - |
| | <u>\$ 2,598,752</u> | <u>\$ 67,333</u> | <u>\$ 172,045</u> | <u>\$ 2,494,040</u> | <u>\$ 163,136</u> |

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

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

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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

Schedule of maturities for years ending December 31:

| | Principal | Interest | Total |
|-------------|---------------------|-------------------|---------------------|
| 2024 | \$ 163,136 | \$ 69,059 | \$ 232,195 |
| 2025 | 756,940 | 65,766 | 822,706 |
| 2026 | 169,788 | 29,929 | 199,717 |
| 2027 | 173,215 | 26,501 | 199,716 |
| 2028 | 176,711 | 23,005 | 199,716 |
| 2029 - 2033 | 938,520 | 60,062 | 998,582 |
| 2034 | 115,730 | 773 | 116,503 |
| | <u>\$ 2,494,040</u> | <u>\$ 275,095</u> | <u>\$ 2,769,135</u> |

Pocono Mountains Industries, Inc. (PMI)

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

| | January 1, 2023 | Additions | Repayments | December 31, 2023 | Due within one year |
|---|----------------------|-------------|------------------|----------------------|------------------------|
| Loan Payable, Monroe County | \$ 110,000 | \$ - | \$ - | \$ 110,000 | \$ - |
| Note payable, Commonwealth Financing Authority | 6,816,457 | - | - | 6,816,457 | - |
| Note payable, Monroe County | 4,998,169 | - | 80,000 | 4,918,169 | - |
| Loan payable, Monroe County Small Business Loan Fund | 12,808 | - | 12,808 | - | - |
| | <u>\$ 11,937,434</u> | <u>\$ -</u> | <u>\$ 92,808</u> | <u>\$ 11,844,626</u> | <u>\$ -</u> |

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

| | Principal | Interest | Total |
|------|----------------------|---------------------|---------------------|
| 2024 | \$ - | \$ - | \$ - |
| 2025 | 110,000 | 56,977 | 166,977 |
| 2026 | - | - | - |
| 2027 | 6,816,457 | 3,011,177 | 9,827,634 |
| 2028 | 4,918,169 | 2,946,414 | 7,864,583 |
| | <u>\$ 11,844,626</u> | <u>\$ 6,014,568</u> | <u>\$17,859,194</u> |

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

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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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

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

NOTE 16: LEASE OBLIGATIONS

The County is obligated as a lessee under various leasing arrangements with remaining commitments ranging between 3 and 9 years as of December 31, 2023. Most agreements include escalating rent payments over the term of the agreements based. There are no leases with variable rate payments.

The County's governmental activity lease activity for the year ended December 31, 2023 is as follows:

| Description | Issue Dates | Maturity Dates | Interest Rate | Original Amount | December 31, 2023 Balances |
|-------------|-------------------|-------------------|--|-----------------|----------------------------|
| Buildings | 2021, 2022 | 2026 through 2031 | 0.86% - 1.45% | \$2,578,282 | \$ 1,772,839 |
| Equipment | 5/2022 | 5/2027 | 0.86% | 176,240 | 116,135 |
| Vehicles | 2017 through 2023 | 2022 through 2027 | 6.54% - 21.18% | 1,906,263 | 627,134 |
| | | | Total lease liability | | 2,516,108 |
| | | | Lease liability, due within one year | | 774,982 |
| | | | Lease liability, due in more than one year | | <u>\$ 1,741,126</u> |

Lease commitment requirements are as follows:

| Years Ending December 31: | Principal | Interest | Total Lease Commitment |
|---------------------------|---------------------|-------------------|------------------------|
| 2024 | \$ 774,982 | \$ 71,910 | \$ 846,892 |
| 2025 | 742,193 | 50,757 | 792,950 |
| 2026 | 729,944 | 29,817 | 759,761 |
| 2027 | 163,044 | 10,160 | 173,204 |
| 2028 | 47,287 | 2,091 | 49,378 |
| 2029 - 2031 | 58,658 | 3,203 | 61,861 |
| Total | <u>\$ 2,516,108</u> | <u>\$ 167,938</u> | <u>\$ 2,684,046</u> |

A summary of lease asset activity during the year ended December 31, 2023 is as follows:

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

| | Balance January, 1 2023 | Additions | Deletions | Balance December 31, 2023 |
|---------------------------------------|-------------------------------|------------|-----------|---------------------------------|
| Leased Assets: | | | | |
| Building | \$ 2,817,451 | \$ - | \$ - | \$ 2,817,451 |
| Vehicles | 700,136 | 397,769 | - | 1,097,905 |
| Equipment | 176,240 | - | - | 176,240 |
| Total Leased assets | 3,693,827 | 397,769 | - | 4,091,596 |
| Less Accumulated amortization: | | | | |
| Building | 519,287 | 525,325 | - | 1,044,612 |
| Vehicles | 251,269 | 219,502 | - | 470,771 |
| Equipment | 22,071 | 38,034 | - | 60,105 |
| Total accumulated amortization | 792,627 | 782,861 | - | 1,575,488 |
| Total lease assets, net (Note 10) | \$ 2,901,200 | \$ 397,769 | \$ - | \$ 2,516,108 |

Pleasant Valley Manor, Inc. (the Manor)

The Manor entered into an energy savings agreement with Sustainable Energy Fund, a nonprofit organization, to install energy conservation equipment to improve the operational efficiency at the Manor. This agreement has been classified as a finance/capital lease that expires in March 2032. The asset and liability under the finance/capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The property held under capital lease with a cost of \$479,823 is included in fixed equipment and is being depreciated over its related lease term. Amortization of the asset under finance/capital lease in the amount of \$46,812 is included in depreciation expense for the year ended December 31, 2023. Accumulated amortization for property held under finance/capital lease was \$93,624 at December 31, 2023.

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

| | | |
|---|------------|------------|
| | 2024 | \$ 59,045 |
| | 2025 | 59,045 |
| | 2026 | 59,045 |
| | 2027 | 59,045 |
| | 2028 | 59,045 |
| | Thereafter | 191,897 |
| Total minimum lease payments | | 487,122 |
| Amount representing interest | | (83,569) |
| Present value of minimum lease payments | | 403,553 |
| Less current portion | | 40,860 |
| Long term portion | | \$ 362,693 |

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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

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

NOTE 17: PENSION PLAN

Plan Description

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

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

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

Plan Membership

Pension plan membership consisted of the following at December 31, 2023:

| | |
|---|---------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 423 |
| Inactive plan members entitled to, but not yet receiving benefits | 106 |
| Active plan members | <u>623</u> |
| | <u><u>1,152</u></u> |

Benefits Provided

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

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

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 2023 measurement period, the active member contribution rate was 5.00% of annual pay, and the County average contribution rate was 11.12% of annual payroll.

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of plan investment expense, was 13.09%. 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, 2023, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

The components of the net pension liability of the Plan as of December 31, 2023 are as follows:

| | |
|--|----------------------|
| Total pension liability | \$149,000,708 |
| Plan fiduciary net position | <u>132,837,257</u> |
| Plan net pension liability | <u>\$ 16,163,451</u> |
| | |
| Plan fiduciary net position as a percentage of total pension | <u>89.15%</u> |

Changes in Net Pension Liability

The following tables shows the changes in net pension liability for the year ended December 31, 2023:

| | Increase (Decrease) | | |
|--|-----------------------------------|--------------------------------------|---------------------------------------|
| | Total Pension Liability (A) | Plan Fiduciary Net Pension (B) | Net Pension Liability (A) - (B) |
| | Balance, December 31, 2022 | \$ 141,798,278 | \$ 118,945,107 |
| Changes for the year: | | | |
| Service cost | 3,190,304 | - | 3,190,304 |
| Interest | 9,644,166 | - | 9,644,166 |
| Differences between expected and Actual Experience | 1,294,852 | - | 1,294,852 |
| Changes of assumption | - | - | - |
| Contributions, Employer | - | 3,694,194 | (3,694,194) |
| Contributions, Employee | - | 2,508,565 | (2,508,565) |
| Net investment income (loss) | - | 14,616,283 | (14,616,283) |
| Benefit Payments, including refunds of Member Contributions | (6,926,892) | (6,926,892) | - |
| Plan administrative expenses (excluding investment advisory fees) | - | - | - |
| Other Changes | - | - | - |
| Balance, December 31, 2023 | \$ 149,000,708 | \$ 132,837,257 | \$ 16,163,451 |

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, 2023 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

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

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

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

The actuarial assumptions used in the December 31, 2023 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 the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major 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, 2023 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|---|
| Domestic equity | 32% | 5.4% - 6.4% |
| International equity | 21% | 5.5% - 6.5% |
| Fixed income | 32% | 1.3% - 3.3% |
| Real estate/alternative | 15% | 4.5% - 5.5% |
| Cash | 0% | 0.0% - 1.0% |

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that County contributions will be made at rates equal to 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.

Net Pension

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

| | <u>1% Decrease (5.75%)</u> | <u>Discount Rate (6.75%)</u> | <u>1% Increase (7.75%)</u> |
|-----------------------|--------------------------------|----------------------------------|--------------------------------|
| Net Pension Liability | \$34,134,204 | \$16,163,451 | \$2,338,179 |

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

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

For the year ended December 31, 2023, the County recognized pension expense of \$3,185,291. At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

| | Deferred Outflow of Resources | Deferred Inflows of Resources |
|---|-------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 1,730,277 | \$ - |
| Changes in assumption | 5,454,094 | - |
| Net difference between projected and actual earnings on pension plan investments | 2,571,791 | - |
| | \$ 9,756,162 | \$ - |

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:

| | |
|------|--------------|
| 2024 | \$ 2,808,937 |
| 2025 | 4,111,277 |
| 2026 | 3,989,361 |
| 2027 | (1,153,413) |
| | \$ 9,756,162 |

NOTE 18: FUND BALANCE CLASSIFICATIONS AND DEFICIT FUND BALANCE

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

| | General Fund | COVID Recovery Fund | Capital Projects | Other Governmental Funds | Total |
|------------------------|-----------------|------------------------|---------------------|--------------------------------|---------------|
| Restricted for: | | | | | |
| Program purposes | \$ - | \$ - | \$ - | \$ - | \$ - |
| County programs | - | 12,260,669 | - | 12,640,359 | 24,901,028 |
| Debt | - | - | - | - | - |
| Capital Projects | - | - | 13,192,517 | - | 13,192,517 |
| | \$ - | \$ 12,260,669 | \$ 13,192,517 | \$ 12,640,359 | \$ 38,093,545 |
| Committed for: | | | | | |
| Subsequent year budget | \$ 7,772,601 | \$ - | \$ - | \$ - | \$ 7,772,601 |
| Capital projects | 1,566,585 | - | - | - | 1,566,585 |
| Operating reserve | 250,000 | - | - | - | 250,000 |
| | \$ 9,589,186 | \$ - | \$ - | \$ - | \$ 9,589,186 |

Deficit Fund Balances

The Aging and Grants Funds have unassigned net deficit fund balances of \$542,240 and \$58, respectively, at December 31, 2023. The County anticipates future revenue streams will result in positive changes in fund balances in future years.

NOTE 19: COMMITMENTS AND CONTINGENCIES

Primary Government

Audit

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

Litigation

The County is a party to a number of lawsuits that have arisen in the course of business. It is the opinion of management, as advised by legal counsel, that these suits will not have a material effect on the financial statements of the County and no accruals have been made at December 31, 2023.

Loan Guarantees

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

Pleasant Valley Manor – Operating Losses

The Manor has experienced continued deficits of operating revenues over expenses and has negative cash outflows from operating activities. These deficits have been partially offset with COVID-19 related relief program revenue, net third-party settlement agreements, and support from Monroe County. In April 2024, the Manor entered into an agreement to sell its business operations and assets. After the sale is finalized, the Manor will cease normal facility operations, but will remain a legal entity beyond that date to conclude business transactions.

NOTE 20: RISK MANAGEMENT

Primary Government

The County is a member of a public officials, general liability, prison malpractice, automobile and property insurance pool. Under the terms of the pool, each member pays an annual contribution to the pool for their respective insurance coverage. In the event member contributions are not sufficient to cover claims, members will be assessed additional contributions. Premiums paid and charged to operations during the year ended December 31, 2023 amounted to \$1,711,760.

COUNTY OF MONROE, PENNSYLVANIA
Notes to Financial Statements
December 31, 2023

The County carries commercial insurance for other risks of loss, including employee benefits. For the year ended December 31, 2023, 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, 2022, 2021 and 2020.

NOTE 21: NEW ACCOUNTING PRONOUNCEMENTS

The GASB has approved the following standards:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

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.

NOTE 22: SUBSEQUENT EVENTS

The County has evaluated subsequent events through December 23, 2024. This is the date the financial statements were available to be issued. The following subsequent events were noted:

In February 2024, the County settled on a Tax and Revenue Anticipation Note in a maximum amount not to exceed \$6,870,812 at an interest rate of 4.735% per annum. Maturity is December 31, 2024, and the county will repay the balance of the loan by that date.

During 2024, the County entered an agreement for the sale of Pleasant Valley Manor, Inc., the county's nursing home. Pursuant to the agreement, a subdivision of the nursing home property will be completed to allow the county to maintain ownership and the maintenance of the sewage treatment plant as the sewage treatment plant services not only the nursing home but the Monroe County Correctional Facility and other county related entities. The sale requires an approval by the Monroe County Court of Common Pleas, with a hearing scheduled on December 23, 2024 to obtain that approval. A final closing date is expected in early 2025 upon approval of the sale along with the subdivision being finalized in 2025.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

COUNTY OF MONROE, PENNSYLVANIA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 YEARS*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------------|----------------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ 3,190,304 | \$ 3,044,147 | \$ 2,984,039 | \$ 3,346,551 | \$ 3,284,129 | \$ 3,072,013 | \$ 2,929,355 | \$ 2,853,454 | \$ 2,695,312 | \$ 2,637,498 |
| Interest Cost | 9,644,166 | 9,182,545 | 8,766,406 | 7,981,572 | 7,566,327 | 7,181,312 | 6,862,319 | 6,508,149 | 6,006,658 | 5,636,139 |
| Differences Between Expected and Actual Experience | 1,294,852 | 828,664 | 154,940 | 857,755 | 26,425 | 1,258,463 | (422,243) | 792,463 | 279,793 | (1,158,598) |
| Changes of Assumptions | - | - | 6,429,479 | - | - | 7,206,377 | - | - | 1,217,206 | - |
| Benefit Payments, Including Refunds of Member Contributions | (6,926,892) | (6,733,983) | (6,222,746) | (5,632,621) | (5,294,326) | (4,589,359) | (4,163,030) | (4,318,511) | (3,942,763) | (3,348,581) |
| Net Change in Total Pension Liability | 7,202,430 | 6,321,373 | 12,112,118 | 6,553,257 | 5,582,555 | 14,128,806 | 5,206,401 | 5,835,555 | 6,256,206 | 3,766,458 |
| Total Pension Liability - Beginning | 141,798,278 | 135,476,905 | 123,364,787 | 116,811,530 | 111,238,975 | 97,110,169 | 91,903,768 | 86,068,213 | 79,812,007 | 76,045,549 |
| Total Pension Liability - Ending (a) | \$ 149,000,708 | \$ 141,798,278 | \$ 135,476,905 | \$ 123,364,787 | \$ 116,821,530 | \$ 111,238,975 | \$ 97,110,169 | \$ 91,903,768 | \$ 86,068,213 | \$ 79,812,007 |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Employer Contributions | \$ 3,694,194 | \$ 3,339,112 | \$ 3,731,483 | \$ 3,734,394 | \$ 3,468,706 | 3,154,788 | \$ 3,020,499 | \$ 2,885,599 | \$ 2,767,440 | \$ 2,837,641 |
| Employee Contributions | 2,508,565 | 2,267,241 | 2,235,132 | 193,954 | 1,953,254 | 1,763,039 | 1,707,948 | 1,608,107 | 1,498,112 | 1,437,818 |
| Net Investment Income | 14,616,283 | (15,357,806) | 14,327,794 | 14,574,351 | 16,656,134 | (6,014,424) | 12,716,799 | 5,895,894 | (1,455,239) | 4,706,389 |
| Benefit Payments, Including Refunds of Member Contributions | (6,926,892) | (6,733,983) | (6,222,746) | (5,632,621) | (5,294,326) | (4,589,359) | (4,163,030) | (4,318,511) | (3,942,763) | (3,348,581) |
| Administrative Expenses | - | (40,418) | (94,750) | (29,896) | - | - | (29,113) | (23,754) | (31,261) | (34,773) |
| Other Changes | - | 87,383 | 86,722 | 3,412 | 3,140 | 1,206 | 6,956 | 1,160 | - | 8,152 |
| Net Change in Plan Fiduciary Net Position | 13,892,150 | (16,438,471) | 14,063,635 | 12,843,594 | 16,786,908 | (5,684,750) | 13,260,059 | 6,048,495 | (1,163,711) | 5,606,646 |
| Plan Fiduciary Net Position - Beginning | 118,945,107 | 135,383,578 | 121,319,943 | 106,736,349 | 89,949,441 | 95,634,191 | 82,374,132 | 76,325,637 | 77,489,348 | 71,882,702 |
| Plan Fiduciary Net Position - Ending (b) | 132,837,257 | 118,945,107 | 135,383,578 | 119,579,943 | 106,736,349 | 89,949,441 | 95,634,191 | 82,374,132 | 76,325,637 | 77,489,348 |
| Net Pension Liability, Ending (a)-(b) | \$ 16,163,451 | \$ 22,853,171 | \$ 93,327 | \$ 3,784,844 | \$ 10,085,181 | \$ 21,289,534 | \$ 1,475,978 | \$ 9,529,636 | \$ 9,742,576 | \$ 2,322,659 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 89.15% | 83.88% | 99.93% | 98.34% | 91.37% | 80.86% | 98.48% | 89.63% | 88.68% | 97.09% |
| Covered-Employee Payroll | \$ 33,225,456 | \$ 32,243,820 | \$ 32,034,464 | \$ 31,130,953 | \$ 29,254,961 | \$ 28,604,789 | \$ 27,248,223 | \$ 26,459,240 | \$ 25,204,263 | \$ 25,142,130 |
| Net Pension Liability as a Percentage of Covered Payroll | 48.65% | 70.88% | 0.29% | 6.57% | 34.44% | 74.43% | 5.42% | 36.02% | 38.65% | 9.24% |

The City implemented GASB Statement No. 68 during its year ended December 31, 2015. this schedule requires ten years of Information, however information prior to 2014 is not available.

COUNTY OF MONROE, PENNSYLVANIA
 SCHEDULE OF PENSION PLAN CONTRIBUTIONS
 *LAST 10 YEARS

| | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Actuarially determined contribution | \$ 3,693,050 | \$ 3,339,112 | \$ 3,731,483 | \$ 3,734,394 | \$ 3,468,706 | \$ 3,154,788 | \$ 3,020,499 | \$ 2,885,599 | \$ 2,767,440 | \$ 2,837,641 |
| Contribution in relation to the actuarially determined contribution | <u>3,694,194</u> | <u>3,339,112</u> | <u>3,734,394</u> | <u>3,468,706</u> | <u>3,468,706</u> | <u>3,154,788</u> | <u>3,020,499</u> | <u>2,885,599</u> | <u>2,767,440</u> | <u>2,837,641</u> |
| Contribution deficiency (excess) | <u>\$ (1,144)</u> | <u>\$ -</u> | <u>\$ (2,911)</u> | <u>\$ 265,688</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 33,225,456 | \$ 32,243,820 | \$ 32,034,464 | \$ 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 payroll | 11.12% | 10.36% | 11.66% | 11.14% | 11.86% | 11.03% | 11.09% | 10.91% | 10.98% | 11.29% |

* This schedule is intended to illustrate information for 10 years.

COUNTY OF MONROE, PENNSYLVANIA
SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
*LAST 10 YEARS

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return Net of investment expense | 13.09% | -10.85% | 12.54% | 13.90% | 19.36% | -6.35% | 16.15% | 8.40% | -0.02% | 6.84% |

COUNTY OF MONROE, PENNSYLVANIA
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL GENERAL FUND
 YEAR ENDED DECEMBER 31, 2023

| | Original | Final | Actual Amounts | Variance With Final Budget |
|---|---------------------|---------------------|----------------------|----------------------------------|
| Revenues: | | | | |
| Real estate taxes, net | \$ 40,711,122 | \$ 40,711,122 | \$ 39,691,355 | \$ (1,019,767) |
| Licenses and permits | 41,500 | 41,500 | 70,609 | 29,109 |
| Intergovernmental | 1,767,206 | 1,933,785 | 2,106,593 | 172,808 |
| Charges for services | 11,158,590 | 11,184,667 | 10,396,817 | (787,850) |
| Hotel room rental tax | 226,400 | 226,400 | 492,595 | 266,195 |
| Investment income | 570,075 | 572,912 | 1,430,791 | 857,879 |
| Miscellaneous | 349,896 | 605,892 | 207,297 | (398,595) |
| Rental income | 124,427 | 124,427 | 124,426 | (1) |
| Total revenues | <u>54,949,216</u> | <u>55,400,705</u> | <u>54,520,483</u> | <u>(880,222)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Administrative | 18,216,851 | 18,762,380 | 16,109,997 | 2,652,383 |
| Judicial | 20,202,304 | 20,303,327 | 18,487,750 | 1,815,577 |
| Public safety | 23,390,302 | 23,499,439 | 23,043,915 | 455,524 |
| Public works | 434,720 | 426,929 | 90,826 | 336,103 |
| Human services | 410,443 | 420,893 | 287,668 | 133,225 |
| Culture and Recreation | 118,019 | 118,019 | 88,300 | 29,719 |
| Conservation and development | 2,581,279 | 2,738,946 | 2,593,859 | 145,087 |
| Capital improvements | - | - | 628,986 | (628,986) |
| Total Expenditures | <u>65,353,918</u> | <u>66,269,933</u> | <u>61,331,301</u> | <u>4,938,632</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(10,404,702)</u> | <u>(10,869,228)</u> | <u>(6,810,818)</u> | <u>(5,818,854)</u> |
| Other Financing Sources (Uses): | | | | |
| Lease proceeds | - | - | 397,769 | 397,769 |
| Interfund transfers in | 16,792,341 | 17,321,806 | 6,380,826 | (10,940,980) |
| Interfund transfers out | (5,644,247) | (5,716,318) | (6,461,177) | (744,859) |
| Transfers to component units | - | - | (35,296) | (35,296) |
| Total Other Financing Sources (Uses) | <u>11,148,094</u> | <u>11,605,488</u> | <u>282,122</u> | <u>(11,323,366)</u> |
| Net Change in Fund Balances | <u>\$ 743,392</u> | <u>\$ 736,260</u> | <u>(6,528,696)</u> | <u>\$ (17,142,220)</u> |
| Fund Balances at Beginning of Year | | | <u>25,789,203</u> | |
| Fund Balances at End of Year | | | <u>\$ 19,260,507</u> | |

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, 2023

NOTE 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 request 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 the 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.

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, 2023

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.