

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2019

BOROUGH OF CONSHOHOCKEN
GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Members of Council
Borough of Conshohocken
Conshohocken, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Conshohocken, Montgomery County, Pennsylvania as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Conshohocken, Pennsylvania, as of December 31, 2019 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Conshohocken, Montgomery County, Pennsylvania, basic financial statements. The combining and individual nonmajor fund statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Bee, Bergvall & Co.

Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
September 30, 2020

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

This narrative overview and analysis of the financial statements of the Borough of Conshohocken, Montgomery County, Pennsylvania (the "Borough") for the calendar year ended December 31, 2019, has been prepared by the Borough's management.

The governing body of the Borough is the elected seven-member Borough Council. The Council is empowered with legislative functions that include enacting ordinances and resolutions, adopting a budget, levying taxes, providing for appropriations, awarding bids and contracts, and making appointments to various boards and commissions.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Borough's governmental activities exceeded its liabilities and deferred inflows of resources at the end of 2019 by \$8,270,740 (*net position*).
- \$14,301,523 of net position is invested in capital assets, net of related debt; \$926,083 is restricted for services such as street lighting, streets and highways, culture and recreation, and housing, economic and community development.
- Conshohocken Borough's total net position increased by \$2,789,577.
- As of the close of the current year, Conshohocken Borough's governmental funds reported combined ending fund balances of \$22,248,128, an increase of \$5,636,985 for the year.
- At the end of the current year, unassigned fund balance for general fund was \$10,290,080 or approximately 90% of total general fund expenditures. The remaining fund balance for the general fund consists of: \$7,274 non-spendable for prepaid items; and \$1,253,379 which is committed for the 2020 budget.
- At the end of 2019, the other funds had \$922,879 restricted for street lighting, streets and highways, culture and recreation, and housing, economic and community development services; and \$9,774,086 committed for capital projects, parks and recreations and debt service.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Borough of Conshohocken's basic financial statements. The Borough of Conshohocken's basic financial statements are comprised of five components:

- ***Government-wide financial statements***, which provide both long-term and short-term information about the Borough's overall financial condition.
- ***Fund financial statements***, which provide a detailed look at major funds, of the Borough.
- ***Notes to the financial statements***, which explain some of the information contained in the financial statements and provide detailed data.
- ***Required supplementary information***, which presents information concerning the Borough of Conshohocken's net pension and other post-retirement liabilities and pension contributions; also includes budget comparison for major funds.
- ***Supplementary information***, which further explains and supports the information in the financial statements, is also included.

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

The *Statement of Net Position* presents information on all Borough assets, deferred outflows of resources, and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Borough is improving or deteriorating.

The *Statement of Activities* presents information showing how the government'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 that will only result in cash flows in future periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Borough of Conshohocken that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Borough of Conshohocken include general government, public safety, public works, culture and recreation, and sanitation.

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' objectives. The Borough of Conshohocken, 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 Borough of Conshohocken can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Governmental Funds (Continued)

The Borough of Conshohocken maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, UDAG repayment fund, capital fund, and capital reserve fund, which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Borough of Conshohocken adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budgets and is included as required supplementary information.

Fiduciary Funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are presented using the accrual method of accounting. The Borough is a trustee or fiduciary, for its employee's pension plans and post-retirement benefit (OPEB) plan. All of the Borough fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 24-25, except for the General Employees Defined Benefit Pension Plan, which is administered by the Pennsylvania Municipal Retirement System (PMRS). These activities are excluded from the Borough's other financial statements because the Borough cannot use these assets to finance its operations. The Borough is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison statement for the general fund and information concerning the Borough of Conshohocken's progress in funding its obligation to provide pension and post-retirement health benefits to its employees.

Supplementary Information. The combining statements referred to earlier in connection with non-major governmental funds and pension trust funds are presented immediately following the required supplementary information on pensions.

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

THE BOROUGH AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough of Conshohocken, assets and deferred outflows of resources of governmental and business-type activities exceeded liabilities and deferred inflows of resources by \$8,270,740 at the close of the most recent year.

By far the largest portion of the Borough of Conshohocken's net position reflects its investment in capital assets of \$14,301,523 (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to re-pay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Presented below is a comparative analysis of the statement of net position for the years ended December 31, 2019 and 2018.

Net Position				
Account	2019	2018	\$ Change	% Change
Capital Assets	\$ 23,252,823	\$ 22,683,678	\$ 569,145	2.51
Current and Other Assets	24,351,226	23,002,931	1,348,295	5.86
Total Assets	47,604,049	45,686,609	1,917,440	4.20
Deferred Outflows	444,481	1,076,878	(632,397)	(58.73)
Long-Term Liabilities	38,467,914	40,080,024	(1,612,110)	(4.02)
Other Liabilities	668,102	689,443	(21,341)	(3.10)
Total Liabilities	39,136,016	40,769,467	(1,633,451)	(4.01)
Deferred Inflows	641,774	512,857	128,917	25.14
Net Position				
Net Investment in Capital Assets	14,301,523	14,559,878	(258,355)	(1.77)
Restricted	926,083	621,845	304,238	48.93
Unrestricted	(6,956,866)	(9,700,560)	2,743,694	(28.28)
Total Net Position	\$ 8,270,740	\$ 5,481,163	\$ 2,789,577	50.89

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

THE BOROUGH AS A WHOLE (Continued)

Net position increased approximately \$2.8 million, or 51%. The increase was due to a number of factors. First cash and cash equivalents increased from \$16.1 million in 2018 to \$21.1 million in 2019, largely due to a large increase in permit fees, and the repayment of a notes receivable. These increases were further increased by a decrease in long-term liabilities, specifically the Postemployment Benefits Obligation, from \$26.9 million in 2018 to \$26.6 million in 2019. Additionally pension liabilities increased from \$3 million in 2018 to \$2.3 million in 2019.

A summary of the Borough's changes in net position for 2019 and 2018 is as follows:

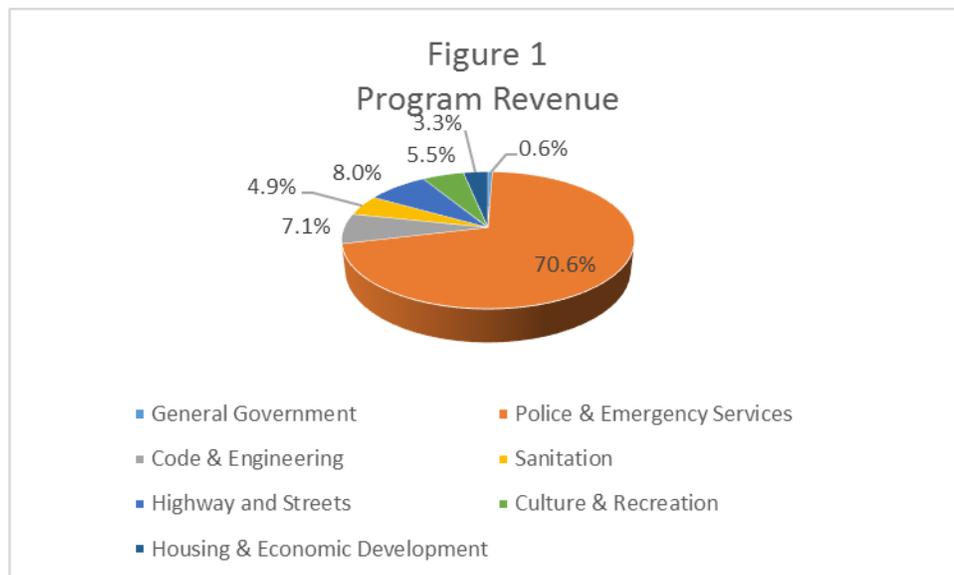
Changes in Net Position				
	2019	2018	\$ Change	% Change
Program Revenues				
General Government	\$ 24,124	\$ 168,923	\$(144,799)	(85.72)
Police and Emergency Services	2,989,438	645,466	2,343,972	363.14
Code and Engineering	301,860	304,795	(2,935)	(0.96)
Sanitation	207,838	180,390	27,448	15.22
Highways and Streets	338,442	342,060	(3,618)	(1.06)
Culture and Recreation	232,429	171,346	61,083	35.65
Housing and Economic Development	137,590	278,957	(141,367)	(50.68)
General Revenues				
Real Estate Taxes	2,251,019	2,072,422	178,597	8.62
Transfer Taxes	915,190	1,100,390	(185,200)	(16.83)
Earned Income Taxes	4,753,134	4,904,753	(151,619)	(3.09)
Other Taxes	3,294,083	3,457,247	(163,164)	(4.72)
Franchise Fees	214,408	230,099	(15,691)	(6.82)
Grants and Contributions	17,868	16,628	1,240	7.46
Interest and Rents	630,965	351,776	279,189	79.37
Miscellaneous	906,365	443,945	462,420	104.16
Gain on Sale of Capital Assets	(11,459)	1,474,996	(1,486,455)	(100.78)
Total Revenues (Forwarded)	\$17,203,294	\$16,144,193	\$ 1,059,101	6.56

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

THE BOROUGH AS A WHOLE (Continued)

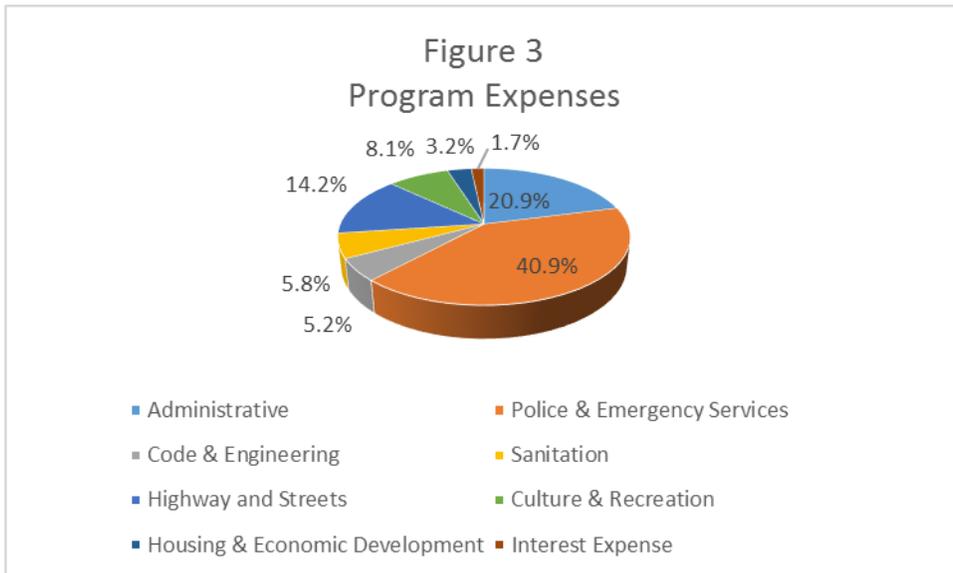
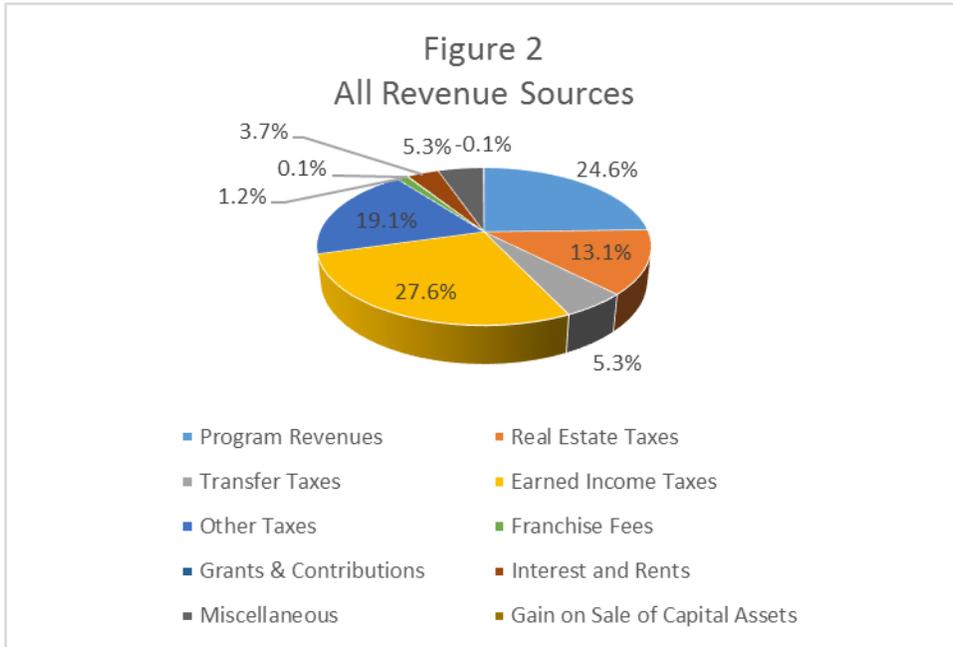
	Changes in Net Position			
	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Total Revenues (Forwarded)	\$17,203,294	\$16,144,193	\$ 1,059,101	6.56
Program Expenses				
Administrative	2,749,763	3,012,107	(262,344)	(8.71)
Police and Emergency Services	5,371,314	7,467,846	(2,096,532)	(28.07)
Code and Engineering	688,508	628,138	60,370	9.61
Sanitation	762,432	753,028	9,404	1.25
Highways and Streets	1,863,589	2,071,263	(207,674)	(10.03)
Culture and Recreation	1,066,098	768,676	297,422	38.69
Housing and Economic Development	414,929	479,681	(64,752)	(13.50)
Interest Expense	221,414	232,285	(10,871)	(4.68)
Total Expenses	<u>13,138,047</u>	<u>15,413,024</u>	<u>(2,274,977)</u>	<u>-14.76</u>
Transfer to OPEB Trust	<u>(1,275,670)</u>	<u>0</u>	<u>(1,275,670)</u>	<u>100.0</u>
Changes in Net Position	<u>\$ 2,789,577</u>	<u>\$ 731,169</u>	<u>2,058,408</u>	<u>281.52</u>

Figures 1 through 3 below provide an overview of the Borough's revenues and expenses for 2019.



**BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019**

THE BOROUGH AS A WHOLE (Continued)



BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

ANALYSIS OF INDIVIDUAL FUNDS

Governmental Funds. The focus of Conshohocken Borough's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Conshohocken Borough's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

The modified accrual basis of accounting is used for all governmental fund types. Revenues are recorded when susceptible to accrual, both measurable and available and expenditures are recorded when the fund liabilities are incurred, except for interest on long-term debt, which is recorded when due for payment. Financial statements for the pension trust funds and proprietary funds are maintained on the accrual basis, with revenue recognized when earned and expenses recorded when incurred.

Conshohocken Borough's governmental funds reported combined ending fund balances of \$22,248,128 in 2019 and \$16,611,143 in 2018. The unassigned fund balance portion was \$10,290,080 and \$6,747,100 for 2019 and 2018 respectively, and is available for spending at the government's discretion. The remainder of fund balance for 2019 is comprised of: \$922,879 *restricted* to indicate that it is not available for unrestricted spending; \$11,027,465 *committed* for specific purposes; \$430 *assigned* for a specific purpose; and \$7,274 *non-spendable* for prepaid items.

The total fund balances increased by \$5,636,985 in the current year compared with an increase of \$3,207,373 during the prior year. Key factors in this increase from the prior year were: higher charges for services revenues of \$2.2 million and the payment of \$3.9 million on a note receivable. Additionally, total expenses increased from \$13,025,166 to \$13,347,268.

General Fund

The *General Fund* is the primary operating fund of Conshohocken Borough. At the end of the current year, unassigned fund balance of the general fund was \$10,290,080, while total fund balance of governmental funds reached \$22,248,128. At the end of the prior year, unassigned fund balance of the general fund was \$6,747,240 with the total fund balance of governmental funds at \$16,611,143. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance of governmental funds to total general fund expenditures. Unassigned fund balance represents approximately 89% and 63% for 2019 and 2018, respectively, of total general fund expenditures, while total fund balance represents 167% and 128% for 2019 and 2018, respectively, of total fund expenditures.

The General Fund balance increased by \$1,688,702 in the current year compared with an increase of \$2,649,109 during the prior year. A key factor in this decrease from the prior year was a transfer to a new OPEB Trust of \$1.27 million.

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

ANALYSIS OF INDIVIDUAL FUNDS (Continued)

General Fund Budgetary Highlights

General Fund revenues exceeded budgeted revenues by 40%. The positive variance in revenues related to a positive variance in nearly all revenue areas, particularly in four types of taxes (real estate, transfer, earned income, business privilege and mercantile), charges for services and interest and rents. Earned income taxes were over budget by 16%, transfer taxes by 205%, and business privilege and mercantile taxes by 10%. Charges for service exceeded budget by approximately \$2,124,264 or 254%, due to higher permit receipts from a large construction project. Interest and rents were over budget by approximately \$280,000 or 104% due to higher interest rates than anticipated and an increase in rentals of Borough facilities.

Differences between the final budgeted expenditures, and actual expenditures was \$818,262, or a negative 6.7%. Most areas were under budget – public safety expenditures by 8%, sanitation by 8%, highways and streets by 7%, and culture and recreation by 30%. General government was over budget by 9% due to a contribution to the OPEB Trust. The variance in excess of revenues over (under) expenditures amounted to \$3,499,049 in 2019 and \$4,588,368 in 2018.

Non-major Funds

The *Non-major Governmental Funds* are shown on the Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and changes in Fund Balance in the Supplementary Information. The year-end fund balance of the non-major funds is \$1,280,312.

Four of the non-major funds are supported by real estate tax millage, which for 2019 was as follows: Street Light (0.2226 mills), Library (0.0836 mills), Fire (0.1254 mills) and Debt Service (0.07 mills). The remaining five funds are designated to funding park and recreation programs, highway and housing and economic development.

Street Light Fund. The *Street Light Fund* receives real estate tax revenues. The funds are restricted to be used for street light maintenance.

Fire Fund. The *Fire Fund* received real estate tax revenue and grants. The funds are restricted to be used for fire services.

Library Fund. The *Library Fund* uses financial resources to be used to fund the local library.

Park and Recreation Fund. The *Park and Recreation Fund* uses developer fees in lieu of open space to be used to fund improvements to park and recreation facilities in the Borough.

Liquid Fuels Highway Aid Fund. The *Liquid Fuels Highway Aid Fund* is restricted for highways and street expenditures.

**BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019**

ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Non-major Funds (Continued)

Home Program Fund. The *Home Program Fund* accounts for Home grant proceeds and related expenditures.

Economic Development Fund. The *Economic Development Fund* accounts for the Economic Development grant proceeds and related expenditures.

Mary H. Wood Park Fund. The *Mary H. Wood Park Fund* accounts for resources restricted for the maintenance of the Mary H. Wood Park.

Debt Service Fund. The *Debt Service Fund* is restricted for payment of debt obligations. The debt obligations are funded with real estate tax revenues.

ITEMS OF GENERAL INTEREST

Water and Sewer

Residents and businesses of the Borough are served by Borough of Conshohocken Authority for sewer and Aqua PA for water. The Borough has no financial or management control of the water and sewer companies.

Fire and Ambulance

Residents and businesses of the Borough are served by the Conshohocken Fire Company Number 2 and the Washington Fire Company Number 1. In addition, there are mutual aid agreements in place with neighboring municipalities and central dispatching throughout the area. Narberth Ambulance, Medic 313 provides ambulance services to the Borough. The Borough distributed 0.1254 mills (\$80,107) of real estate taxes between the two fire companies, and contributed an additional \$128,949 during 2019.

Public Facilities

The Borough owns seven parks of varying sizes. Additionally, the Borough operates the Community Center at the Fellowship house and runs programs from there. The Borough also supports the Conshohocken Rowing Center. In 2014, the Borough began construction on new Borough office facility at 400 Fayette Street, and moved in in August 2015. It is a modern, functional site for local government operations. All operations, except public works, sanitation and on site recreation programs are located here. Public works and sanitation services are located on a remote site with pole barns and service garages that also houses staff quarters and offices. These buildings are in good condition.

**BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019**

PENSION PLANS

Full-time Borough employees are also members of the Police, Fire or General Employees defined benefit pension plans. The Borough is eligible for Act 205 assistance in the form of state aid. The Police and Fire Pension Plans are administered by the Borough, while the General Employees Plan is administered by PMRS.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Borough has \$14,301,523 Net Investment in Capital Assets. In 2017, the Borough provided full accrual government-wide statements for the first time. This involved developing a comprehensive capital assets listing for the first time.

Capital Assets

Significant capital events during the year included park equipment purchases and improvements of approximately \$230,000, police vehicles and equipment for \$124,000, and public works vehicles and equipment for \$359,000. Additionally, during 2018, the Borough sold a piece of land for \$1.5 million, to be used in a redevelopment project. A summary of capital assets activity for the year is as follows:

	<u>Beginning Balance</u>	<u>Net Additions (Deletions)</u>	<u>Ending Balance</u>
Land	\$ 1,299,000	\$ 11,815	\$ 1,310,815
Buildings	19,596,257	51,455	19,647,712
Park Improvements	472,052	0	472,052
Equipment, Furniture and Vehicles	5,182,584	362,022	5,544,606
Infrastructure	11,323,535	0	11,323,535
	<u>37,873,428</u>	<u>425,292</u>	<u>38,298,720</u>
Accumulated Depreciation	<u>(13,890,750)</u>	<u>(1,155,147)</u>	<u>(15,045,897)</u>
Net Capital Assets	<u>\$ 23,982,678</u>	<u>\$ (729,855)</u>	<u>\$ 23,252,823</u>

**BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Long-term Debt

At year-end, the Borough had three general obligation notes outstanding of \$8,951,300. These notes were issued in 2014 for the construction of the Borough facilities. Additional information on the Borough's long-term debt terms can be found in the footnotes. A summary for debt service activity for the year is as follows:

	<u>Beginning Balance</u>	<u>Payments</u>	<u>Ending Balance</u>
2014 GON Tax Exempt Series A	\$ 5,940,200	\$ 294,700	\$ 5,645,500
2014 GON Tax Exempt Series B	2,289,400	116,600	2,172,800
2014 GON Taxable Series	<u>1,193,200</u>	<u>60,200</u>	<u>1,133,000</u>
	<u>\$ 9,422,800</u>	<u>\$ 471,500</u>	<u>\$ 8,951,300</u>

ECONOMIC FACTORS AND FUTURE BUDGETS

Prior to COVID-19, Conshohocken Borough continued to see improvements with most revenue sources. There has been a significant amount of development and redevelopment within the Borough. The Borough desires to improve fiscal stability using these increased revenues and by controlling costs. Additionally, the Borough continues to evaluate future capital improvements against the cost of capital. Long-term capital projects include facility and infrastructure improvements. Financing options for these long-term initiatives are being evaluated along with the Borough's current debt with rates and terms that are consistent with market conditions. Any decision to acquire additional debt to achieve these long-term capital goals will include a financing structure that is fiscally responsible to the taxpayers of the Borough.

While the Borough will continue to plan for the future, unfortunately, we also must be conservative as the fiscal impacts of COVID-19 are still unknown and evolving. The Borough relies on a healthy economy for a large portion of annual revenue. As the crisis continues to unfold, the impact on the Borough's bottom line will be driven by revenue generated from income, wages and real estate. An important factor will be whether or not our industries and businesses were exposed to coronavirus-related employment declines. All of these factors will affect revenues available to meet the health, safety and welfare of residents and visitors and could affect long-term capital planning timelines. It is our expectation that the Borough will feel the economic effects of COVID-19 over the course of the next year. Fiscal planning for the future, therefore, will be adjusted accordingly as applicable.

CONTACTING THE BOROUGH FINANCIAL MANAGEMENT TEAM

This Management Discussion and Analysis is intended to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of important financial matters in a format that is both comprehensive and understandable in nature. For questions relating to the Management Discussion and Analysis, please contact Stephanie Cecco, Borough Manager, at 400 Fayette Street, Suite 200, Conshohocken, Pennsylvania 19428, call (610) 828-1092 or visit our website at www.Conshohockenpa.gov.

BOROUGH OF CONSHOHOCKEN

STATEMENT OF NET POSITION

December 31, 2019

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 20,844,365
Receivables	1,963,585
Prepaid expenses	7,274
Due from others	974
Temporarily restricted assets:	
Cash and cash equivalents	319,488
Intergovernmental receivable	8,257
Notes receivable	1,000,000
Net pension asset	207,283
Land	1,310,815
Other capital assets (net of accumulated depreciation)	<u>21,942,008</u>
Total Assets	<u>47,604,049</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources for pension	<u>444,481</u>
Total deferred outflows of resources	<u>444,481</u>
 <u>LIABILITIES</u>	
Accounts payable and other current liabilities	477,549
Accrued interest payable	18,025
Payable from restricted assets	172,528
Non-current liabilities:	
Due within one year	483,800
Due after one year	<u>37,984,114</u>
Total Liabilities	<u>39,136,016</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows of resources pension	<u>641,774</u>
Total deferred inflows of resources	<u>641,774</u>
 <u>NET POSITION</u>	
Net investment in capital assets	14,301,523
Restricted for:	
Street lights	140,238
Fire services	77,741
Streets and highways	521,825
Housing and economic development	146,960
Culture and recreation	39,319
Unrestricted	<u>(6,956,866)</u>
Total Net Position	<u>\$ 8,270,740</u>

The notes to the financial statements are an integral part of this statement

BOROUGH OF CONSHOHOCKEN

STATEMENT OF ACTIVITIES

December 31, 2019

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES					
General government	\$ 2,749,763	\$ 24,124	\$ -	\$ -	\$ (2,725,639)
Police and emergency services	5,371,314	2,552,608	436,830	-	(2,381,876)
Codes and engineering	688,508	301,860	-	-	(386,648)
Sanitation	762,432	75,944	131,894	-	(554,594)
Highways and streets	1,863,589	127,005	211,437	-	(1,525,147)
Culture and recreation	1,066,098	214,472	17,957	-	(833,669)
Housing and economic development	414,929	-	-	137,590	(277,339)
Interest expense	221,414	-	-	-	(221,414)
Total Governmental Activities	\$ 13,138,047	\$ 3,296,013	\$ 798,118	\$ 137,590	\$ (8,906,326)
GENERAL REVENUES and TRANSFERS					
Taxes:					
					\$ 2,251,019
					915,190
					4,753,134
					2,916,171
					377,912
					214,408
					17,868
					630,965
					906,365
					(11,459)
					(1,275,670)
					<u>11,695,903</u>
					2,789,577
					<u>5,481,163</u>
					<u>\$ 8,270,740</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF CONSHOHOCKEN

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2019

	<u>General</u>	<u>Capital Fund</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 10,355,483	\$ 1,210,955	\$ 8,208,790	\$ 1,069,137	\$ 20,844,365
Receivables					
Taxes	1,817,943	-	-	6,349	1,824,292
Accounts	139,293	-	-	-	139,293
Prepaid expenses	7,274	-	-	-	7,274
Due from other funds	974	-	-	79,175	80,149
Restricted assets					
Cash and cash equivalents	172,528	-	-	146,960	319,488
Intergovernmental receivable	-	-	-	8,257	8,257
Total Assets	<u>\$ 12,493,495</u>	<u>\$ 1,210,955</u>	<u>\$ 8,208,790</u>	<u>\$ 1,309,878</u>	<u>\$ 23,223,118</u>
LIABILITIES					
Accounts payable	\$ 283,481	\$ 2,662	\$ -	\$ 25,161	\$ 311,304
Accrued payroll	166,245	-	-	-	166,245
Due to other funds	79,175	-	-	-	79,175
Payable from restricted assets					
Taxes payable under protest	172,528	-	-	-	172,528
Total Liabilities	<u>701,429</u>	<u>2,662</u>	<u>-</u>	<u>25,161</u>	<u>729,252</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	241,333	-	-	4,405	245,738
Total deferred inflows of resources	<u>241,333</u>	<u>-</u>	<u>-</u>	<u>4,405</u>	<u>245,738</u>
FUND BALANCES					
Nonspendable - prepaid items	7,274	-	-	-	7,274
Restricted for:					
Street lights	-	-	-	138,135	138,135
Fire services	-	-	-	76,640	76,640
Streets and highways	-	-	-	521,825	521,825
Housing and economic development	-	-	-	146,960	146,960
Culture and recreation	-	-	-	39,319	39,319
Committed for:					
Capital projects	-	1,208,293	8,208,790	-	9,417,083
Subsequent year's budget	1,253,379	-	-	-	1,253,379
Park and recreation	-	-	-	277,375	277,375
Debt service	-	-	-	79,628	79,628
Assigned for:					
Library	-	-	-	430	430
Unassigned:	10,290,080	-	-	-	10,290,080
Total Fund Balances	<u>11,550,733</u>	<u>1,208,293</u>	<u>8,208,790</u>	<u>1,280,312</u>	<u>22,248,128</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,493,495</u>	<u>\$ 1,210,955</u>	<u>\$ 8,208,790</u>	<u>\$ 1,309,878</u>	<u>\$ 23,223,118</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF CONSHOHOCKEN

RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF GOVERNMENT-WIDE NET POSITION

For the Year Ended December 31, 2019

Amounts reported for governmental activities in the statement of net position (page 18)
are different because:

Total fund balances-total governmental funds (pages 20) \$ 22,248,128

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

Cost of capital assets	38,298,720	
Accumulated depreciation	<u>(15,045,897)</u>	23,252,823

Because the focus of governmental funds is on short-term financing,
some assets will not be available to pay for current-period expenditures.
Those assets (for example, receivables) are offset by deferred revenues
in the governmental funds and thus are not included in fund balance.

Property tax receivable	30,738	
Earned income tax receivable	215,000	
Net pension asset	207,283	
Other receivable	<u>1,000,000</u>	1,453,021

Deferred inflows and outflows or resources related to pensions and receivables
are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows or resources for pension	444,481	
Deferred inflows of resources pension	<u>(641,774)</u>	(197,293)

Long term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

Notes payable	(8,951,300)	
Interest payable	(18,025)	
Net pension liability	(2,257,892)	
Net postemployment benefits obligation	(26,595,324)	
Compensated absences	<u>(663,398)</u>	<u>(38,485,939)</u>

Net position of governmental activities (page 19) \$ 8,270,740

BOROUGH OF CONSHOHOCKEN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	<u>General</u>	<u>UDAG Repayment</u>	<u>Capital Fund</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Real estate taxes	\$ 1,929,088	\$ -	\$ -	\$ -	\$ 322,044	\$ 2,251,132
Real estate transfer taxes	915,190	-	-	-	-	915,190
Earned income taxes	4,764,369	-	-	-	-	4,764,369
Business privilege and mercantile taxes	2,916,171	-	-	-	-	2,916,171
Local services taxes	377,912	-	-	-	-	377,912
Fees, licenses and permits	550,226	-	-	-	-	550,226
Fines and forfeitures	115,129	-	-	-	-	115,129
Intergovernmental revenues	509,347	-	-	-	422,302	931,649
Charges for services	2,960,195	-	-	-	-	2,960,195
Interest	181,971	279,744	44,882	104,688	19,680	630,965
Rents	371,769	-	-	-	-	371,769
Miscellaneous	307,135	-	3,300	-	256,957	567,392
Payments in lieu of taxes	2,432	-	-	-	-	2,432
Total Revenues	<u>15,900,934</u>	<u>279,744</u>	<u>48,182</u>	<u>104,688</u>	<u>1,020,983</u>	<u>17,354,531</u>
EXPENDITURES						
Current:						
General government	2,691,343	-	3,605	-	84	2,695,032
Public safety	5,844,888	-	99,687	-	104,466	6,049,041
Sanitation	746,388	-	-	-	-	746,388
Highways and streets	1,260,695	-	383,194	-	111,905	1,755,794
Culture and recreation	743,003	-	332,365	-	62,238	1,137,606
Housing and economic development	-	-	-	62,500	137,590	200,090
Miscellaneous	69,454	-	-	-	-	69,454
Debt service:						
Principal	-	-	-	-	471,500	471,500
Interest	-	-	-	-	222,363	222,363
Total Expenditures	<u>11,355,771</u>	<u>-</u>	<u>818,851</u>	<u>62,500</u>	<u>1,110,146</u>	<u>13,347,268</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>4,545,163</u>	<u>279,744</u>	<u>(770,669)</u>	<u>42,188</u>	<u>(89,163)</u>	<u>4,007,263</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of fixed assets	1,551	-	-	-	-	1,551
Notes receivable settlement	-	3,903,841	-	-	-	3,903,841
Notes receivable issuance	(1,000,000)	-	-	-	-	(1,000,000)
Transfer to OPEB trust	(1,275,670)	-	-	-	-	(1,275,670)
Transfers in	4,196,616	-	-	4,778,958	650,456	9,626,030
Transfers out	<u>(4,778,958)</u>	<u>(4,196,466)</u>	<u>(650,456)</u>	<u>-</u>	<u>(150)</u>	<u>(9,626,030)</u>
Total Other Financing Sources (Uses)	<u>(2,856,461)</u>	<u>(292,625)</u>	<u>(650,456)</u>	<u>4,778,958</u>	<u>650,306</u>	<u>1,629,722</u>
Net Change in Fund Balance	1,688,702	(12,881)	(1,421,125)	4,821,146	561,143	5,636,985
Fund Balance - Beginning	9,862,031	12,881	2,629,418	3,387,644	719,169	16,611,143
Fund Balance - Ending	<u>\$ 11,550,733</u>	<u>\$ -</u>	<u>\$ 1,208,293</u>	<u>\$ 8,208,790</u>	<u>\$ 1,280,312</u>	<u>\$ 22,248,128</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF CONSHOHOCKEN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

Net change in fund balances-total governmental funds (pages 22)		\$ 5,636,985
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	510,792	
Depreciation expense	<u>(1,227,637)</u>	(716,845)
The effect of sales of capital assets is to decrease net assets.		(13,010)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Earned income taxes	(11,235)	
Property taxes	(113)	
Other receivable	<u>(3,032,271)</u>	(3,043,619)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of debt	471,500	
Interest payable	<u>949</u>	472,449
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 governmental funds.		
Net pension liability and deferred items	65,672	
Net postemployment benefits obligation	386,856	
Compensated absences	<u>1,089</u>	<u>453,617</u>
Change in net position of governmental activities (page 19)		<u>\$ 2,789,577</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF CONSHOHOCKEN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2019

ASSETS	Pension and Other Benefit <u>Trust Funds</u>	Agency <u>Funds</u>
Cash and cash equivalents	\$ 762,918	\$ 1,103,396
Investments	11,875,286	-
Interest receivable	1,714	-
Due from general fund	<u>10,096</u>	<u>-</u>
Total Assets	<u>12,650,014</u>	<u>1,103,396</u>
LIABILITIES		
Due to general fund	-	974
Escrow payable	<u>-</u>	<u>1,102,422</u>
Total Liabilities	<u>-</u>	<u>1,103,396</u>
NET POSITION		
Net Position - Restricted for Pension and OPEB Benefits	<u>\$ 12,650,014</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF CONSHOHOCKEN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2019

	<u>Pension and Other Benefit Trust Funds</u>
ADDITIONS	
Contributions	
Commonwealth of Pennsylvania	\$ 363,555
Employee	116,079
Employer	<u>2,034,992</u>
Total Contributions	<u>2,514,626</u>
Investment Earnings	
Net appreciation in fair value of investments	1,561,884
Dividends and interest	<u>267,048</u>
Total Investment Earnings	1,828,932
Less investment expense	<u>(40,990)</u>
Net Investment Earnings	<u>1,787,942</u>
Transfer from General Fund	<u>1,275,670</u>
Total Additions	<u>5,578,238</u>
DEDUCTIONS	
Benefits	1,754,037
DROP payout	288,616
Other	<u>17,809</u>
Total Deductions	<u>2,060,462</u>
Change in Net Position	3,517,776
Net Position - Restricted for Pension and OPEB Benefits	
Beginning of Year	<u>9,132,238</u>
End of Year	<u>\$ 12,650,014</u>

The notes to the financial statements are an integral part of this statement.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. Summary of significant accounting policies

The Borough of Conshohocken (the Borough) is located in Montgomery County, Pennsylvania. The major services provided by the Borough include public safety, sanitation, highway and streets, culture and recreation, housing and economic development, and general administration.

The Borough is governed by an elected seven-member Borough Council. The daily operations of the Borough are administered by the Borough Manager.

The Borough has adopted the provisions of a financial reporting model for local governments established by the Government Accounting Standards Board (GASB), presenting fund financial statements where the focus is on major funds. Under accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units, the Borough is required to present both government-wide and fund financial statements. The government-wide financial statements report information on all of the nonfiduciary activities of the Borough and include the reporting entity of the Borough, primary government and any component units.

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. *Reporting entity*

The accompanying financial statements include only Borough operations, which are under the direct responsibility of the Borough Council. GASB has set forth criteria to be considered in determining financial accountability. In evaluating the Borough (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Borough have been addressed. Financial accountability is present if the Borough appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Borough.

The following organizations were addressed in defining the Borough's reporting entity and it was determined that these entities should be excluded from the reporting entity of the Borough.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. Summary of significant accounting policies (Continued)

A. *Reporting entity (continued)*

Conshohocken #2 Fire Company and Washington Fire Company - The Borough provides substantial support (fiscal dependency) to Conshohocken #2 Fire Company and Washington Fire Company. Under GASB standards, in addition to fiscal dependency, a financial benefit or burden relationship must also exist to justify inclusion in the primary government's reporting entity. The Borough levies and collects real estate taxes, pays certain expenses on behalf of, and remits quarterly appropriations to the fire companies. Annual appropriations in 2019 were \$100,000 each to fire company. Separately issued financial statements of the Conshohocken #2 Fire Company and Washington Fire Company can be obtained at the Borough's Administrative Offices.

B. *Government-wide and fund financial statements*

The government-wide financial statements are highly aggregated financial statements that present financial information for all assets (including infrastructure capital assets), deferred outflows of resources, liabilities, deferred inflows of resources, and net position of a primary government and its component units, except for fiduciary funds. Government-wide financial statements use the *economic resources measurement focus and accrual basis of accounting*. Those financial statements are designed to help users assess the finances of the government in its entirety, including the year's operating results; determine whether the government's overall financial position improved or deteriorated; and evaluate whether the government's current-year revenues were sufficient to pay for current-year services. They also are designed to help users assess the cost of providing services to its citizenry; determine how the government finances its programs-through user fees and other program revenues versus general tax revenues; understand the extent to which the government has invested in capital assets, including roads, bridges, and other infrastructure assets; and make better comparisons between governments.

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

Separate fund financial statements are provided for governmental funds and fiduciary funds, as applicable. The focus of fund financial statements is on major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. Summary of significant accounting policies (Continued)

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

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, the fund equity, is referred to as "fund balance."

The government reports the following major governmental funds:

The *General Fund* is the general operating fund of the Borough. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *UDAG Repayment Fund* is a special revenue fund used to account for proceeds from loan repayments from UDAG loans and expenditures on eligible activities.

The *Capital Fund* is used to account for financial resources intended to be used for the acquisition, construction or reconstruction of Borough assets and facilities.

The *Capital Reserve Fund* is used to account for financial resources accumulated for future capital projects.

The other governmental funds of the Borough are considered nonmajor.

Additionally, the government reports the following fiduciary fund types:

The *Pension Trust Funds* are used to account for assets held by the Borough in a trustee capacity for the Police and Firemen's Pension plans, which accumulate resources for pension benefit payments to qualified employees.

The *OPEB Trust Fund* is used to account for assets held by the Borough in a trustee capacity for the Other Post-Employment Benefit plan, which accumulate resources for OPEB benefit payments to qualified employees.

The *Agency Fund* accounts for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Borough's agency fund is the Escrow Fund.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. Summary of significant accounting policies (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation*
(continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are real estate taxes, real estate transfer taxes, earned income taxes, business privilege and mercantile taxes, interest, intergovernmental, charges for services, and certain miscellaneous revenues. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or matured.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use restricted resources first, then unrestricted resources as they are needed.

The Fiduciary Fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except that agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

D. *Assets, liabilities, and net position or equity*

1. *Deposits and investments*

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts, money market funds, and certificates of deposit or short-term investments with an original maturity of three months or less.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

1. Deposits and investments (continued)

The Borough is permitted by state law to invest Borough funds in U.S. Treasury bills, short-term obligations of the U.S. Government or its agencies, obligations of the Commonwealth of Pennsylvania or its agencies and shares of an investment company as defined, provided that the only investments of that investment company are in authorized investments for Borough funds. The Borough may also place deposits that are insured by the Federal Deposit Insurance Corporation (FDIC) and deposits that are collateralized on an individual or on a pooled basis in accordance with Act No. 72 of the Commonwealth of Pennsylvania, August 6, 1971.

The law provides that the Borough's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Borough to be prudent. The deposits and investments of the Pension Trust Funds are maintained separately from other Borough funds and are managed by a Trustee in the name of the Borough on behalf of plan participants.

The Borough participates in the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT is a common law trust established pursuant to the Intergovernmental Cooperation Act and similar statutes by Local Governments in Pennsylvania for the purpose of pooling their investments. It is a fundamental policy of PLGIT to maintain a net asset value of \$1 per share, but there can be no assurance that the net asset value will not vary from \$1 per share. At December 31, 2019, management of PLGIT has indicated that all investments made of the PLGIT were either obligations of the U.S. Government or its agencies or instrumentalities, or deposits insured by FDIC. The reported value of the pool is the pool's amortized cost-based net asset value per share, which approximates fair value. There are no limitations or restrictions on withdrawals.

2. Restricted assets

The assets of the Community Development, Economic Development, and HOME Program nonmajor funds are classified as restricted assets because their use is restricted by grant agreements. Expenditures incurred for purposes for which restricted and unrestricted assets are available are first applied to restricted assets. There is a corresponding restricted liability or deferred inflow on the balance sheet for these funds.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

3. Receivables and payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed.

Receivables are reduced, when necessary, by an estimated allowance for accounts that are expected to be uncollectible. At December 31, 2019, all trade receivables were deemed to be fully collectible.

Property taxes are levied as of March 1 on property values assessed as of the same date. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through May 1; face amount May 21 through July 1; and a 10% penalty after July 1. Any unpaid taxes are attached as an enforceable lien on such property as of January 15 of the following year. The Borough employs an elected tax collector to collect the property tax levied. Property taxes collected within sixty days subsequent to December 31, 2019 are recognized as revenue for the year ending December 31, 2019.

4. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the governmental fund financial statements, prepaid items are offset by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$4,000 to \$25,000, depending on asset type, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

5. Capital assets (continued)

Property, plant, and equipment of the primary government, as well as its component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Land improvements	20
Infrastructure	20-50
Machinery, equipment, vehicles	2-10

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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 Borough has the following that qualify for reporting in this category:

1. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available
2. *Change in assumptions* is reported in the government-wide statement of net position. A difference results from a change in actuarial assumptions for the pension plan. These amounts are deferred and amortized over a four to ten year period.
3. *Contribution by employer after measurement date* is reported in the government-wide statement of net position for the general employees' pension plan. These amounts are deferred and recognized as an outflow of resources in the next period.
4. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five year period.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

6. Deferred outflows/inflows of resources (continued)

In addition to liabilities, the statement of financial 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 Borough has the following that qualify for reporting in this category:

5. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
6. *Change in assumptions* is reported in the government-wide statement of net position. A difference results from a change in actuarial assumptions for the pension plan. These amounts are deferred and amortized over a four to ten year period.
7. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five year period.
8. *Unavailable revenue - property taxes, earned income taxes, and notes receivable* is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Real estate transfer taxes, earned income taxes, business privilege and mercantile taxes, and local services taxes

The Borough recognizes assets resulting from real estate transfer taxes, earned income taxes, business privilege and mercantile taxes (derived tax revenues), and local services taxes when the underlying exchange transaction occurs or when resources are received, whichever is first. In the governmental fund financial statements, under the modified accrual basis of accounting, revenue is recorded when the underlying exchange occurs and when the resources are available. Revenue that is not available is deferred and reported as a deferred inflow of resources.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

8. Use of estimates

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

9. Compensated absences

Upon retirement or departure, unused vacation pay will be paid to police officers, sanitation employees, and general employees.

Upon retirement, up to 75 days of accumulated sick leave will be paid to police officers, and up to 60 days of accumulated sick leave will be paid to sanitation employees and general employees. Sick leave in excess of the maximum number of accumulated days is not paid upon retirement.

10. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, statement of net assets. If bond premiums or discounts exist, they are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Any 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.

11. Pension and other postemployment benefits (OPEB)

The Borough recognizes pension and OPEB expenses under the accrual basis for the annual required contribution, regardless of amounts paid. The cumulative difference between amounts expensed and paid is reported as a liability (asset).

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

12. Net position

In the government-wide financial statements, net position is classified in the following categories:

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

Net Investment in Capital Assets	
Capital assets not being depreciated	\$ 1,310,815
Capital assets being depreciated, net of accumulated depreciation	21,942,008
Less: Long-term debt outstanding	<u>(8,951,300)</u>
Total Net Investment in Capital Assets	<u>\$ 14,301,523</u>

Restricted net position - This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category represents net position of the entity, not restricted for any project or other purpose.

13. Fund balance

Fund balance represents assets plus deferred outflows of resources less liabilities plus deferred inflows of resources in the governmental fund financial statements. Governmental funds report fund balance in classifications based primarily on the extent to which the Borough is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

13. Fund balance (continued)

Restricted Fund Balance - includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the Borough's highest level of decision-making authority, the Borough Council. Commitments may be changed or lifted only by the Borough taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance - includes amounts intended to be used by the Borough for specific purposes but do not meet the criteria to be classified as committed. The governing body, the Borough Council, has by resolution authorized the Borough Manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance - this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

II. Stewardship, compliance, and accountability

A. *Budgetary information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund of the Borough.

The Borough follows these procedures in establishing the budget:

1. During September, October and November, the Borough holds budget meetings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year.
2. During November, the Borough makes available to the public its proposed operating budget for the General Fund. The operating budget includes proposed expenditures and the means of financing them.
3. Prior to December 31, the Borough holds a public hearing to obtain taxpayer comments, after which the budget is legally adopted through passage of an ordinance.
4. All budget revisions require the approval of the members of Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgetary control is maintained at the fund level.
6. All unencumbered budget appropriations lapse at year-end.

III. Detailed notes on all funds

A. *Deposits and investments*

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy is to require their banking institution to provide a letter stating that they follow the Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis.

As of year-end, the carrying amount of deposits for the governmental funds was \$16,130,762 and the bank balance was \$16,313,242. Of the bank balance, \$500,000 was covered by federal depository insurance. Of the remaining balance, \$731,832 was uninsured and \$15,081,409 was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. The investment in externally pooled investments are considered cash equivalents due to the short maturities of those investments and are included above.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Borough's investment policy and through state limitations as discussed in Note I. D. 1.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough does not have a formal investment policy for credit risk. State law limits the investment of governmental funds as described in Note I. D. 1. The government does not have a formal investment policy for credit risk. The government's investments in the external investment pool were rated AAAM, the Mutual Fund - Fixed Income were rated A to B by Standards & Poor's.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Borough does not have a formal investment policy for concentration of credit risk. There were no investments greater than 5% in any one single issuer that would be considered a concentration of credit risk for the government.

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Borough does not have a formal investment policy for interest rate risk. The weighted average maturity of the portfolio held by PLGIT and the investment in money funds at December 31, 2019 was less than one year. The average maturities of the Borough's debt securities are as follows.

	<u>Amount</u>	<u>Maturities in Years</u>			<u>Not Available</u>
		<u>< 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	
GOVERNMENTAL FUNDS					
Externally Pooled Investments	\$ 848,438	\$ 848,438	\$ -	\$ -	\$ -
Total Governmental Funds	<u>\$ 848,438</u>	<u>\$ 848,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FIDUCIARY FUNDS					
Mutual Funds - Equity	\$ 7,950,500	\$ 7,950,500	\$ -	\$ -	\$ -
Mutual Funds - Fixed Income	3,924,786	-	-	2,909,361	1,015,425
Total Fiduciary Funds	<u>\$ 11,875,286</u>	<u>\$ 7,950,500</u>	<u>\$ -</u>	<u>\$ 2,909,361</u>	<u>\$ 1,015,425</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

Fair Value Measurements: The Borough categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Borough had two recurring fair value measurement as of December 31, 2019, mutual funds equity and fixed income are classified as Level 1. The externally pooled investment is considered a cash equivalent.

B. *Receivables*

Receivables as of year-end for the government's individual major funds and non-major and fiduciary funds in the aggregate are as follows:

Receivables:	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Taxes	\$ 1,817,943	\$ 6,349	\$ -	\$ 1,824,292
Accounts	139,293	-	-	139,293
Interest	-	-	1,714	1,714
Contributions	-	-	10,096	10,096
Intergovernmental	-	8,257	-	8,257
Total Receivables	<u>\$ 1,957,236</u>	<u>\$ 14,606</u>	<u>\$ 11,810</u>	<u>\$ 1,983,652</u>

Notes receivable at December 31, 2019 consist of the following: The Borough loaned \$1,000,000 to Seven Tower Bridge Development for the office building located at 110 Washington Street. The loan commenced on October 7, 2019 at 3.25% interest. The repayment schedule is as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 11,000	\$ 32,366	\$ 43,366
2021	11,000	32,008	43,008
2022	11,000	31,651	42,651
2023	193,400	29,070	222,470
2024	193,400	22,785	216,185
2025-2027	<u>580,200</u>	<u>30,642</u>	<u>610,842</u>
	<u>\$ 1,000,000</u>	<u>\$ 178,522</u>	<u>\$ 1,178,522</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

III. Detailed notes on all funds (Continued)

B. Receivables (continued)

The Borough rents space to Keystone, with a sublet to the Philadelphia Freedom Valley YMCA. The amended lease commenced on November 30, 2015. The minimum rental rate of the lease is \$100,000 per year, due in monthly installments of \$8,333. The rent is based on fifty percent of the Tenant's Net Revenues for each Lease Year. The lease term is five years. The minimum lease payments to be received for the year ending December 31, 2020 is \$100,000.

C. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2019, is as follows. Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
General Fund	\$ 974	\$ 79,175
Non Major Funds	79,175	-
Agency Fund	-	974
Total	<u>\$ 80,149</u>	<u>\$ 80,149</u>

Interfund transfers result from (1) reimbursement of expenditures and (2) saving for future capital needs.

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ 4,196,616	\$ 4,778,958
UDAG Repayment	-	4,196,466
Capital Fund	-	650,456
Capital Reserve Fund	4,778,958	-
Non Major Funds	650,456	150
Total	<u>\$ 9,626,030</u>	<u>\$ 9,626,030</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

III. Detailed notes on all funds (Continued)

D. Capital assets

Capital asset activity for the year ended December 31, 2019 was as follows:

Governmental activities:	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,299,000	\$ 11,815	\$ -	\$ 1,310,815
Total capital assets, not being depreciated	<u>1,299,000</u>	<u>11,815</u>	<u>-</u>	<u>1,310,815</u>
Capital assets, being depreciated:				
Building	19,596,257	51,455	-	19,647,712
Equipment and vehicles	4,991,371	447,522	(85,500)	5,353,393
Furniture	191,213	-	-	191,213
Park improvements	472,052	-	-	472,052
Infrastructure	<u>11,323,535</u>	<u>-</u>	<u>-</u>	<u>11,323,535</u>
Total capital assets being depreciated	<u>36,574,428</u>	<u>498,977</u>	<u>(85,500)</u>	<u>36,987,905</u>
Less accumulated depreciation for:				
Building	3,526,650	486,953	-	4,013,603
Equipment and vehicles	1,658,253	412,871	(72,490)	1,998,634
Furniture	58,957	19,122	-	78,079
Park improvements	42,783	23,603	-	66,386
Infrastructure	<u>8,604,107</u>	<u>285,088</u>	<u>-</u>	<u>8,889,195</u>
Total accumulated depreciation	<u>13,890,750</u>	<u>1,227,637</u>	<u>(72,490)</u>	<u>15,045,897</u>
Total capital assets, being depreciated, net	<u>22,683,678</u>	<u>(728,660)</u>	<u>(13,010)</u>	<u>21,942,008</u>
Governmental activities capital assets, net	<u>\$ 23,982,678</u>	<u>\$ (716,845)</u>	<u>\$ (13,010)</u>	<u>\$ 23,252,823</u>

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

Governmental activities:	
Administrative	\$ 231,716
Police and emergency services	374,832
Codes and engineering	1,049
Sanitation	16,044
Highways and streets	389,157
Culture and recreation	<u>214,839</u>
Total depreciation expense-governmental activities	<u>\$ 1,227,637</u>

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

III. Detailed notes on all funds (Continued)

E. Long-term debt

General Obligation Notes

The government issues general obligation notes to provide funds for the acquisition and construction of major capital facilities, the purchase of open space, and other capital projects.

The original amount of general obligation notes issued in prior years was \$10,781,100. General obligation notes are direct obligations and pledge the full faith and credit of the government. These notes are generally issued as 15-20 year serial notes with varying amounts of principal maturing each year.

General obligation notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	2-6%	\$ <u>8,951,300</u>

Annual debt service requirements to maturity for general obligation notes are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 483,800	\$ 209,323	\$ 693,123
2021	496,500	198,014	694,514
2022	265,700	272,395	538,095
2023	280,800	263,213	544,013
2024	296,800	253,517	550,317
2025-2039	<u>7,127,700</u>	<u>2,189,935</u>	<u>9,317,635</u>
	\$ <u>8,951,300</u>	\$ <u>3,386,397</u>	\$ <u>12,337,697</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

III. Detailed notes on all funds (Continued)

E. Long-term debt (continued)

The Borough issued a General Obligation Note, Tax-Exempt Series B of 2014 in the amount of \$2,630,700 to Phoenixville Federal Bank & Trust. The Note was issued at a fixed rate of 1.99% per annum, payable on the unpaid balance until December 1, 2021. On December 1, 2021, the interest rate will adjust monthly to a rate equal to the 30-day London Inter-Bank Offering Rate plus 200 basis points, subject to a maximum rate of 4.75% per annum. Interest on the note is payable semi-annually during the term of the Note on June 1 and December 1 of each year, commencing June 1, 2015. On December 1, 2039, all principal, accrued, unpaid interest and other amount are due and payable in full. The proceeds of the Note were used for redevelopment of the Verizon property.

The Borough issued a General Obligation Note, Taxable Series of 2014 in the amount of \$1,369,300 to Phoenixville Federal Bank & Trust. The Note was issued at a fixed rate of 2.75% per annum, payable on the unpaid balance until December 1, 2021. On December 1, 2021, the interest rate will adjust monthly to a rate equal to the 30-day London Inter-Bank Offering Rate plus 250 basis points, subject to a maximum rate of 5.99% per annum. Interest on the Note is payable semi-annually during the term of the Note on June 1 and December 1 of each year, commencing December 1, 2015. On December 1, 2039, all principal, accrued, unpaid interest and other amount are due and payable in full. The proceeds of the Note were used for redevelopment of the Verizon property.

The Borough issued a General Obligation Note, Tax-Exempt Series A of 2014 in the amount of \$6,781,100 to Fulton Bank, N.A. The Note was issued at a fixed rate of 2.86% per annum, payable on the unpaid balance. On June 7, 2018 the interest rate was adjusted to a fixed rate of 2.39% per annum until June 6, 2022. On June 7, 2022 the interest rate of the Note shall be adjusted monthly to a rate equal to sixty-eight percent (68%) of the 30-day London Inter-Bank Offering Rate plus 225 basis points, subject to a maximum rate of 6.00% per annum. Interest on the Note is payable semi-annually during term of the Note on June 1 and December 1 of each year, commencing June 1, 2015. On December 1, 2039, all principal, accrued, unpaid interest and other amount are due and payable in full. The proceeds of the Note were used for redevelopment of the Verizon property.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

III. Detailed notes on all funds (Continued)

E. Long-term debt (continued)

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 9,422,800	\$ -	\$ (471,500)	\$ 8,951,300	\$ 483,800
Net pension liability	3,010,557	1,674,097	(2,426,762)	2,257,892	-
Net OPEB obligation (Restated)	26,982,180	2,706,186	(3,093,042)	26,595,324	-
Compensated absences	<u>664,487</u>	<u>-</u>	<u>(1,089)</u>	<u>663,398</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 40,080,024</u>	<u>\$ 4,380,283</u>	<u>\$ (5,992,393)</u>	<u>\$ 38,467,914</u>	<u>\$ 483,800</u>

Debt service for general obligation notes are funded primarily from taxes for governmental activities. Any liabilities for compensated absences, net pension liabilities, or OPEB obligations are generally liquidated by the general fund for governmental activities.

IV. Other information

A. Defined benefit pension plans

Plan Description and Membership

The Borough sponsors three single-employer defined benefit pension plans, the Police Pension Plan, Firemen's Pension Plan, and the General Employees Pension Plan.

Police Pension Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all regular, full time sworn police officers of the Borough. An employee enters the plan on the day he becomes a full-time police officer.

Firemen's Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all regular, full-time fire company personnel of the Borough, who join the Plan on the hire date.

The Police and Firemen's Pension Plans are administered by the Borough and governed by Borough Council. These Plans are accounted for as pension trust funds of the Borough. These Plans do not issue separate financial statements.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Plan Description and Membership (continued)

General Employees Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all regular, full-time employees, excluding sworn police officers and firemen employees of the Borough, who join the Plan on the date of hire. This Plan is not accounted for as a pension trust fund.

The Borough's General Employees Pension Plan is administered by the Pennsylvania Municipal Retirement System ("PMRS"), a statewide local government system. PMRS is an agent, multiple-employer system with the purpose to administer sound, cost-effective pensions for local government employees. PMRS consists of over 900 participating employer plans. Responsibility for the organization and administration of the system is vested in the eleven-member Pennsylvania Municipal Retirement Board - including the State Treasurer and Secretary of the Commonwealth by virtue of statute, and eight other members appointed by the Governor based on their respective organizations. PMRS issues a separate Comprehensive Annual Financial Report ("CAFR"). A copy of the CAFR can be obtained by contacting the PMRS Accounting Office, P.O. Box 1165, Harrisburg, PA 17108-1165.

The most recent valuation for all of the Police and Firemen's Plans was as of January 1, 2019 and for the General Employees Plan was January 1, 2017. Details below are from the valuation. At December 31, 2019, Borough of Conshohocken Defined Benefit Pension Plans consisted of the following:

	<u>Police</u>	<u>Firemen's</u>	<u>General Employees</u>
Inactive employees (or their beneficiaries) currently receiving benefits	12	2	5
Inactive employees entitled to benefits but not yet receiving them	1	1	4
Active employees	<u>18</u>	<u>2</u>	<u>31</u>
	<u>31</u>	<u>5</u>	<u>40</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Benefits Provided

Police Defined Benefit Pension Plan: The plan provides retirement, death, and disability to the plan members and their beneficiaries. A member is eligible for normal retirement after attainment of age 50 and 25 years of service. A member is eligible for early retirement after attainment of 20 years of service. Monthly retirement benefit is equal to 50% of the officer's 36-month average compensation plus a service increment of \$100 per month upon completion of 26 years of service. All benefits are vested after twelve years of credited service. If a participant is totally and permanently disabled in the line of duty he is eligible for disability pension. The disability pension is equal to 50% of the officer's salary at the time of disability offset by Social Security disability benefits. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Deferred Retirement Option Plan ("DROP") - Members of the Police Pension Plan may opt to enter the DROP upon meeting eligibility for normal retirement. Under the DROP, members may accumulate their monthly retirement benefit in an interest bearing account held by the Plan for up to 60 months and continue to be employed by the Borough. At the end of the DROP period, a lump sum of the accumulated monthly retirement benefit, plus interest, is distributed and the normal monthly retirement benefit distributions commence.

Firemen's Defined Benefit Pension Plan: The plan provides retirement, death, and disability to the plan members and their beneficiaries. A member is eligible for normal retirement after attainment of age 55 and 20 years of service. Monthly retirement benefit is equal to 50% of the officer's 36-month average compensation. All benefits are vested after ten years of credited service. If a participant is totally and permanently disabled in the line of duty he is eligible for disability pension. The disability pension is equal to 50% of the average monthly salary for the last 36 months of employment offset by any Workers' Compensation benefits. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

General Employees Defined Benefit Pension Plan: The plan provides retirement, death, and disability benefits to plan members and their beneficiaries. A member is eligible for normal retirement after attainment of age 62 with 7 years of credited service. The normal retirement benefit is a monthly benefit equal to 2% times credited service times Final Average Salary (FAS) but in no event is the basic benefit greater than 50% of FAS. FAS is based upon the last 3 years of annualized salary. There is no Social Security offset. A member is eligible for early retirement after 20 years of credited service. If a member suffers a total and permanent disability as defined in the Plan, he is eligible for disability pension. For service related disability, a 50% disability benefit is provided to a member who is unable to perform gainful employment regardless of age or service. A 30% disability benefit is provided to a member who has at least 10 years of service and who is unable to perform gainful employment. For non-service related disability, a 30% disability benefit is provide to a member who has at least 10 years of service and who is unable to perform gainful employment. An annual cost-of-living adjustments are at the discretion of the Borough. Benefits and Contribution provisions are established by Pennsylvania law. All benefits are vested after five years of credited service. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Measurement Focus and Basis of Accounting

Basis of Accounting: Pension Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against the earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

Method Used to Value Investments: Pension Plan investments are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Financial Statements

	Police Pension Plan	Firemen's Pension Plan	Total
ASSETS			
Cash and cash equivalents	\$ 217,362	\$ 19,302	\$ 236,664
Investments	9,697,480	904,111	10,601,591
Interest receivable	281	25	306
Contributions receivable	10,096	-	10,096
TOTAL ASSETS	<u>\$ 9,925,219</u>	<u>\$ 923,438</u>	<u>\$ 10,848,657</u>
NET POSITION			
Net Position - Restricted for Pension and OPEB Benefits	<u>\$ 9,925,219</u>	<u>\$ 923,438</u>	<u>\$ 10,848,657</u>
ADDITIONS			
Contributions			
Commonwealth of Pennsylvania	\$ 363,555	\$ -	\$ 363,555
Employee	116,079	-	116,079
Employer	227,416	15,891	243,307
Total Contributions	<u>707,050</u>	<u>15,891</u>	<u>722,941</u>
Investment Earnings			
Net appreciation (depreciation) in fair value of investments	1,424,228	136,422	1,560,650
Dividends and interest	219,901	21,135	241,036
Total Investment Earnings	1,644,129	157,557	1,801,686
Less investment expense	(36,482)	(4,508)	(40,990)
Net Investment Earnings	<u>1,607,647</u>	<u>153,049</u>	<u>1,760,696</u>
Total Additions	<u>2,314,697</u>	<u>168,940</u>	<u>2,483,637</u>
DEDUCTIONS			
Benefits	437,230	25,122	462,352
DROP payout	288,616	-	288,616
Other	9,750	6,500	16,250
Total Deductions	<u>735,596</u>	<u>31,622</u>	<u>767,218</u>
Change in Net Position	1,579,101	137,318	1,716,419
Net Position - Restricted for Pension and OPEB Benefits			
Beginning of Year	8,346,118	786,120	9,132,238
End of Year	<u>\$ 9,925,219</u>	<u>\$ 923,438</u>	<u>\$ 10,848,657</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Contributions

Police Plan members contribute 5% of their pay, Firemen's Plan members are not required to contribute, and General Employees Plan members contribute 3% of their pay. Interest is credited to each member's account annually at 5% annual interest for Police members, and at 5.5% for Non-uniformed members. Contributions are governed by the Plan's ordinance. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The Borough is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The Borough's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Borough funds. The Borough received state aid, which is recognized as revenue and expenses, in the amount of \$363,555 for the pensions for the year ended December 31, 2019.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Borough Council for the Police and Firemen's Pension Plans, and by PMRS for the General Employees' Pension Plan. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return: For the year ended December 31, 2019, the annual money-weighted rate of return on Plan investments, net of investment expense was -.96% for Police and -5.17% for Firemen's Pension Plans. For the *measurement date* of December 31, 2018, the annual money-weighted rate of return of Plan investments, net of investment expenses was -4.57% for the General Employees' Pension Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2019 for the Police and Firemen's Pension Plans, and at the *measurement date* of December 31, 2018 for General Employees' Pension Plan, were as follows:

	<u>Police</u>	<u>Firemen's</u>	<u>General Employees</u>
Total pension liability	\$ 11,721,211	\$ 716,154	\$ 4,311,705
Plan fiduciary net position	(9,925,219)	(923,437)	(3,849,805)
Net Pension Liability	<u>\$ 1,795,992</u>	<u>\$ (207,283)</u>	<u>\$ 461,900</u>
Plan fiduciary net position as a percentage of the total pension liability	85%	129%	89%

Actuarial Assumptions: The total pension liability in the January 1, 2019 actuarial valuation for Police and Firemen's Plan and January 1, 2017 for the General Employees Plan was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Firemen's</u>	<u>General Employees</u>
Inflation	2.25%	2.25%	3.0%
Salary Increases	5.0%	5.0%	age related with merit and inflation component (average, including inflation)
Investment Rate of Return	8.0%	7.0%	5.25% (including inflation)
Postretirement Cost of Living Increase	N/A	N/A	3.0%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males or females. This table does not include projected mortality improvements.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2018.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

The net pension liability for the Police and Firemen's Pension Plans were measured as of December 31, 2019, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

The net pension liability for the General Employees Pension Plan was measured as of December 31, 2018, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

The long-term expected rate of return on Police and Firemen's Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2019 as summarized as follows:

Police and Firemen's	Target	Long Term Expected
<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
US Equity	39.0%	4.90%
International Equity	15.0%	4.80%
International Emerging Markets	6.0%	4.90%
Fixed Income		
Core Fixed	19.0%	2.40%
Inter. IG Corp	9.5%	3.30%
High Yield	4.75%	3.90%
Emerging Debt	4.75%	4.00%
Cash	2.0%	0.80%

PMRS has not performed a formal cash flow projection but has applied an alternative method to confirm the sufficiency of the pension plan's projected Net Position. The result would be greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

General Employees	Target	Long Term Expected
<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
US equity	47.0%	6.60%
International equity	20.0%	8.60%
Fixed Income	25.0%	3.00%
Real Estate	8.0%	6.90%
Cash	0.0%	1.00%

Discount Rate: The discount rate used to measure the total pension liability was 8% for the Police Pension Plan, 7% for the Firemen's Pension Plan, and 5.25% for the General Employees Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

	<u>Increase (Decrease)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2018	\$ 11,356,675	\$ 8,346,118	\$ 3,010,557
Changes for the year:			
Service cost	324,039	-	324,039
Interest	895,121	-	895,121
Change of benefit terms	-	-	-
Differences between expected and actual experience	(128,778)	-	(128,778)
Change of assumptions	-	-	-
Contributions - employer	-	590,971	(590,971)
Contributions - employee	-	116,079	(116,079)
Net investment income	-	1,607,647	(1,607,647)
Benefit payments, including refunds of employee contributions	(725,846)	(725,846)	-
Administrative expense	-	(9,750)	9,750
Other changes	-	-	-
Net Changes	<u>364,536</u>	<u>1,579,101</u>	<u>(1,214,565)</u>
Balance at December 31, 2019	<u>\$ 11,721,211</u>	<u>\$ 9,925,219</u>	<u>\$ 1,795,992</u>
<u>Firemen's Pension Plan</u>			
Balance at December 31, 2018	\$ 714,705	\$ 786,121	\$ (71,416)
Changes for the year:			
Service cost	8,094	-	8,094
Interest	47,673	-	47,673
Change of benefit terms	-	-	-
Differences between expected and actual experience	(29,196)	-	(29,196)
Change of assumptions	-	-	-
Contributions - employer	-	15,891	(15,891)
Contributions - employee	-	-	-
Net investment income	-	153,047	(153,047)
Benefit payments, including refunds of employee contributions	(25,122)	(25,122)	-
Administrative expense	-	(6,500)	6,500
Other changes	-	-	-
Net Changes	<u>1,449</u>	<u>137,316</u>	<u>(135,867)</u>
Balance at December 31, 2019	<u>\$ 716,154</u>	<u>\$ 923,437</u>	<u>\$ (207,283)</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

	<u>Increase (Decrease)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
<u>General Employees Pension Plan</u>			
Balance at December 31, 2016 - Measurement Date	\$ 3,971,092	\$ 4,032,638	\$ (61,546)
Changes for the year:			
Service cost	183,723	-	183,723
Interest	215,447	-	215,447
Change of benefit terms	-	-	-
Differences between expected and actual experience	44,888	-	44,888
Change of assumptions	-	-	-
Contributions - employer	-	139,239	(139,239)
Contributions - PMRS assessment	-	100	(100)
Contributions - employee	-	53,860	(53,860)
Net investment income	-	(262,916)	262,916
Benefit payments, including refunds of employee contributions	(103,445)	(103,445)	-
Administrative expense	-	(9,671)	9,671
Other changes	-	-	-
Net Changes	<u>340,613</u>	<u>(182,833)</u>	<u>523,446</u>
Balance at December 31, 2017 - Measurement Date	<u>\$ 4,311,705</u>	<u>\$ 3,849,805</u>	<u>\$ 461,900</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1%	Current	1%
Net pension liability	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	(7%)	(8%)	(9%)
Police	\$ 3,365,263	\$ 1,795,992	\$ 493,421
	(6%)	(7%)	(8%)
Firemen's	(103,825)	(207,283)	(293,507)
	(4.25%)	(5.25%)	(6.25%)
General employees	1,071,498	461,900	(47,476)

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2019, the Borough's pension expense was \$501,362 for the Police Pension Plan and \$9,244 for the Firemen's Pension Plan. For the *measurement date* of December 31, 2018, the Borough recognized pension expense of \$166,816 for the General Employees Pension Plan. The Borough had deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ -	\$ 148,621
Changes in assumptions	6,772	-
Net difference between projected and actual earnings on pension plan investments	-	247,952
Total	<u>\$ 6,772</u>	<u>\$ 396,573</u>
 <u>Firemen's Pension</u>		
Differences between expected and actual experience	\$ -	\$ 21,321
Changes in assumptions	657	-
Net difference between projected and actual earnings on pension plan investments	-	37,343
Total	<u>\$ 657</u>	<u>\$ 58,664</u>
 <u>General Employees Pension</u>		
Differences between expected and actual experience	\$ 38,475	\$ 175,656
Change in assumptions	66,879	10,881
Net difference between projected and actual earnings on pension plan investments	195,566	-
Contributions by employer after measurement date	136,132	-
Total	<u>\$ 437,052</u>	<u>\$ 186,537</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

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

Year Ended			General
<u>December 31:</u>	<u>Police</u>	<u>Firemen's</u>	<u>Employees</u>
2020	\$ (68,032)	\$ (18,676)	\$ 7,190
2021	(84,416)	(20,976)	(31,323)
2022	23,370	1,416	21,509
2023	(214,486)	(19,771)	104,184
2024	(23,903)	-	6,413
Thereafter	<u>(22,334)</u>	<u>-</u>	<u>6,410</u>
Total	<u>\$ (389,801)</u>	<u>\$ (58,007)</u>	<u>\$ 114,383</u>

Payable to the Pension Plan: For the year ended December 31, 2019, there was no amount payable for contributions to the pension plan.

Deferred Retirement Option Program

Members of the Police Pension Plan may opt to enter the Deferred Retirement Option Plan (the DROP) upon meeting eligibility for normal retirement. Under the DROP, members may accumulate their monthly retirement benefit in an interest bearing account held by the Plan for up to five years and continue to be employed by the Borough. At the end of the DROP period, a lump sum of the accumulated monthly retirement benefit, plus interest, is distributed and the normal monthly retirement benefit distributions commence. As of December 31, 2019, there no members participating in the DROP program. The balance of the amounts held by the Plan pursuant to the DROP was \$0.

B. *Other post-employment benefits (OPEB)*

The Borough administers a single-employer defined benefit plan to provide for certain postemployment healthcare benefits (including medical, dental, vision, prescription drug), in accordance with Borough policy to eligible retired employees. The Plan was established and is governed by the Borough Council and also by the Collective Bargaining Agreement for Police and Public Works employees.

The plan is reported as a trust in the accompanying financial statement. The plan does not issue a separate financial statement. The most recent valuation was as of January 1, 2018.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

B. Other post-employment benefits (OPEB) (continued)

Membership of the plan consisted of the following at December 31, 2019 (the date of the latest actuarial valuation):

	<u>OPEB</u>
Inactive employees (or their beneficiaries) currently receiving benefits	8
Inactive employees entitled to benefits but not yet receiving them	48
Active employees	<u>4</u>
	<u>60</u>

Eligibility: There are four classes of membership in the OPEB plan: Administrative and Public Works - Normal retirement eligibility is a minimum of age 62 and 7 years of service. Early retirement eligibility is 30 years of service and no minimum age requirement. Fire - Eligibility is a minimum of age 55 with 20 years of service. Police - Eligibility is a minimum of age 50 with 25 years of service.

Benefits Provided: The Borough provides for certain postemployment healthcare benefits (including medical, dental, vision, prescription drug), in accordance with Borough policy to eligible retired employees. Retirees eligible for postemployment healthcare benefits receive the same level of benefits in retirement that they were eligible for as active employees. The Borough also provides life insurance benefits, in accordance with Borough policy, to its eligible retired police and administrative employees. The amount of life insurance coverage for retirees is \$5,000. The premiums are paid entirely by the Borough and continue until the retired employee's death.

Measurement Focus and Basis of Accounting

Basis of Accounting: OPEB Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against the earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

B. Other post-employment benefits (OPEB) (continued)

Method Used to Value Investments: OPEB Plan investments are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Employees do not contribute to the plan during their active service. The Borough does not have a set policy for employer contributions to the plan. Employer contributions will be determined annually by Borough Council based on funding needs. For the year ended December 31, 2019, the employer contributions totaled \$1,791,685.

Investments

Investment Policy: The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by Borough Council. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return: The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The Borough's net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

B. Other post-employment benefits (OPEB) (continued)

	<u>OPEB</u>
Inflation	3.5%
Salary Increases	5.0% (including inflation)
Investment Rate of Return	Not applicable
Healthcare Cost Trend Rates	Medical trend rates are assumed to increase by 0 to 2.5% during 2019, 7.5% during 2020 reduced by .25% per year thereafter to an ultimate level of 5% per year. Prescription costs are assumed to increase by 15% during 2019, 7.5% during 2020 reduced by .25% per year thereafter to an ultimate level of 5%. Dental costs are assumed to increase by 1% per year.

Mortality rates were based on the RP-2000 Mortality tables for healthy males and females, projected 17 years. The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study from the period January 1, 2016 to December 31, 2017.

The net OPEB liability was measured as of December 31, 2019 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2018. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.5 percent, based upon 20-year AA municipal bond rates, for the plan. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods.

	<u>Increase (Decrease)</u>		
	<u>Total OPEB</u>	<u>Plan Fiduciary</u>	<u>Net OPEB</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
<u>OPEB Plan</u>			
Balance at December 31, 2018	\$ 26,982,180	\$ -	\$ 26,982,180
Changes for the year:			
Service cost	1,705,922	-	1,705,922
Interest	1,000,264	-	1,000,264
Contributions - employer	-	1,791,685	(1,791,685)
Create trust - transfer from General Fund	-	1,275,670	(1,275,670)
Net investment income	-	27,246	(27,246)
Benefit payments, including refunds of employee contributions	(1,291,685)	(1,291,685)	-
Administrative expense	-	(1,559)	1,559
Net Changes	<u>1,414,501</u>	<u>1,801,357</u>	<u>(386,856)</u>
Balance at December 31, 2019	<u>\$ 28,396,681</u>	<u>\$ 1,801,357</u>	<u>\$ 26,595,324</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

B. Other post-employment benefits (OPEB) (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability calculated using the discount rate of 3.5 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.5 percent) or one percentage point higher (4.5 percent) than the current rate:

	1% Decrease <u>(2.5%)</u>	Current Discount Rate <u>(3.5%)</u>	1% Increase <u>(4.5%)</u>
Net OPEB liability	\$ 36,162,425	\$ 26,595,324	\$ 24,331,643

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates 1-percentage-point lower or 1 - percentage-point higher than the current healthcare cost trend rates:

	1% Decrease Valuation <u>Rates</u>	Healthcare Cost Trend <u>Valuation Rates</u>	1% Increase Valuation <u>Rates</u>
Net OPEB liability	\$ 23,291,151	\$ 26,595,324	\$ 37,811,310

OPEB Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2019, the actuarial determined expense for the OPEB Plan was \$2,706,186. At December 31, 2019, the Borough reported no deferred outflows and inflows of resources related to OPEB.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

C. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government participates in the Delaware Valley Property & Liability Trust pool, Workers' Compensation Trust pool, and the Health Trust Pool (Trusts). Settled claims from these risks have not exceeded insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

The Trusts are regional risk sharing pools providing insurance benefits to members. The Trusts were formed under the authority granted by the Pennsylvania Intergovernmental Cooperation Law and are governed by a Board of Trustees. Any member may withdraw from the Trust by giving 150 days written notice to the Executive Committee. The Trusts are funded by annual member contributions determined by the trust's actuary and underwriting consultant, in amounts necessary to pay expected claim costs, administrative expenses, and a recommended risk margin. The Trusts have two long-term goals are: 1) maintaining an insurance program managed by municipal officials, offering meaningful coverage designed to prudently protect municipalities from loss, and 2) maintaining a financially secure product which is consistently priced year after year.

Excess funds are returned to members through two methods or programs: multi-trust discounts and rate stabilization fund (RSF) credits. Through a RSF, members have the option to use the credits allocated to reduce annual premium contributions due or to roll the balance forward to future years. There were no significant reductions in coverage during the year ended December 31, 2019 and settlements have not exceeded coverage in the past three years.

The Delaware Valley Property & Liability - the insurance expense for the year ended December 31, 2019 was \$187,276. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2019, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Borough's share was \$0.

The Delaware Valley Workers' Compensation Trust - the insurance expense for the year ended December 31, 2019 was \$284,444. There were no additional assessments due or anticipated. As a result of the 2018 payroll audit, the Borough received \$60,968. An audit of the 2019 payroll will be performed in 2020. At December 31, 2019, the pool declared a dividend of which the Borough's share was \$0.

The Delaware Valley Health Trust - the insurance expense for the year ended December 31, 2019 was \$1,534,234. There were no additional assessments due or anticipated. At December 31, 2019, the pool did not declare a dividend.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

D. Commitments and contingent liabilities

In the normal course of business, there are various claims and suits pending against the Borough. In the opinion of Borough Management, the Borough has adequate legal defenses or insurance coverage with respect to these claims and lawsuits and does not believe they will materially affect the Borough's financial statements.

Amounts received or receivable from grant agencies are subject to audit and adjustments 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 government expects such amounts, if any, to be immaterial. Management of the Borough believes the Borough is in compliance with substantially all the significant requirements of such grants.

E. Tax Increment Financing District

The Borough created the Seven Tower Bridge Tax Increment Financing (TIF) District to provide a method of financing property redevelopment within the Borough. The TIF District was effective as of December 15, 2009 and shall exist for a period of twenty years. The Borough may allocate appropriate tax increments from the positive real property taxes of the District to fund the redevelopment projects. For the year ended December 31, 2019, no amounts were allocated to the TIF District redevelopment plans.

F. Escrow cash deposits and investments

The Borough acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Borough and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Borough. At December 31, 2019, \$1,103,396 represents the balance of these monies held in escrow.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

IV. Other information (Continued)

G. Subsequent events

The Borough has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available for release. No subsequent events have been recognized.

Subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. As a result, economic uncertainties have arisen that could negatively impact the Borough finances including investment and tax income. The potential impact is unknown at this time.

H. New Accounting Pronouncements

GASB Codification Section L20, Leases (GASB 87): GASB 87 substantially changes current accounting procedures regarding lease accounting and offers specific accounting guidance for lessees, lessors and sale-leaseback transactions. GASB 87 establishes a right-of-use (“ROU”) model that requires lessees to record a ROU asset and lease liability in the statement of financial position for all leases with terms longer than 12 months (the standard may optionally be applied to leases with term of 12 months or less). Leases will be classified as either finance leases or operating leases depending on the characteristics of the lease; consistent with current accounting procedures, the recognition, measurement and presentation of expenses and cash flows arising from the lease will depend on the lease classification. This Statement is expected to have an implementation date for fiscal years beginning after June 15, 2021.

**REQUIRED
SUPPLEMENTAL INFORMATION**

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION PLAN

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 324,039	\$ 321,412	\$ 306,107	\$ 281,667	\$ 268,254
Interest	895,121	864,600	812,078	756,764	704,802
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(128,778)	-	(58,745)	-	-
Changes of assumptions	-	-	10,447	-	-
Benefit payments, including refunds of employee contributions	<u>(725,846)</u>	<u>(630,845)</u>	<u>(323,095)</u>	<u>(323,186)</u>	<u>(350,707)</u>
Net change in total pension liability	364,536	555,167	746,792	715,245	622,349
Total pension liability - beginning	<u>11,356,675</u>	<u>10,801,508</u>	<u>10,054,716</u>	<u>9,339,471</u>	<u>8,717,122</u>
Total pension liability - ending (a)	<u>\$ 11,721,211</u>	<u>\$ 11,356,675</u>	<u>\$ 10,801,508</u>	<u>\$ 10,054,716</u>	<u>\$ 9,339,471</u>
Plan fiduciary net position					
Contributions - employer	\$ 227,416	\$ 392,812	\$ 271,552	\$ 200,937	\$ 321,530
Contributions - state aid	363,555	184,085	207,020	301,851	141,150
Contributions - employee	116,079	112,599	109,069	103,113	97,380
Net investment income	1,607,647	(495,603)	1,131,685	453,131	(36,611)
Benefit payments, including refunds of employee contributions	(725,846)	(630,845)	(323,095)	(323,186)	(350,707)
Administrative expense	<u>(9,750)</u>	<u>(5,500)</u>	<u>(9,382)</u>	<u>(12,752)</u>	<u>(6,673)</u>
Net change in plan fiduciary net position	1,579,101	(442,452)	1,386,849	723,094	166,069
Plan fiduciary net position - beginning	<u>8,346,118</u>	<u>8,788,570</u>	<u>7,401,721</u>	<u>6,678,627</u>	<u>6,512,558</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,925,219</u>	<u>\$ 8,346,118</u>	<u>\$ 8,788,570</u>	<u>\$ 7,401,721</u>	<u>\$ 6,678,627</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 1,795,992</u>	<u>\$ 3,010,557</u>	<u>\$ 2,012,938</u>	<u>\$ 2,652,995</u>	<u>\$ 2,660,844</u>
Plan fiduciary net position as a percentage of the total pension liability	84.7%	73.5%	81.4%	73.6%	71.5%
Covered payroll	\$ 2,300,000	\$ 2,154,000	\$ 1,957,738	\$ 2,007,770	\$ 1,576,500
Net pension liability as a percentage of covered payroll	78.1%	139.8%	102.8%	132.1%	168.8%
Annual money-weighted rate of return, net of investment expense	-0.96%	-5.64%	15.29%	6.78%	-0.96%

Notes to Schedule:

Change in benefit terms: None since 1/1/2019

Assumption changes: None since 1/1/2019

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIREMEN'S PENSION PLAN

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 8,094	\$ 22,318	\$ 21,255	\$ 20,528	\$ 19,550
Interest	47,673	47,578	44,649	42,167	39,709
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(29,196)	-	(4,389)	-	-
Changes of assumptions	-	-	1,551	-	-
Benefit payments, including refunds of employee contributions	<u>(25,122)</u>	<u>(25,122)</u>	<u>(25,122)</u>	<u>(25,122)</u>	<u>(25,122)</u>
Net change in total pension liability	1,449	44,774	37,944	37,573	34,137
Total pension liability - beginning	<u>714,705</u>	<u>669,931</u>	<u>631,987</u>	<u>594,414</u>	<u>560,277</u>
Total pension liability - ending (a)	<u>\$ 716,154</u>	<u>\$ 714,705</u>	<u>\$ 669,931</u>	<u>\$ 631,987</u>	<u>\$ 594,414</u>
Plan fiduciary net position					
Contributions - employer	\$ 15,891	\$ -	\$ -	\$ -	\$ -
Contributions - state aid	-	12,660	-	-	-
Contributions - employee	-	-	-	-	-
Net investment income	153,047	(47,770)	113,717	40,481	(42,203)
Benefit payments, including refunds of employee contributions	(25,122)	(25,122)	(25,122)	(25,122)	(25,122)
Administrative expense	<u>(6,500)</u>	<u>(3,200)</u>	<u>(6,000)</u>	<u>(7,342)</u>	<u>(2,562)</u>
Net change in plan fiduciary net position	137,316	(63,432)	82,595	8,017	(69,887)
Plan fiduciary net position - beginning	<u>786,121</u>	<u>849,553</u>	<u>766,958</u>	<u>758,941</u>	<u>828,828</u>
Plan fiduciary net position - ending (b)	<u>\$ 923,437</u>	<u>\$ 786,121</u>	<u>\$ 849,553</u>	<u>\$ 766,958</u>	<u>\$ 758,941</u>
Township's net pension liability - ending (a)-(b)	<u>\$ (207,283)</u>	<u>\$ (71,416)</u>	<u>\$ (179,622)</u>	<u>\$ (134,971)</u>	<u>\$ (164,527)</u>
Plan fiduciary net position as a percentage of the total pension liability	128.9%	110.0%	126.8%	121.4%	127.7%
Covered payroll	\$ 140,000	\$ 122,000	\$ 111,606	\$ 108,312	\$ 105,444
Net pension liability as a percentage of covered payroll	-148.1%	-58.5%	-160.9%	-124.6%	-156.0%
Annual money-weighted rate of return, net of investment expense	-5.17%	-5.62%	14.83%	5.33%	-5.17%

Notes to Schedule:

Change in benefit terms: None since 1/1/2019

Assumption changes: None since 1/1/2019

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GENERAL EMPLOYEES PENSION PLAN

	Measurement Date				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 183,723	\$ 179,338	\$ 170,620	\$ 160,594	\$ 163,369
Interest	215,447	202,622	196,230	182,331	194,637
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	44,888	-	(78,375)	-	(458,039)
Changes of assumptions	-	-	117,039	(25,393)	-
Benefit payments, including refunds of employee contributions	<u>(103,445)</u>	<u>(179,680)</u>	<u>(66,897)</u>	<u>(82,606)</u>	<u>(158,256)</u>
Net change in total pension liability	340,613	202,280	338,617	234,926	(258,289)
Total pension liability - beginning	<u>3,971,092</u>	<u>3,768,812</u>	<u>3,430,195</u>	<u>3,195,269</u>	<u>3,453,558</u>
Total pension liability - ending (a)	<u>\$ 4,311,705</u>	<u>\$ 3,971,092</u>	<u>\$ 3,768,812</u>	<u>\$ 3,430,195</u>	<u>\$ 3,195,269</u>
Plan fiduciary net position					
Contributions - employer	\$ 139,239	\$ 132,511	\$ 135,760	\$ 25,862	\$ 1,828
Contributions - PMRS assessment	100	40	920	-	-
Contributions - state aid	-	-	-	101,942	101,528
Contributions - employee	53,860	53,405	51,154	45,049	42,230
Net investment income	(262,916)	571,755	128,642	(17,091)	149,110
Benefit payments, including refunds of employee contributions	(103,445)	(179,680)	(66,897)	(82,606)	(158,256)
Administrative expense	<u>(9,671)</u>	<u>(8,956)</u>	<u>(10,170)</u>	<u>(8,176)</u>	<u>(7,132)</u>
Net change in plan fiduciary net position	(182,833)	569,075	239,409	64,980	129,308
Plan fiduciary net position - beginning	<u>4,032,638</u>	<u>3,463,563</u>	<u>3,224,154</u>	<u>3,159,174</u>	<u>3,029,866</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,849,805</u>	<u>\$ 4,032,638</u>	<u>\$ 3,463,563</u>	<u>\$ 3,224,154</u>	<u>\$ 3,159,174</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 461,900</u>	<u>\$ (61,546)</u>	<u>\$ 305,249</u>	<u>\$ 206,041</u>	<u>\$ 36,095</u>
Plan fiduciary net position as a percentage of the total pension liability	89.3%	101.5%	91.9%	94.0%	98.9%
Covered payroll	\$ 1,800,294	\$ 1,757,322	\$ 1,728,004	\$ 1,501,613	\$ 1,471,865
Net pension liability as a percentage of covered payroll	25.7%	-3.5%	17.7%	13.7%	2.5%
Annual money-weighted rate of return, net of investment expense	-4.57%	17.84%	8.23%	-0.27%	5.20%

Notes to Schedule:

Change in benefit terms: None since 1/1/2017

Assumption changes: None since 1/1/2017

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2011	\$ 353,699	\$ 353,699	\$ -	\$ 1,601,865	(1) 22.08%
2012	347,452	347,452	-	1,601,865	(1) 21.69%
2013	369,890	369,890	-	1,862,322	(1) 19.86%
2014	368,081	368,081	-	1,862,322	(1) 19.76%
2015	462,680	462,680	-	1,576,500	29.35%
2016	502,788	502,788	-	2,007,770	25.04%
2017	478,572	478,572	-	1,957,738	24.45%
2018	576,897	576,897	-	2,154,000	26.78%
2019	590,971	590,971	-	2,300,000	25.69%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of January 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	10 years
Asset valuation method	Five Year Smoothing
Inflation	2.25%
Salary increases	5% average, including inflation
Investment rate of return	8%, net of pension plan investment expense, including inflation
Retirement age	Normal
Mortality	RP2000 Mortality Table projected to 2017 using Scale AA

Change in benefit terms: None

Assumption changes: In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 using Scale AA to the RP-2000 Table projected to 2017 using Scale AA

(1) - covered employee payroll taken from 1/1/2010 through 1/1/2013 actuarial valuations

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CONTRIBUTIONS - FIREMEN'S PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2011	\$ 39,141	\$ 39,141	\$ -	\$ 149,863	(1) 26.12%
2012	18,141	18,141	-	149,863	(1) 12.11%
2013	6,432	6,432	-	96,303	(1) 6.68%
2014	-	-	-	96,303	(1) 0.00%
2015	-	-	-	105,444	0.00%
2016	-	-	-	108,312	0.00%
2017	-	-	-	111,606	0.00%
2018	12,660	12,660	-	122,000	10.38%
2019	15,891	15,891	-	140,000	11.35%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of January 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	N/A
Asset valuation method	Market Value
Inflation	2.25%
Salary increases	5% average, including inflation
Investment rate of return	7%, net of pension plan investment expense, including inflation
Retirement age	Normal
Mortality	RP2000 Mortality Table projected to 2017 using Scale AA

Change in benefit terms: None

Assumption changes: In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 using Scale AA to the RP-2000 Table projected to 2017 using Scale AA

(1) - covered employee payroll taken from 1/1/2010 through 1/1/2013 actuarial valuations

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CONTRIBUTIONS - GENERAL EMPLOYEE PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2011	\$ 78,310	\$ 78,310	\$ -	\$ 1,330,170	(1) 5.89%
2012	76,867	76,867	-	1,330,170	(1) 5.78%
2013	89,556	89,556	-	1,412,538	(1) 6.34%
2014	101,528	103,356	(1,828)	1,471,865	(1) 7.02%
2015	127,668	127,804	(136)	1,501,613	8.51%
2016	136,543	136,680	(137)	1,728,004	7.91%
2017	132,511	132,551	(41)	1,757,322	7.54%
2018	139,239	139,239	-	1,800,294	7.73%
2019	136,132	136,132	-	1,720,000	7.91%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of January 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - based upon the amortization periods in Act 205
Remaining amortization period	10 years initial liability, 20 years gains and losses, 15 years change in assumption, 20 years changes due to plan provisions, 10 years changes in benefits
Asset valuation method	Based upon the municipal reserves
Inflation	3%
Salary increases	Age related scale with merit and inflation component
COLA increases	3% for those eligible for a COLA
Investment rate of return	5.25%, net of pension plan investment expense, including inflation
Retirement age	Normal
Mortality	RP2000 Table with 1 year set back. Females -RP2000 with 5 year set back. This table does not include projected mortality improvements.

Change in benefit terms: None since 1/1/2017

Assumption changes: None since 1/1/2017

(1) - covered employee payroll taken from 1/1/2011 through 1/1/2013 actuarial valuations

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED
RATIOS - OTHER POST EMPLOYMENT BENEFITS

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 1,705,922	\$ 1,624,687
Interest	1,000,264	916,034
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments (including premium subsidies)	<u>(1,291,685)</u>	<u>(212,483)</u>
Net change in total OPEB liability	1,414,501	2,328,238
Total OPEB liability - beginning	<u>26,982,180</u>	<u>24,653,942</u>
Total OPEB liability - ending (a)	<u>\$ 28,396,681</u>	<u>\$ 26,982,180</u>
Plan fiduciary net position		
Contributions - employer (including premium subsidies)	\$ 1,791,685	\$ 212,483
Create trust - transfer from General Fund	1,275,670	-
Contributions - employee	-	-
Net investment income	27,246	-
Benefit payments (including premium subsidies)	(1,291,685)	(212,483)
Administrative expense	<u>(1,559)</u>	<u>-</u>
Net change in plan fiduciary net position	1,801,357	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,801,357</u>	<u>\$ -</u>
Township's net OPEB liability - ending (a)-(b)	<u>\$ 26,595,324</u>	<u>\$ 26,982,180</u>
Plan fiduciary net position as a percentage of the total OPEB liability	6.3%	0.0%
Covered payroll	\$ 4,258,064	\$ 4,055,299
Net OPEB liability as a percentage of covered payroll	624.6%	665.4%
Annual money-weighted return, net of investment expenses	Not Applicable	Not Applicable

Notes to Schedule:

Change in assumptions and benefit terms: None since 1/1/2018

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

BOROUGH OF CONSHOHOCKEN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

December 31, 2019

	<u>GENERAL FUND</u>			Variance with Final Budget - Over (Under)
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Real estate taxes	\$ 1,897,450	\$ 1,897,450	\$ 1,929,088	\$ 31,638
Real estate transfer taxes	300,000	300,000	915,190	615,190
Earned income taxes	4,100,000	4,100,000	4,764,369	664,369
Business privilege and mercantile taxes	2,640,000	2,640,000	2,916,171	276,171
Local services taxes	314,000	314,000	377,912	63,912
Fees, licenses and permits	499,130	499,130	550,226	51,096
Fines and forfeitures	111,130	111,130	115,129	3,999
Intergovernmental revenues	381,445	381,445	509,347	127,902
Charges for services	835,931	835,931	2,960,195	2,124,264
Interest	70,000	70,000	181,971	111,971
Rents	202,000	202,000	371,769	169,769
Miscellaneous	10,000	10,000	307,135	297,135
Payments in lieu of taxes	2,600	2,600	2,432	(168)
Total Revenues	<u>11,363,686</u>	<u>11,363,686</u>	<u>15,900,934</u>	<u>4,537,248</u>
EXPENDITURES				
Current				
General government	2,466,521	2,466,521	2,691,343	224,822
Public safety	6,375,111	6,375,111	5,844,888	(530,223)
Sanitation	812,134	812,134	746,388	(65,746)
Highways and streets	1,356,509	1,356,509	1,260,695	(95,814)
Culture and recreation	1,063,758	1,063,758	743,003	(320,755)
Miscellaneous	100,000	100,000	69,454	(30,546)
Total Expenditures	<u>12,174,033</u>	<u>12,174,033</u>	<u>11,355,771</u>	<u>(818,262)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(810,347)</u>	<u>(810,347)</u>	<u>4,545,163</u>	<u>5,355,510</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	-	-	1,551	1,551
Notes receivable issuance	-	-	(1,000,000)	(1,000,000)
Transfer to OPEB trust	-	-	(1,275,670)	(1,275,670)
Transfers in	-	-	4,196,616	4,196,616
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(4,778,958)</u>	<u>(3,778,958)</u>
Total Other Financing Sources (Uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(2,856,461)</u>	<u>(1,856,461)</u>
Net Change in Fund Balance	(1,810,347)	(1,810,347)	1,688,702	3,499,049
Fund Balance - Beginning	<u>1,810,347</u>	<u>1,810,347</u>	<u>9,862,031</u>	
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,550,733</u>	

BOROUGH OF CONSHOHOCKEN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON

December 31, 2019

The budget presented in the required supplementary information is prepared on the modified accrual basis of accounting.

The UDAG Repayment Special Revenue Fund did not have a legally adopted budget and, therefore, no budgetary comparison schedule for this major special revenue fund is presented.

BOROUGH OF CONSHOHOCKEN
SUPPLEMENTAL INFORMATION
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2019

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- The Street Light Fund accounts for tax millage that is to be used for street light maintenance.
- The Fire Fund accounts for tax millage and grants received to be used for fire services.
- The Library Fund accounts for financial resources which are used to fund the local library.
- The Park and Recreation Fund accounts for developer fees in lieu of open space, which are used to fund improvements to park and recreation facilities in the Borough.
- The Liquid Fuels Highway Aid Fund, as required by state law, accounts for receipts from State Motor License Fund (gasoline tax distribution, etc.).
- The HOME Program Fund accounts for HOME grant proceeds and related expenditures.
- The Economic Development Fund accounts for Economic Development grant proceeds and related expenditures.
- The Mary H. Wood Park Fund accounts for resources restricted for the maintenance of Mary H. Wood Park.

Debt service funds are used to account for funds that will be used to pay down debt.

- The Debt Service Fund accounts for debt repayments.

BOROUGH OF CONSHOHOCKEN

**COMBINING BALANCE SHEET-NONMAJOR
GOVERNMENT FUNDS**

December 31, 2019

	<u>Special Revenue Funds</u>				
	<u>Street Light</u>	<u>Fire</u>	<u>Library</u>	<u>Park and Recreation</u>	<u>Liquid Fuels Highway Aid</u>
ASSETS					
Cash and cash equivalents	\$ 107,587	\$ 52,446	\$ 3,113	\$ 277,375	\$ 521,825
Taxes receivable	3,046	1,587	1,058	-	-
Restricted assets					
Cash and cash equivalents	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Due from other funds	41,446	23,708	805	-	-
Total Assets	<u>\$ 152,079</u>	<u>\$ 77,741</u>	<u>\$ 4,976</u>	<u>\$ 277,375</u>	<u>\$ 521,825</u>
LIABILITIES					
Payable from restricted assets					
Accounts payable	<u>\$ 11,841</u>	<u>\$ -</u>	<u>\$ 3,812</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>11,841</u>	<u>-</u>	<u>3,812</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	<u>2,103</u>	<u>1,101</u>	<u>734</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>2,103</u>	<u>1,101</u>	<u>734</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street lights	138,135	-	-	-	-
Fire services	-	76,640	-	-	-
Streets and highways	-	-	-	-	521,825
Housing and economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Committed for:					
Park and recreation	-	-	-	277,375	-
Debt service	-	-	-	-	-
Assigned for:					
Library	-	-	430	-	-
Total Fund Balances	<u>138,135</u>	<u>76,640</u>	<u>430</u>	<u>277,375</u>	<u>521,825</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 152,079</u>	<u>\$ 77,741</u>	<u>\$ 4,976</u>	<u>\$ 277,375</u>	<u>\$ 521,825</u>

Special Revenue Funds					Total Nonmajor Governmental Funds
HOME Program	Economic Development	Mary H. Wood Park	Total	Debt Service	
\$ -	\$ -	\$ 40,570	\$ 1,002,916	\$ 66,221	\$ 1,069,137
-	-	-	5,691	658	6,349
146,813	147	-	146,960	-	146,960
-	8,257	-	8,257	-	8,257
-	-	-	65,959	13,216	79,175
<u>\$ 146,813</u>	<u>\$ 8,404</u>	<u>\$ 40,570</u>	<u>\$ 1,229,783</u>	<u>\$ 80,095</u>	<u>\$ 1,309,878</u>
<u>\$ -</u>	<u>\$ 8,257</u>	<u>\$ 1,251</u>	<u>\$ 25,161</u>	<u>\$ -</u>	<u>\$ 25,161</u>
<u>-</u>	<u>8,257</u>	<u>1,251</u>	<u>25,161</u>	<u>-</u>	<u>25,161</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,938</u>	<u>467</u>	<u>4,405</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,938</u>	<u>467</u>	<u>4,405</u>
-	-	-	138,135	-	138,135
-	-	-	76,640	-	76,640
-	-	-	521,825	-	521,825
146,813	147	-	146,960	-	146,960
-	-	39,319	39,319	-	39,319
-	-	-	277,375	-	277,375
-	-	-	-	79,628	79,628
<u>-</u>	<u>-</u>	<u>-</u>	<u>430</u>	<u>-</u>	<u>430</u>
<u>146,813</u>	<u>147</u>	<u>39,319</u>	<u>1,200,684</u>	<u>79,628</u>	<u>1,280,312</u>
<u>\$ 146,813</u>	<u>\$ 8,404</u>	<u>\$ 40,570</u>	<u>\$ 1,229,783</u>	<u>\$ 80,095</u>	<u>\$ 1,309,878</u>

BOROUGH OF CONSHOHOCKEN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENT FUNDS**

For the Year Ended December 31, 2019

	Special Revenue Funds				
	Street Light	Fire	Library	Park and Recreation	Liquid Fuels Highway Aid
REVENUES					
Real estate taxes	\$ 143,384	\$ 80,511	\$ 53,674	\$ -	\$ -
Intergovernmental revenues	-	73,275	-	-	211,437
Interest	2,294	1,147	323	2,249	9,883
Miscellaneous	-	-	-	239,000	-
Total Revenues	<u>145,678</u>	<u>154,933</u>	<u>53,997</u>	<u>241,249</u>	<u>221,320</u>
EXPENDITURES					
Current:					
General	-	-	-	-	-
Public safety	-	104,466	-	-	-
Highways and streets	98,619	-	-	-	13,286
Culture and recreation	-	-	53,427	-	-
Housing and economic development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>98,619</u>	<u>104,466</u>	<u>53,427</u>	<u>-</u>	<u>13,286</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>47,059</u>	<u>50,467</u>	<u>570</u>	<u>241,249</u>	<u>208,034</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	47,059	50,467	570	241,249	208,034
Fund Balance - Beginning	<u>91,076</u>	<u>26,173</u>	<u>(140)</u>	<u>36,126</u>	<u>313,791</u>
Fund Balance - Ending	<u>\$ 138,135</u>	<u>\$ 76,640</u>	<u>\$ 430</u>	<u>\$ 277,375</u>	<u>\$ 521,825</u>

Special Revenue Funds					Total Nonmajor Governmental Funds
HOME Program	Economic Development	Mary H. Wood Park	Total	Debt Service	
\$ -	\$ -	\$ -	\$ 277,569	\$ 44,475	\$ 322,044
358	137,232	-	422,302	-	422,302
2,971	66	6	18,939	741	19,680
-	-	17,957	256,957	-	256,957
<u>3,329</u>	<u>137,298</u>	<u>17,963</u>	<u>975,767</u>	<u>45,216</u>	<u>1,020,983</u>
-	-	-	-	84	84
-	-	-	104,466	-	104,466
-	-	-	111,905	-	111,905
-	-	8,811	62,238	-	62,238
358	137,232	-	137,590	-	137,590
-	-	-	-	471,500	471,500
-	-	-	-	222,363	222,363
<u>358</u>	<u>137,232</u>	<u>8,811</u>	<u>416,199</u>	<u>693,947</u>	<u>1,110,146</u>
<u>2,971</u>	<u>66</u>	<u>9,152</u>	<u>559,568</u>	<u>(648,731)</u>	<u>(89,163)</u>
-	-	-	-	650,456	650,456
<u>(133)</u>	<u>(17)</u>	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>(150)</u>
<u>(133)</u>	<u>(17)</u>	<u>-</u>	<u>(150)</u>	<u>650,456</u>	<u>650,306</u>
2,838	49	9,152	559,418	1,725	561,143
<u>143,975</u>	<u>98</u>	<u>30,167</u>	<u>641,266</u>	<u>77,903</u>	<u>719,169</u>
<u>\$ 146,813</u>	<u>\$ 147</u>	<u>\$ 39,319</u>	<u>\$ 1,200,684</u>	<u>\$ 79,628</u>	<u>\$ 1,280,312</u>

BOROUGH OF CONSHOHOCKEN

FIDUCIARY FUNDS - PENSION TRUST FUNDS

December 31, 2019

Pension trust funds account for assets held by the Borough in trust in the employees' retirement system. During the year, the Borough had two such funds, the Police Pension Trust and the Firemen's Pension Trust.

- Police Pension Trust fund accounts for contributions received and benefit payments made for the Borough of Conshohocken, Montgomery County, Pennsylvania Police Pension Plan.
- Firemen's Pension Trust fund accounts for contributions received and benefit payments made for the Borough of Conshohocken, Montgomery County, Pennsylvania Firemen's Pension Plan.
- OPEB Trust fund accounts for assets held by the Borough in a trustee capacity for the Other Post-Employment Benefit plan, which accumulate resources for OPEB benefit payments to qualified employees.

BOROUGH OF CONSHOHOCKEN

COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2019

	<u>Police Pension Plan</u>	<u>Firemen's Pension Plan</u>	<u>OPEB Trust</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 217,362	\$ 19,302	\$ 526,254	\$ 762,918
Investments	9,697,480	904,111	1,273,695	11,875,286
Interest receivable	281	25	1,408	1,714
Contributions receivable	10,096	-	-	10,096
TOTAL ASSETS	<u>\$ 9,925,219</u>	<u>\$ 923,438</u>	<u>\$ 1,801,357</u>	<u>\$ 12,650,014</u>
NET POSITION				
Net Position - Restricted for Pension and OPEB Benefits	<u>\$ 9,925,219</u>	<u>\$ 923,438</u>	<u>\$ 1,801,357</u>	<u>\$ 12,650,014</u>

BOROUGH OF CONSHOHOCKEN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUNDS

For the Year Ended December 31, 2019

	<u>Police Pension Plan</u>	<u>Firemen's Pension Plan</u>	<u>OPEB Trust</u>	<u>Total</u>
ADDITIONS				
Contributions				
Commonwealth of Pennsylvania	\$ 363,555	\$ -	\$ -	\$ 363,555
Employee	116,079	-	-	116,079
Employer	<u>227,416</u>	<u>15,891</u>	<u>1,791,685</u>	<u>2,034,992</u>
Total Contributions	<u>707,050</u>	<u>15,891</u>	<u>1,791,685</u>	<u>2,514,626</u>
Investment Earnings				
Net appreciation (depreciation) in fair value of investments	1,424,228	136,422	1,234	1,561,884
Dividends and interest	<u>219,901</u>	<u>21,135</u>	<u>26,012</u>	<u>267,048</u>
Total Investment Earnings	1,644,129	157,557	27,246	1,828,932
Less investment expense	<u>(36,482)</u>	<u>(4,508)</u>	<u>-</u>	<u>(40,990)</u>
Net Investment Earnings	<u>1,607,647</u>	<u>153,049</u>	<u>27,246</u>	<u>1,787,942</u>
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>1,275,670</u>	<u>1,275,670</u>
Total Additions	<u>2,314,697</u>	<u>168,940</u>	<u>3,094,601</u>	<u>5,578,238</u>
DEDUCTIONS				
Benefits	437,230	25,122	1,291,685	1,754,037
DROP payout	288,616	-	-	288,616
Other	<u>9,750</u>	<u>6,500</u>	<u>1,559</u>	<u>17,809</u>
Total Deductions	<u>735,596</u>	<u>31,622</u>	<u>1,293,244</u>	<u>2,060,462</u>
Change in Net Position	1,579,101	137,318	1,801,357	3,517,776
Net Position - Restricted for Pension and OPEB Benefits				
Beginning of Year	<u>8,346,118</u>	<u>786,120</u>	<u>-</u>	<u>9,132,238</u>
End of Year	<u>\$ 9,925,219</u>	<u>\$ 923,438</u>	<u>\$ 1,801,357</u>	<u>\$ 12,650,014</u>

BOROUGH OF CONSHOHOCKEN

STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS

For the Year Ended December 31, 2019

	<u>Balance</u> <u>January 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2019</u>
Assets:				
Cash and cash equivalents	\$ 953,390	\$ 1,116,297	\$ (966,291)	\$ 1,103,396
Due from General Fund	<u>736,205</u>	<u>-</u>	<u>(736,205)</u>	<u>-</u>
Total Assets	<u>\$ 1,689,595</u>	<u>\$ 1,116,297</u>	<u>\$ (1,702,496)</u>	<u>\$ 1,103,396</u>
Liabilities:				
Due to General Fund	\$ -	\$ 974	\$ -	\$ 974
Deposits and refunds	<u>1,689,595</u>	<u>1,115,323</u>	<u>(1,702,496)</u>	<u>1,102,422</u>
Total Liabilities	<u>\$ 1,689,595</u>	<u>\$ 1,116,297</u>	<u>\$ (1,702,496)</u>	<u>\$ 1,103,396</u>