

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2022

BOROUGH OF CONSHOHOCKEN
GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Members of Council
Borough of Conshohocken
Conshohocken, Pennsylvania

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Conshohocken Borough (Borough), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter-Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Borough implemented the provisions of Governmental Accounting Standards Board Statements No. 87, Leases, for the year ended December 31, 2022, which represents changes in accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bee, Bergvall & Co.

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

Warrington, PA
August 28, 2023

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2022

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, 2022, 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 2022 by \$21,761,233 (*net position*).
- The composition of net position is as follows: \$15,584,847 of net position is invested in capital assets, net of related debt; \$2,736,405 is restricted for services such as street lighting, streets and highways, culture and recreation, and housing, economic and community development, and the remaining \$3,439,981 is unrestricted.
- Conshohocken Borough's total net position increased by \$5,023,344.
- As of the close of the current year, Conshohocken Borough's governmental funds reported combined ending fund balances of \$31,415,240, an increase of \$3,442,473 for the year.
- At the end of the current year, unassigned fund balance for general fund was \$20,692,623 or approximately 151% of total general fund expenditures. The remaining fund balance for the general fund consists of \$43,818 non-spendable for prepaid and lease items.
- At the end of 2022, the other funds had \$2,723,676 restricted for street lighting, streets and highways, culture and recreation, and housing, economic and community development services; \$7,954,508 committed for capital projects, parks and recreations and debt service; and \$615 assigned for library.

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, 2022

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, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Governmental Funds (continued)

The Borough of Conshohocken maintains twelve 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, 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, 2022

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 \$21,761,233 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 \$15,584,847 (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, 2022 and 2021.

| Net Position | | | | |
|---------------------------|---------------|---------------|----------------|----------|
| Account | 2022 | 2021 | \$ Change | % Change |
| Capital Assets | \$ 21,692,160 | \$ 23,377,792 | \$ (1,685,632) | (7.21) |
| Current and Other Assets | 38,339,614 | 30,557,898 | 7,781,716 | 25.47 |
| Total Assets | 60,031,774 | 53,935,690 | 6,096,084 | 11.30 |
| Deferred Outflows | 3,827,310 | 991,315 | 2,835,995 | 286.08 |
| Long-Term Liabilities | 28,211,044 | 24,038,670 | 4,172,374 | 17.36 |
| Other Liabilities | 1,886,901 | 1,051,967 | 834,934 | 79.37 |
| Total Liabilities | 30,097,945 | 25,090,637 | 5,007,308 | 19.96 |
| Deferred Inflows | 11,999,906 | 13,098,479 | (1,098,573) | (8.39) |
| Net Position | | | | |
| Net Investment in Capital | | | | |
| Assets | 15,584,847 | 15,406,792 | 178,055 | 1.16 |
| Restricted | 2,736,405 | 1,870,960 | 865,445 | 46.26 |
| Unrestricted | 3,439,981 | (539,863) | 3,979,844 | (737.20) |
| Total Net Position | \$ 21,761,233 | \$ 16,737,889 | \$ 5,023,344 | 30.01 |

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2022

THE BOROUGH AS A WHOLE (Continued)

Net position increased approximately \$5 million, or 30%. The increase was due to a number of factors. First cash and cash equivalents increased from \$26.1 million in 2021 to \$29.8 million in 2022, due to an increase in taxes, permit revenue, recreation fees and interest earnings. Net position was further increased by an increase in deferred outflows for pension, and a decrease in the deferred inflows for pension, in the amount of \$1.7 million.

A summary of the Borough's changes in net position for 2022 and 2021 is as follows:

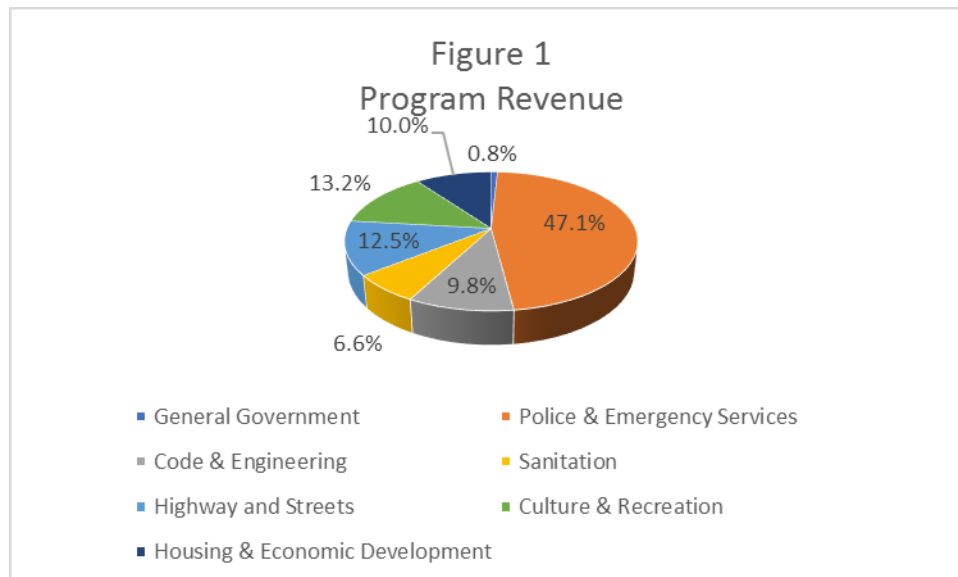
| | Changes in Net Position | | | |
|-----------------------------------|--------------------------------|---------------------|---------------------|-----------------|
| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
| Program Revenues | | | | |
| General Government | \$ 27,406 | \$ 45,374 | \$ (17,968) | (39.06) |
| Police and Emergency Services | 1,549,740 | 1,118,425 | 431,315 | 38.56 |
| Code and Engineering | 323,230 | 307,320 | 15,910 | 5.18 |
| Sanitation | 215,555 | 99,402 | 116,153 | 116.85 |
| Highways and Streets | 411,151 | 339,161 | 71,990 | 21.23 |
| Culture and Recreation | 432,951 | 231,988 | 200,963 | 86.63 |
| Housing and Economic Development | 329,679 | 252,208 | 77,471 | 30.72 |
| General Revenues | | | | |
| Real Estate Taxes | 3,203,606 | 3,182,300 | 21,306 | 0.67 |
| Transfer Taxes | 602,135 | 588,623 | 13,512 | 2.30 |
| Earned Income Taxes | 6,128,155 | 5,513,807 | 614,348 | 11.14 |
| Other Taxes | 4,015,564 | 4,303,745 | (288,181) | (6.70) |
| Franchise Fees | 175,036 | 183,871 | (8,835) | (4.80) |
| Grants and Contributions | 15,407 | 11,556 | 3,851 | 33.32 |
| Interest and Rents | 322,767 | 37,993 | 284,774 | 749.54 |
| Miscellaneous | 1,246,200 | 946,345 | 299,855 | 31.69 |
| Gain on Sale of Capital Assets | 52,527 | 34,747 | 17,780 | 51.17 |
| Total Revenues (Forwarded) | <u>\$19,051,109</u> | <u>\$17,196,865</u> | <u>\$ 1,854,244</u> | <u>10.78</u> |

**BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2022**

THE BOROUGH AS A WHOLE (Continued)

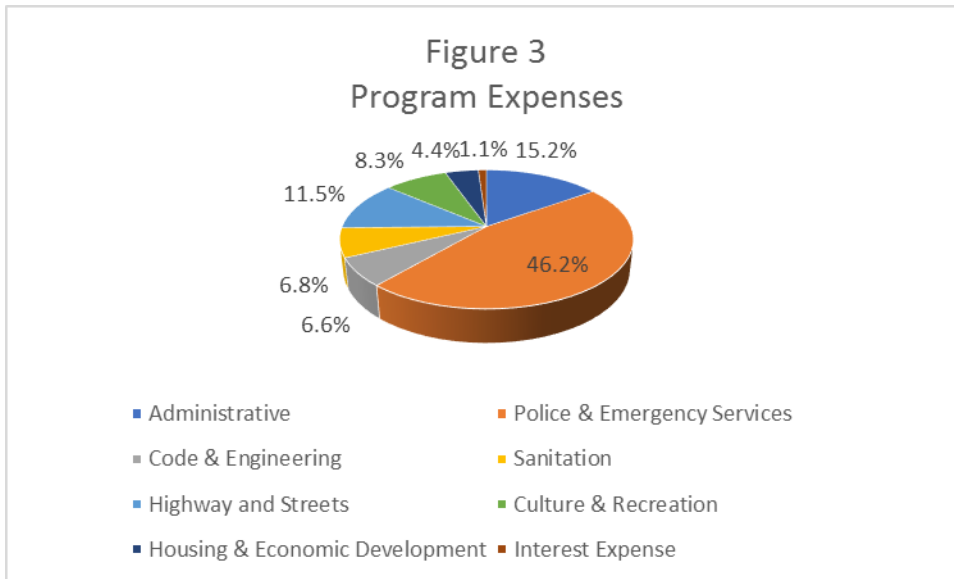
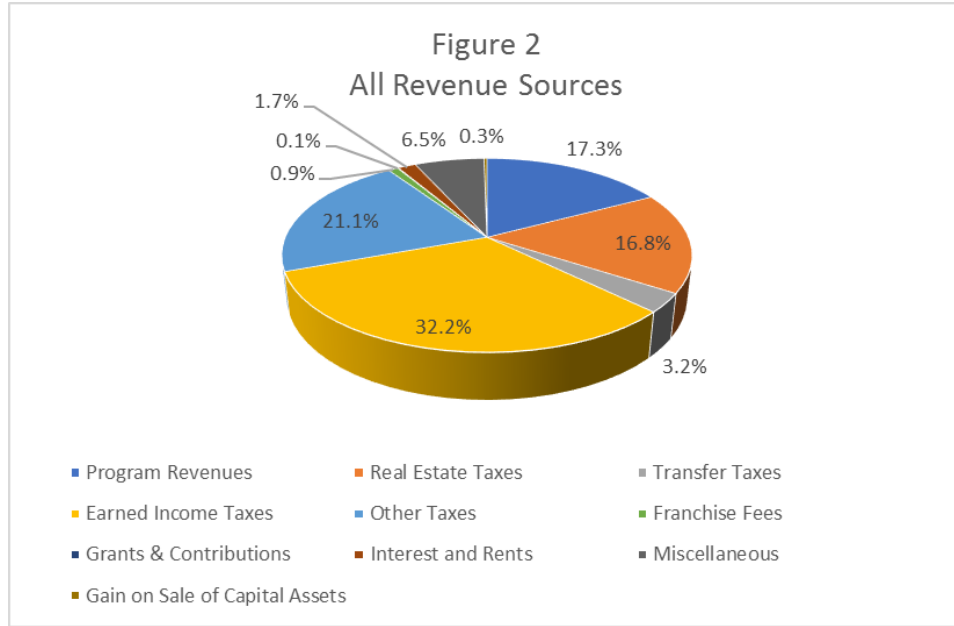
| | Changes in Net Position | | | |
|-----------------------------------|--------------------------------|---------------------|-------------------|-----------------|
| | <u>2022</u> | <u>2021</u> | <u>\$ Change</u> | <u>% Change</u> |
| Total Revenues (Forwarded) | \$19,051,109 | \$17,196,865 | \$ 1,854,244 | 10.78 |
| Program Expenses | | | | |
| Administrative | 2,129,372 | 2,825,119 | (695,747) | (24.63) |
| Police and Emergency Services | 6,474,576 | 5,485,078 | 989,498 | 18.04 |
| Code and Engineering | 920,667 | 863,088 | 57,579 | 6.67 |
| Sanitation | 954,412 | 839,480 | 114,932 | 13.69 |
| Highways and Streets | 1,617,990 | 1,442,994 | 174,996 | 12.13 |
| Culture and Recreation | 1,168,053 | 779,326 | 388,727 | 49.88 |
| Housing and Economic Development | 612,009 | 515,225 | 96,784 | 18.78 |
| Interest Expense | 150,686 | 199,228 | (48,542) | (24.37) |
| Total Expenses | <u>14,027,765</u> | <u>12,949,538</u> | <u>1,078,227</u> | <u>8.33</u> |
| Changes in Net Position | <u>\$ 5,023,344</u> | <u>\$ 4,247,327</u> | <u>\$ 776,017</u> | <u>18.27</u> |

Figures 1 through 3 below provide an overview of the Borough's revenues and expenses for 2022.



**BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2022**

THE BOROUGH AS A WHOLE (Continued)



BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2022

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 \$31,415,240 in 2022 and \$27,972,767 in 2021. The unassigned fund balance portion was \$20,692,623 and \$17,406,174 for 2022 and 2021 respectively, and is available for spending at the government's discretion. The remainder of fund balance for 2022 is comprised of: \$2,723,676 *restricted* to indicate that it is not available for unrestricted spending; \$7,954,508 *committed* for specific purposes; \$615 *assigned* for a specific purpose; and \$43,818 *non-spendable* for prepaid items.

The total fund balances increased by \$3,442,473 in the current year compared with an increase of \$2,943,719 during the prior year. The key factor in this increase from the prior year was in increase in cash from operations.

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 \$20,692,441, while total fund balance of governmental funds reached \$31,415,240. At the end of the prior year, unassigned fund balance of the general fund was \$17,406,174 with the total fund balance of governmental funds at \$27,972,767. 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 151% and 143% for 2022 and 2021, respectively, of total general fund expenditures, while total fund balance represents 198% and 193% for 2022 and 2021, respectively, of total fund expenditures.

The General Fund balance increased by \$3,321,659 in the current year compared with an increase of \$2,874,869 during the prior year. The increase of approximately \$450,000 can be attributed to a large increase in tax and permit revenue for 2022.

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2022

ANALYSIS OF INDIVIDUAL FUNDS (Continued)

General Fund Budgetary Highlights

General Fund revenues exceeded budgeted revenues by 26%. The positive variance in revenues related to a positive variance in many revenue areas, particularly in four types of taxes (real estate, transfer, earned income, business privilege and mercantile), charges for services and intergovernmental revenues. Earned income taxes were over budget by 24%, transfer taxes by 101%, and business privilege and mercantile taxes by 4%. Charges for service exceeded budget by approximately \$910,000 or 134%, due to higher permit receipts from large construction projects.

Differences between the final budgeted expenditures, and actual expenditures was \$424,554, or 3%. Most areas were under budget - general government expenditures by 23%, public safety by 2%, and culture and sanitation by 1%. The increase in the culture and recreation area was due to the COVID -19 pandemic - most park programs were cancelled or scaled way back due to government mandated shutdowns in the prior year, and back at full strength in 2022. The variance in excess of revenues over (under) expenditures amounted to \$4,328,611 in 2022 and \$4,445,949 in 2021.

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 \$2,226,943.

Four of the non-major funds are supported by real estate tax millage, which for 2022 was as follows: Street Light (0.1677 mills), Library (0.0836 mills), Fire (0.1254 mills) and Debt Service (1.07 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, 2022

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 (\$100,508) of real estate taxes between the two fire companies, and contributed an additional \$150,952 during 2022.

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 a new Borough office facility at 400 Fayette Street, and moved in August of 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, 2022

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 AND RIGHT OF USE ASSETS AND DEBT ADMINISTRATION

The Borough has \$15,584,847 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 asset listing for the first time.

In 2022, the Borough adopted GASB 87 - Leases, which required the Borough to recognize a lease payable and corresponding right of use assets.

Capital and Right of Use Assets

Significant capital events during the year included park equipment purchases and improvements of approximately \$92,000, police and fire vehicles and equipment for \$185,000, a piece of property for \$612,500, and public works vehicles, equipment and infrastructure improvements for \$230,000. A summary of capital and right of use assets activity for the year is as follows:

| | Beginning Balance | Net Additions (Deletions) | Ending Balance |
|-----------------------------------|-----------------------------|------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Land | \$ 1,310,815 | \$ 612,500 | \$ 1,923,315 |
| Buildings | 19,647,712 | 58,910 | 19,706,622 |
| Park Improvements | 472,052 | 0 | 472,052 |
| Equipment, Furniture and Vehicles | 7,818,903 | 345,744 | 8,164,647 |
| Infrastructure | 11,353,638 | 83,074 | 11,436,712 |
| | <u>40,603,120</u> | <u>1,100,228</u> | <u>41,703,348</u> |
| Accumulated Depreciation | <u>(17,225,328)</u> | <u>(1,131,408)</u> | <u>(18,356,736)</u> |
| Net Capital Assets | <u>\$ 23,377,792</u> | <u>\$ (31,180)</u> | <u>\$ 23,346,612</u> |
| Right to Use Assets | \$ 253,164 | \$ 118,483 | \$ 371,647 |
| Less Accumulated Amortization | <u>31,644</u> | <u>71,140</u> | <u>102,784</u> |
| Net Right to Use Assets | <u>\$ 221,520</u> | <u>\$ 47,343</u> | <u>\$ 268,863</u> |

**BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2022**

CAPITAL AND RIGHT OF USE ASSETS AND DEBT ADMINISTRATION
(Continued)

Long-term Debt

During 2022, the Borough refinanced its existing debt, and refunded three general obligation notes with a total balance of \$7,971,000, and issued two new general obligation notes totaling \$8,064,000. 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>Issuance/ (Payments)</u> | <u>Ending Balance</u> |
|------------------------------|------------------------------|---------------------------------|-----------------------|
| 2014 GON Tax Exempt Series A | \$ 5,030,600 | \$ (5,030,600) | \$ 0 |
| 2014 GON Tax Exempt Series B | 1,932,700 | (1,932,700) | 0 |
| 2014 GON Taxable Series | 1,007,700 | (1,007,700) | 0 |
| 2022 GON Tax Exempt Series A | 0 | 6,760,980 | 6,760,980 |
| 2022 GON Taxable Series | 0 | 973,670 | 973,670 |
| | <u>\$ 7,971,000</u> | <u>\$ (236,350)</u> | <u>\$ 7,734,650</u> |

ECONOMIC FACTORS AND FUTURE BUDGETS

Conshohocken Borough continues 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.

The Borough relies on a healthy economy, income, wages and real estate for a large portion of annual revenue. The Borough strives annually to provide quality service to our residents and constituents with this annual revenue with a focus on health, safety, and welfare. Over the course of the next eighteen months, the Borough is expecting an estimated 35% population increase. Fiscal planning, therefore, will be adjusted accordingly as applicable to ensure the continuation of providing quality service even with the increase in population. Increase in certain areas of operation will be required but the Borough, to the best of its ability, will strive to meet this goal without having a direct financial effect on Borough residents.

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, 2022

| <u>ASSETS</u> | <u>Governmental Activities</u> |
|--|------------------------------------|
| Cash and cash equivalents | \$ 29,790,033 |
| Receivables | 4,910,497 |
| Prepaid expenses | 9,010 |
| Temporarily restricted assets: | |
| Cash and cash equivalents | 170,887 |
| Intergovernmental receivable | 4,719 |
| Notes receivable | 918,650 |
| Net pension asset | 612,503 |
| Land | 1,923,315 |
| Other capital assets (net of accumulated depreciation) | 21,423,297 |
| Right to use assets (net of accumulated amortization) | <u>268,863</u> |
| Total Assets | <u>60,031,774</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Deferred outflows of resources for pension | 3,396,495 |
| Deferred outflows of resources for OPEB | <u>430,815</u> |
| Total deferred outflows of resources | <u>3,827,310</u> |
| <u>LIABILITIES</u> | |
| Accounts payable and other current liabilities | 630,612 |
| Accrued interest payable | 11,197 |
| Unearned revenue | 756,605 |
| Non-current liabilities: | |
| Due within one year | 488,487 |
| Due after one year | <u>28,211,044</u> |
| Total Liabilities | <u>30,097,945</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Leases | 2,040,665 |
| Deferred inflows of resources pension | 306,243 |
| Deferred inflows of resources OPEB | <u>9,652,998</u> |
| Total deferred inflows of resources | <u>11,999,906</u> |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 15,584,847 |
| Restricted for: | |
| Street lights | 120,173 |
| Fire services | 80,848 |
| Streets and highways | 925,700 |
| Housing and economic development | 162,572 |
| Culture and recreation | 939,772 |
| Debt service | 507,340 |
| Unrestricted | <u>3,439,981</u> |
| Total Net Position | <u>\$ 21,761,233</u> |

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

BOROUGH OF CONSHOHOCKEN

STATEMENT OF ACTIVITIES

December 31, 2022

| | <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 | \$ 2,129,372 | \$ 27,406 | \$ - | \$ - | \$ (2,101,966) |
| Police and emergency services | 6,474,576 | 1,100,643 | 449,097 | - | (4,924,836) |
| Codes and engineering | 920,667 | 323,230 | - | - | (597,437) |
| Sanitation | 954,412 | 62,950 | 152,605 | - | (738,857) |
| Highways and streets | 1,617,990 | 89,631 | 214,176 | 107,344 | (1,206,839) |
| Culture and recreation | 1,168,053 | 323,505 | 22,446 | 87,000 | (735,102) |
| Housing and economic development | 612,009 | - | - | 329,679 | (282,330) |
| Interest expense | 150,686 | - | - | - | (150,686) |
| Total Governmental Activities | <u>\$ 14,027,765</u> | <u>\$ 1,927,365</u> | <u>\$ 838,324</u> | <u>\$ 524,023</u> | <u>\$ (10,738,053)</u> |
| GENERAL REVENUES and TRANSFERS | | | | | |
| Taxes: | | | | | |
| | | | | | \$ 3,203,606 |
| Real estate taxes | | | | | 602,135 |
| Transfer taxes | | | | | 6,128,155 |
| Earned income taxes | | | | | 3,663,928 |
| Business and mercantile taxes | | | | | 351,636 |
| Local services taxes | | | | | 175,036 |
| Franchise fees | | | | | 15,407 |
| Grants and contributions not restricted to specific programs | | | | | 322,767 |
| Investment earnings | | | | | 1,246,200 |
| Miscellaneous | | | | | 52,527 |
| Gain (loss) on sale of capital assets | | | | | <u>15,761,397</u> |
| Total General Revenues and Transfers | | | | | |
| | | | | | 5,023,344 |
| Change in Net Position | | | | | |
| | | | | | <u>16,737,889</u> |
| Net Position, Beginning of Year | | | | | |
| Net Position, End of Year | | | | | <u>\$ 21,761,233</u> |

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

BOROUGH OF CONSHOHOCKEN

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2022

| | <u>General</u> | <u>Capital Fund</u> | <u>Capital Reserve Fund</u> | <u>Debt Service</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|-------------------------|-------------------------------------|-------------------------|--|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 18,419,577 | \$ 2,590,037 | \$ 6,150,164 | \$ 496,065 | \$ 2,134,190 | \$ 29,790,033 |
| Receivables | | | | | | |
| Taxes | 2,650,559 | - | - | 18,552 | 6,532 | 2,675,643 |
| Accounts | 159,381 | - | - | - | - | 159,381 |
| Leases | 2,075,473 | - | - | - | - | 2,075,473 |
| Prepaid expenses | 9,010 | - | - | - | - | 9,010 |
| Due from other funds | 7,277 | - | - | - | 9,668 | 16,945 |
| Restricted assets | | | | | | |
| Cash and cash equivalents | 9,185 | - | - | - | 161,702 | 170,887 |
| Intergovernmental receivable | - | - | - | - | 4,719 | 4,719 |
| Total Assets | <u>\$ 23,330,462</u> | <u>\$ 2,590,037</u> | <u>\$ 6,150,164</u> | <u>\$ 514,617</u> | <u>\$ 2,316,811</u> | <u>\$ 34,902,091</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 288,407 | \$ 29,088 | \$ - | \$ - | \$ 86,350 | \$ 403,845 |
| Accrued payroll | 226,767 | - | - | - | - | 226,767 |
| Unearned revenue | - | - | 756,605 | - | - | 756,605 |
| Due to other funds | 9,668 | - | - | 7,277 | - | 16,945 |
| Total Liabilities | <u>524,842</u> | <u>29,088</u> | <u>756,605</u> | <u>7,277</u> | <u>86,350</u> | <u>1,404,162</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - taxes | 28,514 | - | - | 9,992 | 3,518 | 42,024 |
| Leases | 2,040,665 | - | - | - | - | 2,040,665 |
| Total deferred inflows of resources | <u>2,069,179</u> | <u>-</u> | <u>-</u> | <u>9,992</u> | <u>3,518</u> | <u>2,082,689</u> |
| FUND BALANCES | | | | | | |
| Nonspendable - prepaid items | 9,010 | - | - | - | - | 9,010 |
| Nonspendable - leases | 34,808 | - | - | - | - | 34,808 |
| Restricted for: | | | | | | |
| Street lights | - | - | - | - | 118,607 | 118,607 |
| Fire services | - | - | - | - | 79,677 | 79,677 |
| Streets and highways | - | - | - | - | 925,700 | 925,700 |
| Housing and economic development | - | - | - | - | 162,572 | 162,572 |
| Culture and recreation | - | - | - | - | 939,772 | 939,772 |
| Debt service | - | - | - | 497,348 | - | 497,348 |
| Committed for: | | | | | | |
| Capital projects | - | 2,560,949 | 5,393,559 | - | - | 7,954,508 |
| Assigned for: | | | | | | |
| Library | - | - | - | - | 615 | 615 |
| Unassigned: | 20,692,623 | - | - | - | - | 20,692,623 |
| Total Fund Balances | <u>20,736,441</u> | <u>2,560,949</u> | <u>5,393,559</u> | <u>497,348</u> | <u>2,226,943</u> | <u>31,415,240</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 23,330,462</u> | <u>\$ 2,590,037</u> | <u>\$ 6,150,164</u> | <u>\$ 514,617</u> | <u>\$ 2,316,811</u> | <u>\$ 34,902,091</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, 2022

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

| | | |
|---|----|------------|
| Total fund balances-total governmental funds (pages 20) | \$ | 31,415,240 |
|---|----|------------|

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

| | | | |
|--------------------------|----|------------------|------------|
| Cost of capital assets | \$ | 41,703,348 | |
| Accumulated depreciation | | (18,356,736) | |
| Right of use assets | | 371,647 | |
| Accumulated amortization | | <u>(102,784)</u> | 23,615,475 |

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 | 42,024 | |
| Net pension asset | 612,503 | |
| Other receivable | <u>918,650</u> | 1,573,177 |

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 | 3,396,495 | |
| Deferred outflows or resources for OPEB | 430,815 | |
| Deferred inflows of resources pension | (306,243) | |
| Deferred inflows of resources OPEB | <u>(9,652,998)</u> | (6,131,931) |

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 | (7,734,650) | |
| Leases payable | (295,978) | |
| Interest payable | (11,197) | |
| Net pension liability | (3,679,846) | |
| Net postemployment benefits obligation | (16,358,972) | |
| Compensated absences | <u>(630,085)</u> | <u>(28,710,728)</u> |

| | | |
|---|----|-------------------|
| Net position of governmental activities (page 19) | \$ | <u>21,761,233</u> |
|---|----|-------------------|

BOROUGH OF CONSHOHOCKEN

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

For the Year Ended December 31, 2022

| | <u>General</u> | <u>Capital Fund</u> | <u>Capital Reserve Fund</u> | <u>Debt Service</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|-------------------------|-------------------------------------|-------------------------|--|---|
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Real estate taxes | \$ 2,227,249 | \$ - | \$ - | \$ 766,471 | \$ 275,668 | \$ 3,269,388 |
| Real estate transfer taxes | 602,135 | - | - | - | - | 602,135 |
| Earned income taxes | 6,128,155 | - | - | - | - | 6,128,155 |
| Business privilege and mercantile taxes | 3,663,928 | - | - | - | - | 3,663,928 |
| Local services taxes | 351,636 | - | - | - | - | 351,636 |
| Fees, licenses and permits | 509,486 | - | - | - | - | 509,486 |
| Fines and forfeitures | 98,777 | - | - | - | - | 98,777 |
| Intergovernmental revenues | 656,975 | - | 87,000 | - | 598,883 | 1,342,858 |
| Charges for services | 1,592,915 | - | - | - | - | 1,592,915 |
| Interest | 264,379 | 9,530 | 26,123 | 2,410 | 20,325 | 322,767 |
| Rents | 279,412 | - | - | - | - | 279,412 |
| Miscellaneous | 343,280 | - | - | - | 556,846 | 900,126 |
| Payments in lieu of taxes | 2,781 | - | - | - | - | 2,781 |
| Total Revenues | <u>16,721,108</u> | <u>9,530</u> | <u>113,123</u> | <u>768,881</u> | <u>1,451,722</u> | <u>19,064,364</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 3,220,148 | 204,376 | 10 | 54,656 | - | 3,479,190 |
| Public safety | 7,113,007 | 254,530 | 57,000 | - | 186,973 | 7,611,510 |
| Sanitation | 938,366 | - | - | - | - | 938,366 |
| Highways and streets | 1,397,839 | 164,060 | 30,000 | - | 157,485 | 1,749,384 |
| Culture and recreation | 939,986 | 241,026 | - | - | 78,967 | 1,259,979 |
| Housing and economic development | - | - | - | - | 298,240 | 298,240 |
| Miscellaneous | 72,986 | - | - | - | - | 72,986 |
| Debt service: | | | | | | |
| Principal | - | - | - | 329,350 | - | 329,350 |
| Interest | - | - | - | 146,896 | - | 146,896 |
| Total Expenditures | <u>13,682,332</u> | <u>863,992</u> | <u>87,010</u> | <u>530,902</u> | <u>721,665</u> | <u>15,885,901</u> |
| Excess (Deficiency) of Revenues | | | | | | |
| Over Expenditures | <u>3,038,776</u> | <u>(854,462)</u> | <u>26,113</u> | <u>237,979</u> | <u>730,057</u> | <u>3,178,463</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Refunding note issuance | - | - | - | 8,064,000 | - | 8,064,000 |
| Payment to refund notes | - | - | - | (7,971,000) | - | (7,971,000) |
| Proceeds from lease payable | 118,483 | - | - | - | - | 118,483 |
| Proceeds from sale of fixed assets | 51,900 | - | 627 | - | - | 52,527 |
| Transfers in | 612,500 | 850,500 | - | - | - | 1,463,000 |
| Transfers out | <u>(500,000)</u> | <u>-</u> | <u>(787,500)</u> | <u>-</u> | <u>(175,500)</u> | <u>(1,463,000)</u> |
| Total Other Financing Sources (Uses) | <u>282,883</u> | <u>850,500</u> | <u>(786,873)</u> | <u>93,000</u> | <u>(175,500)</u> | <u>264,010</u> |
| Net Change in Fund Balance | 3,321,659 | (3,962) | (760,760) | 330,979 | 554,557 | 3,442,473 |
| Fund Balance - Beginning | <u>17,414,782</u> | <u>2,564,911</u> | <u>6,154,319</u> | <u>166,369</u> | <u>1,672,386</u> | <u>27,972,767</u> |
| Fund Balance - Ending | <u>\$ 20,736,441</u> | <u>\$ 2,560,949</u> | <u>\$ 5,393,559</u> | <u>\$ 497,348</u> | <u>\$ 2,226,943</u> | <u>\$ 31,415,240</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, 2022

Net change in fund balances-total governmental funds (pages 22) \$ 3,442,473

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 | \$ 1,170,073 | |
| Depreciation expense | (1,201,253) | |
| Right of use asset | 118,483 | |
| Amortization expense | <u>(71,140)</u> | 16,163 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

| | | |
|------------------|-----------------|-----------|
| Property taxes | (65,782) | |
| Other receivable | <u>(59,350)</u> | (125,132) |

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.

| | | |
|-------------------|-------------|---------|
| Debt issuance | (8,182,483) | |
| Repayment of debt | 8,348,358 | |
| Interest payable | <u>871</u> | 166,746 |

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 | 904,983 | |
| Net postemployment benefits obligation and deferred items | 582,528 | |
| Compensated absences | <u>35,583</u> | <u>1,523,094</u> |

Change in net position of governmental activities (page 19) \$ 5,023,344

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, 2022

| ASSETS | Pension and Other Benefit <u>Trust Funds</u> | Custodial <u>Funds</u> |
|-------------------------------|--|---------------------------|
| Cash and cash equivalents | \$ 1,322,313 | \$ 1,002,837 |
| Investments | 14,598,744 | - |
| Interest receivable | 4,287 | - |
| Due from general fund | - | - |
| Total Assets | <u>\$ 15,925,344</u> | <u>\$ 1,002,837</u> |
| NET POSITION | | |
| Net Position - Restricted for | | |
| Pension and OPEB Benefits | \$ 15,925,344 | \$ - |
| Developers and others | - | 1,002,837 |
| TOTAL NET POSITION | <u>\$ 15,925,344</u> | <u>\$ 1,002,837</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, 2022

| ADDITIONS | Pension and Other Benefit Trust Funds | Custodial Funds |
|---|---|---------------------|
| Contributions | | |
| Commonwealth of Pennsylvania | \$ 362,632 | \$ - |
| Employee | 142,956 | - |
| Employer | 726,623 | - |
| Other | - | 418,123 |
| Total Contributions | <u>1,232,211</u> | <u>418,123</u> |
| Investment Earnings | | |
| Net appreciation in fair value of investments | (3,465,718) | - |
| Dividends and interest | 479,961 | 15,405 |
| Total Investment Earnings | (2,985,757) | 15,405 |
| Less investment expense | (64,624) | - |
| Net Investment Earnings | <u>(3,050,381)</u> | <u>15,405</u> |
| Total Additions | <u>(1,818,170)</u> | <u>433,528</u> |
| DEDUCTIONS | | |
| Benefits | 485,319 | - |
| Other | 9,900 | 337,795 |
| Total Deductions | <u>495,219</u> | <u>337,795</u> |
| Change in Net Position | (2,313,389) | 95,733 |
| Net Position - Restricted for Pension and OPEB Benefits, and developers and others | | |
| Beginning of Year | <u>18,238,733</u> | <u>907,104</u> |
| End of Year | <u>\$ 15,925,344</u> | <u>\$ 1,002,837</u> |

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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.

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. Separately issued financial statements of the Conshohocken #2 Fire Company and Washington Fire Company can be obtained at the Borough's Administrative Offices.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

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.

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."

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

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

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 *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 *Debt Service Fund* is used to accumulate resources to repay debt.

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 *Custodial Fund* accounts for assets held as an agent for others. Custodial funds are custodial in nature. The Borough's custodial fund is the Escrow Fund.

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.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

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

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 custodial 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.

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.

Investments for the government are reported at fair value. The Investment Pool operates in accordance with appropriate state laws and regulations. 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.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

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

2. *Restricted assets*

The assets of the HOME Program and Economic Development 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.

3. *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.

4. *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, 2022, 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, 2022 are recognized as revenue for the year ending December 31, 2022.

The Borough is a lessor for various long-term noncancellable lease agreements. The Borough recognizes leases receivable and deferred inflows of resources in the government-wide and fund financial statements. At the commencement of a lease, the Borough initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

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

4. Receivables and payables (continued)

Key estimates and judgments include how the Borough determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Borough uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus any options to extend. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. Any variable payments received are based on direct monthly usage and are recognized as revenue when received.

The Borough monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable

5. Capital and Right of Use 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.

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 |

The Borough has recorded the right of use lease assets as a result of implementing GASB 87. The right of use assets are initially measured at an amount related to the initial measurement of the related lease liability. The right of use assets are amortized on a straight-line basis over the life of the related assets.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

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

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 assets that applies to a future periods and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. 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 assets that applies to a future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Borough has the following items that qualify for reporting in these categories:

1. *Unavailable revenue - property taxes and earned income taxes* 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.
2. *Differences between expected and actual experience 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 in the period that the amounts become available.
3. *Change in assumptions* is reported in the government-wide statement of net position. A difference results from a change in actuarial assumptions. These amounts are deferred and amortized.
4. *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.
5. *Net difference between projected and actual earnings on 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.
6. *Leases* is reported in the governmental funds and the government-wide statement of net position. A deferred balance results at the initiation on of the lease in an amount equal to the initial recording of the lease receivable. A deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

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

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.

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.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

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

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).

12. Net position

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

Net investment in capital and right of use assets - This category groups all capital and right of use assets, including infrastructure, into one component of net assets. Accumulated depreciation or amortization 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 and Right of Use Assets | |
| Capital assets not being depreciated | \$ 1,923,315 |
| Capital assets being depreciated, net of accumulated depreciation | 21,423,297 |
| Right of use assets being amortized, net of accumulated amortization | 268,863 |
| Less: Long-term debt outstanding | <u>(8,030,628)</u> |
| Total Net Investment in Capital and Right of Use Assets | <u>\$ 15,584,847</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:

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

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

13. Fund balance (continued)

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, leases, and long-term notes receivable.

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.

E. 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. See Note IV. G.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

I. Summary of significant accounting policies (Continued)

F. New Accounting Pronouncements

Adoption of Accounting Pronouncement - GASB 87, Leases, substantially changes current accounting procedures regarding lease accounting. This Statement has been implemented for the fiscal year ending December 31, 2022. The implementation resulted in expanded disclosure. No restatement of balances was necessary for the government-wide and fund statements. The Management Discussion and Analysis has been restated for comparison purposes.

Pending Accounting Pronouncements - GASB has issued statements that will become effective in future years including Nos. 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the financial statements.

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 (modified accrual basis of accounting). 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.

B. Excess of expenditures over appropriations

For the year ended December 31, 2022, expenditures exceeded appropriations for the categories of general government, public safety, and sanitation by \$595,643, \$107,771, and \$13,466, respectively. These over expenditures were funded by greater than anticipated revenues.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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 bank deposits was \$29,949,937. Of the balance, \$500,000 was covered by depository insurance and \$1,104,599 was invested in externally pooled investments, which are not subject to credit risk. Any balances exceeding depository insurance and investment in risk pools, are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

Investment Pool - The Borough has carrying deposits in external investment pools, held with PLGIT Bank. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above. These deposits are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The investment in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. The Borough can withdraw funds from the external investment pool without limitation or fees upon adequate notice. The investment pool was rated AAAM by Standard & Poor's and has average maturities of less than 30 days. The Investment Pool operates in accordance with appropriate state laws and regulations.

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.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

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, 2022 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>< 1 year</u> | <u>1-5 years</u> | <u>6-10 years</u> | <u>> 10 years</u> |
| GOVERNMENTAL FUNDS | | | | | |
| Externally Pooled Investments | \$ 1,104,599 | \$ 1,104,599 | \$ - | \$ - | \$ - |
| Total Governmental Funds | <u>\$ 1,104,599</u> | <u>\$ 1,104,599</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| FIDUCIARY FUNDS | | | | | |
| Externally Pooled Investments | \$ 1,002,837 | \$ 1,002,837 | \$ - | \$ - | \$ - |
| Mutual Funds - Equity | 9,357,143 | 9,357,143 | - | - | - |
| Mutual Funds - Fixed Income | <u>5,241,601</u> | <u>-</u> | <u>440,370</u> | <u>1,003,565</u> | <u>3,730,728</u> |
| Total Fiduciary Funds | <u>\$ 15,601,581</u> | <u>\$10,359,980</u> | <u>\$ 440,370</u> | <u>\$ 1,003,565</u> | <u>\$ 3,730,728</u> |

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 recurring fair value measurement as of December 31, 2022, mutual funds equity and fixed income are classified as Level 1. The externally pooled investment is considered Level 2 and is a cash equivalent.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

B. Receivables

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

| Receivables: | <u>General</u> | <u>Debt Service</u> | <u>Nonmajor and Other Funds</u> | <u>Fiduciary Funds</u> |
|-------------------|---------------------|---------------------|---------------------------------|------------------------|
| Taxes | \$ 2,650,559 | \$ 18,552 | \$ 6,532 | \$ - |
| Accounts | 159,381 | - | - | - |
| Interest | - | - | - | 4,287 |
| Leases | 2,075,473 | - | - | - |
| Intergovernmental | - | - | 4,719 | - |
| Total Receivables | <u>\$ 4,885,413</u> | <u>\$ 18,552</u> | <u>\$ 11,251</u> | <u>\$ 4,287</u> |

Notes receivable at December 31, 2022 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:

| <u>Year Ending</u> <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------|------------------|-------------------|
| 2023 | \$ 145,050 | \$ 21,214 | \$ 166,264 |
| 2024 | 193,400 | 22,785 | 216,185 |
| 2025 | 193,400 | 16,499 | 209,899 |
| 2026 | 193,400 | 10,214 | 203,614 |
| 2027 | 193,400 | 3,928 | 197,328 |
| | <u>\$ 918,650</u> | <u>\$ 74,640</u> | <u>\$ 993,290</u> |

The Borough has entered in to various lease agreements for cell tower and property rentals. Under these agreements, the Borough receives minimum monthly payments. The Borough rents space to Keystone, with sublet agreements with Tower Health and Philadelphia YMCA. The lease term ends in 2044. 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 sublet agreement is for the same term. Keystone is the property manager for the sublet agreement, collects the rents, and then provides the Borough with their portion. The Borough rents space for a helipad landing area. The lease term ends in 2027. The minimum rental rate of the lease is \$20,000 per year, increasing by 5% annually. For the year ended December 31, 2022, the principal and interest received on long-term noncancellable leases was as follows:

| <u>Year Ending</u> <u>December 31,</u> | <u>Lease Revenue</u> | <u>Interest</u> |
|---|----------------------|-----------------|
| 2022 | \$ 132,861 | \$ 33,863 |

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

B. Receivables (continued)

Amounts receivable were as follows:

| Year Ending <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|---------------------|-------------------|---------------------|
| 2023 | \$ 118,787 | \$ 31,981 | \$ 150,768 |
| 2024 | 121,716 | 30,052 | 151,768 |
| 2025 | 124,742 | 28,076 | 152,818 |
| 2026 | 127,870 | 26,051 | 153,921 |
| 2027 | 131,105 | 23,973 | 155,078 |
| 2028-2032 | 400,091 | 99,909 | 500,000 |
| 2033-2037 | 433,389 | 66,611 | 500,000 |
| 2038-2042 | 469,460 | 30,540 | 500,000 |
| 2043-2044 | 148,313 | 1,686 | 149,999 |
| | <u>\$ 2,075,473</u> | <u>\$ 338,879</u> | <u>\$ 2,414,352</u> |

C. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2022, 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 Other Funds</u> | <u>Due To Other Funds</u> |
|-----------------|---------------------------------|-------------------------------|
| General Fund | \$ 7,277 | \$ 9,668 |
| Debt Service | - | 7,277 |
| Non Major Funds | 9,668 | - |
| Total | <u>\$ 16,945</u> | <u>\$ 16,945</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 | \$ 612,500 | \$ 500,000 |
| Capital Fund | 850,500 | - |
| Capital Reserve Fund | - | 787,500 |
| Non Major Funds | - | 175,500 |
| Total | <u>\$ 1,463,000</u> | <u>\$ 1,463,000</u> |

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

D. Capital and Right of Use assets

Capital asset activity for the year ended December 31, 2022 was as follows:

| Governmental activities: | Beginning <u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | Ending <u>Balance</u> |
|--|-----------------------------|------------------|------------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,310,815 | \$ 612,500 | \$ - | \$ 1,923,315 |
| Total capital assets, not being depreciated | <u>1,310,815</u> | <u>612,500</u> | <u>-</u> | <u>1,923,315</u> |
| Capital assets, being depreciated: | | | | |
| Building | 19,647,712 | 58,910 | - | 19,706,622 |
| Equipment and vehicles | 7,627,690 | 385,304 | (39,560) | 7,973,434 |
| Furniture | 191,213 | - | - | 191,213 |
| Park improvements | 472,052 | - | - | 472,052 |
| Infrastructure | <u>11,353,638</u> | <u>113,359</u> | <u>(30,285)</u> | <u>11,436,712</u> |
| Total capital assets being depreciated | <u>39,292,305</u> | <u>557,573</u> | <u>(69,845)</u> | <u>39,780,033</u> |
| Less accumulated depreciation for: | | | | |
| Building | 4,972,916 | 478,663 | - | 5,451,579 |
| Equipment and vehicles | 2,887,436 | 594,918 | (39,560) | 3,442,794 |
| Furniture | 116,321 | 19,122 | - | 135,443 |
| Park improvements | 113,592 | 23,601 | - | 137,193 |
| Infrastructure | <u>9,135,063</u> | <u>84,949</u> | <u>(30,285)</u> | <u>9,189,727</u> |
| Total accumulated depreciation | <u>17,225,328</u> | <u>1,201,253</u> | <u>(69,845)</u> | <u>18,356,736</u> |
| Total capital assets, being depreciated, net | <u>22,066,977</u> | <u>(643,680)</u> | <u>-</u> | <u>21,423,297</u> |
| Right to Use Assets | 253,164 | 118,483 | - | 371,647 |
| Less accumulated amortization | <u>31,644</u> | <u>71,140</u> | <u>-</u> | <u>102,784</u> |
| Total right to use assets, being amortized net | <u>221,520</u> | <u>47,343</u> | <u>-</u> | <u>268,863</u> |
| Governmental activities capital assets, net | <u>\$ 23,599,312</u> | <u>\$ 16,163</u> | <u>\$ -</u> | <u>\$ 23,615,475</u> |

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

| | |
|---------------------------------------|---------------------|
| Governmental activities: | |
| Administrative | \$ 211,864 |
| Police and emergency services | 439,957 |
| Codes and engineering | 975 |
| Sanitation | 16,046 |
| Highways and streets | 277,992 |
| Culture and recreation | <u>254,419</u> |
| Total depreciation expense | 1,201,253 |
| Amortization: Administrative | <u>71,140</u> |
| Total expense-governmental activities | <u>\$ 1,272,393</u> |

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

E. Long-term debt

General Obligation Notes

The government obtains 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 obtained in prior years was \$10,781,100.

In 2022, the Borough obtained two General Obligation Notes in the amount of \$7,042,000 and \$1,022,000 to refund the existing debt outstanding.

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 | 1.6%-3.5% | \$ <u>7,734,650</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 Notes</u> | | |
|---|---------------------------------|---------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2023 | \$ 409,430 | \$ 134,367 | \$ 543,797 |
| 2024 | 416,560 | 127,316 | 543,876 |
| 2025 | 423,690 | 120,136 | 543,826 |
| 2026 | 431,000 | 112,829 | 543,829 |
| 2027 | 438,320 | 105,391 | 543,711 |
| 2028-2032 | 2,277,160 | 441,722 | 2,718,882 |
| 2033-2037 | 2,303,920 | 414,901 | 2,718,821 |
| 2038-2039 | 1,034,570 | 52,926 | 1,087,496 |
| | <u>\$ 7,734,650</u> | <u>\$ 1,509,588</u> | <u>\$ 9,244,238</u> |

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

III. Detailed notes on all funds (Continued)

E. Long-term debt (continued)

Leases Payable

The Borough has entered in to various lease agreements for the use of property. Under these agreements, the Borough pays minimum monthly payments.

The Borough entered in to a lease agreement for the use of a firehouse bay, with the lease term ending in 2024. The Borough entered in to a lease agreement for the use of a parking lot, with the lease term ending in 2028. The minimum rental rates of the leases are \$50,000 per year and \$30,000 per year increasing by 2% per annum, respectively.

Annual lease payments are as follows:

| Year Ending | <u>Leases Payable</u> | | |
|---------------------|-----------------------|-----------------|-------------------|
| <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2023 | \$ 78,748 | \$ 3,725 | \$ 82,473 |
| 2024 | 80,976 | 2,146 | 83,122 |
| 2025 | 32,150 | 1,634 | 33,784 |
| 2026 | 33,352 | 1,109 | 34,461 |
| 2027 | 34,585 | 565 | 35,150 |
| 2028 | 35,854 | - | 35,854 |
| | <u>\$ 295,665</u> | <u>\$ 9,179</u> | <u>\$ 304,844</u> |

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

| | <u>Beginning</u> | | | <u>Ending</u> | <u>Due Within</u> |
|---------------------------------|----------------------|----------------------|-----------------------|----------------------|-------------------|
| | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>One Year</u> |
| Governmental activities: | | | | | |
| Notes payable | \$ 7,971,000 | \$ 8,064,000 | \$ (8,300,350) | \$ 7,734,650 | \$ 409,430 |
| Leases payable | 225,503 | 118,483 | (48,008) | 295,978 | 79,057 |
| Net pension liability | 584,451 | 2,094,748 | 1,000,647 | 3,679,846 | - |
| Net OPEB obligation | 14,817,551 | 2,001,814 | (460,393) | 16,358,972 | - |
| Compensated absences | <u>665,668</u> | <u>-</u> | <u>(35,583)</u> | <u>630,085</u> | <u>-</u> |
| Governmental activity | | | | | |
| Long-term liabilities | <u>\$ 24,264,173</u> | <u>\$ 12,279,045</u> | <u>\$ (7,843,687)</u> | <u>\$ 28,699,531</u> | <u>\$ 488,487</u> |

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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.

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.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

The most recent valuation for all Plans was as of January 1, 2021. Details below are from the valuation. At December 31, 2022, 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 | 13 | 2 | 6 |
| Inactive employees entitled to benefits but not yet receiving them | 1 | 2 | 4 |
| Active employees | <u>19</u> | <u>2</u> | <u>29</u> |
| | <u>33</u> | <u>6</u> | <u>39</u> |

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.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

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.

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.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

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.

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 \$362,632 for the pensions for the year ended December 31, 2022.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Financial Statements

| | <u>Police Pension Plan</u> | <u>Firemen's Pension Plan</u> | <u>Total</u> |
|---|--------------------------------|-----------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 937,581 | \$ 76,407 | \$ 1,013,988 |
| Investments | 10,703,521 | 850,957 | 11,554,478 |
| Receivables | 3,026 | 244 | 3,270 |
| TOTAL ASSETS | <u>\$ 11,644,128</u> | <u>\$ 927,608</u> | <u>\$ 12,571,736</u> |
| NET POSITION | | | |
| Net Position - Restricted for Pension and OPEB Benefits | <u>\$ 11,644,128</u> | <u>\$ 927,608</u> | <u>\$ 12,571,736</u> |
| ADDITIONS | | | |
| Contributions | | | |
| Commonwealth of Pennsylvania | \$ 362,632 | \$ - | \$ 362,632 |
| Employee | 142,956 | - | 142,956 |
| Employer | 223,416 | 3,207 | 226,623 |
| Total Contributions | <u>729,004</u> | <u>3,207</u> | <u>732,211</u> |
| Investment Earnings | | | |
| Net appreciation (depreciation) in fair value of investments | (2,606,619) | (219,551) | (2,826,170) |
| Dividends and interest | 356,548 | 29,485 | 386,033 |
| Total Investment Earnings | (2,250,071) | (190,066) | (2,440,137) |
| Less investment expense | (44,793) | (4,745) | (49,538) |
| Net Investment Earnings | <u>(2,294,864)</u> | <u>(194,811)</u> | <u>(2,489,675)</u> |
| Total Additions | <u>(1,565,860)</u> | <u>(191,604)</u> | <u>(1,757,464)</u> |
| DEDUCTIONS | | | |
| Benefits | 460,197 | 25,122 | 485,319 |
| Other | 6,100 | 3,800 | 9,900 |
| Total Deductions | <u>466,297</u> | <u>28,922</u> | <u>495,219</u> |
| Change in Net Position | (2,032,157) | (220,526) | (2,252,683) |
| Net Position - Restricted for Pension | | | |
| Beginning of Year | <u>13,676,285</u> | <u>1,148,134</u> | <u>14,824,419</u> |
| End of Year | <u>\$ 11,644,128</u> | <u>\$ 927,608</u> | <u>\$ 12,571,736</u> |
| COMBINING INFORMATION | | | |
| Deferred Outflows of Resources | \$ 2,329,637 | \$ 152,327 | \$ 2,481,964 |
| Deferred Inflows of Resources | 73,237 | - | 73,237 |
| Net Pension Liability (Asset) | 3,679,846 | (19,521) | 3,660,325 |

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

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, 2022, the annual money-weighted rate of return on Plan investments, net of investment expense was -16.78% for Police and -11.5% for Firemen's Pension Plans. For the *measurement date* of December 31, 2021, the annual money-weighted rate of return of Plan investments, net of investment expenses was 7.42% 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.

Net Pension Liability (Asset)

The components of the net pension liability (asset) of participating entities at December 31, 2022 for the Police and Firemen's Pension Plans, and at the *measurement date* of December 31, 2021 for General Employees' Pension Plan, were as follows:

| | <u>Police</u> | <u>Firemen's</u> | <u>General Employees</u> |
|--|---------------------|--------------------|------------------------------|
| Total pension liability | \$ 15,323,973 | \$ 908,087 | \$ 5,502,069 |
| Plan fiduciary net position | <u>(11,644,127)</u> | <u>(927,608)</u> | <u>(6,095,051)</u> |
| Net Pension Liability (Asset) | <u>\$ 3,679,846</u> | <u>\$ (19,521)</u> | <u>\$ (592,982)</u> |
| | | | |
| Plan fiduciary net position as a % of the total pension liability (asset) | 76% | 102% | 111% |

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

Actuarial Assumptions: The total pension liability in the January 1, 2021 actuarial valuation for Police and Firemen’s Plan and January 1, 2021 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</u> <u>Employees</u> | |
|--|---------------|------------------|---|--------------------------------|
| Inflation | 2.25% | 2.25% | 2.2% | |
| Salary Increases | 5.0% | 5.0% | age related with merit and inflation component | (average, including inflation) |
| Investment Rate of Return | 7.75% | 7.0% | 5.25% | (including inflation) |
| Postretirement Cost of Living Increase | N/A | N/A | 2.2% | |

Mortality rates for the Police and Firemen’s Plan were based on the PubS-2010 projected 5 years using MP-2020. For the General Employees Plan mortality rates were based on RP2000 Annuitant Male Table projected 5 years with Scale AA, Females table projected 10 years with Scale AA. This table does not include projected mortality improvements.

For the Police and Firemen’s Plan the actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2020. The net pension liability for the Police and Firemen’s Pension Plans were measured as of December 31, 2022, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. For Police, the interest rate assumption was lowered from 8% to 7.75% per annum. For Police and Firemen’s Plan there were no changes to benefit terms or assumptions since the last valuation.

For the General Employees Plan actuarial assumptions used in the January 1, 2019 valuation, were based on the results of an actuarial experience study for the period January 2017 to December 31, 2019. The net pension liability for the General Employees Pension Plan was measured as of December 31, 2021, and the total pension liability was determined by rolling forward the liabilities from then actuarial valuation as of January 1, 2019. The inflation rate decreased from 2.8% to 2.2% and the mortality tables were updated since the last valuation.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

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, 2021 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% | 5.10% |
| International Equity | 15.0% | 4.80% |
| Emerging Equity | 6.0% | 5.20% |
| Fixed Income | | |
| Core Fixed | 19.0% | 1.40% |
| Inter. IG Corp | 9.5% | 1.40% |
| High Yield | 4.75% | 2.50% |
| Emerging Debt | 4.75% | 2.40% |
| Cash | 2.0% | -0.30% |

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.

| General Employees | Target | Long Term Expected |
|---|-------------------|----------------------------|
| <u>Asset Class</u> | <u>Allocation</u> | <u>Real Rate of Return</u> |
| Domestic Equities - Large Cap | 24.5% | 4.99% |
| Domestic Equities - Small Cap | 8.0% | 5.68% |
| International Equities - In't Developed | 14.5% | 5.57% |
| International Equities - Emerging | 3.0% | 5.71% |
| Global Equities | 5.0% | 4.78% |
| Real Estate | 10.0% | 4.90% |
| Timber | 5.0% | 3.67% |

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.75% 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.

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| <u>Police Pension Plan</u> | | | |
| Balance at December 31, 2021 | \$ 14,260,736 | \$ 13,676,285 | \$ 584,451 |
| Changes for the year: | | | |
| Service cost | 436,060 | - | 436,060 |
| Interest | 1,087,374 | - | 1,087,374 |
| Change of benefit terms | - | - | - |
| Differences between expected and actual experience | - | - | - |
| Change of assumptions | - | - | - |
| Contributions - employer | - | 586,048 | (586,048) |
| Contributions - employee | - | 142,956 | (142,956) |
| Net investment income | - | (2,294,865) | 2,294,865 |
| Benefit payments, including refunds of employee contributions | (460,197) | (460,197) | - |
| Administrative expense | - | (6,100) | 6,100 |
| Other changes | - | - | - |
| Net Changes | 1,063,237 | (2,032,158) | 3,095,395 |
| Balance at December 31, 2022 | \$ 15,323,973 | \$ 11,644,127 | \$ 3,679,846 |

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

| | Increase (Decrease) | | |
|---|-----------------------------------|---------------------------------------|---------------------------------|
| | Total Pension <u>Liability</u> | Plan Fiduciary <u>Net Position</u> | Net Pension <u>Liability</u> |
| <u>Firemen's Pension Plan</u> | | | |
| Balance at December 31, 2021 | \$ 861,433 | \$ 1,148,134 | \$ (286,701) |
| Changes for the year: | | | |
| Service cost | 12,355 | - | 12,355 |
| Interest | 59,421 | - | 59,421 |
| Change of benefit terms | - | - | - |
| Differences between expected and actual experience | - | - | - |
| Change of assumptions | - | - | - |
| Contributions - employer | - | 3,207 | (3,207) |
| Contributions - employee | - | - | - |
| Net investment income | - | (194,811) | 194,811 |
| Benefit payments, including refunds of employee contributions | (25,122) | (25,122) | - |
| Administrative expense | - | (3,800) | 3,800 |
| Other changes | - | - | - |
| Net Changes | 46,654 | (220,526) | 267,180 |
| Balance at December 31, 2022 | \$ 908,087 | \$ 927,608 | \$ (19,521) |

| | Increase (Decrease) | | |
|---|-----------------------------------|---------------------------------------|---------------------------------|
| | Total Pension <u>Liability</u> | Plan Fiduciary <u>Net Position</u> | Net Pension <u>Liability</u> |
| <u>General Employees Pension Plan</u> | | | |
| Balance at December 31, 2020 - Measurement Date | \$ 5,190,311 | \$ 5,367,019 | \$ (176,708) |
| Changes for the year: | | | |
| Service cost | 220,345 | - | 220,345 |
| Interest | 279,193 | - | 279,193 |
| Change of benefit terms | - | - | - |
| Differences between expected and actual experience | - | - | - |
| Change of assumptions | - | - | - |
| Contributions - employer | - | 162,555 | (162,555) |
| Contributions - employee | - | 61,446 | (61,446) |
| Net investment income | - | 707,124 | (707,124) |
| Benefit payments, including refunds of employee contributions | (187,780) | (187,780) | - |
| Administrative expense | - | (15,313) | 15,313 |
| Other changes | - | - | - |
| Net Changes | 311,758 | 728,032 | (416,274) |
| Balance at December 31, 2021 - Measurement Date | \$ 5,502,069 | \$ 6,095,051 | \$ (592,982) |

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

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% |
|-----------------------|-----------------|----------------------|-----------------|
| | <u>Decrease</u> | <u>Discount Rate</u> | <u>Increase</u> |
| Net pension liability | | | |
| | 6.75% | 7.75% | 8.75% |
| Police | \$ 5,641,298 | \$ 3,679,846 | \$ 2,048,951 |
| | 6.00% | 7.00% | 8.00% |
| Firemen's | 104,445 | (19,521) | (123,868) |
| | 4.25% | 5.25% | 6.25% |
| General employees | 207,092 | (592,982) | (1,256,991) |

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2022, the Borough's pension expense was \$872,244 for the Police Pension Plan and \$52,563 for the Firemen's Pension Plan. For the *measurement date* of December 31, 2021, the Borough recognized pension expense of (\$26,571) 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</u> | <u>Deferred Inflows</u> |
|--|--------------------------|-------------------------|
| | <u>of Resources</u> | <u>of Resources</u> |
| <u>Police Pension</u> | | |
| Differences between expected and actual experience | \$ 121,784 | \$ 73,237 |
| Changes in assumptions | 363,496 | - |
| Net difference between projected and actual earnings on pension plan investments | <u>1,844,357</u> | <u>-</u> |
| Total | <u>\$ 2,329,637</u> | <u>\$ 73,237</u> |
| <u>Firemen's Pension</u> | | |
| Differences between expected and actual experience | \$ 11,383 | \$ - |
| Changes in assumptions | 4,541 | - |
| Net difference between projected and actual earnings on pension plan investments | <u>136,403</u> | <u>-</u> |
| Total | <u>\$ 152,327</u> | <u>\$ -</u> |

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Deferred Outflows and Inflows of Resources (continued)

| <u>General Employees Pension</u> | | | |
|--|----|----------------|-------------------|
| Differences between expected and actual experience | \$ | 11,199 | \$ 136,181 |
| Change in assumptions | | - | 96,825 |
| Net difference between projected and actual earnings on pension plan investments | | 740,837 | - |
| Contributions by employer after measurement date | | 162,495 | - |
| Total | \$ | <u>914,531</u> | \$ <u>233,006</u> |

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 | <u>General</u> | | |
|---------------------|---------------------|-------------------|-------------------|
| <u>December 31:</u> | <u>Police</u> | <u>Firemen's</u> | <u>Employees</u> |
| 2023 | \$ 306,765 | \$ 24,598 | \$ 143,180 |
| 2024 | 497,350 | 28,447 | 240,951 |
| 2025 | 668,505 | 44,437 | 142,825 |
| 2026 | 783,780 | 54,845 | 57,757 |
| 2027 | - | - | (32,842) |
| Thereafter | - | - | (32,841) |
| Total | \$ <u>2,256,400</u> | \$ <u>152,327</u> | \$ <u>519,030</u> |

Payable to the Pension Plan: For the year ended December 31, 2022, 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, 2022, there no members participating in the DROP program. The balance of the amounts held by the Plan pursuant to the DROP was \$0.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

IV. Other information (Continued)

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, 2022.

Membership of the plan consisted of the following at December 31, 2022 (the date of the latest actuarial valuation):

| | <u>OPEB</u> |
|---|-------------|
| Inactive employees (or their beneficiaries) | |
| currently receiving benefits | 12 |
| Inactive employees entitled to benefits | |
| but not yet receiving them | 0 |
| Active employees | <u>50</u> |
| | <u>62</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.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

IV. Other information (Continued)

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

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.

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, 2022, the employer contributions totaled \$500,000.

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: For the year ended December 31, 2022, the annual money-weighted rate of return on Plan investments, net of investment expense was -15.0% for the OPEB 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, 2022

IV. Other information (Continued)

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

Net OPEB Liability

The Borough’s net OPEB liability was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

| | <u>OPEB</u> | |
|-----------------------------|--|-----------------------|
| Inflation | 2.45% | |
| Salary Increases | 5.0% | (including inflation) |
| Investment Rate of Return | 6.41% | (including inflation) |
| Healthcare Cost Trend Rates | Medical and prescription drug costs are assumed to be 5.2% for 2022, 8% in 2023 and 2024 reduced every year thereafter to an ultimate level of 3.45% per year. | |

Mortality rates were based on the 2010 Public Amount Based Mortality tables Projected five years using Scale MP-2021. The actuarial assumptions used in the January 1, 2022 valuation were based on update procedures that were used to roll forward the results from the period January 1, 2020 to December 31, 2021.

The net OPEB liability was measured as of December 31, 2022 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2022. The discount rate decreased from 6.73% to 6.41% in 2022 and the medical trend rates and mortality tables were updated.

Asset Allocation and Long-Term Expected Rate of Return: The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) were developed for each major asset class. These ranges were 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 adding expected inflation. Best estimated arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of December 31, 2022 are summarized as follows.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

IV. Other information (Continued)

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

Asset Allocation and Long-Term Expected Rate of Return (continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------|------------------------------|---|
| Domestic Equity | | |
| Large Cap | 16.20% | 5.37% |
| Small & Mid Cap | 21.80% | 6.53% |
| Bonds | 31.40% | 1.20% |
| High Yield Bond | 0.70% | 2.98% |
| International Equity | 19.70% | 6.22% |
| International Bonds | 0.00% | 0.00% |
| Emerging Markets | 1.00% | 8.22% |
| Cash | 9.20% | -0.45% |

Discount Rate: The discount rate used to measure the total OPEB liability was 6.5 percent, based upon 20-year AA municipal bond rates, for the plan. The municipal rate has been applied to all periods of projected benefit payments to determine the total OPEB liability.

| | <u>Increase (Decrease)</u> | | |
|---|---------------------------------|--|-------------------------------|
| | <u>Total OPEB Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net OPEB Liability</u> |
| <u>OPEB Plan</u> | | | |
| Balance at December 31, 2021 | \$ 18,231,865 | \$ 3,414,314 | \$ 14,817,551 |
| Changes for the year: | | | |
| Service cost | 806,711 | - | 806,711 |
| Interest | 1,195,103 | - | 1,195,103 |
| Differences between expected and actual experience | (1,421,633) | - | (1,421,633) |
| Change of assumptions | 1,154,281 | - | 1,154,281 |
| Contributions - employer | - | 500,000 | (500,000) |
| Net investment income | - | (550,620) | 550,620 |
| Benefit payments, including refunds of employee contributions | (253,747) | (10,086) | (243,661) |
| Administrative expense | - | - | - |
| Net Changes | <u>1,480,715</u> | <u>(60,706)</u> | <u>1,541,421</u> |
| Balance at December 31, 2022 | <u>\$ 19,712,580</u> | <u>\$ 3,353,608</u> | <u>\$ 16,358,972</u> |

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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 6.73 percent, as well as what the net OPEB 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% Decrease | Current Discount Rate (6.41%) | 1% Increase |
|--------------------|----------------|-------------------------------------|----------------|
| Net OPEB liability | \$ 17,069,100 | \$ 16,358,972 | \$ 11,405,700 |

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 Rates | Healthcare Cost Trend Valuation Rates | 1% Increase Valuation Rates |
|--------------------|-----------------------------------|---|-----------------------------------|
| Net OPEB liability | \$ 10,968,243 | \$ 16,358,972 | \$ 17,724,180 |

OPEB Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2022, the actuarial determined expense for the OPEB Plan was \$9,517. At December 31, 2022, the Borough reported the following deferred outflows and inflows of resources related to OPEB.

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| <u>OPEB Plan</u> | | |
| Differences between expected and actual experience | \$ - | \$ 1,833,184 |
| Changes in assumptions | - | 7,819,814 |
| Net difference between projected and actual earnings on OPEB plan investments | <u>430,815</u> | <u>-</u> |
| Total | <u>\$ 430,815</u> | <u>\$ 9,652,998</u> |

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

IV. Other information (Continued)

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

The deferred amounts related to OPEB will be recognized in expense as follows:

| Year Ended | Governmental- |
|---------------------|-----------------------|
| <u>December 31:</u> | <u>Activities</u> |
| | <u>OPEB</u> |
| 2023 | \$ (1,614,134) |
| 2024 | (1,614,136) |
| 2025 | (1,578,773) |
| 2026 | (1,538,706) |
| 2027 | (1,694,141) |
| Thereafter | <u>(1,182,293)</u> |
| Total | <u>\$ (9,222,183)</u> |

Payable to the OPEB Plan: For the year ended December 31, 2022, there was no amounts payable for contributions to the OPEB plan.

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).

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, 2022 and settlements have not exceeded coverage in the past three years.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

IV. Other information (Continued)

C. Risk management (continued)

The Delaware Valley Property & Liability - the insurance expense for the year ended December 31, 2022 was \$208,344. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2022, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Borough's share was \$12,075.

The Delaware Valley Workers' Compensation Trust - the insurance expense for the year ended December 31, 2022 was \$209,800. There were no additional assessments due or anticipated. As a result of the 2021 payroll audit, the Borough paid \$10,081. An audit of the 2022 payroll will be performed in 2023. At December 31, 2022, the pool declared a dividend of which the Borough's share was \$3,949.

The Delaware Valley Health Trust - the insurance expense for the year ended December 31, 2022 was \$1,542,028. There were no additional assessments due or anticipated. At December 31, 2022, the pool did not declare a dividend.

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.

In June 2021, the Borough agreed to act as guarantor of certain contingent repayment obligations under a contract executed between the Redevelopment Authority of Montgomery County ("Authority"), AmerisourceBergen Corporation, and Sora West Owner, LLC (together "Developer") for the development of property within the Borough. The Authority has awarded a grant of \$8,000,000 to the Developer to be used for project expenses. If expenses are determined by the Authority to have been ineligible for reimbursement, and if the Developer is required to reimburse the Authority for such amounts, the Borough agrees to reimburse the Authority for such amounts and then seek reimbursement from the Developer.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

IV. Other information (Continued)

E. Tax Increment Financing District

The Seven Tower Bridge Tax Increment Financing (TIF) District was created as of December 15, 2009, amended on December 15, 2029, and shall exist for a period of twenty years to 2049. The TIF District was created to provide a method of financing property redevelopment within the Borough. 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, 2022, the contribution to the TIF District was \$112,225.

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, 2022, \$1,002,837 represents the balance of these monies held in escrow.

**REQUIRED
SUPPLEMENTAL INFORMATION**

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

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

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| Total pension liability | | | | | | | | |
| Service cost | \$ 436,060 | \$ 385,425 | \$ 340,241 | \$ 324,039 | \$ 321,412 | \$ 306,107 | \$ 281,667 | \$ 268,254 |
| Interest | 1,087,374 | 1,042,264 | 947,197 | 895,121 | 864,600 | 812,078 | 756,764 | 704,802 |
| Changes of benefit terms | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | - | 183,760 | - | (128,778) | - | (58,745) | - | - |
| Changes of assumptions | - | 543,807 | - | - | - | 10,447 | - | - |
| Benefit payments, including refunds of employee contributions | <u>(460,197)</u> | <u>(460,197)</u> | <u>(442,972)</u> | <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 | 1,063,237 | 1,695,059 | 844,466 | 364,536 | 555,167 | 746,792 | 715,245 | 622,349 |
| Total pension liability - beginning | <u>14,260,736</u> | <u>12,565,677</u> | <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> | <u>8,717,122</u> |
| Total pension liability - ending (a) | <u>\$ 15,323,973</u> | <u>\$ 14,260,736</u> | <u>\$ 12,565,677</u> | <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 | \$ 223,416 | \$ 339,051 | \$ 327,493 | \$ 227,416 | \$ 392,812 | \$ 271,552 | \$ 200,937 | \$ 321,530 |
| Contributions - state aid | 362,632 | 335,810 | 339,744 | 363,555 | 184,085 | 207,020 | 301,851 | 141,150 |
| Contributions - employee | 142,956 | 125,884 | 124,194 | 116,079 | 112,599 | 109,069 | 103,113 | 97,380 |
| Net investment income | (2,294,865) | 1,440,887 | 1,636,872 | 1,607,647 | (495,603) | 1,131,685 | 453,131 | (36,611) |
| Benefit payments, including refunds of employee contributions | (460,197) | (460,197) | (442,972) | (725,846) | (630,845) | (323,095) | (323,186) | (350,707) |
| Administrative expense | <u>(6,100)</u> | <u>(9,900)</u> | <u>(5,800)</u> | <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 | (2,032,158) | 1,771,535 | 1,979,531 | 1,579,101 | (442,452) | 1,386,849 | 723,094 | 166,069 |
| Plan fiduciary net position - beginning | <u>13,676,285</u> | <u>11,904,750</u> | <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> | <u>6,512,558</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 11,644,127</u> | <u>\$ 13,676,285</u> | <u>\$ 11,904,750</u> | <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>\$ 3,679,846</u> | <u>\$ 584,451</u> | <u>\$ 660,927</u> | <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 | 76.0% | 95.9% | 94.7% | 84.7% | 73.5% | 81.4% | 73.6% | 71.5% |
| Covered payroll | \$ 2,560,000 | \$ 2,400,000 | \$ 2,320,000 | \$ 2,300,000 | \$ 2,154,000 | \$ 1,957,738 | \$ 2,007,770 | \$ 1,576,500 |
| Net pension liability as a percentage of covered payroll | 143.7% | 24.4% | 28.5% | 78.1% | 139.8% | 102.8% | 132.1% | 168.8% |
| Annual money-weighted rate of return, net of investment expense | -16.78% | 12.10% | 16.49% | 19.26% | -5.64% | 15.29% | 6.78% | -0.96% |

Notes to Schedule:

Change in benefit terms: None since 1/1/2021

Assumption changes: None since 1/1/2021

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>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | | | | |
| Service cost | \$ 12,355 | \$ 10,997 | \$ 8,499 | \$ 8,094 | \$ 22,318 | \$ 21,255 | \$ 20,528 | \$ 19,550 |
| Interest | 59,421 | 57,177 | 49,846 | 47,673 | 47,578 | 44,649 | 42,167 | 39,709 |
| Changes of benefit terms | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | - | 49,327 | - | (29,196) | - | (4,389) | - | - |
| Changes of assumptions | - | 19,677 | - | - | - | 1,551 | - | - |
| Benefit payments, including refunds of employee contributions | (25,122) | (25,122) | (25,122) | (25,122) | (25,122) | (25,122) | (25,122) | (25,122) |
| Net change in total pension liability | 46,654 | 112,056 | 33,223 | 1,449 | 44,774 | 37,944 | 37,573 | 34,137 |
| Total pension liability - beginning | 861,433 | 749,377 | 716,154 | 714,705 | 669,931 | 631,987 | 594,414 | 560,277 |
| Total pension liability - ending (a) | <u>\$ 908,087</u> | <u>\$ 861,433</u> | <u>\$ 749,377</u> | <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 | \$ 3,207 | \$ 14,245 | \$ 3,110 | \$ 15,891 | \$ - | \$ - | \$ - | \$ - |
| Contributions - state aid | - | - | - | - | 12,660 | - | - | - |
| Contributions - employee | - | - | - | - | - | - | - | - |
| Net investment income | (194,811) | 124,095 | 143,641 | 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) | (25,122) | (25,122) | (25,122) |
| Administrative expense | (3,800) | (6,650) | (3,500) | (6,500) | (3,200) | (6,000) | (7,342) | (2,562) |
| Net change in plan fiduciary net position | (220,526) | 106,568 | 118,129 | 137,316 | (63,432) | 82,595 | 8,017 | (69,887) |
| Plan fiduciary net position - beginning | <u>1,148,134</u> | <u>1,041,566</u> | <u>923,437</u> | <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>\$ 927,608</u> | <u>\$ 1,148,134</u> | <u>\$ 1,041,566</u> | <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 (asset) - ending (a)-(b) | <u>\$ (19,521)</u> | <u>\$ (286,701)</u> | <u>\$ (292,189)</u> | <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 | 102.1% | 133.3% | 139.0% | 128.9% | 110.0% | 126.8% | 121.4% | 127.7% |
| Covered payroll | \$ 170,000 | \$ 162,560 | \$ 70,000 | \$ 140,000 | \$ 122,000 | \$ 111,606 | \$ 108,312 | \$ 105,444 |
| Net pension liability as a percentage of covered payroll | -11.5% | -176.4% | -417.4% | -148.1% | -58.5% | -160.9% | -124.6% | -156.0% |
| Annual money-weighted rate of return, net of investment expense | -16.97% | 11.91% | 15.55% | 19.47% | -5.62% | 14.83% | 5.33% | -5.17% |

Notes to Schedule:

Change in benefit terms: None since 1/1/2021
Assumption changes: None since 1/1/2021

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 | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total pension liability | | | | | | | | |
| Service cost | \$ 220,345 | \$ 183,016 | \$ 194,485 | \$ 183,723 | \$ 179,338 | \$ 170,620 | \$ 160,594 | \$ 163,369 |
| Interest | 279,193 | 249,615 | 234,137 | 215,447 | 202,622 | 196,230 | 182,331 | 194,637 |
| Changes of benefit terms | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | - | 155,927 | - | 44,888 | - | (78,375) | - | (458,039) |
| Changes of assumptions | - | 106,808 | - | - | - | 117,039 | (25,393) | - |
| Benefit payments, including refunds of employee contributions | (187,780) | (151,300) | (94,082) | (103,445) | (179,680) | (66,897) | (82,606) | (158,256) |
| Net change in total pension liability | 311,758 | 544,066 | 334,540 | 340,613 | 202,280 | 338,617 | 234,926 | (258,289) |
| Total pension liability - beginning | 5,190,311 | 4,646,245 | 4,311,705 | 3,971,092 | 3,768,812 | 3,430,195 | 3,195,269 | 3,453,558 |
| Total pension liability - ending (a) | <u>\$ 5,502,069</u> | <u>\$ 5,190,311</u> | <u>\$ 4,646,245</u> | <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 | \$ 162,555 | \$ 149,166 | \$ 136,132 | \$ 139,339 | \$ 132,551 | \$ 136,680 | \$ 25,862 | \$ 1,828 |
| Contributions - state aid | - | - | - | - | - | - | 101,942 | 101,528 |
| Contributions - employee | 61,446 | 55,353 | 58,822 | 53,860 | 53,405 | 51,154 | 45,049 | 42,230 |
| Net investment income | 707,124 | 673,695 | 708,110 | (262,916) | 571,755 | 128,642 | (17,091) | 149,110 |
| Benefit payments, including refunds of employee contributions | (187,780) | (151,300) | (94,082) | (103,445) | (179,680) | (66,897) | (82,606) | (158,256) |
| Administrative expense | (15,313) | (10,305) | (8,377) | (9,671) | (8,956) | (10,170) | (8,176) | (7,132) |
| Net change in plan fiduciary net position | 728,032 | 716,609 | 800,605 | (182,833) | 569,075 | 239,409 | 64,980 | 129,308 |
| Plan fiduciary net position - beginning | <u>5,367,019</u> | <u>4,650,410</u> | <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> | <u>3,029,866</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 6,095,051</u> | <u>\$ 5,367,019</u> | <u>\$ 4,650,410</u> | <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 (asset) - ending (a)-(b) | <u>\$ (592,982)</u> | <u>\$ (176,708)</u> | <u>\$ (4,165)</u> | <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 | 110.8% | 103.4% | 100.1% | 89.3% | 101.5% | 91.9% | 94.0% | 98.9% |
| Covered payroll | \$ 2,048,202 | \$ 1,845,106 | \$ 1,960,733 | \$ 1,800,294 | \$ 1,757,322 | \$ 1,728,004 | \$ 1,501,613 | \$ 1,471,865 |
| Net pension liability as a percentage of covered payroll | -29.0% | -9.6% | -0.2% | 25.7% | -3.5% | 17.7% | 13.7% | 2.5% |
| Annual money-weighted rate of return, net of investment expense | 7.42% | 14.50% | 20.10% | -4.57% | 17.84% | 8.23% | -0.27% | 5.20% |

Notes to Schedule:

Change in benefit terms: None since 1/1/2021

Assumption changes: In 2021, the inflation rate decreased from 2.8% to 2.2%, and the mortality tables were updated

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> |
|---|--|---|---|----------------------------------|--|
| 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% |
| 2020 | 667,237 | 667,237 | - | 2,320,000 | 28.76% |
| 2021 | 674,861 | 674,861 | - | 2,400,000 | 28.12% |
| 2022 | 586,048 | 586,048 | - | 2,560,000 | 22.89% |

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 | 1/1/2021 |
| Actuarial cost method | Entry Age |
| Amortization method | Level Dollar Closed |
| Remaining amortization period | 6 years |
| Asset valuation method | Market Value |
| Inflation | 2.25% |
| Salary increases | 5% average, including inflation |
| Investment rate of return | 7.75%, net of pension plan investment expense, including inflation |
| Retirement age | 50 |
| Mortality | PubS-2010 projected 5 years using MP-2020 |

Change in benefit terms: None since 1/1/2021

Assumption changes: None since 1/1/2021

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

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> |
|---|--|---|---|----------------------------------|--|
| 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% |
| 2020 | 3,110 | 3,110 | - | 70,000 | 4.44% |
| 2021 | 14,245 | 14,245 | - | 162,560 | 8.76% |
| 2022 | 3,207 | 3,207 | - | 170,000 | 1.89% |

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 | 1/1/2021 |
| Actuarial cost method | Entry Age |
| 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 | 55 |
| Mortality | PubS-2010 projected 5 years using MP-2020 |

Change in benefit terms: None since 1/1/2021

Assumption changes: None since 1/1/2021

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

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> |
|---|--|---|---|----------------------------------|--|
| 2013 | \$ 89,556 | \$ 89,556 | \$ - | \$ 1,412,538 | (1) 6.34% |
| 2014 | 101,528 | 103,356 | (1,828) | 1,471,865 | 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 | (40) | 1,757,322 | 7.54% |
| 2018 | 139,239 | 139,239 | - | 1,800,294 | 7.73% |
| 2019 | 136,132 | 136,132 | - | 1,960,733 | 6.94% |
| 2020 | 149,146 | 149,146 | - | 1,845,106 | 8.08% |
| 2021 | 162,495 | 162,555 | (60) | 2,048,202 | 7.94% |
| 2022 | 167,154 | 167,154 | - | 1,966,846 | 8.50% |

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 | 1/1/2019 |
| 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 | 2.8% |
| Salary increases | Age related scale with merit and inflation component |
| COLA increases | 2.8% for those eligible for a COLA |
| Investment rate of return | 5.25%, net of pension plan investment expense, including inflation |
| Retirement age | Normal |
| Mortality Pre-retirement | RP2000 Non-Annuitant Male Table projected 15 years with Scale AA, Females table projected 15 years with Scale AA and setback five years. |
| Mortality Post-retirement | RP2000 Annuitant Male Table projected 5 years with Scale AA, Females table projected 10 years with Scale AA. |

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

Assumption changes: In 2021, the inflation rate decreased from 2.8% to 2.2%, and the mortality tables were updated

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

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

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

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 806,711 | \$ 717,377 | \$ 725,045 | \$ 1,705,922 | \$ 1,624,687 |
| Interest | 1,195,103 | 1,158,886 | 1,062,426 | 1,000,264 | 916,034 |
| Changes of benefit terms | - | - | - | - | - |
| Differences between expected and actual experience | (1,421,633) | - | (821,403) | - | - |
| Changes of assumptions | 1,154,281 | (628,433) | (12,898,832) | - | - |
| Benefit payments | <u>(253,747)</u> | <u>(293,462)</u> | <u>(259,890)</u> | <u>(218,215)</u> | <u>(212,483)</u> |
| Net change in total OPEB liability | 1,480,715 | 954,368 | (12,192,654) | 2,487,971 | 2,328,238 |
| Total OPEB liability - beginning | <u>18,231,865</u> | <u>17,277,497</u> | <u>29,470,151</u> | <u>26,982,180</u> | <u>24,653,942</u> |
| Total OPEB liability - ending (a) | <u>\$ 19,712,580</u> | <u>\$ 18,231,865</u> | <u>\$ 17,277,497</u> | <u>\$ 29,470,151</u> | <u>\$ 26,982,180</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 1,791,685 | \$ - |
| Contributions - employee | - | - | - | - | - |
| Net investment income | (550,620) | 320,619 | 292,338 | 9,672 | - |
| Benefit payments | (10,086) | - | - | - | - |
| Administrative expense | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in plan fiduciary net position | (60,706) | 820,619 | 792,338 | 1,801,357 | - |
| Plan fiduciary net position - beginning | <u>3,414,314</u> | <u>2,593,695</u> | <u>1,801,357</u> | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 3,353,608</u> | <u>\$ 3,414,314</u> | <u>\$ 2,593,695</u> | <u>\$ 1,801,357</u> | <u>\$ -</u> |
| Township's net OPEB liability - ending (a)-(b) | <u>\$ 16,358,972</u> | <u>\$ 14,817,551</u> | <u>\$ 14,683,802</u> | <u>\$ 27,668,794</u> | <u>\$ 26,982,180</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 17.0% | 18.7% | 15.0% | 6.1% | 0.0% |
| Covered payroll | \$ 4,836,957 | \$ 4,506,764 | \$ 4,292,156 | \$ 4,388,998 | \$ 4,179,998 |
| Net OPEB liability as a percentage of covered payroll | 338.2% | 328.8% | 342.1% | 630.4% | 645.5% |
| Annual money-weighted return, net of investment expenses | -15.00% | 11.30% | 14.30% | 1.10% | Not Applicable |

Notes to Schedule:

Changes in benefit terms: None since 1/1/2022

Change in assumptions: The discount rate decreased from 6.73% to 6.41% in 2022, medical trend rates and mortality tables were updated

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 - OTHER POST EMPLOYMENT BENEFITS

| <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> |
|---|--|---|---|----------------------------------|--|
| 2013 | \$ - | \$ - | \$ - | \$ - | 0.00% |
| 2014 | - | - | - | - | 0.00% |
| 2015 | - | - | - | - | 0.00% |
| 2016 | - | - | - | - | 0.00% |
| 2017 | - | - | - | - | 0.00% |
| 2018 | - | - | - | - | 0.00% |
| 2019 | - | 1,791,685 | (1,791,685) | 4,388,998 | 40.82% |
| 2020 | - | 500,000 | (500,000) | 4,292,156 | 11.65% |
| 2021 | - | 500,000 | (500,000) | 4,506,764 | 11.09% |
| 2022 | - | 500,000 | (500,000) | 4,836,957 | 10.34% |

Notes to Schedule

Methods and assumptions:

| | |
|-------------------------------|---|
| Actuarial valuation date | 1/1/2022 |
| Actuarial cost method | Entry Age Normal Cost |
| Amortization method | Level Percent of Pay |
| Remaining amortization period | Not applicable |
| Asset valuation method | Fair Value |
| Inflation | 2.45% |
| Salary increases | 5% average, including inflation |
| Investment rate of return | 6.73% , net of pension plan investment expense, including inflation |
| Retirement age | Administration - Minimum of age 62 with 7 years of service or 30 years of service with no minimum age requirement Fire - Minimum of age 55 with 20 years of service Police - Minimum of age 50 with 25 years of service Public Works - Minimum of age 62 and 7 years of service |
| Mortality | 2010 Public Amount Based Mortality Tables Projected 5 years using Scale MP-2021 |

Changes in benefit terms: None since 1/1/2022

Change in assumptions: The discount rate decreased from 6.73% to 6.41% in 2022, medical trend rates and mortality tables were updated

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, 2022

| | <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 | \$ 2,015,149 | \$ 2,015,149 | \$ 2,227,249 | \$ 212,100 |
| Real estate transfer taxes | 300,000 | 300,000 | 602,135 | 302,135 |
| Earned income taxes | 4,950,000 | 4,950,000 | 6,128,155 | 1,178,155 |
| Business privilege and mercantile taxes | 3,525,000 | 3,525,000 | 3,663,928 | 138,928 |
| Local services taxes | 318,000 | 318,000 | 351,636 | 33,636 |
| Fees, licenses and permits | 483,000 | 483,000 | 509,486 | 26,486 |
| Fines and forfeitures | 106,900 | 106,900 | 98,777 | (8,123) |
| Intergovernmental revenues | 430,844 | 430,844 | 656,975 | 226,131 |
| Charges for services | 680,800 | 680,800 | 1,592,915 | 912,115 |
| Interest | 82,033 | 82,033 | 264,379 | 182,346 |
| Rents | 303,000 | 303,000 | 279,412 | (23,588) |
| Miscellaneous | 42,500 | 42,500 | 343,280 | 300,780 |
| Payments in lieu of taxes | <u>2,600</u> | <u>2,600</u> | <u>2,781</u> | <u>181</u> |
| Total Revenues | <u>13,239,826</u> | <u>13,239,826</u> | <u>16,721,108</u> | <u>3,481,282</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 2,614,856 | 2,624,505 | 3,220,148 | 595,643 |
| Public safety | 6,996,234 | 7,005,236 | 7,113,007 | 107,771 |
| Sanitation | 924,900 | 924,900 | 938,366 | 13,466 |
| Highways and streets | 1,449,133 | 1,449,133 | 1,397,839 | (51,294) |
| Culture and recreation | 1,059,894 | 1,063,004 | 939,986 | (123,018) |
| Miscellaneous | <u>191,000</u> | <u>191,000</u> | <u>72,986</u> | <u>(118,014)</u> |
| Total Expenditures | <u>13,236,017</u> | <u>13,257,778</u> | <u>13,682,332</u> | <u>424,554</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>3,809</u> | <u>(17,952)</u> | <u>3,038,776</u> | <u>3,056,728</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from lease payable | - | - | 118,483 | 118,483 |
| Proceeds from sale of fixed assets | 11,000 | 11,000 | 51,900 | 40,900 |
| Transfers in | - | - | 612,500 | 612,500 |
| Transfers out | <u>(1,000,000)</u> | <u>(1,000,000)</u> | <u>(500,000)</u> | <u>500,000</u> |
| Total Other Financing Sources (Uses) | <u>(989,000)</u> | <u>(989,000)</u> | <u>282,883</u> | <u>1,271,883</u> |
| Net Change in Fund Balance | (985,191) | (1,006,952) | 3,321,659 | 4,328,611 |
| Fund Balance - Beginning | <u>985,191</u> | <u>1,006,952</u> | <u>17,414,782</u> | |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 20,736,441</u> | |

BOROUGH OF CONSHOHOCKEN
SUPPLEMENTAL INFORMATION
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2022

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.

BOROUGH OF CONSHOHOCKEN

**COMBINING BALANCE SHEET-NONMAJOR
GOVERNMENT FUNDS**

December 31, 2022

| | <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 | \$ 189,101 | \$ 77,848 | \$ 666 | \$ 873,993 | \$ 925,700 |
| Taxes receivable | 2,908 | 2,174 | 1,450 | - | - |
| Due from other funds | 1,891 | 826 | 551 | - | - |
| Restricted assets | | | | | |
| Cash and cash equivalents | - | - | - | - | - |
| Intergovernmental receivable | - | - | - | - | - |
| Total Assets | <u>\$ 193,900</u> | <u>\$ 80,848</u> | <u>\$ 2,667</u> | <u>\$ 873,993</u> | <u>\$ 925,700</u> |
| LIABILITIES | | | | | |
| Payable from restricted assets | | | | | |
| Accounts payable | \$ 73,727 | \$ - | \$ 1,271 | \$ - | \$ - |
| Due to other funds | - | - | - | - | - |
| Total Liabilities | <u>73,727</u> | <u>-</u> | <u>1,271</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 1,566 | 1,171 | 781 | - | - |
| Total deferred inflows of resources | <u>1,566</u> | <u>1,171</u> | <u>781</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted for: | | | | | |
| Street lights | 118,607 | - | - | - | - |
| Fire services | - | 79,677 | - | - | - |
| Streets and highways | - | - | - | - | 925,700 |
| Housing and economic development | - | - | - | - | - |
| Culture and recreation | - | - | - | 873,993 | - |
| Debt service | - | - | - | - | - |
| Assigned for: | | | | | |
| Library | - | - | 615 | - | - |
| Total Fund Balances | <u>118,607</u> | <u>79,677</u> | <u>615</u> | <u>873,993</u> | <u>925,700</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 193,900</u> | <u>\$ 80,848</u> | <u>\$ 2,667</u> | <u>\$ 873,993</u> | <u>\$ 925,700</u> |

| Special Revenue Funds | | | | Total Nonmajor |
|-----------------------|------------------|------------------|---------------------|---------------------|
| HOME | Economic | Mary H. | | Governmental |
| Program | Development | Wood Park | Total | Funds |
| \$ - | \$ - | \$ 66,882 | \$ 2,134,190 | \$ 2,134,190 |
| - | - | - | 6,532 | 6,532 |
| 5,530 | 870 | - | 9,668 | 9,668 |
| 149,797 | 11,905 | - | 161,702 | 161,702 |
| - | 4,719 | - | 4,719 | 4,719 |
| <u>\$ 155,327</u> | <u>\$ 17,494</u> | <u>\$ 66,882</u> | <u>\$ 2,316,811</u> | <u>\$ 2,316,811</u> |
| \$ 5,530 | \$ 4,719 | \$ 1,103 | \$ 86,350 | \$ 86,350 |
| - | - | - | - | - |
| <u>5,530</u> | <u>4,719</u> | <u>1,103</u> | <u>86,350</u> | <u>86,350</u> |
| - | - | - | 3,518 | 3,518 |
| - | - | - | 3,518 | 3,518 |
| - | - | - | 118,607 | 118,607 |
| - | - | - | 79,677 | 79,677 |
| - | - | - | 925,700 | 925,700 |
| 149,797 | 12,775 | - | 162,572 | 162,572 |
| - | - | 65,779 | 939,772 | 939,772 |
| - | - | - | - | - |
| - | - | - | 615 | 615 |
| <u>149,797</u> | <u>12,775</u> | <u>65,779</u> | <u>2,226,943</u> | <u>2,226,943</u> |
| <u>\$ 155,327</u> | <u>\$ 17,494</u> | <u>\$ 66,882</u> | <u>\$ 2,316,811</u> | <u>\$ 2,316,811</u> |

BOROUGH OF CONSHOHOCKEN

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

For the Year Ended December 31, 2022

| | Special Revenue Funds | | | | |
|--|-----------------------|------------------|---------------|------------------------|-----------------------------|
| | Street Light | Fire | Library | Park and Recreation | Liquid Fuels Highway Aid |
| REVENUES | | | | | |
| Real estate taxes | \$ 123,158 | \$ 91,506 | \$ 61,004 | \$ - | \$ - |
| Intergovernmental revenues | - | 86,465 | - | - | 214,176 |
| Interest | 745 | 308 | 375 | 3,333 | 13,161 |
| Miscellaneous | - | - | - | 522,000 | - |
| Total Revenues | <u>123,903</u> | <u>178,279</u> | <u>61,379</u> | <u>525,333</u> | <u>227,337</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General | - | - | - | - | - |
| Public safety | - | 186,973 | - | - | - |
| Highways and streets | 157,485 | - | - | - | - |
| Culture and recreation | - | - | 61,215 | - | - |
| Housing and economic development | - | - | - | - | - |
| Total Expenditures | <u>157,485</u> | <u>186,973</u> | <u>61,215</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(33,582)</u> | <u>(8,694)</u> | <u>164</u> | <u>525,333</u> | <u>227,337</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | - | - | - | (175,500) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(175,500)</u> | <u>-</u> |
| Net Change in Fund Balance | (33,582) | (8,694) | 164 | 349,833 | 227,337 |
| Fund Balance - Beginning | <u>152,189</u> | <u>88,371</u> | <u>451</u> | <u>524,160</u> | <u>698,363</u> |
| Fund Balance - Ending | <u>\$ 118,607</u> | <u>\$ 79,677</u> | <u>\$ 615</u> | <u>\$ 873,993</u> | <u>\$ 925,700</u> |

| <u>Special Revenue Funds</u> | | | | <u>Total Nonmajor</u> |
|------------------------------|--------------------|------------------|---------------------|-----------------------|
| <u>HOME</u> | <u>Economic</u> | <u>Mary H.</u> | <u>Total</u> | <u>Governmental</u> |
| <u>Program</u> | <u>Development</u> | <u>Wood Park</u> | | <u>Funds</u> |
| \$ - | \$ - | \$ - | \$ 275,668 | \$ 275,668 |
| 115,081 | 183,161 | - | 598,883 | 598,883 |
| 2,169 | 228 | 6 | 20,325 | 20,325 |
| - | 12,400 | 22,446 | 556,846 | 556,846 |
| <u>117,250</u> | <u>195,789</u> | <u>22,452</u> | <u>1,451,722</u> | <u>1,451,722</u> |
| - | - | - | - | - |
| - | - | - | 186,973 | 186,973 |
| - | - | - | 157,485 | 157,485 |
| - | - | 17,752 | 78,967 | 78,967 |
| <u>115,079</u> | <u>183,161</u> | <u>-</u> | <u>298,240</u> | <u>298,240</u> |
| <u>115,079</u> | <u>183,161</u> | <u>17,752</u> | <u>721,665</u> | <u>721,665</u> |
| <u>2,171</u> | <u>12,628</u> | <u>4,700</u> | <u>730,057</u> | <u>730,057</u> |
| - | - | - | (175,500) | (175,500) |
| - | - | - | (175,500) | (175,500) |
| 2,171 | 12,628 | 4,700 | 554,557 | 554,557 |
| <u>147,626</u> | <u>147</u> | <u>61,079</u> | <u>1,672,386</u> | <u>1,672,386</u> |
| <u>\$ 149,797</u> | <u>\$ 12,775</u> | <u>\$ 65,779</u> | <u>\$ 2,226,943</u> | <u>\$ 2,226,943</u> |

BOROUGH OF CONSHOHOCKEN

FIDUCIARY FUNDS - PENSION TRUST FUNDS

December 31, 2022

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.
- Custodial fund accounts for escrows held for developers and others.

BOROUGH OF CONSHOHOCKEN

COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS - PENSION AND OTHER BENEFIT TRUST FUNDS

December 31, 2022

| | <u>Police</u> <u>Pension Plan</u> | <u>Firemen's</u> <u>Pension Plan</u> | <u>OPEB</u> <u>Trust</u> | <u>Total</u> |
|--|--------------------------------------|---|-----------------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 937,581 | \$ 76,407 | \$ 308,325 | \$ 1,322,313 |
| Investments | 10,703,521 | 850,957 | 3,044,266 | 14,598,744 |
| Interest receivable | 3,026 | 244 | 1,017 | 4,287 |
| Contributions receivable | - | - | - | - |
| TOTAL ASSETS | <u>\$ 11,644,128</u> | <u>\$ 927,608</u> | <u>\$ 3,353,608</u> | <u>\$ 15,925,344</u> |
| NET POSITION | | | | |
| Net Position - Restricted for Pension and OPEB Benefits | <u>\$ 11,644,128</u> | <u>\$ 927,608</u> | <u>\$ 3,353,608</u> | <u>\$ 15,925,344</u> |
| TOTAL NET POSITION | <u>\$ 11,644,128</u> | <u>\$ 927,608</u> | <u>\$ 3,353,608</u> | <u>\$ 15,925,344</u> |

BOROUGH OF CONSHOHOCKEN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUNDS - PENSION AND OTHER BENEFIT TRUST FUNDS

For the Year Ended December 31, 2022

| | <u>Police Pension Plan</u> | <u>Firemen's Pension Plan</u> | <u>OPEB Trust</u> | <u>Total</u> |
|---|--------------------------------|-----------------------------------|-----------------------|----------------------|
| ADDITIONS | | | | |
| Contributions | | | | |
| Commonwealth of Pennsylvania | \$ 362,632 | \$ - | \$ - | \$ 362,632 |
| Employee | 142,956 | - | - | 142,956 |
| Employer | <u>223,416</u> | <u>3,207</u> | <u>500,000</u> | <u>726,623</u> |
| Total Contributions | <u>729,004</u> | <u>3,207</u> | <u>500,000</u> | <u>1,232,211</u> |
| Investment Earnings | | | | |
| Net appreciation (depreciation) in fair value of investments | (2,606,619) | (219,551) | (639,548) | (3,465,718) |
| Dividends and interest | <u>356,548</u> | <u>29,485</u> | <u>93,928</u> | <u>479,961</u> |
| Total Investment Earnings | (2,250,071) | (190,066) | (545,620) | (2,985,757) |
| Less investment expense | <u>(44,793)</u> | <u>(4,745)</u> | <u>(15,086)</u> | <u>(64,624)</u> |
| Net Investment Earnings | <u>(2,294,864)</u> | <u>(194,811)</u> | <u>(560,706)</u> | <u>(3,050,381)</u> |
| Total Additions | <u>(1,565,860)</u> | <u>(191,604)</u> | <u>(60,706)</u> | <u>(1,818,170)</u> |
| DEDUCTIONS | | | | |
| Benefits | 460,197 | 25,122 | - | 485,319 |
| Other | <u>6,100</u> | <u>3,800</u> | <u>-</u> | <u>9,900</u> |
| Total Deductions | <u>466,297</u> | <u>28,922</u> | <u>-</u> | <u>495,219</u> |
| Change in Net Position | (2,032,157) | (220,526) | (60,706) | (2,313,389) |
| Net Position - Restricted for Pension and OPEB Benefits | | | | |
| Beginning of Year | <u>13,676,285</u> | <u>1,148,134</u> | <u>3,414,314</u> | <u>18,238,733</u> |
| End of Year | <u>\$ 11,644,128</u> | <u>\$ 927,608</u> | <u>\$ 3,353,608</u> | <u>\$ 15,925,344</u> |