

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2016

BOROUGH OF CONSHOHOCKEN
GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of Council
Borough of Conshohocken
Conshohocken, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Borough of Conshohocken, Montgomery County, Pennsylvania as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Adverse Opinion on the Financial Statements as a Whole

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Borough's governmental activities have not been determined.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the Borough of Conshohocken, Montgomery County, Pennsylvania, as of December 31, 2016, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Borough of Conshohocken, Pennsylvania, as of December 31, 2016 and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplemental Information

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

The Borough of Conshohocken has omitted the management's discussion and analysis and the schedules of funding progress and employer contributions - other postemployment benefits that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our adverse opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The combining nonmajor governmental funds and fiduciary funds financial statements, listed in the Contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the portion of the basic financial statements presented. Because of the significance of the matters stated in the "Basis for Adverse Opinion" paragraph, it is inappropriate to, and we do not, express an opinion on the supplementary information referred to above.

Bee, Bergvall & Co.

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

Warrington, PA
September 18, 2017

BOROUGH OF CONSHOHOCKEN

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2016

	<u>General</u>	<u>UDAG Repayment</u>	<u>Capital Fund</u>	<u>Capital Projects Fund</u>
ASSETS				
Cash and cash equivalents	\$ 5,000,774	\$ -	\$ 546,428	\$ 121,570
Receivables				
Taxes	1,377,065	-	-	-
Accounts	117,092	-	-	-
Prepaid expenses	7,731	-	-	-
Due from other funds	11,639	-	3,000	-
Restricted assets				
Cash and cash equivalents	165,221	12,787	-	-
Intergovernmental receivable	-	-	-	-
Notes receivable	-	3,755,440	-	-
Total Assets	<u>\$ 6,679,522</u>	<u>\$ 3,768,227</u>	<u>\$ 549,428</u>	<u>\$ 121,570</u>
LIABILITIES				
Accounts payable	\$ 278,550	\$ -	\$ 359,076	\$ 25,255
Accrued payroll	86,857	-	-	-
Due to other funds	-	-	-	6,214
Payable from restricted assets				
Taxes payable under protest	165,221	-	-	-
Total Liabilities	<u>530,628</u>	<u>-</u>	<u>359,076</u>	<u>31,469</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	76,295	-	-	-
Unavailable revenue - UDAG loan proceeds	-	3,755,440	-	-
Total deferred inflows of resources	<u>76,295</u>	<u>3,755,440</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable - prepaid items	7,731	-	-	-
Restricted for:				
Street lights	-	-	-	-
Fire services	-	-	-	-
Streets and highways	-	-	-	-
Housing and economic development	-	12,787	-	-
Community development	-	-	-	-
Culture and recreation	-	-	-	-
Committed to:				
Capital projects	-	-	190,352	90,101
Subsequent year's budget	2,925,323	-	-	-
Park and recreation	-	-	-	-
Debt service	-	-	-	-
Other post-employment benefits	750,001	-	-	-
Unassigned:	2,389,544	-	-	-
Total Fund Balances	<u>6,072,599</u>	<u>12,787</u>	<u>190,352</u>	<u>90,101</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,679,522</u>	<u>\$ 3,768,227</u>	<u>\$ 549,428</u>	<u>\$ 121,570</u>

Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,815,411	\$ 206,419	\$ 8,690,602
-	4,403	1,381,468
-	-	117,092
-	-	7,731
-	-	14,639
-	156,768	334,776
-	13,380	13,380
-	-	3,755,440
<u>\$ 2,815,411</u>	<u>\$ 380,970</u>	<u>\$ 14,315,128</u>
\$ -	\$ 49,355	\$ 712,236
-	-	86,857
-	8,425	14,639
-	-	165,221
-	<u>57,780</u>	<u>978,953</u>
-	3,499	79,794
-	-	3,755,440
-	<u>3,499</u>	<u>3,835,234</u>
-	-	7,731
-	26,391	26,391
-	8,861	8,861
-	71,492	71,492
-	156,768	169,555
-	18,490	18,490
-	198	198
2,815,411	-	3,095,864
-	-	2,925,323
-	69	69
-	37,422	37,422
-	-	750,001
-	-	2,389,544
<u>2,815,411</u>	<u>319,691</u>	<u>9,500,941</u>
<u>\$ 2,815,411</u>	<u>\$ 380,970</u>	<u>\$ 14,315,128</u>

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

BOROUGH OF CONSHOHOCKEN

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

For the Year Ended December 31, 2016

	<u>General</u>	<u>UDAG Repayment</u>	<u>Capital Fund</u>	<u>Capital Projects Fund</u>
REVENUES				
Taxes:				
Real estate taxes	\$ 1,932,715	\$ -	\$ -	\$ -
Real estate transfer taxes	466,434	-	-	-
Earned income taxes	4,778,949	-	-	-
Business privilege and mercantile taxes	2,737,195	-	-	-
Local services taxes	299,214	-	-	-
Fees, licenses and permits	637,776	-	-	-
Fines and forfeitures	140,759	-	-	-
Intergovernmental revenues	328,181	-	-	-
Charges for services	682,867	-	-	-
Interest	5,784	5	1,005	10
Rents	140,074	-	-	-
Miscellaneous	21,871	-	-	160,000
Payments in lieu of taxes	2,770	-	-	-
Total Revenues	<u>12,174,589</u>	<u>5</u>	<u>1,005</u>	<u>160,010</u>
EXPENDITURES				
Current:				
General government	1,627,168	-	60,563	1,193,462
Public safety	5,695,584	-	315,431	-
Sanitation	584,083	-	-	-
Highways and streets	1,232,108	-	447,323	-
Parking	4,843	-	-	-
Culture and recreation	632,612	-	671,208	-
Housing and economic development	-	-	-	-
Miscellaneous	67,051	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>9,843,449</u>	<u>-</u>	<u>1,494,525</u>	<u>1,193,462</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>2,331,140</u>	<u>5</u>	<u>(1,493,520)</u>	<u>(1,033,452)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	19,650	-	-	-
Transfers in	1,256,888	-	500,000	1,251,000
Transfers out	<u>(2,845,987)</u>	<u>-</u>	<u>(416,888)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,569,449)</u>	<u>-</u>	<u>83,112</u>	<u>1,251,000</u>
Net Change in Fund Balance	761,691	5	(1,410,408)	217,548
Fund Balance - Beginning	5,310,908	12,782	1,600,760	(127,447)
Fund Balance - Ending	<u>\$ 6,072,599</u>	<u>\$ 12,787</u>	<u>\$ 190,352</u>	<u>\$ 90,101</u>

Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 322,800	\$ 2,255,515
-	-	466,434
-	-	4,778,949
-	-	2,737,195
-	-	299,214
-	-	637,776
-	-	140,759
-	433,498	761,679
-	-	682,867
2,778	1,141	10,723
-	-	140,074
-	25,957	207,828
-	-	2,770
<u>2,778</u>	<u>783,396</u>	<u>13,121,783</u>
-	-	2,881,193
-	155,727	6,166,742
-	-	584,083
-	391,460	2,070,891
-	-	4,843
-	176,812	1,480,632
-	161,874	161,874
-	-	67,051
-	436,200	436,200
-	285,999	285,999
-	<u>1,608,072</u>	<u>14,139,508</u>
<u>2,778</u>	<u>(824,676)</u>	<u>(1,017,725)</u>
-	-	19,650
-	585,987	3,593,875
<u>(331,000)</u>	<u>-</u>	<u>(3,593,875)</u>
<u>(331,000)</u>	<u>585,987</u>	<u>19,650</u>
(328,222)	(238,689)	(998,075)
3,143,633	558,380	10,499,016
<u>\$ 2,815,411</u>	<u>\$ 319,691</u>	<u>\$ 9,500,941</u>

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

BOROUGH OF CONSHOHOCKEN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2016

ASSETS	Pension <u>Trust Funds</u>	Agency <u>Funds</u>
Cash and cash equivalents	\$ 133,359	\$ 936,267
Investments	8,019,178	-
Accrued income	35	-
Contributions receivable	<u>16,101</u>	<u>-</u>
Total Assets	<u>8,168,673</u>	<u>936,267</u>
LIABILITIES		
Escrow payable	<u>-</u>	<u>936,267</u>
Total Liabilities	<u>-</u>	<u>936,267</u>
NET POSITION		
Net Position - Restricted for Pension Benefits	<u>\$ 8,168,673</u>	<u>\$ -</u>

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

BOROUGH OF CONSHOHOCKEN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2016

	<u>Pension</u> <u>Trust Funds</u>
ADDITIONS	
Contributions	
Commonwealth of Pennsylvania	\$ 301,851
Employee	103,113
Employer	<u>200,937</u>
Total Contributions	<u>605,901</u>
Investment Earnings	
Net appreciation in fair value of investments	346,558
Dividends and interest	<u>177,575</u>
Total Investment Earnings	524,133
Less investment expense	<u>(30,570)</u>
Net Investment Earnings	<u>493,563</u>
Other Income	
Miscellaneous income	<u>42</u>
Total Additions	<u>1,099,506</u>
DEDUCTIONS	
Benefits	348,350
Other	<u>20,051</u>
Total Deductions	<u>368,401</u>
Change in Net Position	731,105
Net Position - Restricted for Pension Benefits	
Beginning of Year	<u>7,437,568</u>
End of Year	<u>\$ 8,168,673</u>

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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 adopted some of 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 would 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. As further discussed below, the Borough has presented only its fund financial statements.

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 Borough does not present government-wide financial statements.

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

A. *Reporting entity (continued)*

Conshohocken #2 Fire Company and Washington Fire Company - The Borough provides substantial support (fiscal dependency) to Conshohocken #2 Fire Company and Washington Fire Company. Under GASB Statement No. 61, 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 for the Conshohocken #2 Fire Company and the Washington Fire Company, pays certain expenses on behalf of the fire companies, and remits quarterly appropriations to the fire companies. Annual appropriations in 2016 were \$80,000 each to Conshohocken #2 Fire Company and Washington Fire Company. Separately issued financial statements of the Conshohocken #2 Fire Company and Washington Fire Company can be obtained at the Borough's Administrative Offices.

B. *Government-wide and fund financial statements*

The Borough has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements have not been determined.

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.

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

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

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

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

The government reports the following major governmental funds:

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

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

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

The *Capital Projects Fund* is used to account for financial resources intended to be used for the acquisition and construction of the new Borough facility.

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

The other governmental funds of the Borough are considered nonmajor.

Additionally, the government reports the following fiduciary fund types:

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

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

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

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

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

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

D. Assets, liabilities, and net position or equity

1. Deposits and investments

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

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

1. Deposits and investments (continued)

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

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

The Borough participates in the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT is a common law trust established pursuant to the Intergovernmental Cooperation Act and similar statutes by Local Governments in Pennsylvania for the purpose of pooling their investments. It is a fundamental policy of PLGIT to maintain a net asset value of \$1 per share, but there can be no assurance that the net asset value will not vary from \$1 per share. At December 31, 2016, management of PLGIT has indicated that all investments made of the PLGIT were either obligations of the U.S. Government or its agencies or instrumentalities, or deposits insured by FDIC.

Investments are stated at fair value, with the exception of pooled investments, and determined by quoted market values. The investment in the external investment pool (PLGIT) is recorded at the pool's amortized cost, which approximates fair value.

2. Restricted assets

The assets of the Community Development, Economic Development, and HOME Program nonmajor funds and the UDAG Repayment Special Revenue Fund major fund 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 on the balance sheet for these funds.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

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

3. Receivables and payables

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

Receivables are reduced, when necessary, by an estimated allowance for accounts that are expected to be uncollectible. At December 31, 2016, 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, 2016 are recognized as revenue for the year ending December 31, 2016.

4. Prepaid items

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

5. Capital assets

If the Borough presented government-wide financial statements, land, buildings and improvements, machinery and equipment, vehicles, furniture and infrastructure of the Borough would be recorded as capital assets. In the governmental fund financial statements, costs of capital assets are considered capital outlay expenditures and they reduce fund balance.

6. 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.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Borough has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, earned income taxes, and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide statements do not report any unavailable revenues.

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

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

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

9. Compensated absences

If the Borough presented government-wide financial statements, accumulated vested compensated absences would be reported as liabilities. No liability would be recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability would be recognized for that portion of accumulating sick leave benefits that is allowed to be paid upon retirement.

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

If the Borough presented government-wide financial statements, any long-term debt and other long-term obligations would be reported as liabilities.

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

11. Pension and Other Postemployment Benefits (OPEB)

If the Borough presented government-wide financial statements, the Borough would recognize 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 would be reported as a liability (asset).

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

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

12. Fund balance

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

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

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.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

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

12. Fund balance (continued)

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.

II. Stewardship, compliance, and accountability

A. Budgetary information

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

The Borough follows these procedures in establishing the budget:

1. During 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.

Excess of expenditures over appropriations: For the year ended December 31, 2016, expenditures exceeded budget in the General Fund in the categories of sanitation \$3,833 and parking \$4,843. The excess expenditures, which were approved by the Borough Council, were funded by available excess revenues and available fund balance.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

III. Detailed notes on all funds

A. Deposits and investments

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

As of year-end, the carrying amount of deposits for the governmental funds was \$9,025,378 and the bank balance was \$9,777,834. Of the bank balance, \$261,643 was covered by federal depository insurance. Of the remaining balance, \$804,695 was uninsured and \$8,711,496 was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. The investment in externally pooled investments are considered cash equivalents due to the short maturities of those investments and are included above.

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

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

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

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Borough does not have a formal investment policy for interest rate risk. The weighted average maturity of the portfolio held by PLGIT and the investment in money funds at December 31, 2016 was less than one year. The average maturities of the Borough's debt securities are as follows.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

	Amount	Maturities in Years			
		< 1 year	1-5 years	6-10 years	> 10 years
GOVERNMENTAL FUNDS					
Externally Pooled Investments	\$ 452,134	\$ 452,134	\$ -	\$ -	\$ -
Total Governmental Funds	<u>\$ 452,134</u>	<u>\$ 452,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FIDUCIARY FUNDS					
Cash	\$ 133,359	\$ -	\$ -	\$ -	\$ -
Mutual Funds - Equity	5,160,155	5,160,155	-	-	-
Mutual Funds - Fixed Income	2,859,023	-	252,911	2,606,112	-
Total Fiduciary Funds	<u>\$ 8,152,537</u>	<u>\$ 5,160,155</u>	<u>\$ 252,911</u>	<u>\$ 2,606,112</u>	<u>\$ -</u>

The investment in the external investment pool (PLGIT) is recorded at the pool's amortized cost, which approximates fair value.

Fair Value Measurements: The Borough categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Borough had two recurring fair value measurement as of December 31, 2016, mutual funds equity and fixed income are classified as Level 1.

B. Receivables

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

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,377,065	\$ 4,403	\$ -	\$ 1,381,468
Accounts	117,092	-	-	117,092
Contributions	-	-	16,101	16,101
Intergovernmental	-	13,380	-	13,380
Total Receivables	<u>\$ 1,494,157</u>	<u>\$ 17,783</u>	<u>\$ 16,101</u>	<u>\$ 1,528,041</u>

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

III. Detailed notes on all funds (Continued)

B. Receivables (continued)

Notes receivable at December 31, 2016 consist of the following:

UDAG Repayment Fund:	
Office Building: 110 Washington Street	
6-year loan commencing March 11, 2014 at 0%	
interest for first four years transitioning to 3.25%	
for the last two years.	
Balloon payment due 2020	\$ 3,903,841
Less discount payments to present value	
value using effective annual rate of 3.25%	<u>(148,401)</u>
	<u>\$ 3,755,440</u>

The Borough rents space to Keystone, with a sublet to the Philadelphia Freedom Valley YMCA. The amended lease commenced on November 30, 2016. The minimum rental rate of the lease is \$100,000 per year, due in monthly installments of \$8,333.33. The rent is based on fifty percent of the Tenant's Net Revenues for each Lease Year. The Operating Expenses that the Borough is permitted to invoice the YMCA under the YMCA's lease are the YMCA's share (59%) of the Operating Expenses incurred by the Borough for each Lease Year in excess of the Operating Expenses incurred by the Borough for the 2016 base year; all as set forth in the YMCA lease. The lease term is five years. The minimum lease payments to be received are:

<u>Year ending:</u>	
2017	\$ 100,000
2018	100,000
2019	100,000
2020	100,000

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

III. Detailed notes on all funds (Continued)

C. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2016, 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	\$ 11,639	\$ -
Capital Fund	3,000	-
Capital Projects Fund	-	6,214
Non Major Funds	-	8,425
Total	<u>\$ 14,639</u>	<u>\$ 14,639</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	\$ 1,256,888	\$ 2,845,987
Capital Fund	500,000	416,888
Capital Projects Fund	1,251,000	-
Capital Reserve Fund	-	331,000
Non Major Funds	585,987	-
Total	<u>\$ 3,593,875</u>	<u>\$ 3,593,875</u>

D. Long-term debt

General Obligation Notes

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

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

III. Detailed notes on all funds (Continued)

D. Long-term debt (continued)

Long-term debt balances are not reported in the balance sheet of the fund financial statements. General obligation notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	2-5%	<u>\$ 10,329,900</u>

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

<u>Year Ending</u> <u>December 31,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 447,700	\$ 272,108	\$ 719,808
2018	459,400	260,342	719,742
2019	471,500	248,262	719,762
2020	483,800	235,858	719,658
2021	496,500	224,823	721,323
2022-2025	<u>7,971,000</u>	<u>4,982,319</u>	<u>12,953,319</u>
	<u>\$ 10,329,900</u>	<u>\$ 6,223,712</u>	<u>\$ 16,553,612</u>

The Borough issued a General Obligation Note, Tax-Exempt Series B of 2014 in the amount of \$2,630,700 to Phoenixville Federal Bank & Trust. The note was issued at a fixed rate of 1.99% per annum, payable on the unpaid balance until December 1, 2021. On December 1, 2021, the interest rate will adjust monthly to a rate equal to the 30-day London Inter-Bank Offering Rate plus 200 basis points, subject to a maximum rate of 4.75% per annum. Interest on the note is payable semi-annually during the term of the Note on June 1 and December 1 of each year, commencing June 1, 2016. On December 1, 2039, all principal, accrued, unpaid interest and other amount are due and payable in full. The proceeds of the Note are to be used for redevelopment of the Verizon property.

The Borough issued a General Obligation Note, Taxable Series of 2014 in the amount of \$1,369,300 to Phoenixville Federal Bank & Trust. The note was issued at a fixed rate of 2.75% per annum, payable on the unpaid balance until December 1, 2021. On December 1, 2021, the interest rate will adjust monthly to a rate equal to the 30-day London Inter-Bank Offering Rate plus 250 basis points, subject to a maximum rate of 5.99% per annum. Interest on the note is payable semi-annually during the term of the Note on June 1 and December 1 of each year, commencing December 1, 2016. On December 1, 2039, all principal, accrued, unpaid interest and other amount are due and payable in full. The proceeds of the Note are to be used for redevelopment of the Verizon property.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

III. Detailed notes on all funds (Continued)

D. Long-term debt (continued)

The Borough issued a General Obligation Note, Tax-Exempt Series A of 2014 in the amount of \$6,781,100 to Fulton Bank, N.A. The note was issued at a fixed rate of 2.86% per annum, payable on the unpaid balance until December 1, 2021. On December 1, 2021, the interest rate will adjust monthly to a rate equal to sixty-eight percent (68%) of the 30-day London Inter-Bank Offering Rate plus 225 basis points, subject to a maximum rate of 6.00% per annum. Interest on the note is payable semi-annually during term of the Note on June 1 and December 1 of each year, commencing June 1, 2016. On December 1, 2039, all principal, accrued, unpaid interest and other amount are due and payable in full. The proceeds of the Note are to be used for redevelopment of the Verizon property.

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 10,766,100	\$ -	\$ (436,200)	\$ 10,329,900	\$ 447,700
Net pension liability	2,532,412	1,444,051	(1,117,427)	2,859,036	-
Net OPEB obligation (restated)	2,746,537	3,112,603	(255,826)	5,603,314	-
Compensated absences	<u>673,988</u>	<u>-</u>	<u>(53,242)</u>	<u>620,746</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 16,719,037</u>	<u>\$ 4,556,654</u>	<u>\$ (1,862,695)</u>	<u>\$ 19,412,996</u>	<u>\$ 447,700</u>

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

IV. Other information

A. Defined benefit pension plans

Plan Description and Membership

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

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Plan Description and Membership (continued)

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.

The most recent valuation for all of the Plans was as of January 1, 2015. Details below are from the valuation. At December 31, 2016, 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	10	2	6
Inactive employees entitled to benefits but not yet receiving them	1	1	6
Active employees **	<u>19</u>	<u>2</u>	<u>24</u>
	<u>30</u>	<u>5</u>	<u>36</u>

** Includes 2 DROP members in the Police Pension Plan

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Benefits Provided

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

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

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

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

Measurement Focus and Basis of Accounting

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

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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	\$ 118,281	\$ 15,078	\$ 133,359
Investments	7,267,303	751,875	8,019,178
Accrued income	35	-	35
Contributions receivable	16,101	-	16,101
TOTAL ASSETS	<u>\$ 7,401,720</u>	<u>\$ 766,953</u>	<u>\$ 8,168,673</u>
NET POSITION			
Net Position - Restricted for Pension Benefits	<u>\$ 7,401,720</u>	<u>\$ 766,953</u>	<u>\$ 8,168,673</u>
ADDITIONS			
Contributions			
Commonwealth of Pennsylvania	\$ 301,851	\$ -	\$ 301,851
Employee	103,113	-	103,113
Employer	200,937	-	200,937
Total Contributions	<u>605,901</u>	<u>-</u>	<u>605,901</u>
Investment Earnings			
Net appreciation (depreciation) in fair value of investments	320,365	26,193	346,558
Dividends and interest	159,622	17,953	177,575
Total Investment Earnings	<u>479,987</u>	<u>44,146</u>	<u>524,133</u>
Less investment expense	(26,900)	(3,670)	(30,570)
Net Investment Earnings	<u>453,087</u>	<u>40,476</u>	<u>493,563</u>
Other Income			
Fire plan transfer	42	-	42
Total Additions	<u>1,059,030</u>	<u>40,476</u>	<u>1,099,506</u>
DEDUCTIONS			
Benefits	323,186	25,164	348,350
Other	12,751	7,300	20,051
Total Deductions	<u>335,937</u>	<u>32,464</u>	<u>368,401</u>
Change in Net Position	723,093	8,012	731,105
Net Position - Restricted for Pension Benefits			
Beginning of Year	<u>6,678,627</u>	<u>758,941</u>	<u>7,437,568</u>
End of Year	<u>\$ 7,401,720</u>	<u>\$ 766,953</u>	<u>\$ 8,168,673</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Contributions

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

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

The Borough's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Borough funds. The Borough received state aid, which is recognized as revenue and expenses, in the amount of \$301,851 for the pensions for the year ended December 31, 2016.

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, 2016, the annual money-weighted rate of return on Plan investments, net of investment expense was 6.78% for Police and 5.33% for Firemen's Pension Plans. For the measurement date of December 31, 2015, the annual money-weighted rate of return of Plan investments, net of investment expenses was -.27% for the General Employees Pension Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2016 for the Police and Firemen's Pension Plans, and at the measurement date of December 31, 2015 for General Employees Pension Plan, were as follows:

	<u>Police</u>	<u>Firemen's</u>	<u>General Employees</u>
Total pension liability	\$ 10,054,716	\$ 631,987	\$ 3,430,195
Plan fiduciary net position	<u>(7,401,721)</u>	<u>(766,958)</u>	<u>(3,224,154)</u>
Net Pension Liability	<u>\$ 2,652,995</u>	<u>\$ (134,971)</u>	<u>\$ 206,041</u>

Plan fiduciary net position as a percentage of the total pension liability	74%	121%	94%
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Actuarial Assumptions: The total pension liability in the January 1, 2015 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Firemen's</u>	<u>General Employees</u>
Inflation	2.25%	2.25%	3.0%
Salary Increases	5.0%	5.0%	age related with merit and inflation component (average, including inflation)
Investment Rate of Return	8.0%	7.0%	5.5% (including inflation)
Postretirement Cost of Living Increase	N/A	N/A	3.0%

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

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2014.

The net pension liability for the Police and Firemen's Pension Plans was measured as of December 31, 2015, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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, 2015 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%	5.20%
International Developed	15.0%	5.20%
International Emerging Markets	6.0%	5.20%
Fixed Income		
Core Fixed	28%	3.00%
Inter. IG Corp	2.5%	3.80%
Emerging Debt	2.5%	4.80%
High Yield	2.5%	4.30%
Bank Loans	2.5%	2.70%
Cash	2.0%	0.80%

The net pension liability for the General Employees Pension Plan was measured as of December 31, 2015, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

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

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

General Employees	Target
<u>Asset Class</u>	<u>Allocation</u>
Equities	
Domestic large capitalized firms	25.0%
Domestic large capitalized firms	15.0%
International developed markets	15.0%
International developed markets	10.0%
Fixed Income	15.0%
Real Estate	
Core	13.0%
Timber	8.0%

Discount Rate: The discount rate used to measure the total pension liability was 8% for the Police Pension Plan, 7% for the Firemen’s Pension Plan, and 5.5% for the General Employees Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer’s funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<u>Police Pension Plan</u>			
Balance at December 31, 2015	\$ 9,339,471	\$ 6,678,627	\$ 2,660,844
Changes for the year:			
Service cost	281,667	-	281,667
Interest	756,764	-	756,764
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	502,788	(502,788)
Contributions - employee	-	103,113	(103,113)
Net investment income	-	453,131	(453,131)
Benefit payments, including refunds of employee contributions	(323,186)	(323,186)	-
Administrative expense	-	(12,752)	12,752
Other changes	-	-	-
Net Changes	715,245	723,094	(7,849)
Balance at December 31, 2016	\$ 10,054,716	\$ 7,401,721	\$ 2,652,995
 <u>Firemen's Pension Plan</u>			
Balance at December 31, 2015	\$ 594,414	\$ 758,941	\$ (164,527)
Changes for the year:			
Service cost	20,528	-	20,528
Interest	42,167	-	42,167
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	40,481	(40,481)
Benefit payments, including refunds of employee contributions	(25,122)	(25,122)	-
Administrative expense	-	(7,342)	7,342
Other changes	-	-	-
Net Changes	37,573	8,017	29,556
Balance at December 31, 2016	\$ 631,987	\$ 766,958	\$ (134,971)

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<u>General Employees Pension Plan</u>			
Balance at December 31, 2014	\$ 3,195,269	\$ 3,159,174	\$ 36,095
Changes for the year:			
Service cost	160,594	-	160,594
Interest	182,331	-	182,331
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	(25,393)	-	(25,393)
Contributions - employer	-	127,804	(127,804)
Contributions - employee	-	45,049	(45,049)
Net investment income	-	(17,091)	17,091
Benefit payments, including refunds of employee contributions	(82,606)	(82,606)	-
Administrative expense	-	(8,176)	8,176
Other changes	-	-	-
Net Changes	<u>234,926</u>	<u>64,980</u>	<u>169,946</u>
Balance at December 31, 2015	<u>\$ 3,430,195</u>	<u>\$ 3,224,154</u>	<u>\$ 206,041</u>

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability			
	(7%)	(8%)	(9%)
Police	\$ 3,966,885	\$ 2,652,995	\$ 1,565,736
	(6%)	(7%)	(8%)
Firemen's	(43,894)	(134,971)	(210,516)
	(4.5%)	(5.5%)	(6.5%)
General Employees	660,530	206,041	(174,046)

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Deferred Outflows and Inflows of Resources: If deferred outflows and inflows were recorded, for the year ended December 31, 2016, the Borough's pension expense would have been \$540,711 for the Police Pension Plan and \$40,199 for the Firemen's Pension Plan. For the measurement date of December 31, 2015, the Borough's pension expense would have been 103,010 for the General Employees Pension Plan. The Borough had deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	<u>399,403</u>	<u>-</u>
Total	<u>\$ 399,403</u>	<u>\$ -</u>
 <u>Firemen's Pension</u>		
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	<u>68,759</u>	<u>-</u>
Total	<u>\$ 68,759</u>	<u>\$ -</u>
 <u>General Employees Pension</u>		
Differences between expected and actual experience	\$ -	\$ 327,171
Change in assumptions	-	21,765
Net difference between projected and actual earnings on pension plan investments	<u>163,034</u>	<u>-</u>
Contributions by employer after measurement date	<u>136,543</u>	<u>-</u>
Total	<u>\$ 299,577</u>	<u>\$ 348,936</u>

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

<u>Year Ended</u>	<u>General</u>		
<u>December 31:</u>	<u>Police</u>	<u>Firemen's</u>	<u>Employees</u>
2016	\$ -	\$ -	\$ (27,555)
2017	127,674	22,152	(27,555)
2018	127,674	22,152	(27,556)
2019	127,673	22,154	(30,548)
2020	16,382	2,301	(69,063)
Thereafter	<u>-</u>	<u>-</u>	<u>(3,625)</u>
Total	<u>\$ 399,403</u>	<u>\$ 68,759</u>	<u>\$ (185,902)</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

A. *Defined benefit pension plans (continued)*

Payable to the Pension Plan: For the year ended December 31, 2016, 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, 2016, there 2 members participating in the DROP program. The balance of the amounts held by the Plan pursuant to the DROP was \$312,701.

B. *Other Post-Employment Benefits (OPEB)*

Health Care: 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. Retirees eligible for postemployment healthcare benefits receive the same level of benefits in retirement that they were eligible for as active employees. As of December 31, 2016, seven (7) retirees are receiving these postemployment healthcare benefits and forty-eight (48) active employees are eligible for these postemployment healthcare benefits. Expenditures for postemployment healthcare benefits are recognized as claims when due in the government fund financial statements. In 2016, expenditures of \$101,997 were recognized for postemployment healthcare as they became due.

Life Insurance: 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. These postemployment life insurance benefits are recognized as expenditures when due. In 2016, expenditures of \$33 were recognized for postemployment life insurance benefits premiums. At December 31, 2016, seven (7) retirees are receiving these postemployment benefits and forty-eight (48) active employees are eligible for these post-employment life insurance benefits.

The Plan does not issue a separate financial statement.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

B. Other Post-Employment Benefits (continued)

Membership of the plan consisted of the following at January 1, 2015 (the date of the latest actuarial valuation):

	OPEB
Retirees and beneficiaries currently receiving benefits	7
Terminated employees entitled to benefits but not yet receiving them	-
Active plan members	48
Total membership	55

Funding Policy

Retirees are not required to make contributions to this plan. There are no required contributions of the employer. The contribution requirements of the Borough and plan members have been established and may be amended through Board Resolution and Labor Contracts. The Borough is accounting for these expenditures on a “pay-as-you-go” basis.

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual other postemployment benefit cost is calculated based on the annual required contribution of the employer ("ARC"). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan:

	OPEB
Annual required contribution	\$ 3,164,458
Interest on net OPEB obligation	109,861
Adjustments to annual required contribution	(161,716)
Annual OPEB cost	3,112,603
Contributions made	(255,826)
Increase in net OPEB obligation	2,856,777
Net OPEB obligation (asset) at beginning of year	2,746,537
Net OPEB obligation (asset) at end of year	\$ 5,603,314

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

B. Other Post-Employment Benefits (continued)

Actuarial calculations reflect a long-term perspective, and consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actual accrued liabilities and actuarial value of assets.

Funded Status and Funding Progress

As of January 1, 2015, the date of the latest actuarial valuation, the funded status and progress was as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
OPEB	\$ -	\$23,767,218	\$ 23,767,218	0.0%	not applicable	not applicable

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

B. Other Post-Employment Benefits (continued)

Methods and Assumptions

As of January 1, 2015, the date of the latest actuarial valuation, the assumptions were:

	OPEB
Date of actuarial valuation	1/1/2015
Investment rate of return	4%
Cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years

Health Care Cost Trend Rate

PPO medical costs are assumed to increase by 2% in 2016, 1% in 2017, 7.5% in 2018 reduced by .25% per year thereafter to an ultimate level of 5% per year.

HMO medical costs are assumed to increase by 3.9% in 2016, 13% in 2017, 7.5% in 2018 reduced by .25% per year thereafter to an ultimate level of 5% per year

Prescription drug costs are assumed to increase by 3.9% in 2016, 5% in 2017, 7.5% in 2018 reduced by .25% per year thereafter to an ultimate level of 5% per year

Dental costs are assumed to increase by 0% in 2016, 1% in 2017, and 2% per year thereafter.

Three Year Trend Information

	<u>OPEB</u>		Percentage		Net
Fiscal Year	Annual	Annual	of Annual	OPEB	OPEB
<u>Ending</u>	<u>Cost</u>	<u>OPEB Cost</u>	<u>Contributed</u>	<u>Obligation</u>	<u>(Asset)</u>
12/31/2014	\$ -	0%		\$ -	
12/31/2015	3,002,742	9%		2,746,537	
12/31/2016	3,112,603	8%		5,603,314	

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

C. Risk management

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions by elected officials, employees and volunteers; personal injury and illness; workers' compensation; and natural disasters. The Borough carries various types of commercial insurance to manage certain risks of loss and, as a method of financing certain other risks, the Borough joined the Delaware Valley Health Insurance Trust (DVHIT or Trust).

DVHIT is a regional risk sharing pool providing health and dental insurance benefits to nearly 10,000 employees and dependents of participating members. The Trust was formed under the authority granted by the Pennsylvania Intergovernmental Cooperation Law. DVHIT is governed by a Board of Trustees comprised of a representative from each member municipality. The governing body of each municipal member selects an appointed or elected official to serve as a Trustee on the Board of Trustees. Each municipality receives one (1) vote on the Board; voting is not weighted.

The Trust is 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. DVHIT's 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, 2016 and settlements have not exceeded coverage in the past three years. The insurance expense for the year ended December 31, 2016 was \$1,283,284. The Trust did not declare a refund or dividend for coverage year 2016.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

D. Commitments and contingent liabilities

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

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial. Management of the Borough believes the Borough is in compliance with substantially all the significant requirements of such grants.

E. 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, 2016, \$936,267 represents the balance of these monies held in escrow.

F. Subsequent events

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

G. New Accounting Pronouncements

GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This Statement was effective for fiscal years beginning after June 15, 1999. The objective of this Statement is to provide guidance for the measurement, recognition, and display of OPEB expenditures and related liabilities or assets, note disclosures, and required supplementary information in the financial statements. The Borough has included the required disclosure and supplementary information in these financial statements, however, since a government-wide financial statement has not been presented, the recognition of expenditures and liabilities is not recorded.

GASB Statement No. 72 – Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes. The implementation of this Statement had no effect on the balances of the investment in the financial statements, however, expanded disclosure can be found in Note 2.

GASB Statement No. 79 – Certain External Investment Pools and Pool Participants. This Statement is effective for fiscal years beginning after December 15, 2015. The objective of this Statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The external investment pool described in these financial statements elected to continue reporting its investments at amortized cost. The implementation of this Statement had no effect on the balances of the investment in the financial statements, however, expanded disclosure can be found in Note III, A.

**REQUIRED
SUPPLEMENTAL INFORMATION**

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

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

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 281,667	\$ 268,254
Interest	756,764	704,802
changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(323,186)</u>	<u>(350,707)</u>
Net change in total pension liability	715,245	622,349
Total pension liability - beginning	<u>9,339,471</u>	<u>8,717,122</u>
Total pension liability - ending (a)	<u>\$ 10,054,716</u>	<u>\$ 9,339,471</u>
Plan fiduciary net position		
Contributions - employer	\$ 502,788	\$ 462,680
Contributions - employee	103,113	97,380
Net investment income	453,131	(36,611)
Benefit payments, including refunds of employee contributions	(323,186)	(350,707)
Administrative expense	(12,752)	(6,673)
Other	-	-
Net change in plan fiduciary net position	<u>723,094</u>	<u>166,069</u>
Plan fiduciary net position - beginning	<u>6,678,627</u>	<u>6,512,558</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,401,721</u>	<u>\$ 6,678,627</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 2,652,995</u>	<u>\$ 2,660,844</u>
Plan fiduciary net position as a percentage of the total pension liability	73.6%	71.5%
Covered-employee payroll	\$ 2,007,770	\$ 1,576,500
Net pension liability as a percentage of covered payroll	132.1%	168.8%
Annual money-weighted rate of return, net of investment expense	6.78%	-0.96%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

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>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 20,528	\$ 19,550
Interest	42,167	39,709
changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(25,122)</u>	<u>(25,122)</u>
Net change in total pension liability	37,573	34,137
Total pension liability - beginning	<u>594,414</u>	<u>560,277</u>
Total pension liability - ending (a)	<u>\$ 631,987</u>	<u>\$ 594,414</u>
Plan fiduciary net position		
Contributions - employer	\$ -	\$ -
Contributions - employee	-	-
Net investment income	40,481	(42,203)
Benefit payments, including refunds of employee contributions	(25,122)	(25,122)
Administrative expense	(7,342)	(2,562)
Other	-	-
Net change in plan fiduciary net position	<u>8,017</u>	<u>(69,887)</u>
Plan fiduciary net position - beginning	<u>758,941</u>	<u>828,828</u>
Plan fiduciary net position - ending (b)	<u>\$ 766,958</u>	<u>\$ 758,941</u>
Township's net pension liability - ending (a)-(b)	<u>\$ (134,971)</u>	<u>\$ (164,527)</u>
Plan fiduciary net position as a percentage of the total pension liability	121.4%	127.7%
Covered-employee payroll	\$ 108,312	\$ 105,444
Net pension liability as a percentage of covered payroll	-124.6%	-156.0%
Annual money-weighted rate of return, net of investment expense	5.33%	-5.17%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

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

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

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

	Measurement Date	
	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 160,594	\$ 163,369
Interest	182,331	194,637
changes of benefit terms	-	-
Differences between expected and actual experience	-	(458,039)
Changes of assumptions	(25,393)	-
Benefit payments, including refunds of employee contributions	<u>(82,606)</u>	<u>(158,256)</u>
Net change in total pension liability	234,926	(258,289)
Total pension liability - beginning	<u>3,195,269</u>	<u>3,453,558</u>
Total pension liability - ending (a)	<u>\$ 3,430,195</u>	<u>\$ 3,195,269</u>
Plan fiduciary net position		
Contributions - employer	\$ 127,804	\$ 103,356
Contributions - employee	45,049	42,230
Net investment income	(17,091)	149,110
Benefit payments, including refunds of employee contributions	(82,606)	(158,256)
Administrative expense	(8,176)	(7,132)
Other	-	-
Net change in plan fiduciary net position	64,980	129,308
Plan fiduciary net position - beginning	<u>3,159,174</u>	<u>3,029,866</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,224,154</u>	<u>\$ 3,159,174</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 206,041</u>	<u>\$ 36,095</u>
Plan fiduciary net position as a percentage of the total pension liability	94.0%	98.9%
Covered-employee payroll	\$ 1,501,613	\$ 1,471,865
Net pension liability as a percentage of covered payroll	13.7%	2.5%
Annual money-weighted rate of return, net of investment expense	-0.27%	5.20%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

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

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2009	\$ 160,577	\$ 160,577	\$ -	\$ 1,267,689	(1) 12.67%
2010	126,231	126,231	-	1,267,689	(1) 9.96%
2011	353,699	353,699	-	1,601,865	(1) 22.08%
2012	347,452	347,452	-	1,601,865	(1) 21.69%
2013	369,890	369,890	-	1,862,322	(1) 19.86%
2014	368,081	368,081	-	1,862,322	19.76%
2015	462,680	462,680	-	1,576,500	29.35%
2016	502,788	502,788	-	2,007,770	25.04%

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	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	11 years
Asset valuation method	Five Year Smoothing
Inflation	2.25%
Salary increases	5% average, including inflation
Investment rate of return	8%, net of pension plan investment expense, including inflation
Retirement age	Normal
Mortality	RP2000 Mortality Table

Change in benefit terms: None since 1/1/2015

(1) - covered employee payroll taken from 1/1/2005 through 1/1/2013 actuarial valuations

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

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CONTRIBUTIONS - FIREMEN'S PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2009	\$ 25,434	\$ 25,434	\$ -	\$ 130,016	(1) 19.56%
2010	16,884	16,884	-	130,016	(1) 12.99%
2011	39,141	39,141	-	149,863	(1) 26.12%
2012	18,141	18,141	-	149,863	(1) 12.11%
2013	6,432	6,432	-	96,303	(1) 6.68%
2014	-	-	-	96,303	0.00%
2015	-	-	-	105,444	0.00%
2016	-	-	-	108,312	0.00%

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	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	N/A
Asset valuation method	Market Value
Inflation	2.25%
Salary increases	5% average, including inflation
Investment rate of return	7%, net of pension plan investment expense, including inflation
Retirement age	Normal
Mortality	RP2000 Mortality Table projected to 2015 using Scale AA

Change in benefit terms: None since 1/1/2015

(1) - covered employee payroll taken from 1/1/2005 through 1/1/2013 actuarial valuations

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

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CONTRIBUTIONS - GENERAL EMPLOYEE PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2009	\$ 88,273	\$ 88,273	\$ -	\$ 1,185,035	(1) 7.45%
2010	94,016	94,016	-	1,185,035	(1) 7.93%
2011	78,310	78,310	-	1,330,170	(1) 5.89%
2012	76,867	76,867	-	1,330,170	(1) 5.78%
2013	89,556	89,556	-	1,412,538	(1) 6.34%
2014	101,528	103,356	(1,828)	1,471,865	7.02%
2015	127,668	127,804	(136)	1,501,613	8.51%
2016	136,543	136,543	-	1,595,560	8.56%

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	1/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - based upon the amortization periods in Act 205
Remaining amortization period	10 years initial liability, 20 years gains and losses, 15 years change in assumption, 20 years changes due to plan provisions, 10 years changes in benefits
Asset valuation method	Based upon the municipal reserves
Inflation	3%
Salary increases	Age related scale with merit and inflation component
COLA increases	3% for those eligible for a COLA
Investment rate of return	5.5%, net of pension plan investment expense, including inflation
Retirement age	Normal
Mortality	RP2000 Table with 1 year set back. Females -RP2000 with 5 year set back. This table does not include projected mortality improvements.

Change in benefit terms: None since 1/1/2015

(1) - covered employee payroll taken from 1/1/2005 through 1/1/2013 actuarial valuations

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

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF FUNDING PROGRESS – OTHER POST EMPLOYMENT BENEFITS

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Plan Assets</u>	Actuarial Accrued <u>Liability</u>	Unfunded AAL <u>(UAAL)</u>	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as a Percentage of Covered <u>Payroll</u>
1/1/2015	\$ -	\$23,767,218	\$ 23,767,218	0.00%	not applicable	not applicable

SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND OTHER CONTRIBUTING ENTITIES

Calendar <u>Year</u>	Annual Required <u>Contribution</u>	Contributions <u>from Employer</u>	Percentage <u>Contributed</u>
2015	\$ 3,002,742	\$ -	0%
2016	3,164,458	255,826	8%

This schedule is presented to illustrate the requirement to show information for 6 years. However, until a full 6-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, 2016

	Budgeted Amounts		ACTUAL	Variance with
	Original	Final		Final Budget -
				Over (Under)
REVENUES				
Taxes:				
Real estate taxes	\$ 1,834,965	\$ 1,834,965	\$ 1,932,715	\$ 97,750
Real estate transfer taxes	290,000	290,000	466,434	176,434
Earned income taxes	3,750,000	3,750,000	4,778,949	1,028,949
Business privilege and mercantile taxes	2,130,000	2,130,000	2,737,195	607,195
Local services taxes	255,000	255,000	299,214	44,214
Fees, licenses and permits	619,705	619,705	637,776	18,071
Fines and forfeitures	127,650	127,650	140,759	13,109
Intergovernmental revenues	437,037	437,037	328,181	(108,856)
Charges for services	653,500	653,500	682,867	29,367
Interest	2,400	2,400	5,784	3,384
Rents	124,021	124,021	140,074	16,053
Miscellaneous	142,499	142,499	21,871	(120,628)
Payments in lieu of taxes	2,800	2,800	2,770	(30)
Refund of prior year expenditures	1,100	1,100	-	(1,100)
Total Revenues	<u>10,370,677</u>	<u>10,370,677</u>	<u>12,174,589</u>	<u>1,803,912</u>
EXPENDITURES				
Current				
General government	1,696,589	1,696,589	1,627,168	(69,421)
Public safety	5,793,492	5,793,492	5,695,584	(97,908)
Sanitation	580,250	580,250	584,083	3,833
Highways and streets	1,412,018	1,412,018	1,232,108	(179,910)
Parking	-	-	4,843	4,843
Culture and recreation	648,208	648,208	632,612	(15,596)
Miscellaneous	153,320	153,320	67,051	(86,269)
Total Expenditures	<u>10,283,877</u>	<u>10,283,877</u>	<u>9,843,449</u>	<u>(440,428)</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>86,800</u>	<u>86,800</u>	<u>2,331,140</u>	<u>2,244,340</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	8,000	8,000	19,650	11,650
Transfers in	-	-	1,256,888	1,256,888
Transfers out	<u>(2,250,000)</u>	<u>(2,250,000)</u>	<u>(2,845,987)</u>	<u>(595,987)</u>
Total Other Financing Sources (Uses)	<u>(2,242,000)</u>	<u>(2,242,000)</u>	<u>(1,569,449)</u>	<u>672,551</u>
Net Change in Fund Balance	(2,155,200)	(2,155,200)	761,691	2,916,891
Fund Balance - Beginning	<u>3,638,249</u>	<u>3,638,249</u>	<u>5,310,908</u>	
Fund Balance - Ending	<u>\$ 1,483,049</u>	<u>\$ 1,483,049</u>	<u>\$ 6,072,599</u>	

BOROUGH OF CONSHOHOCKEN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON

December 31, 2016

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

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

BOROUGH OF CONSHOHOCKEN
SUPPLEMENTAL INFORMATION
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2016

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 Community Development Fund accounts for Community Development grant proceeds and related expenditures.
- The HOME Program Fund accounts for HOME grant proceeds and related expenditures.
- The Economic Development Fund accounts for Economic Development grant proceeds and related expenditures.
- The Mary H. Wood Park Fund accounts for resources restricted for the maintenance of Mary H. Wood Park.

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

- The Debt Service Fund accounts for debt repayments.

BOROUGH OF CONSHOHOCKEN

COMBINING BALANCE SHEET-NONMAJOR
GOVERNMENT FUNDS

December 31, 2016

	<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	\$ 67,779	\$ 8,745	\$ 2,422	\$ 69	\$ 71,492
Taxes receivable	2,568	1,101	734	-	-
Restricted assets					
Cash and cash equivalents	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Assets	<u>\$ 70,347</u>	<u>\$ 9,846</u>	<u>\$ 3,156</u>	<u>\$ 69</u>	<u>\$ 71,492</u>
LIABILITIES					
Payable from restricted assets					
Accounts payable	\$ 35,739	\$ -	\$ 236	\$ -	\$ -
Due to other funds	6,176	110	2,139	-	-
Total Liabilities	<u>41,915</u>	<u>110</u>	<u>2,375</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	2,041	875	583	-	-
Total deferred inflows of resources	<u>2,041</u>	<u>875</u>	<u>583</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street lights	26,391	-	-	-	-
Fire services	-	8,861	-	-	-
Streets and highways	-	-	-	-	71,492
Housing and economic development	-	-	-	-	-
Community development	-	-	-	-	-
Culture and recreation	-	-	198	-	-
Committed for:					
Park and recreation	-	-	-	69	-
Debt service	-	-	-	-	-
Total Fund Balances	<u>26,391</u>	<u>8,861</u>	<u>198</u>	<u>69</u>	<u>71,492</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 70,347</u>	<u>\$ 9,846</u>	<u>\$ 3,156</u>	<u>\$ 69</u>	<u>\$ 71,492</u>

Special Revenue Funds						Total Nonmajor Governmental Funds
Community Development	HOME Program	Economic Development	Mary H. Wood Park	Total	Debt Service	
\$ -	\$ -	\$ -	\$ 18,490	\$ 168,997	\$ 37,422	\$ 206,419
-	-	-	-	4,403	-	4,403
16,096	140,591	81	-	156,768	-	156,768
-	-	13,380	-	13,380	-	13,380
<u>\$ 16,096</u>	<u>\$ 140,591</u>	<u>\$ 13,461</u>	<u>\$ 18,490</u>	<u>\$ 343,548</u>	<u>\$ 37,422</u>	<u>\$ 380,970</u>
\$ -	\$ -	\$ 13,380	\$ -	\$ 49,355	\$ -	\$ 49,355
-	-	-	-	8,425	-	8,425
-	-	13,380	-	57,780	-	57,780
-	-	-	-	3,499	-	3,499
-	-	-	-	3,499	-	3,499
-	-	-	-	26,391	-	26,391
-	-	-	-	8,861	-	8,861
-	-	-	-	71,492	-	71,492
16,096	140,591	81	-	156,768	-	156,768
-	-	-	18,490	18,490	-	18,490
-	-	-	-	198	-	198
-	-	-	-	69	-	69
-	-	-	-	-	37,422	37,422
<u>16,096</u>	<u>140,591</u>	<u>81</u>	<u>18,490</u>	<u>282,269</u>	<u>37,422</u>	<u>319,691</u>
<u>\$ 16,096</u>	<u>\$ 140,591</u>	<u>\$ 13,461</u>	<u>\$ 18,490</u>	<u>\$ 343,548</u>	<u>\$ 37,422</u>	<u>\$ 380,970</u>

BOROUGH OF CONSHOHOCKEN

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

For the Year Ended December 31, 2016

	<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>
REVENUES					
Real estate taxes	\$ 188,300	\$ 80,700	\$ 53,800	\$ -	\$ -
Intergovernmental revenues	-	83,441	-	-	188,183
Interest	8	3	60	28	470
Miscellaneous	-	-	-	8,000	-
Total Revenues	<u>188,308</u>	<u>164,144</u>	<u>53,860</u>	<u>8,028</u>	<u>188,653</u>
EXPENDITURES					
Current:					
Public safety	-	155,727	-	-	-
Highways and streets	250,773	-	-	-	140,687
Culture and recreation	-	-	53,959	110,328	-
Housing and economic development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>250,773</u>	<u>155,727</u>	<u>53,959</u>	<u>110,328</u>	<u>140,687</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(62,465)</u>	<u>8,417</u>	<u>(99)</u>	<u>(102,300)</u>	<u>47,966</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	6,888
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,888</u>
Net Change in Fund Balance	(62,465)	8,417	(99)	(102,300)	54,854
Fund Balance - Beginning	<u>88,856</u>	<u>444</u>	<u>297</u>	<u>102,369</u>	<u>16,638</u>
Fund Balance - Ending	<u>\$ 26,391</u>	<u>\$ 8,861</u>	<u>\$ 198</u>	<u>\$ 69</u>	<u>\$ 71,492</u>

Special Revenue Funds						Total Nonmajor Governmental Funds
<u>Community Development</u>	<u>HOME Program</u>	<u>Economic Development</u>	<u>Mary H. Wood Park</u>	<u>Total</u>	<u>Debt Service</u>	
\$ -	\$ -	\$ -	\$ -	\$ 322,800	\$ -	\$ 322,800
-	-	161,874	-	433,498	-	433,498
45	409	22	6	1,051	90	1,141
-	-	-	17,957	25,957	-	25,957
<u>45</u>	<u>409</u>	<u>161,896</u>	<u>17,963</u>	<u>783,306</u>	<u>90</u>	<u>783,396</u>
-	-	-	-	155,727	-	155,727
-	-	-	-	391,460	-	391,460
-	-	-	12,525	176,812	-	176,812
-	-	161,874	-	161,874	-	161,874
-	-	-	-	-	-	-
-	-	-	-	-	436,200	436,200
-	-	-	-	-	285,999	285,999
<u>-</u>	<u>-</u>	<u>161,874</u>	<u>12,525</u>	<u>885,873</u>	<u>722,199</u>	<u>1,608,072</u>
<u>45</u>	<u>409</u>	<u>22</u>	<u>5,438</u>	<u>(102,567)</u>	<u>(722,109)</u>	<u>(824,676)</u>
-	-	-	-	6,888	579,099	585,987
-	-	-	-	6,888	579,099	585,987
45	409	22	5,438	(95,679)	(143,010)	(238,689)
<u>16,051</u>	<u>140,182</u>	<u>59</u>	<u>13,052</u>	<u>377,948</u>	<u>180,432</u>	<u>558,380</u>
<u>\$ 16,096</u>	<u>\$ 140,591</u>	<u>\$ 81</u>	<u>\$ 18,490</u>	<u>\$ 282,269</u>	<u>\$ 37,422</u>	<u>\$ 319,691</u>

BOROUGH OF CONSHOHOCKEN

FUDUCIARY FUNDS - PENSION TRUST FUNDS

December 31, 2016

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.

BOROUGH OF CONSHOHOCKEN

COMBINING STATEMENT OF NET POSITION
FUDUCIARY FUNDS

December 31, 2016

	<u>Police</u> <u>Pension Plan</u>	<u>Firemen's</u> <u>Pension Plan</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 118,281	\$ 15,078	\$ 133,359
Investments	7,267,303	751,875	8,019,178
Accrued income	35	-	35
Contributions receivable	16,101	-	16,101
TOTAL ASSETS	<u>\$ 7,401,720</u>	<u>\$ 766,953</u>	<u>\$ 8,168,673</u>
NET POSITION			
Net Position - Restricted for Pension Benefits	<u>\$ 7,401,720</u>	<u>\$ 766,953</u>	<u>\$ 8,168,673</u>

BOROUGH OF CONSHOHOCKEN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUNDS

For the Year Ended December 31, 2016

	<u>Police Pension Plan</u>	<u>Firemen's Pension Plan</u>	<u>Total</u>
ADDITIONS			
Contributions			
Commonwealth of Pennsylvania	\$ 301,851	\$ -	\$ 301,851
Employee	103,113	-	103,113
Employer	200,937	-	200,937
Total Contributions	<u>605,901</u>	<u>-</u>	<u>605,901</u>
Investment Earnings			
Net appreciation (depreciation) in fair value of investments	320,365	26,193	346,558
Dividends and interest	<u>159,622</u>	<u>17,953</u>	<u>177,575</u>
Total Investment Earnings	479,987	44,146	524,133
Less investment expense	<u>(26,900)</u>	<u>(3,670)</u>	<u>(30,570)</u>
Net Investment Earnings	<u>453,087</u>	<u>40,476</u>	<u>493,563</u>
Other Income			
Fire plan transfer	<u>42</u>	<u>-</u>	<u>42</u>
Total Additions	<u>1,059,030</u>	<u>40,476</u>	<u>1,099,506</u>
DEDUCTIONS			
Benefits	323,186	25,164	348,350
Other	<u>12,751</u>	<u>7,300</u>	<u>20,051</u>
Total Deductions	<u>335,937</u>	<u>32,464</u>	<u>368,401</u>
Change in Net Position	723,093	8,012	731,105
Net Position - Restricted for Pension Benefits			
Beginning of Year	<u>6,678,627</u>	<u>758,941</u>	<u>7,437,568</u>
End of Year	<u>\$ 7,401,720</u>	<u>\$ 766,953</u>	<u>\$ 8,168,673</u>

BOROUGH OF CONSHOHOCKEN

STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS

For the Year Ended December 31, 2016

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2016</u>
Assets:				
Cash and cash equivalents	\$ 687,976	\$ 940,635	\$ (692,344)	\$ 936,267
Total Assets	<u>\$ 687,976</u>	<u>\$ 940,635</u>	<u>\$ (692,344)</u>	<u>\$ 936,267</u>
Liabilities:				
Due to General Fund	\$ 50	\$ -	\$ (50)	\$ -
Deposits and refunds	<u>687,926</u>	<u>940,635</u>	<u>(692,294)</u>	<u>936,267</u>
Total Liabilities	<u>\$ 687,976</u>	<u>\$ 940,635</u>	<u>\$ (692,344)</u>	<u>\$ 936,267</u>