

BOROUGH OF CONSHOHOCKEN
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2015

BOROUGH OF CONSHOHOCKEN
GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2015

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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, 2015, 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, 2015, 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, 2015 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

September 21, 2016

BOROUGH OF CONSHOHOCKEN

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2015

	<u>General</u>	<u>UDAG Repayment</u>	<u>Capital Fund</u>	<u>Capital Projects Fund</u>
ASSETS				
Cash and cash equivalents	\$ 3,728,554	\$ -	\$ 1,639,907	\$ 230,253
Receivables				
Taxes	2,030,635	-	-	-
Accounts	174,157	-	-	-
Prepaid expenses	3,632	-	-	-
Due from other funds	14,748	-	-	-
Restricted assets				
Cash and cash equivalents	164,755	12,782	-	-
Intergovernmental receivable	-	-	-	-
Notes receivable	-	3,635,510	-	-
Total Assets	<u>\$ 6,116,481</u>	<u>\$ 3,648,292</u>	<u>\$ 1,639,907</u>	<u>\$ 230,253</u>
LIABILITIES				
Accounts payable	\$ 148,806	\$ -	\$ 39,147	\$ 357,700
Accrued payroll	74,486	-	-	-
Due to other funds	-	-	-	-
Payable from restricted assets				
Taxes payable under protest	164,755	-	-	-
Total Liabilities	<u>388,047</u>	<u>-</u>	<u>39,147</u>	<u>357,700</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	417,525	-	-	-
Unavailable revenue - UDAG loan proceeds	-	3,635,510	-	-
Total deferred inflows of resources	<u>417,525</u>	<u>3,635,510</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable - prepaid items	3,632	-	-	-
Restricted for:				
Street lights	-	-	-	-
Fire services	-	-	-	-
Streets and highways	-	-	-	-
Housing and economic development	-	12,782	-	-
Community development	-	-	-	-
Culture and recreation	-	-	-	-
Committed to:				
Capital projects	-	-	1,600,760	-
Subsequent year's budget	3,638,249	-	-	-
Park and recreation	-	-	-	-
Debt service	-	-	-	-
Unassigned:	<u>1,669,028</u>	<u>-</u>	<u>-</u>	<u>(127,447)</u>
Total Fund Balances	<u>5,310,909</u>	<u>12,782</u>	<u>1,600,760</u>	<u>(127,447)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,116,481</u>	<u>\$ 3,648,292</u>	<u>\$ 1,639,907</u>	<u>\$ 230,253</u>

Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,143,633	\$ 410,631	\$ 9,152,978
-	7,217	2,037,852
-	-	174,157
-	-	3,632
-	-	14,748
-	167,989	345,526
-	10,440	10,440
-	-	3,635,510
<u>\$ 3,143,633</u>	<u>\$ 596,277</u>	<u>\$ 15,374,843</u>
\$ -	\$ 17,757	\$ 563,410
-	-	74,486
-	14,698	14,698
-	-	164,755
-	32,455	817,349
-	5,441	422,966
-	-	3,635,510
-	5,441	4,058,476
-	-	3,632
-	88,857	88,857
-	444	444
-	16,638	16,638
-	156,291	169,073
-	13,052	13,052
-	298	298
3,143,633	-	4,744,393
-	-	3,638,249
-	102,369	102,369
-	180,432	180,432
-	-	1,541,581
<u>3,143,633</u>	<u>558,381</u>	<u>10,499,018</u>
<u>\$ 3,143,633</u>	<u>\$ 596,277</u>	<u>\$ 15,374,843</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, 2015

	<u>General</u>	<u>UDAG Repayment</u>	<u>Capital Fund</u>	<u>Capital Projects Fund</u>
REVENUES				
Taxes:				
Real estate taxes	\$ 1,793,827	\$ -	\$ -	\$ -
Real estate transfer taxes	792,293	-	-	-
Earned income taxes	4,683,598	-	-	-
Business privilege and mercantile taxes	2,519,358	-	-	-
Local services taxes	273,562	-	-	-
Fees, licenses and permits	684,815	-	-	-
Fines and forfeitures	151,200	-	-	-
Intergovernmental revenues	479,287	-	-	-
Charges for services	901,502	-	-	-
Interest	4,152	6	1,199	35
Rents	64,285	-	-	-
Miscellaneous	50,152	16,860	18,466	-
Payments in lieu of taxes	2,882	-	-	-
Refund of prior year expenditures	5,280	-	-	480,306
Total Revenues	<u>12,406,193</u>	<u>16,866</u>	<u>19,665</u>	<u>480,341</u>
EXPENDITURES				
Current:				
General government	1,457,229	-	44,366	11,768,753
Public safety	5,264,617	-	735,571	-
Sanitation	583,125	-	-	-
Highways and streets	1,202,937	-	299,512	-
Parking	12,434	-	-	-
Culture and recreation	504,040	-	182,256	-
Housing and economic development	-	-	-	-
Miscellaneous	169,234	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>9,193,616</u>	<u>-</u>	<u>1,261,705</u>	<u>11,768,753</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,212,577</u>	<u>16,866</u>	<u>(1,242,040)</u>	<u>(11,288,412)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from note issuance	-	-	-	10,714,951
Proceeds from sale of fixed assets	22,500	-	-	-
Transfers in	-	-	3,250,000	1,435,660
Transfers out	(2,253,500)	-	(407,200)	-
Total Other Financing Sources (Uses)	<u>(2,231,000)</u>	<u>-</u>	<u>2,842,800</u>	<u>12,150,611</u>
Net Change in Fund Balance	981,577	16,866	1,600,760	862,199
Fund Balance - Beginning	4,329,332	(4,084)	-	(989,646)
Fund Balance - Ending	<u>\$ 5,310,909</u>	<u>\$ 12,782</u>	<u>\$ 1,600,760</u>	<u>\$ (127,447)</u>

Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 290,501	\$ 2,084,328
-	-	792,293
-	-	4,683,598
-	-	2,519,358
-	-	273,562
-	-	684,815
-	-	151,200
-	455,362	934,649
-	-	901,502
4,051	328	9,771
-	-	64,285
-	37,967	123,445
-	-	2,882
-	-	485,586
4,051	784,158	13,711,274
-	-	13,270,348
-	154,143	6,154,331
-	-	583,125
-	418,110	1,920,559
-	-	12,434
-	67,683	753,979
-	212,243	212,243
-	-	169,234
-	15,000	15,000
-	139,139	139,139
-	1,006,318	23,230,392
4,051	(222,160)	(9,519,118)
-	-	10,714,951
-	-	22,500
2,000,000	334,440	7,020,100
(4,359,400)	-	(7,020,100)
(2,359,400)	334,440	10,737,451
(2,355,349)	112,280	1,218,333
5,498,982	446,101	9,280,685
\$ 3,143,633	\$ 558,381	\$ 10,499,018

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, 2015

ASSETS	<u>Pension</u> <u>Trust Funds</u>	<u>Agency</u> <u>Funds</u>
Cash and cash equivalents	\$ 852,974	\$ 687,976
Investments	6,537,257	-
Prepaid expenses	29,270	-
Contributions receivable	18,068	-
Due from other funds	<u>34,035</u>	<u>-</u>
Total Assets	<u>7,471,604</u>	<u>687,976</u>
LIABILITIES		
Due to other funds	34,035	50
Escrow payable	<u>-</u>	<u>687,926</u>
Total Liabilities	<u>34,035</u>	<u>687,976</u>
NET POSITION		
Net Position - Restricted for Pension Benefits	<u>\$ 7,437,569</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, 2015

	<u>Pension</u> <u>Trust Funds</u>
ADDITIONS	
Contributions	
Commonwealth of Pennsylvania	\$ 141,150
Employee	97,380
Employer	<u>321,530</u>
Total Contributions	<u>560,060</u>
Investment Earnings	
Net appreciation in fair value of investments	(71,328)
Dividends and interest	<u>49,977</u>
Total Investment Earnings	(21,351)
Less investment expense	<u>(55,947)</u>
Net Investment Earnings	<u>(77,298)</u>
Total Additions	<u>482,762</u>
DEDUCTIONS	
Benefits	375,829
Other	<u>10,750</u>
Total Deductions	<u>386,579</u>
Change in Net Position	96,183
Net Position - Restricted for Pension Benefits	
Beginning of Year	<u>7,341,386</u>
End of Year	<u>\$ 7,437,569</u>

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

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015

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 2015 were \$75,000 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, 2015

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, 2015

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, 2015

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, 2015, 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, determined by quoted market values.

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, 2015

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, 2015, 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, 2015 are recognized as revenue for the year ending December 31, 2015.

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, 2015

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 qualifies 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, 2015

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, 2015

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, 2015

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, 2015, expenditures exceeded budget in the General Fund in the categories of public safety \$180,251 and culture and recreation \$28,796. The excess expenditures, which were approved by the Borough Council, were funded by available excess revenues and available fund balance.

Deficit fund balances: At December 31, 2015, the Capital Projects Fund had a deficit fund balance of \$89,697. The deficit is expected to be eliminated through revenues and transfers in 2016.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 \$9,152,978 and the bank balance was \$10,482,241. Of the bank balance, \$500,000 was covered by federal depository insurance. Of the remaining balance, \$875,131 was uninsured and \$9,107,110 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 and certificates of deposit 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 1, 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 - Bonds were rated AAA to BBB, the Corporate Bonds were rated A to BAA, and the U.S. Government Obligations were rated AAA by Standards & Poor's. One Mutual Fund - Bond was unrated.

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, 2015 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, 2015

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

	Fair Value	Maturities in Years			
		< 1 year	1-5 years	6-10 years	> 10 years
GOVERNMENTAL FUNDS					
Externally Pooled Investments	\$ 481,728	\$ 481,728	\$ -	\$ -	\$ -
Total Governmental Funds	<u>\$ 481,728</u>	<u>\$ 481,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FIDUCIARY FUNDS					
Cash	\$ 121,713	\$ -	\$ -	\$ -	\$ -
Money Market Funds	43,285	-	-	-	-
Externally Pooled Investments	687,976	687,976	-	-	-
Mutual Funds - Equity	2,093,121	2,093,121	-	-	-
Mutual Funds - Bonds	542,026	-	264,130	37,440	123,423
Mutual Funds - Alternatives	50,499	-	-	-	-
Corporate Bonds	384,086	-	232,752	151,334	-
U.S. Government Obligations	685,472	-	598,847	86,625	-
Corporate Stocks	2,782,053	-	-	-	-
Total Fiduciary Funds	<u>\$ 7,390,231</u>	<u>\$ 2,781,097</u>	<u>\$ 1,095,729</u>	<u>\$ 275,399</u>	<u>\$ 123,423</u>

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.

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:

	General	Nonmajor and Other Funds	Fiduciary Funds	Total
Receivables:				
Taxes	\$ 2,030,635	\$ 7,217	\$ -	\$ 2,037,852
Accounts	174,157	-	-	174,157
Contributions	-	-	18,068	18,068
Intergovernmental	-	10,440	-	10,440
Total Receivables	<u>\$ 2,204,792</u>	<u>\$ 17,657</u>	<u>\$ 18,068</u>	<u>\$ 2,240,517</u>

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

III. Detailed notes on all funds (Continued)

B. *Receivables*

Notes receivable at December 31, 2015 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>(268,331)</u>
	<u>\$ 3,635,510</u>

The Borough rents space to Keystone, with a sublet to the Philadelphia Freedom Valley YMCA. The amended lease commenced on November 30, 2015. The minimum rental rate of the lease is \$100,000 per year, due in monthly installments of \$8,333.33. 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 2015 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>		
2016	\$	100,000
2017		100,000
2018		100,000
2019		100,000
2020		100,000

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

III. Detailed notes on all funds (Continued)

C. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2015, is as follows:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$ 14,748	\$ -
Non Major Funds	-	14,698
Fiduciary Funds	<u>34,035</u>	<u>34,035</u>
Total	<u>\$ 48,783</u>	<u>\$ 48,733</u>

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.

Interfund transfers:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ -	\$ 2,253,500
Capital Fund	3,250,000	407,200
Capital Projects Fund	1,435,660	-
Capital Reserve Fund	2,000,000	4,359,400
Non Major Funds	<u>334,440</u>	<u>-</u>
Total	<u>\$ 7,020,100</u>	<u>\$ 7,020,100</u>

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

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, 2015

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>\$ 10,766,100</u>

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

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 436,200	\$ 283,566	\$ 719,766
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
2021-2025	<u>8,467,500</u>	<u>5,207,140</u>	<u>13,674,640</u>
	<u>\$ 10,766,100</u>	<u>\$ 6,507,276</u>	<u>\$ 17,273,376</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, 2015. 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, 2015. 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, 2015

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, 2015. 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, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 66,149	\$ 10,714,951	\$ (15,000)	\$ 10,766,100	\$ 436,200
Net pension liability (restated)	2,359,705	1,390,321	(1,217,614)	2,532,412	-
Compensated absences (restated)	578,685	95,303	-	673,988	-
Governmental activity					
Long-term liabilities	<u>\$ 3,004,539</u>	<u>\$ 12,200,575</u>	<u>\$ (1,232,614)</u>	<u>\$ 13,972,500</u>	<u>\$ 436,200</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, 2015

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, 2015, Borough of Conshohocken Defined Benefit Pension Plans consisted of the following:

	<u>Police</u>	<u>Firemen's</u>	<u>General Employees</u>
Inactive employees (or their beneficiaries) currently receiving benefits	12	2	6
Inactive employees entitled to benefits but not yet receiving them	1	1	6
Active employees **	<u>18</u>	<u>2</u>	<u>24</u>
	<u>31</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, 2015

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, 2015

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, 2015

IV. Other information (Continued)

A. *Defined Benefit Pension Plans (continued)*

Financial statements

	Police Pension Plan	Firemen's Pension Plan	Total
ASSETS			
Cash and cash equivalents	\$ 788,515	\$ 64,459	\$ 852,974
Investments	5,808,740	728,517	6,537,257
Prepaid expenses	29,270	-	29,270
Contributions receivable	18,068	-	18,068
Due from other funds	34,035	-	34,035
TOTAL ASSETS	<u>\$ 6,678,628</u>	<u>\$ 792,976</u>	<u>\$ 7,471,604</u>
LIABILITIES			
Due to other funds	\$ -	\$ 34,035	\$ 34,035
Total Liabilities	<u>-</u>	<u>34,035</u>	<u>34,035</u>
NET POSITION			
Net Position - Restricted for Pension Benefits	<u>\$ 6,678,628</u>	<u>\$ 758,941</u>	<u>\$ 7,437,569</u>
ADDITIONS			
Contributions			
Commonwealth of Pennsylvania	\$ 141,150	\$ -	\$ 141,150
Employee	97,380	-	97,380
Employer	321,530	-	321,530
Total Contributions	<u>560,060</u>	<u>-</u>	<u>560,060</u>
Investment Earnings			
Net appreciation (depreciation) in fair value of investments	(6,508)	(64,820)	(71,328)
Dividends and interest	25,482	24,495	49,977
Total Investment Earnings	18,974	(40,325)	(21,351)
Less investment expense	(55,585)	(362)	(55,947)
Net Investment Earnings	<u>(36,611)</u>	<u>(40,687)</u>	<u>(77,298)</u>
Total Additions	<u>523,449</u>	<u>(40,687)</u>	<u>482,762</u>
DEDUCTIONS			
Benefits	350,707	25,122	375,829
Other	6,673	4,077	10,750
Total Deductions	<u>357,380</u>	<u>29,199</u>	<u>386,579</u>
Change in Net Position	166,069	(69,886)	96,183
Net Position - Restricted for Pension Benefits			
Beginning of Year	6,512,559	828,827	7,341,386
End of Year	<u>\$ 6,678,628</u>	<u>\$ 758,941</u>	<u>\$ 7,437,569</u>

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 \$243,092 for the pensions for the year ended December 31, 2015.

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, 2015, the annual money-weighted rate of return on Plan investments, net of investment expense was -5.17% for Police and -.96% for Firemen's Pension Plans. For the measurement date of December 31, 2014, the annual money-weighted rate of return of Plan investments, net of investment expenses was 5.2% 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, 2015

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, 2015 for the Police and Firemen's Pension Plans, and at the measurement date of December 31, 2014 for General Employees Pension Plan, were as follows:

	<u>Police</u>	<u>Firemen's</u>	<u>General Employees</u>
Total pension liability	\$ 9,339,471	\$ 594,414	\$ 3,195,269
Plan fiduciary net position	<u>(6,678,627)</u>	<u>(758,941)</u>	<u>(3,159,174)</u>
Net pension liability	<u>\$ 2,660,844</u>	<u>\$ (164,527)</u>	<u>\$ 36,095</u>
 Plan fiduciary net position as a percentage of the total pension liability	 72%	 128%	 99%

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	2.3%	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, 2015

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%	6.48%
International Developed	15.0%	6.65%
International Emerging Markets	6.0%	7.63%
Fixed Income		
Core Fixed	28%	3.13%
Inter. IG Corp	2.5%	4.00%
Emerging Debt	2.5%	5.25%
High Yield	2.5%	4.75%
Bank Loans	2.5%	2.89%
Cash	2.0%	0.76%

The net pension liability for the General Employees Pension Plan was measured as of December 31, 2014, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2013. 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, 2015

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, 2015

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, 2014	\$ 8,717,122	\$ 6,512,558	\$ 2,204,564
Changes for the year:			
Service cost	268,254	-	268,254
Interest	704,802	-	704,802
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	462,680	(462,680)
Contributions - employee	-	97,380	(97,380)
Net investment income	-	(36,611)	36,611
Benefit payments, including refunds of employee contributions	(350,707)	(350,707)	-
Administrative expense	-	(6,673)	6,673
Other changes	-	-	-
Net Changes	622,349	166,069	456,280
Balance at December 31, 2015	\$ 9,339,471	\$ 6,678,627	\$ 2,660,844
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<u>Firemen's Pension Plan</u>			
Balance at December 31, 2014	\$ 560,277	\$ 828,828	\$ (268,551)
Changes for the year:			
Service cost	19,550	-	19,550
Interest	39,709	-	39,709
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	(42,203)	42,203
Benefit payments, including refunds of employee contributions	(25,122)	(25,122)	-
Administrative expense	-	(2,562)	2,562
Other changes	-	-	-
Net Changes	34,137	(69,887)	104,024
Balance at December 31, 2015	\$ 594,414	\$ 758,941	\$ (164,527)

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

IV. Other information (Continued)

A. *Defined Benefit Pension Plans (continued)*

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>General Employees Pension Plan</u>			
Balance at December 31, 2014	\$ 3,453,558	\$ 3,029,866	\$ 423,692
Changes for the year:			
Service cost	163,369	-	163,369
Interest	194,637	-	194,637
Change of benefit terms	-	-	-
Differences between expected and actual experience	(458,039)	-	(458,039)
Change of assumptions	-	-	-
Contributions - employer	-	103,356	(103,356)
Contributions - employee	-	42,230	(42,230)
Net investment income	-	149,110	(149,110)
Benefit payments, including refunds of employee contributions	(158,256)	(158,256)	-
Administrative expense	-	(7,132)	7,132
Other changes	-	-	-
Net Changes	<u>(258,289)</u>	<u>129,308</u>	<u>(387,597)</u>
Balance at December 31, 2015	<u>\$ 3,195,269</u>	<u>\$ 3,159,174</u>	<u>\$ 36,095</u>

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

	1% <u>Decrease</u>	Current <u>Discount Rate</u>	1% <u>Increase</u>
Net pension liability			
	(7%)	(8%)	(9%)
Police	\$ 3,903,834	\$ 2,660,844	\$ 1,633,116
	(6%)	(7%)	(8%)
Firemen's	(77,467)	(164,527)	(236,429)
	(4.5%)	(5.5%)	(6.5%)
General Employees	460,403	36,095	(321,318)

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015, the Borough's pension expense would have been \$473,785 for the Police Pension Plan and \$24,622 for the Firemen's Pension Plan. For the measurement date of December 31, 2014, the Borough's pension expense would have been (\$31,307) 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	445,175	-
Total	\$ 445,175	\$ -
 <u>Firemen's Pension</u>		
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	79,402	-
Total	\$ 79,402	\$ -
 <u>General Employees Pension</u>		
Differences between expected and actual experience	\$ -	\$ 392,605
Net difference between projected and actual earnings on pension plan investments	11,963	-
Contributions by employer after measurement date	127,708	-
Total	\$ 139,671	\$ 392,605

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

Year Ended		<u>Police</u>	<u>Firemen's</u>	<u>General Employees</u>
<u>December 31:</u>				
2015	\$	-	-	\$ 65,265
2016		111,294	19,850	(62,443)
2017		111,294	19,850	(62,443)
2018		111,294	19,850	(62,444)
2019		111,293	19,852	(65,434)
Thereafter		-	-	(65,435)
Total	\$	445,175	79,402	\$ (252,934)

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

IV. Other information (Continued)

A. *Defined Benefit Pension Plans (continued)*

Payable to the Pension Plan: For the year ended December 31, 2015, 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, 2015, there 2 members participating in the DROP program. The balance of the amounts held by the Plan pursuant to the DROP was \$186,845.

B. *Post-employment benefits*

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, 2015, six (6) retirees are receiving these postemployment healthcare benefits and forty-four (44) 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 2015, expenditures of \$115,687 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 2015, expenditures of \$39 were recognized for postemployment life insurance benefits premiums. At December 31, 2015, five (5) retirees are receiving these postemployment benefits and forty-eight (48) active employees are eligible for these post-employment life insurance benefits.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

IV. Other information (Continued)

B. Post-employment benefits (continued)

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

Since the Borough does not present government-wide financial statements, the Borough has not calculated the annual required contribution for the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC would represent a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Funded status and funding progress

Since the Borough does not present government-wide financial statements, the Borough has not calculated its actuarial accrued liability. As such, the Borough has not presented 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.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015 and settlements have not exceeded coverage in the past three years. The insurance expense for the year ended December 31, 2015 was \$1,211,768. The Trust did not declare a refund or dividend for coverage year 2015.

BOROUGH OF CONSHOHOCKEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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.

Future minimum annual rents, including the extension, are as follows:

Cooperation agreement: On November 28, 2012, the Borough signed a Cooperation Agreement with the Redevelopment Authority of the County of Montgomery (RDA) to redevelop the Verizon Building and Historic Firehouse owned by the Borough, along with certain of the RDA's properties located in the Borough. The RDA issued a Request for Proposal for the redevelopment of the properties.

On September 18, 2013, the Borough Council adopted a motion to recommend to RDA to approve the redevelopment proposal. The selected developer for the Historic Firehouse is in the zoning and land development process. There is no change in ownership of the Historic Firehouse or change in use.

During 2014, the Borough entered into contract commitments related to the redevelopment of the Verizon property in the approximate amount of \$12,049,499. The outstanding commitments as of December 31, 2015 were \$496,500. It is anticipated that the project will be completed in 2017.

BOROUGH OF CONSHOHOCKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

IV. Other information (Continued)

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, 2015, \$687,976 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.

G. New Accounting Pronouncements

GASB Statement No. 68 - Accounting and Financial Reporting for Pensions was issued in June 2012. This Statement is effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to measure and recognize liabilities, deferred outflows of resources, deferred inflows or resources, and expense/expenditures for defined benefit pension plans that more closely match the benefits attributable to the employees' periods of service. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and No. 50, *Pension Disclosures*. This Statement has been implemented in 2015, however, since full accrual financial statements are not included here this implementation had no effect on fund balance.

GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. This Statement is effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to address issues regarding contributions, if any, made by the local government employer to a defined benefit pension plan after the measurement date of the plan. This Statement has been implemented in 2015. There was no effect on fund balance.

**REQUIRED
SUPPLEMENTAL INFORMATION**

BOROUGH OF CONSHOHOCKEN

REQUIRED SUPPLEMENTAL INFORMATION

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

	<u>2015</u>
Total pension liability	
Service cost	\$ 268,254
Interest	704,802
changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(350,707)</u>
Net change in total pension liability	622,349
Total pension liability - beginning	<u>8,717,122</u>
Total pension liability - ending (a)	<u>\$ 9,339,471</u>
Plan fiduciary net position	
Contributions - employer	\$ 462,680
Contributions - employee	97,380
Net investment income	(36,611)
Benefit payments, including refunds of employee contributions	(350,707)
Administrative expense	(6,673)
Other	<u>-</u>
Net change in plan fiduciary net position	166,069
Plan fiduciary net position - beginning	<u>6,512,558</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,678,627</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 2,660,844</u>
Plan fiduciary net position as a percentage of the total pension liability	71.5%
Covered-employee payroll	\$ 1,576,500
Township's net pension liability as a percentage of covered-employee payroll	168.8%

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>2015</u>
Total pension liability	
Service cost	\$ 19,550
Interest	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>
Net change in total pension liability	34,137
Total pension liability - beginning	<u>560,277</u>
Total pension liability - ending (a)	<u>\$ 594,414</u>
Plan fiduciary net position	
Contributions - employer	\$ -
Contributions - employee	-
Net investment income	(42,203)
Benefit payments, including refunds of employee contributions	(25,122)
Administrative expense	(2,562)
Other	<u>-</u>
Net change in plan fiduciary net position	(69,887)
Plan fiduciary net position - beginning	<u>828,828</u>
Plan fiduciary net position - ending (b)	<u>\$ 758,941</u>
Township's net pension liability - ending (a)-(b)	<u>\$ (164,527)</u>
Plan fiduciary net position as a percentage of the total pension liability	127.7%
Covered-employee payroll	\$ 105,444
Township's net pension liability as a percentage of covered-employee payroll	-156.0%

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

	<u>2014</u>
Total pension liability	
Service cost	\$ 163,369
Interest	194,637
changes of benefit terms	-
Differences between expected and actual experience	(458,039)
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(158,256)</u>
Net change in total pension liability	(258,289)
Total pension liability - beginning	<u>3,453,558</u>
Total pension liability - ending (a)	<u>\$ 3,195,269</u>
Plan fiduciary net position	
Contributions - employer	\$ 103,356
Contributions - employee	42,230
Net investment income	149,110
Benefit payments, including refunds of employee contributions	(158,256)
Administrative expense	(7,132)
Other	-
Net change in plan fiduciary net position	<u>129,308</u>
Plan fiduciary net position - beginning	<u>3,029,866</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,159,174</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 36,095</u>
Plan fiduciary net position as a percentage of the total pension liability	98.9%
Covered-employee payroll	\$ 1,471,865
Township's net pension liability as a percentage of covered-employee payroll	2.5%

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 462,680	\$ 368,081	\$ 369,890	\$ 347,452	\$ 353,699	\$ 126,231	\$ 160,577
Contributions in relation to the actuarially determined contribution	<u>462,680</u>	<u>368,081</u>	<u>369,890</u>	<u>347,452</u>	<u>353,699</u>	<u>126,231</u>	<u>160,577</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,576,500	\$ 1,862,322	\$ 1,862,322	\$ 1,601,865	\$ 1,601,865	\$ 1,267,689	\$ 1,267,689
		(1)	(1)	(1)	(1)	(1)	(1)
Contributions as a percentage of covered-employee payroll	29.3%	19.8%	19.9%	21.7%	22.1%	10.0%	12.7%

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:

Valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Aggregate Amortization Period
Remaining amortization period	N/A
Asset valuation method	Five Year Smoothing
Inflation	Salary Scale
Salary increases	5%, average, including inflation
Investment rate of return	8%, net of pension plan investment expense, including inflation
Retirement age	Normal
Mortality	RP2000 Table. 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 CONTRIBUTIONS - FIREMEN'S PENSION PLAN

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ -	\$ -	\$ 6,432	\$ 18,141	\$ 39,141	\$ 16,884	\$ 25,434
Contributions in relation to the actuarially determined contribution	-	-	6,432	18,141	39,141	16,884	25,434
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 105,444	\$ 96,303	\$ 96,303	\$ 149,863	\$ 149,863	\$ 130,016	\$ 130,016
		(1)	(1)	(1)	(1)	(1)	(1)
Contributions as a percentage of covered-employee payroll	0.0%	0.0%	6.7%	12.1%	26.1%	13.0%	19.6%

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:

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
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 Table. 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 CONTRIBUTIONS - GENERAL EMPLOYEE PENSION PLAN

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 127,668	\$ 101,528	\$ 89,556	\$ 76,867	\$ 78,310	\$ 94,016	\$ 88,273
Contributions in relation to the actuarially determined contribution	<u>127,668</u>	<u>103,356</u>	<u>89,556</u>	<u>76,867</u>	<u>78,310</u>	<u>94,016</u>	<u>88,273</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (1,828)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,486,980	\$ 1,471,865	\$ 1,412,538	\$ 1,330,170	\$ 1,330,170	\$ 1,185,035	\$ 1,185,035
			(1)	(1)	(1)	(1)	(1)
Contributions as a percentage of covered-employee payroll	8.6%	7.0%	6.3%	5.8%	5.9%	7.9%	7.4%

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:

Valuation date	1/1/2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
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 INVESTMENT RETURNS - PENSION PLANS

	<u>2015</u>	<u>2014</u>
Police		
Annual money-weighted rate of return, net of investment expense	-5.17%	Not Available
Firemen's		
Annual money-weighted rate of return, net of investment expense	-0.96%	Not Available
General Employees		
Annual money-weighted rate of return, net of investment expense	-0.27%	5.2%

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

BOROUGH OF CONSHOHOCKEN

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

December 31, 2015

	Budgeted Amounts		ACTUAL	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes:				
Real estate taxes	\$ 2,018,764	\$ 2,018,764	\$ 1,793,827	\$ (224,937)
Real estate transfer taxes	240,000	240,000	792,293	552,293
Earned income taxes	3,500,000	3,500,000	4,683,598	1,183,598
Business privilege and mercantile taxes	2,080,000	2,080,000	2,519,358	439,358
Local services taxes	225,000	225,000	273,562	48,562
Redevelopment tax	1,000	1,000	-	(1,000)
Fees, licenses and permits	563,500	563,500	684,815	121,315
Fines and forfeitures	132,100	132,100	151,200	19,100
Intergovernmental revenues	192,700	192,700	479,287	286,587
Charges for services	669,868	669,868	901,502	231,634
Interest	3,000	3,000	4,152	1,152
Rents	64,600	64,600	64,285	(315)
Miscellaneous	89,460	89,460	50,152	(39,308)
Payments in lieu of taxes	3,000	3,000	2,882	(118)
Refund of prior year expenditures	56,800	56,800	5,280	(51,520)
Total Revenues	<u>9,839,792</u>	<u>9,839,792</u>	<u>12,406,193</u>	<u>2,566,401</u>
EXPENDITURES				
Current				
General government	1,535,446	1,535,446	1,457,229	(78,217)
Public safety	5,084,366	5,084,366	5,264,617	180,251
Sanitation	615,130	615,130	583,125	(32,005)
Highways and streets	1,425,040	1,425,040	1,202,937	(222,103)
Parking	45,700	45,700	12,434	(33,266)
Culture and recreation	475,244	475,244	504,040	28,796
Miscellaneous	547,000	547,000	169,234	(377,766)
Total Expenditures	<u>9,727,926</u>	<u>9,727,926</u>	<u>9,193,616</u>	<u>(534,310)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>111,866</u>	<u>111,866</u>	<u>3,212,577</u>	<u>3,100,711</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	-	-	22,500	22,500
Transfers out	(2,361,866)	(2,361,866)	(2,253,500)	108,366
Total Other Financing Sources (Uses)	<u>(2,361,866)</u>	<u>(2,361,866)</u>	<u>(2,231,000)</u>	<u>130,866</u>
Net Change in Fund Balance	(2,250,000)	(2,250,000)	981,577	3,231,577
Fund Balance - Beginning	<u>2,250,000</u>	<u>2,250,000</u>	<u>4,329,332</u>	
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,310,909</u>	

BOROUGH OF CONSHOHOCKEN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON

December 31, 2015

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, 2015

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, 2015

	<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	\$ 95,138	\$ 3,000	\$ 2	\$ 102,369	\$ 16,638
Taxes receivable	4,210	1,804	1,203	-	-
Restricted assets					
Cash and cash equivalents	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Assets	<u>\$ 99,348</u>	<u>\$ 4,804</u>	<u>\$ 1,205</u>	<u>\$ 102,369</u>	<u>\$ 16,638</u>
LIABILITIES					
Payable from restricted assets					
Accounts payable	\$ 7,317	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	3,000	-	-	-
Total Liabilities	<u>7,317</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	3,174	1,360	907	-	-
Total deferred inflows of resources	<u>3,174</u>	<u>1,360</u>	<u>907</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Street lights	88,857	-	-	-	-
Fire services	-	444	-	-	-
Streets and highways	-	-	-	-	16,638
Housing and economic development	-	-	-	-	-
Community development	-	-	-	-	-
Culture and recreation	-	-	298	-	-
Committed for:					
Park and recreation	-	-	-	102,369	-
Debt service	-	-	-	-	-
Total Fund Balances	<u>88,857</u>	<u>444</u>	<u>298</u>	<u>102,369</u>	<u>16,638</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 99,348</u>	<u>\$ 4,804</u>	<u>\$ 1,205</u>	<u>\$ 102,369</u>	<u>\$ 16,638</u>

Special Revenue Funds						Total Nonmajor Governmental Funds
Community Development	HOME Program	Economic Development	Mary H. Wood Park	Total	Debt Service	
\$ -	\$ -	\$ -	\$ 13,052	\$ 230,199	\$ 180,432	\$ 410,631
-	-	-	-	7,217	-	7,217
16,051	146,431	5,507	-	167,989	-	167,989
-	-	10,440	-	10,440	-	10,440
<u>\$ 16,051</u>	<u>\$ 146,431</u>	<u>\$ 15,947</u>	<u>\$ 13,052</u>	<u>\$ 415,845</u>	<u>\$ 180,432</u>	<u>\$ 596,277</u>
\$ -	\$ -	\$ 10,440	\$ -	\$ 17,757	\$ -	\$ 17,757
-	6,249	5,449	-	14,698	-	14,698
-	6,249	15,889	-	32,455	-	32,455
-	-	-	-	5,441	-	5,441
-	-	-	-	5,441	-	5,441
-	-	-	-	88,857	-	88,857
-	-	-	-	444	-	444
-	-	-	-	16,638	-	16,638
16,051	140,182	58	-	156,291	-	156,291
-	-	-	13,052	13,052	-	13,052
-	-	-	-	298	-	298
-	-	-	-	102,369	-	102,369
-	-	-	-	-	180,432	180,432
<u>16,051</u>	<u>140,182</u>	<u>58</u>	<u>13,052</u>	<u>377,949</u>	<u>180,432</u>	<u>558,381</u>
<u>\$ 16,051</u>	<u>\$ 146,431</u>	<u>\$ 15,947</u>	<u>\$ 13,052</u>	<u>\$ 415,845</u>	<u>\$ 180,432</u>	<u>\$ 596,277</u>

BOROUGH OF CONSHOHOCKEN

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

For the Year Ended December 31, 2015

	<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	\$ 169,459	\$ 72,625	\$ 48,417	\$ -	\$ -
Intergovernmental revenues	-	81,962	-	-	161,157
Interest	-	-	-	46	87
Miscellaneous	-	-	-	20,000	-
Total Revenues	<u>169,459</u>	<u>154,587</u>	<u>48,417</u>	<u>20,046</u>	<u>161,244</u>
EXPENDITURES					
Current:					
Public safety	-	154,143	-	-	-
Highways and streets	80,602	-	-	-	337,508
Culture and recreation	-	-	48,121	-	-
Housing and economic development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>80,602</u>	<u>154,143</u>	<u>48,121</u>	<u>-</u>	<u>337,508</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>88,857</u>	<u>444</u>	<u>296</u>	<u>20,046</u>	<u>(176,264)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	88,857	444	296	20,046	(176,264)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>2</u>	<u>82,323</u>	<u>192,902</u>
Fund Balance - Ending	<u>\$ 88,857</u>	<u>\$ 444</u>	<u>\$ 298</u>	<u>\$ 102,369</u>	<u>\$ 16,638</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>	
\$ -	\$ -	\$ -	\$ -	\$ 290,501	\$ -	\$ 290,501
-	41,896	170,347	-	455,362	-	455,362
5	52	3	4	197	131	328
-	-	10	17,957	37,967	-	37,967
<u>5</u>	<u>41,948</u>	<u>170,360</u>	<u>17,961</u>	<u>784,027</u>	<u>131</u>	<u>784,158</u>
-	-	-	-	154,143	-	154,143
-	-	-	-	418,110	-	418,110
-	-	-	19,562	67,683	-	67,683
-	41,896	170,347	-	212,243	-	212,243
-	-	-	-	-	15,000	15,000
-	-	-	-	-	139,139	139,139
<u>-</u>	<u>41,896</u>	<u>170,347</u>	<u>19,562</u>	<u>852,179</u>	<u>154,139</u>	<u>1,006,318</u>
<u>5</u>	<u>52</u>	<u>13</u>	<u>(1,601)</u>	<u>(68,152)</u>	<u>(154,008)</u>	<u>(222,160)</u>
-	-	-	-	-	334,440	334,440
-	-	-	-	-	334,440	334,440
5	52	13	(1,601)	(68,152)	180,432	112,280
<u>16,046</u>	<u>140,130</u>	<u>45</u>	<u>14,653</u>	<u>446,101</u>	<u>-</u>	<u>446,101</u>
<u>\$ 16,051</u>	<u>\$ 140,182</u>	<u>\$ 58</u>	<u>\$ 13,052</u>	<u>\$ 377,949</u>	<u>\$ 180,432</u>	<u>\$ 558,381</u>

BOROUGH OF CONSHOHOCKEN

FUDUCIARY FUNDS - PENSION TRUST FUNDS

December 31, 2015

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, 2015

	<u>Police Pension Plan</u>	<u>Firemen's Pension Plan</u>
ASSETS		
Cash and cash equivalents	\$ 788,515	\$ 64,459
Investments	5,808,740	728,517
Prepaid expenses	29,270	-
Contributions receivable	18,068	-
Due from other funds	34,035	-
TOTAL ASSETS	<u>\$ 6,678,628</u>	<u>\$ 792,976</u>
LIABILITIES		
Due to other funds	<u>\$ -</u>	<u>\$ 34,035</u>
Total Liabilities	<u>-</u>	<u>34,035</u>
NET POSITION		
Net Position - Restricted for Pension Benefits	<u>\$ 6,678,628</u>	<u>\$ 758,941</u>

BOROUGH OF CONSHOHOCKEN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUNDS

For the Year Ended December 31, 2015

	<u>Police Pension Plan</u>	<u>Firemen's Pension Plan</u>	<u>Total</u>
ADDITIONS			
Contributions			
Commonwealth of Pennsylvania	\$ 141,150	\$ -	\$ 141,150
Employee	97,380	-	97,380
Employer	321,530	-	321,530
Total Contributions	<u>560,060</u>	<u>-</u>	<u>560,060</u>
Investment Earnings			
Net appreciation (depreciation) in fair value of investments	(6,508)	(64,820)	(71,328)
Dividends and interest	<u>25,482</u>	<u>24,495</u>	<u>49,977</u>
Total Investment Earnings	18,974	(40,325)	(21,351)
Less investment expense	<u>(55,585)</u>	<u>(362)</u>	<u>(55,947)</u>
Net Investment Earnings	<u>(36,611)</u>	<u>(40,687)</u>	<u>(77,298)</u>
Total Additions	<u>523,449</u>	<u>(40,687)</u>	<u>482,762</u>
DEDUCTIONS			
Benefits	350,707	25,122	375,829
Other	<u>6,673</u>	<u>4,077</u>	<u>10,750</u>
Total Deductions	<u>357,380</u>	<u>29,199</u>	<u>386,579</u>
Change in Net Position	166,069	(69,886)	96,183
Net Position - Restricted for Pension Benefits			
Beginning of Year	<u>6,512,559</u>	<u>828,827</u>	<u>7,341,386</u>
End of Year	<u>\$ 6,678,628</u>	<u>\$ 758,941</u>	<u>\$ 7,437,569</u>

BOROUGH OF CONSHOHOCKEN

STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS

For the Year Ended December 31, 2015

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2015</u>
Assets:				
Cash and cash equivalents	\$ 573,263	\$ 700,916	\$ (586,203)	\$ 687,976
Total Assets	<u>\$ 573,263</u>	<u>\$ 700,916</u>	<u>\$ (586,203)</u>	<u>\$ 687,976</u>
Liabilities:				
Due to General Fund	\$ -	\$ 50	\$ -	\$ 50
Deposits and refunds	<u>573,263</u>	<u>700,866</u>	<u>(586,203)</u>	<u>687,926</u>
Total Liabilities	<u>\$ 573,263</u>	<u>\$ 700,916</u>	<u>\$ (586,203)</u>	<u>\$ 687,976</u>