

BOROUGH OF CONSHOHOCKEN AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

**BOROUGH OF CONSHOHOCKEN AUTHORITY
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DECEMBER 31, 2020 AND 2019**

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940 West Sproul Road, Suite 101, Springfield, PA 19064 | PHONE: 610.544.5900 | FAX: 610.544.7455

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Borough of Conshohocken Authority

We have audited the accompanying financial statements of the Borough of Conshohocken Authority (the Authority) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditor's 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Borough of Conshohocken Authority as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the budgetary comparison information on pages 29 through 31, as well as the required supplementary information related to the Authority's net pension liability on pages 32 through 34, be presented to supplement the basic 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedules of Operating Expenses and General and Administrative Expenses on pages 27 and 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Operating Expenses and General and Administrative Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Brinker Simpson & Company, LLC
Springfield, Pennsylvania
September 28, 2021

**BOROUGH OF CONSHOHOCKEN AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

The following discussion and analysis of the activities and financial performance of the Borough of Conshohocken Authority (the "Authority") provides an introduction and overview to the Authority's basic financial statements for the fiscal years ended December 31, 2020 and 2019. Please consider the information presented here in conjunction with the accompanying financial statements and related footnotes.

The Borough of Conshohocken Authority is a municipal authority under the Commonwealth of Pennsylvania, which oversees the wastewater treatment facilities of the Borough of Conshohocken and the Borough of West Conshohocken. The Authority was established in 1946.

Authority Activities and Highlights

The Authority's net position increased by \$1,645,447 for the year ended December 31, 2020.

The Authority's operating revenues, which consist primarily of sewer rental income increased by \$1,339,690 or 40.5% over the prior year, while operating and general and administrative expenses decreased by \$364,187 or 17.1% over the prior year.

The Authority has continued its efforts to collect outstanding sewer charges from customers within the Borough of Conshohocken through the use of mailing delinquent notices and the filing of liens and judgments to these customers. Effective January 1, 2018, the Board of Directors of the Authority established the ability to shut-off water service as a result of delinquent past-due sewer charges of a customer. As a result of the COVID-19 pandemic, shut-off procedures were suspended during the year ended December 31, 2020.

Overview of the Financial Statements

The Borough of Conshohocken Authority's basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, and notes to the financial statements. This report also includes supplementary information in addition to the basic financial statements.

The Authority's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB).

Statement of Net Position

The Statement of Net Position presents the financial position of the Authority. It provides information on the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the information reflecting how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Statement of Cash Flows

The Statement of Cash Flows presents information on the effects changes in assets and liabilities have on cash during the course of the fiscal year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information as listed in the table of contents.

Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of an Authority's financial position. In the case of the Borough of Conshohocken Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,772,702, at the close of the most recent fiscal year.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

The following table summarizes the financial position of the Authority as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Assets and Deferred Outflows of Resources		
Current assets	\$ 4,145,010	\$ 2,375,048
Cash, escrow funds - developers	136,095	130,491
Utility plant and equipment, net of accumulated depreciation	27,390,005	28,083,699
Net pension asset	129,567	-
	<u>31,800,677</u>	<u>30,589,238</u>
Deferred Outflows of Resources	<u>58,856</u>	<u>127,841</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 31,859,533</u>	<u>\$ 30,717,079</u>
Current and Other Liabilities		
Current liabilities	\$ 735,315	\$ 747,118
Escrow deposits, developers	136,095	130,491
Long-term debt	10,026,434	10,580,554
Net pension liability	-	81,904
Total Liabilities	<u>10,897,844</u>	<u>11,540,067</u>
Deferred Inflows of Resources	<u>188,987</u>	<u>49,757</u>
Net Position		
Invested in capital assets, net of related debt	16,809,451	16,963,775
Unrestricted	3,963,251	2,163,480
Total Net Position	<u>20,772,702</u>	<u>19,127,255</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 31,859,533</u>	<u>\$ 30,717,079</u>

The Authority's net assets presented in the table reflect an investment in capital assets net of related debt of \$16,809,451 as well as unrestricted net assets of \$3,963,251.

Changes in Net Position

The Authority's primary source of revenue is user fees. These fees are charged to all residential and commercial users of the sewer system. Operating expenses primarily include wages and benefits, utilities, debt service, and other costs associated with the operation and maintenance of the treatment plant and sewer system.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

The following table summarizes the Statements of Revenues, Expenses and Changes in Net Position of the Authority for the fiscal years 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Sewer rental income	\$ 2,516,662	\$ 2,546,897
Connection fees	2,083,200	691,000
Miscellaneous fees and penalties	47,568	69,843
Total Operating Revenues	<u>4,647,430</u>	<u>3,307,740</u>
Operating and General and Administrative Expenses	<u>1,759,761</u>	<u>2,123,948</u>
Operating Income Before Depreciation and Nonoperating Revenue and Expense	<u>2,887,669</u>	<u>1,183,792</u>
Depreciation	(979,728)	(901,598)
Interest income	10,622	67,052
Interest expense	(282,114)	(340,076)
	<u>(1,251,220)</u>	<u>(1,174,622)</u>
Income Before Capital Contributions	1,636,449	9,170
Capital contributions	<u>8,998</u>	<u>-</u>
Increase in Net Position	<u>\$ 1,645,447</u>	<u>\$ 9,170</u>

Capital Acquisitions

The Authority's investment in capital assets includes land, buildings, and equipment. Capital acquisitions are recorded at cost. Acquisitions are funded by available reserves and debt.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

Borough of Conshohocken Authority's investment in capital assets as of December 31, 2020 and 2019, net of accumulated depreciation, was as follows:

	2020	2019
Sewer plant	\$ 41,189,719	\$ 41,174,770
Maintenance equipment	228,508	228,508
Laboratory equipment	14,952	14,952
Trucks	690,702	433,834
Office furniture and equipment	88,456	85,952
Land	135,872	130,232
Construction in progress	12,105	6,032
	42,360,314	42,074,280
Less: Accumulated depreciation	(14,970,309)	(13,990,581)
Capital Assets, Net	\$ 27,390,005	\$ 28,083,699

Additional information on capital assets can be found in Note 4 to the financial statements.

Debt Administration

As of December 31, 2020, the Authority had total debt outstanding of \$10,580,554. On May 28, 2019, the Authority made a \$4,600,000 principal payment to reduce the outstanding balance of the Sewer Revenue Note Series of 2017.

Additional information on the Authority's long-term debt can be found in Note 5 of the financial statements. The Authority's debt is essentially secured by the sewer receipts and revenues.

Economic Factors and Next Year's Budgets and Rates

The Borough of Conshohocken Authority continues to focus its efforts on increasing its revenues and containing, if not reducing, its expenses in order to improve its financial condition.

The Authority has maintained an aggressive program of filing liens against property owners. The Authority continues to work with customers by setting up payment plans in an effort to mitigate the financial impact of repaying large delinquencies. In addition, the Authority actively pursues outstanding money by filing civil judgments against large balance accounts. Effective January 1, 2018, the Authority initiated shut-off procedures for delinquent customer accounts. As a result of the COVID-19 pandemic, shut-off procedures were suspended during the year ended December 31, 2020.

Finally, the Borough of Conshohocken Authority recognizes that the current economic climate, while slowly improving, may adversely impact its customers but it believes that the programs it has enacted will enable it to sustain its financial goals and objectives.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

Contacting the Authority's Financial Management

This financial report is designed to provide our customers, creditors and funding agencies with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If there are any questions about this report, or if additional financial information is required, please contact the Authority's staff at the Borough of Conshohocken Authority, 601 East Elm Street, Conshohocken, PA 19428.

Terry Fedorchak
Interim Executive Director

Shannon Stewart
Finance Director

**BOROUGH OF CONSHOHOCKEN AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31,**

	2020	2019
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current Assets		
Cash	\$ 3,254,514	\$ 1,498,572
Accounts receivable	823,219	799,531
Prepaid expenses and other current assets	67,277	76,945
Total Current Assets	4,145,010	2,375,048
Restricted Assets		
Cash, escrow funds - developers	136,095	130,491
Utility plant and equipment, net of accumulated depreciation	27,390,005	28,083,699
Net pension asset	129,567	-
Total Assets	31,800,677	30,589,238
Deferred Outflows of Resources		
Pension contributions, difference between expected and actual experience	58,856	127,841
Total Assets and Deferred Outflows of Resources	\$ 31,859,533	\$ 30,717,079
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 151,525	\$ 163,778
Current maturities of Sewer Revenue Note, Series of 2015	338,120	329,370
Current maturities of Sewer Revenue Note, Series of 2017	216,000	210,000
Payroll, payroll taxes and union dues payable	29,670	43,970
Total Current Liabilities	735,315	747,118
Restricted Liabilities		
Escrow deposits, developers	136,095	130,491
Long-Term Liabilities		
Sewer Revenue Note, Series of 2015, net of current maturities	5,469,434	5,807,554
Sewer Revenue Note, Series of 2017, net of current maturities	4,557,000	4,773,000
Net pension liability	-	81,904
Total Long-Term Liabilities	10,026,434	10,662,458
Total Liabilities	10,897,844	11,540,067
Deferred Inflows of Resources		
Pension contributions, differences between projected and actual earnings on plan investments	188,987	49,757
Net position		
Invested in capital assets, net of related debt	16,809,451	16,963,775
Unrestricted	3,963,251	2,163,480
Total Net Position	20,772,702	19,127,255
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 31,859,533	\$ 30,717,079

See notes to financial statements.

BOROUGH OF CONSHOHOCKEN AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31,

	2020	2019
Operating Revenues		
Sewer rentals, net of discounts	\$ 2,516,662	\$ 2,546,897
Connection fees	2,083,200	691,000
Miscellaneous fees and penalties	47,568	69,843
Total Operating Revenues	4,647,430	3,307,740
Operating expenses	1,008,508	1,273,477
General and administrative expenses	751,253	850,471
Total Expenses	1,759,761	2,123,948
Operating Income Before Depreciation	2,887,669	1,183,792
Depreciation	979,728	901,598
Operating Income	1,907,941	282,194
Nonoperating Revenue (Expense)		
Interest income	10,622	67,052
Interest expense	(282,114)	(340,076)
Net Nonoperating Revenue (Expense)	(271,492)	(273,024)
Income Before Capital Contributions	1,636,449	9,170
Capital contributions	8,998	-
Increase in Net Position	1,645,447	9,170
Net Position, Beginning	19,127,255	19,118,085
Net Position, Ending	\$ 20,772,702	\$ 19,127,255

See notes to financial statements.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,**

	2020	2019
Cash Flows From Operating Activities		
Cash received from customers	\$ 4,623,742	\$ 3,539,772
Cash payments to suppliers for materials and services	(897,629)	(1,059,152)
Cash payments to employees	(882,273)	(894,680)
Net Cash Provided by Operating Activities	2,843,840	1,585,940
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets	(277,036)	(349,916)
Proceeds from Sewer Revenue Note, Series of 2015	-	607,832
Principal payments on Sewer Revenue Note, Series of 2015	(329,370)	(320,860)
Principal payments on Sewer Revenue Note, Series of 2017	(210,000)	(4,600,000)
Interest paid	(282,114)	(340,076)
Net Cash Used in Capital and Related Financing Activities	(1,098,520)	(5,003,020)
Cash Flows From Investing Activities		
Interest received	10,622	67,052
Net Change in Cash	1,755,942	(3,350,028)
Cash, Beginning	1,498,572	4,848,600
Cash, Ending	\$ 3,254,514	\$ 1,498,572
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 1,907,941	\$ 282,194
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	979,728	901,598
Change in:		
Accounts receivable	(23,688)	232,032
Prepaid expenses and other current assets	9,668	(49,217)
Grant receivable	-	337,023
Net pension asset	(129,567)	115,478
Deferred outflows of resources	68,985	(64,344)
Accounts payable and accrued expenses	(12,253)	(62,794)
Payroll, payroll taxes and union dues payable	(14,300)	4,807
Accounts payable, retainage	-	(108,347)
Net pension liability	(81,904)	81,904
Deferred inflows of resources	139,230	(84,394)
Net Cash Provided by Operating Activities	\$ 2,843,840	\$ 1,585,940
Supplemental Disclosure of NonCash Capital and Related Financing Activities		
Assets acquired through capital contributions	\$ 8,998	\$ -

See notes to financial statements.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Borough of Conshohocken Authority (the Authority) is a municipal authority incorporated under the Pennsylvania Municipality Authorities Act, which oversees the wastewater treatment facilities of the Borough of Conshohocken and the Borough of West Conshohocken. Operating revenues are received from sewer rents, permits, certifications and connection fees.

Basis of Accounting

The Authority's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accounting policies are based on generally accepted accounting principles for self-reporting governmental enterprise funds, a proprietary fund-type which is used to account for operations that are financed and operated in a manner similar to private business enterprises.

Revenues and expenses are recognized on the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred and become measurable.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For expenses that could be paid by either restricted or unrestricted resources, it is the Authority's policy to use restricted revenues first, and then unrestricted revenues as they are needed.

New Accounting Pronouncements

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. This pronouncement does not impact the Authority for the years ending December 31, 2020 and 2019.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after June 15, 2021. The Authority has not determined the effect of this pronouncement.

Budgetary Data

The Authority's management prepares the Authority's operating budget. The Authority follows these procedures in establishing the budgetary data included in the financial statements:

- A preliminary budget is presented to the Board of Directors during October.
- The operating budget includes proposed expenditures and the means of financing them.
- Budgetary control is maintained at the account level.
- Prior to December 31st, the Authority holds a public meeting, after which the budget is legally adopted through the passage of a resolution.
- All budget revisions require the approval of the Board of Directors.
- The budget lapses at the end of each year.

Utility Plant and Equipment

Utility plant and equipment are stated at cost or fair market value at time of contribution to the Authority. Land and construction in progress is not depreciated. When construction projects are complete, the cost is transferred to the plant and equipment accounts. Plant additions and improvements are capitalized and depreciated. Replacements, maintenance and repairs, which do not improve or extend the life of the asset, are expensed currently. Depreciation is provided for on a straight-line basis. Depreciation expense for 2020 and 2019 totaled \$979,728 and \$901,598, respectively.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Depreciation of utility plant and equipment is computed using the straight-line method. Estimated useful lives are as follows:

	<u>Years</u>
Sewer plant and improvements	7 - 50
Maintenance equipment	5 - 7
Laboratory equipment	7
Trucks	5 - 10
Office furniture and equipment	7 - 10

The minimum capitalization threshold is an individual item with a cost in excess of \$1,000 and a useful life exceeding one year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Residential customers are billed a flat rate on a quarterly basis. Commercial customers are billed quarterly based upon a flat rate plus consumption charges from the previous quarter. All bills are due and payable within 30 days from the invoice date, with a discount if paid within 15 days. The Authority places a lien on properties for which balances outstanding are greater than \$250 and are more than 90 days outstanding. The Authority obtains a judgment on properties for which balances outstanding are greater than \$1,000 in excess of one year.

Effective January 1, 2018, the Board of Directors of the Authority established the ability to shut-off water service as a result of delinquent past-due sewer charges of a customer. As a result, the Authority eliminated the allowance for doubtful accounts balance as all outstanding balances are deemed collectible in full.

Restricted Assets

Restricted assets are comprised of developer escrows. Developer deposits held by the Authority are to be used to reimburse the Authority for certain engineering, legal and inspection costs. Upon receipt of the funds, the Authority records the cash and corresponding liability and when the Authority receives invoices for expenses on behalf of the developer, it disburses the funds and reduces the liability.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Capital Contributions

Distribution and collection lines, wells and storage and treatment facilities constructed and installed by developers and dedicated to the Authority are recorded as capital contributions and depreciated over their estimated useful lives, upon acceptance of the dedication. Capital contributions for the year ended December 31, 2020 were \$8,998. There were no capital contributions during the year ended December 31, 2019. Contributed capital is recorded as income in the year of dedication to the Authority.

Net Position

Net position comprises the various net earnings from operating and nonoperating revenues, expenses and contributions of capital. Net position is classified in the following components: invested in capital assets, net of related debt; and unrestricted.

Net position invested in capital assets, net of related debt consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets.

Net position restricted for debt service consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandate, less any related liabilities.

Unrestricted net position consists of all assets not included in the above categories.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenues) until that time.

Revenues and Rate Structure

Revenues from sewer services are recognized on the accrual basis as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay and debt coverage.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Unpaid vacation and sick time is recorded as an expense in the period it is earned and considered payable from current financial resources. The Authority compensates unpaid sick time upon an employee's retirement. The estimated value of vacation time owed to employees who may be paid in subsequent years or upon termination or retirement and, therefore, payable from future resources is recorded in the current year and included in accounts payable and accrued expenses in the Statements of Net Position.

NOTE 2: CASH

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. Balances exceeding federal depository insurance limits are exposed to custodial credit risk. However, under Pennsylvania Act 72, all amounts in excess of insurance limits are collateralized by securities held by the pledging financial institution, but not in the Authority's name. As of December 31, 2020 and 2019, \$2,846,322 and \$1,044,493, respectively, was exposed to custodial credit risk and the Authority does not have a deposit policy for custodial credit risk.

A reconciliation of amounts exposed to custodial credit risk to total cash held by the Authority is as follows:

	<u>2020</u>	<u>2019</u>
Uninsured and collateral held by the pledging bank's trust department, but not in the Authority's name	\$ 2,846,322	\$ 1,044,493
Plus: Insured amounts	589,791	638,990
Carrying amounts - bank balances	<u>3,436,113</u>	<u>1,683,483</u>
Plus: Petty cash	200	200
Less: Outstanding checks	(45,704)	(54,620)
Total Cash Per Financial Statements	<u>\$ 3,390,609</u>	<u>\$ 1,629,063</u>

Cash is comprised of:

	<u>2020</u>	<u>2019</u>
Operating accounts - unrestricted	\$ 3,254,514	\$ 1,498,572
Restricted accounts - developer escrow accounts	136,095	130,491
	<u>\$ 3,390,609</u>	<u>\$ 1,629,063</u>

NOTE 3: ESCROWS

At December 31, 2020 and 2019, escrows include \$136,095 and \$130,491, respectively, of cash received from developers and other customers. As of December 31, 2020 and 2019, the Authority owed consultants \$15,950 and \$22,855, respectively, related to the escrow balances.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 4: UTILITY PLANT AND EQUIPMENT

	2020			Balance at December 31, 2020
	Balance at January 1, 2020	Additions	Transfers	
Nondepreciable property				
Land	\$ 130,232	\$ 5,640	\$ -	\$ 135,872
Construction in progress	6,032	6,073	-	12,105
Total Nondepreciable Property	136,264	11,713	-	147,977
Depreciable property				
Sewer plant and improvements	41,174,770	14,949	-	41,189,719
Maintenance equipment	228,508	-	-	228,508
Laboratory equipment	14,952	-	-	14,952
Trucks	433,834	256,868	-	690,702
Office furniture and equipment	85,952	2,504	-	88,456
Total Depreciable Property	41,938,016	274,321	-	42,212,337
Less: Accumulated depreciation	(13,990,581)	(979,728)	-	(14,970,309)
Total Depreciable Property, Net	27,947,435	(705,407)	-	27,242,028
Total Utility Plant and Equipment	\$ 28,083,699	\$ (693,694)	\$ -	\$ 27,390,005
	2019			
	Balance at January 1, 2019	Additions	Transfers	Balance at December 31, 2019
Nondepreciable property				
Land	\$ 98,567	\$ 31,665	\$ -	\$ 130,232
Construction in progress	2,242,447	13,012	(2,249,427)	6,032
Total Nondepreciable Property	2,341,014	44,677	(2,249,427)	136,264
Depreciable property				
Sewer plant and improvements	38,884,894	40,449	2,249,427	41,174,770
Maintenance equipment	228,508	-	-	228,508
Laboratory equipment	14,952	-	-	14,952
Trucks	169,044	264,790	-	433,834
Office furniture and equipment	85,952	-	-	85,952
Total Depreciable Property	39,383,350	305,239	2,249,427	41,938,016
Less: Accumulated depreciation	(13,088,983)	(901,598)	-	(13,990,581)
Total Depreciable Property, Net	26,294,367	(596,359)	2,249,427	27,947,435
Total Utility Plant and Equipment	\$ 28,635,381	\$ (551,682)	\$ -	\$ 28,083,699

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 5: SEWER REVENUE NOTES

Sewer Revenue Note, Series of 2017

Effective June 30, 2017, the Authority financed its acquisition of the Borough of West Conshohocken's sanitary conveyance facilities plus closing costs with the proceeds from Sewer Revenue Note, Series of 2017 in the amount of \$9,583,000 with VIST Bank. Interest shall be payable semiannually on May 1st and November 1st of each year, commencing November 1, 2017, at 2.50% through November 1, 2027, and thereafter through November 1, 2040, the interest rate shall be calculated at the then-applicable bank-qualified tax-exempt variable rate equal to the 30 Day LIBOR Rate as of the first day of each month, multiplied by 65%, plus 175 basis points, but in no event shall the interest rate be greater than 5.00%, until the maturity date of November 1, 2040. The Authority has pledged all of its rights, title and interest in and to the revenues and receipts derived from its water and sewer system to the bank.

The maximum annual requirements to amortize principal and interest are:

<u>Maturity Date Year</u>	<u>Minimum Interest Rate</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	2.50%	\$ 216,000	\$ 119,325	\$ 335,325
2022	2.50%	221,000	113,925	334,925
2023	2.50%	226,000	108,400	334,400
2024	2.50%	232,000	102,750	334,750
2025	2.50%	238,000	96,950	334,950
2026	2.50%	244,000	91,000	335,000
2027	2.50%	250,000	84,900	334,900
2028	5.00%	177,000	157,300	334,300
2029	5.00%	187,000	148,450	335,450
2030	5.00%	196,000	139,100	335,100
2031	5.00%	205,000	129,300	334,300
2032	5.00%	216,000	119,050	335,050
2033	5.00%	227,000	108,250	335,250
2034	5.00%	238,000	96,900	334,900
2035	5.00%	250,000	85,000	335,000
2036	5.00%	263,000	72,500	335,500
2037	5.00%	276,000	59,350	335,350
2038	5.00%	289,000	45,550	334,550
2039	5.00%	304,000	31,100	335,100
2040	5.00%	318,000	15,900	333,900
		<u>4,773,000</u>	<u>\$ 1,925,000</u>	<u>\$ 6,698,000</u>
Less: Current Maturities		(216,000)		
Net Long-Term Debt		<u>\$ 4,557,000</u>		

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 5: SEWER REVENUE NOTES (continued)

Effective May 28, 2019, the Authority's Board of Directors authorized a partial prepayment of principal and accrued interest in the amount of \$4,600,000 to be applied against the outstanding balance of the Sewer Revenue Note, Series of 2017.

Sewer Revenue Note, Series of 2015

Effective September 22, 2015, the Authority refinanced its Sewer Revenue Note, Series of 2009 (2009 Note) with a Sewer Revenue Note, Series of 2015 with VIST Bank in the amount of \$6,883,500 (the 2015 Note). Proceeds from the 2015 Note were used to pay the principal and accrued interest through the payoff date of the 2009 Note, fund closing costs of the 2015 Note, and to provide funds for the construction of various improvements and upgrades to the sanitary conveyance and treatment facilities, as well as, to fund any other future capital expenditures. Under the 2015 Note, interest accrues semiannually on January 15th and July 15th of each year at 2.65% through January 15, 2023, and thereafter, the 2015 Note will be reset annually at the floating rate equal to 100% of the then current 30-day LIBOR Rate on January 15, 2023, multiplied by 70% plus 167 basis points, but in no event shall the interest rate be greater than 5.00%, until the maturity date of July 15, 2037. The Authority received advances on the 2015 Note through December 31, 2019. The Authority has pledged all of its rights, title and interest in and to the revenues derived from its water and sewer system to the bank.

The maximum annual requirements to amortize principal and interest are:

<u>Maturity Date Year</u>	<u>Minimum Interest Rate</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	2.65%	\$ 338,120	\$ 153,908	\$ 492,028
2022	2.65%	347,110	144,948	492,058
2023	2.65%	296,020	195,941	491,961
2024	5.00%	250,650	241,332	491,982
2025	5.00%	263,240	228,798	492,038
2026	5.00%	276,430	215,636	492,066
2027	5.00%	290,150	201,816	491,966
2028	5.00%	304,690	187,308	491,998
2029	5.00%	319,960	172,073	492,033
2030	5.00%	335,880	156,075	491,955
2031	5.00%	352,730	139,281	492,011
2032	5.00%	370,350	121,644	491,994
2033	5.00%	388,920	103,127	492,047
2034	5.00%	408,260	83,681	491,941
2035	5.00%	428,680	63,268	491,948
2036	5.00%	450,080	41,834	491,914
2037	5.00%	386,284	19,330	405,614
		<u>5,807,554</u>	<u>\$ 2,470,000</u>	<u>\$ 8,277,554</u>
Less: Current Maturities		(338,120)		
Total Long-Term Debt		<u>\$ 5,469,434</u>		

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 5: SEWER REVENUE NOTES (continued)

Interest expense was \$282,114 and \$340,076 for the years ended December 31, 2020 and 2019, respectively.

Changes in Sewer Revenue Notes, Series of 2017 and 2015 for the years end December 31, 2020 and 2019 are:

	2020			
	Balance at January 1, 2020	Increase	Decrease	Balance at December 31, 2020
Series of 2017	\$ 4,983,000	\$ -	\$ (210,000)	\$ 4,773,000
Series of 2015	6,136,924	-	(329,370)	5,807,554
	\$ 11,119,924	\$ -	\$ (539,370)	\$ 10,580,554
	2019			
	Balance at January 1, 2019	Increase	Decrease	Balance at December 31, 2019
Series of 2017	\$ 9,583,000	\$ -	\$ (4,600,000)	\$ 4,983,000
Series of 2015	5,849,952	607,832	(320,860)	6,136,924
	\$ 15,432,952	\$ 607,832	\$ (4,920,860)	\$ 11,119,924

In conjunction with the Sewer Revenue Note, Series of 2017, the Authority amended its Articles of Incorporation to extend the term of its existence to May 15, 2067.

NOTE 6: PENSION PLAN

Plan Description

The Authority has a contributory defined benefit pension plan. The plan is administered by the Pennsylvania Municipal Retirement System (PMRS). The following table provides information concerning the Authority's pension plan as of January 1, 2019 (the most recent actuarial valuation date):

Covered employees	All full-time employees
Total annual payroll of active members on valuation date	\$730,624
Benefit vesting	100% after ten years
Normal retirement date	After 65 th birthday or completion of 20 years of service
Annual retirement benefit	1.25% times years of credited service times final average salary
Final salary	Average annual compensation during three years prior to effective date or retirement
Required employee contributions	3.5% of monthly earnings

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 6: PENSION PLAN (continued)

The following table contains the number of active employees, inactive employees entitled to but not yet receiving benefits, and inactive employees or beneficiaries currently receiving benefits from the Plan based upon the most recent actuarial valuation date January 1, 2019:

Employees Covered by Benefit Terms

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	1
Active employees	10
Total Participant Count	15

Change in Net Pension Liability

The table below shows the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of Plan assets), and the Net Pension Liability as of the Measurement Date.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	(a)	(b)	(a) - (b)
Balances at December 31, 2018	\$ 1,509,448	\$ 1,427,544	\$ 81,904
Changes for the year:			
Service cost	48,450	-	48,450
Interest	81,166	-	81,166
Changes of benefits	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions - employer	-	14,198	(14,198)
Contributions - PMRS assessment	-	320	(320)
Contributions - employee	-	25,570	(25,570)
PMRS investment income	-	80,583	(80,583)
Market value investment income *	-	223,521	(223,521)
Transfers	-	-	-
Benefit payments	(24,053)	(24,053)	-
PMRS administrative expense	-	(320)	320
Additional administrative expense	-	(2,785)	2,785
Net changes	105,563	317,034	(211,471)
Balances at December 31, 2019	\$ 1,615,011	\$ 1,744,578	\$ (129,567)

*Reflects the net investment income (loss) of \$(216,007) and the income (loss) due to the difference between expected and actual asset values of \$(7,514), which includes the impact from allocation of assets in support of the underlying retiree liabilities.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 6: PENSION PLAN (continued)

This report does not reflect changes in benefits, assumptions or reserve accounts after January 1, 2020. Because the beginning and end of year total pension liability (TPL) are based upon the same actuarial valuation dates, there is no difference between expected and actual experience reported this year, per GASB 68 paragraph 22. The beginning of year TPL is based on the January 1, 2019 actuarial valuation with liabilities measured at December 31, 2018. The end of year TPL is based on the same actuarial valuation with liabilities rolled forward to December 31, 2019. Except as noted below, the TPL as of December 31, 2019 was based on the data, actuarial methods and assumptions, and plan provisions.

According to GASB Statements No. 67 and 68, PMRS is required to allocate/distribute all funds to the respective participating employers for financial reporting purposes, to determine the respective employer "plan fiduciary net position."

PMRS has determined that net investment income or loss and administrative expenses will be allocated to the employer/municipality accounts pro-rata based on their beginning Fiduciary Net Position balance adjusted for cash flows throughout the year. The "Additional Administrative Expenses" are the expenses in excess of the "PMRS Administrative Expense" (i.e. \$20 per participant expense paid by each plan). The "PMRS Investment Income" is based upon the regular and excess interest used to credit accounts annually. The "Market Value Investment Income" reflects the investment income/(loss) during the year net of PMRS investment income and the income/(loss) due to the difference between expected and actual asset values, including the impact from allocation of assets in support of the underlying retiree liabilities.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the Net Pension Liability (NPL) can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to the discount rate with two additional measures, plus and minus one percent from the rate used for disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total Pension Liability	\$ 1,850,648	\$ 1,615,011	\$ 1,414,133
Plan Fiduciary Net Position	1,744,578	1,744,578	1,744,578
Net Pension Liability (Asset)	\$ 106,070	\$ (129,567)	\$ (330,445)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.27%	108.02%	123.37%

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 6: PENSION PLAN (continued)

Schedule of Employer Reporting Amounts

The impact of investment gains or losses for expensing is recognized over a period of five years. The impact of experience gains or losses and assumption changes on the TPL are recognized in the pension expense over the average expected remaining service life of all active and inactive members of the Plan, as provided below.

There were no experience gains or losses between the beginning of year and end of year liabilities because the liabilities are based on the same actuarial valuation dates.

Schedule of Deferred Inflows and Outflows

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 31,434	\$ 25,604
Changes in assumptions	5,883	19,498
Net difference between projected and actual earnings on pension plan investments	151,670	-
Contributions subsequent to the measurement date	-	13,754
Total	\$ 188,987	\$ 58,856

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

<u>Year Ended December 31:</u>	<u>Amount</u>
2020	\$ (32,690)
2021	(42,145)
2022	(17,650)
2023	(42,940)
2024	1,765
Thereafter	3,529

The recognition period for experience and assumptions change gains (losses) is 9.00 years.

The annual pension expense recognized can be calculated two different ways. First, it is the change in the amounts reported on for the Employer's Statement of Net Position that relate to the plan and are not attributable to employer contributions. That is, it is the change in Net Pension Liability plus the changes in deferred outflows and deferred inflows plus employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table below, we believe it helps to understand the level and volatility of pension expense.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 6: PENSION PLAN (continued)

Calculation of Pension Expense

	Measurement Date as of	
	12/31/2019	12/31/2018
Change in Net Pension Liability	\$ (211,471)	\$ 197,382
Change in Deferred Outflows	71,283	(57,387)
Change in Deferred Inflows	139,230	(84,394)
Employer Contributions	14,518	7,541
Pension Expense	\$ 13,560	\$ 63,142
Pension Expense as % of Payroll	1.86%	9.51%
Operating Expenses		
Service Cost	\$ 48,450	\$ 44,600
Employee Contributions	(25,570)	(23,254)
PMRS Administrative Expense	320	320
Additional Administrative Expense	2,785	3,344
Total	25,985	25,010
Financing Expenses		
Interest Cost	81,166	74,975
Expected Return on Assets	(80,583)	(74,925)
Total	583	50
Changes		
Change of Benefits	-	7,839
Recognition of Assumption Changes	4,539	4,539
Recognition of Liability Gains and Losses	(2,089)	(2,089)
Recognition of Investment Gains and Losses	(15,458)	27,793
Total	(13,008)	38,082
Pension Expense	\$ 13,560	\$ 63,142

NOTE 7: LITIGATION

In the normal course of business there are various relatively minor claims and suits pending against the Authority, none of which materially affect its financial position.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8: CONCENTRATIONS

The Authority participates in a Sewage Treatment Agreement with Plymouth Township whereby in exchange for the Authority's acceptance and treatment of its public sanitary sewage, Plymouth Township is responsible for a percentage of the costs related to the operation and maintenance of the Authority's treatment plant, including capital expenditures made for the plant. The Agreement provides for the cost of sewer services to be determined on an annual basis by the Authority. Plymouth Township remits a quarterly payment during the year based upon an estimate of the cost. Subsequent to year end, the Authority determines the actual cost and provides a retroactive billing or credit for the prior year.

For 2020 and 2019, revenues from Plymouth Township were \$306,644 and \$343,861, respectively. No payments were received during the years ended December 31, 2020 and 2019 for its capital share for plant improvements. At December 31, 2020 and 2019, accounts receivable due from Plymouth Township were \$72,460 and \$109,859, respectively.

NOTE 9: COLLECTIVE BARGAINING AGREEMENT

The Authority's collective bargaining agreement with its union employees expires on December 31, 2024.

NOTE 10: RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. Given the uncertainty regarding the spread of this coronavirus, the related financial impact on the Authority cannot be reasonably estimated at this time.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 28, 2021, the date on which the financial statements were available to be issued.

On February 17, 2021, the Borough of Conshohocken enacted Ordinance No. 02-2021 requiring the Borough of Conshohocken Authority to convey the sewer system and all of its property and assets to the Borough under the Provisions of Section 5619 and Section 5622 of the Municipality Authorities Act which established a conveyance date by which the Authority shall convey the sewer system and all of its property and assets. The Ordinance authorized and directed the assumption of all of the Authority's financial and non-financial obligations as well as notified the Authority and all other parties to immediately cease and desist from all actions or activities that could decrease the value of the sewer system or otherwise interfere with or delay the conveyance of the sewer system to the Borough. The conveyance date was never stipulated in the Ordinance. On August 18, 2021, the Borough of Conshohocken executed Ordinance No. 06-2021 which repealed Ordinance No. 02-2021, whereby the Borough voted to retain the sanitary wastewater collection and treatment system and the Authority and restore its status prior to the effective date of Ordinance 02-2021.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11: SUBSEQUENT EVENTS (continued)

On September 28, 2021, the Authority's board adopted Resolution No. 2021-17 authorizing the issuance of Sewer Revenue Note, Series 2021 for the purpose of refinancing the Authority's Sewer Revenue Note, Series of 2015 and Series of 2017.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
SCHEDULES OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31,**

	2020	2019
Operating Expenses		
Plant Expenses:		
Building maintenance	\$ 14,468	\$ 43,010
Engineering fees	12,874	10,355
Laboratory expenses	32,713	37,622
Miscellaneous	2,853	2,440
Payroll taxes and benefits	124,474	173,490
Plant security	1,598	1,271
Plant supplies and repair expense	26,151	22,593
Plant wages	322,362	351,459
Sludge removal	121,351	232,529
Treatment chemicals	9,100	12,013
Uniforms	6,565	5,522
Utilities	132,218	136,337
	806,727	1,028,641
Collection Expenses:		
Engineering fees	8,730	52,923
Miscellaneous	607	12
Payroll taxes and benefits	36,951	40,187
Road crew wages	122,577	116,798
Sewer supplies and repair expense	11,537	16,045
Vehicle expenses	12,090	9,408
Uniforms	1,811	1,532
Utilities	7,478	7,931
	201,781	244,836
	\$ 1,008,508	\$ 1,273,477

**BOROUGH OF CONSHOHOCKEN AUTHORITY
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
YEARS ENDED DECEMBER 31,**

	2020	2019
General and Administrative Expenses		
Advertising	\$ 6,490	\$ 3,502
Bank fees	5,560	5,269
Board expense	7,500	7,475
Collection expense	10,766	11,911
Computer expense and supplies	32,016	5,943
Consulting fees	7,950	18,379
COVID-19 expenses	22,194	-
Dues and conferences	4,573	8,015
Insurance	69,543	59,815
Miscellaneous	11,278	12,330
Office and management salaries	225,871	273,098
Office supplies and expense	20,130	22,145
Payroll processing fees	4,078	4,099
Payroll taxes and benefits	65,212	101,452
Postage	10,278	14,605
Professional fees	241,692	295,267
Telephone	6,122	7,166
	\$ 751,253	\$ 850,471
Total General and Administrative Expenses	\$ 751,253	\$ 850,471

**BOROUGH OF CONSHOHOCKEN AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Sewer service	\$ 2,320,000	\$ 2,210,018	\$ (109,982)
Connection fees	-	2,083,200	2,083,200
Penalties	33,000	15,329	(17,671)
Certifications	11,900	15,300	3,400
NSF fees	140	90	(50)
MIPP fees	8,300	9,000	700
Miscellaneous fees and permits	3,500	2,624	(876)
Energy curtailment program	-	248	248
Lien fees	5,000	1,377	(3,623)
Legal fees	20,000	3,600	(16,400)
Contract revenues - Plymouth Township	310,000	306,644	(3,356)
Total Operating Revenues	\$ 2,711,840	\$ 4,647,430	\$ 1,935,590
Operating Expenses			
Plant Expenses:			
Wages	\$ 332,669	\$ 322,362	\$ 10,307
Payroll taxes	31,426	25,457	5,969
Worker's compensation insurance	15,540	13,955	1,585
Pension	-	8,398	(8,398)
Medical and dental benefits	64,760	56,853	7,907
TASC/HRA medical copay	55,000	15,776	39,224
Life insurance	4,215	4,035	180
Utilities - gas and electric	110,000	128,810	(18,810)
Utilities - water	2,500	3,408	(908)
Plant security	2,000	1,598	402
Vehicle maintenance	500	433	67
Plant maintenance	20,000	20,266	(266)
Plant supplies	2,000	1,900	100
Repairs/maintenance - building	1,000	416	584
Repairs/maintenance - plant	65,000	14,052	50,948
Small tools - minor repairs	3,000	850	2,150
Employee drug testing	350	354	(4)
Engineering fees	10,000	9,655	345
Engineering - wasteload management	4,000	3,219	781
Uniforms/safety supplies	7,000	6,565	435
Inside lab costs	4,000	1,836	2,164
Outside lab costs	25,000	30,877	(5,877)
Sludge removal	130,000	121,351	8,649
Chlorine	5,000	4,400	600
Sodium hypochlorite	500	200	300
Sodium bisulfite	3,000	1,692	1,308
Lime	3,000	-	3,000
Polymer	4,000	2,808	1,192
Equipment rentals and lease expense	1,500	220	1,280
Miscellaneous operating expenses	500	21	479
DEP permit fee	2,242	2,258	(16)
Plant mats, deodorizers, gloves	1,200	2,702	(1,502)
Total Plant Expenses	\$ 910,902	\$ 806,727	\$ 104,175

BOROUGH OF CONSHOHOCKEN AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Maintenance Expenses:			
Wages - road crew	\$ 160,000	\$ 122,577	\$ 37,423
Payroll taxes	10,000	9,448	552
Medical and dental benefits	13,573	9,813	3,760
Worker's compensation insurance	5,616	4,764	852
Pension	-	3,359	(3,359)
TASC/HRA medical copay	19,950	7,833	12,117
Life insurance	1,670	1,734	(64)
Maintenance - sewer	12,000	9,629	2,371
Maintenance - supplies	1,400	336	1,064
Pump station - maintenance	17,450	840	16,610
Pump station - utilities	7,149	7,478	(329)
Small tools and minor equipment	2,000	732	1,268
Equipment rentals and lease expense	650	-	650
Vehicle expenses	6,000	6,790	(790)
Jet truck expenses	3,000	651	2,349
Camera and vacuum trailer	4,000	4,649	(649)
Uniforms - road crew	2,000	1,811	189
Engineering fees - collection system	19,200	8,730	10,470
Miscellaneous operating expenses - collection system	400	607	(207)
Total Maintenance Expenses	\$ 286,058	\$ 201,781	\$ 84,277
Administrative Expenses:			
Wages	\$ 231,750	\$ 225,871	\$ 5,879
Payroll taxes	18,540	17,194	1,346
Medical and dental benefits	29,969	23,285	6,684
Workers compensation insurance	828	808	20
Pension	16,728	5,039	11,689
TASC/HRA medical copay	22,000	16,381	5,619
Life insurance	2,277	2,505	(228)
Insurance	62,077	69,543	(7,466)
Legal	95,000	97,487	(2,487)
Legal - plant	25,000	950	24,050
Legal - collections and liens	44,000	13,262	30,738
Auditing and accounting	60,000	115,666	(55,666)
Engineering fees	10,000	14,327	(4,327)
Board expense payment	7,500	7,500	-
Consulting fees	5,000	7,950	(2,950)
Dues, subscriptions and conferences	9,000	4,573	4,427
Office supplies and expense	18,000	20,130	(2,130)
Computer expense	14,000	32,016	(18,016)
COVID-19 expenses	-	22,194	(22,194)
Maintenance	1,500	-	1,500
Telephone	6,000	6,122	(122)
Advertising	3,000	6,490	(3,490)
Community outreach	2,500	-	2,500
Postage - billing and general	15,000	10,278	4,722
Collection expense	10,000	10,766	(766)
Upper Merion sewer rental contract	3,912	7,475	(3,563)
Miscellaneous	1,000	453	547
Bank fees	6,000	5,560	440
Donations	3,000	3,350	(350)
Payroll processing fees	4,500	4,078	422
Total Administrative Expenses	\$ 728,081	\$ 751,253	\$ (23,172)

**BOROUGH OF CONSHOHOCKEN AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

	Budget	Actual	Variance Favorable (Unfavorable)
Total Operating and General and Administrative Expenses	<u>1,925,041</u>	<u>1,759,761</u>	<u>165,280</u>
Operating Income Before Depreciation	<u>786,799</u>	<u>2,887,669</u>	<u>2,100,870</u>
Depreciation	<u>-</u>	<u>979,728</u>	<u>(979,728)</u>
Operating Income	786,799	1,907,941	1,121,142
Nonoperating Revenue (Expense)			
Interest income	10,000	10,622	622
Interest expense	<u>(759,078)</u>	<u>(282,114)</u>	<u>476,964</u>
Net Nonoperating Revenue (Expense)	<u>(749,078)</u>	<u>(271,492)</u>	<u>477,586</u>
Income Before Capital Contributions	37,721	1,636,449	1,598,728
Capital contributions	<u>-</u>	<u>8,998</u>	<u>8,998</u>
Increase in Net Position	<u>\$ 37,721</u>	<u>\$ 1,645,447</u>	<u>\$ 1,607,726</u>

**BOROUGH OF CONSHOHOCKEN AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
GASB 68 MEASUREMENT DATE OF DECEMBER 31, 2019**

The schedules of Required Supplementary Information will eventually build up to 10 years of information. The schedule below shows the changes in Net Pension Liability and related ratios required by GASB.

	Measurement Year Ending					
	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability						
Service cost (beginning of year)	\$ 48,450	\$ 44,600	\$ 44,326	\$ 39,425	\$ 40,389	\$ 30,985
Interest (includes interest on service cost)	81,166	74,975	70,454	69,505	66,307	61,070
Changes of benefits	-	7,839	-	-	-	-
Differences expected vs actual experience	-	15,884	-	(56,441)	(19,325)	53,000
Changes of assumptions	-	-	-	45,498	(15,688)	-
Transfers	-	-	-	-	-	-
Benefit payments	(24,053)	(34,241)	(23,766)	(25,493)	(38,116)	(41,690)
Net Change in Total Pension Liability	105,563	109,057	91,014	72,494	33,567	103,365
Total Pension Liability - Beginning	1,509,448	1,400,391	1,309,377	1,236,883	1,203,316	1,099,951
Total Pension Liability - Ending	\$ 1,615,011	\$ 1,509,448	\$ 1,400,391	\$ 1,309,377	\$ 1,236,883	\$ 1,203,316
Plan Fiduciary Net Position						
Contributions - employer	\$ 14,198	\$ 7,521	\$ 10,413	\$ 2,179	\$ -	\$ 598
Contributions - PMRS assessment	320	20	-	-	20	-
Contributions - employee	25,570	23,254	23,105	22,230	20,937	17,525
PMRS investment income	80,583	74,925	70,981	70,817	72,597	69,328
Market value investment income	223,521	(156,140)	155,603	21,493	(167,194)	7,274
Transfers	-	-	-	-	-	-
Benefit payments	(24,053)	(34,241)	(23,766)	(25,493)	(38,116)	(41,690)
PMRS administrative expense	(320)	(320)	(320)	(340)	(340)	(280)
Additional administrative expense	(2,785)	(3,344)	(3,264)	(3,469)	(3,026)	(2,659)
Net Change in Plan Fiduciary Net Position	317,034	(88,325)	232,752	87,417	(115,122)	50,096
Plan Fiduciary Net Position - Beginning	1,427,544	1,515,869	1,283,117	1,195,700	1,310,822	1,260,726
Plan Fiduciary Net Position - Ending	\$ 1,744,578	\$ 1,427,544	\$ 1,515,869	\$ 1,283,117	\$ 1,195,700	\$ 1,310,822
Net Pension Liability (Asset) - Ending	\$ (129,567)	\$ 81,904	\$ (115,478)	\$ 26,260	\$ 41,183	\$ (107,506)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Asset)	108.02%	94.57%	108.25%	97.99%	96.67%	108.93%
Covered Employee Payroll	\$ 730,624	\$ 664,296	\$ 660,216	\$ 635,183	\$ 598,226	\$ 465,633
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	-17.73%	12.33%	-17.49%	4.13%	6.88%	-23.09%

**BOROUGH OF CONSHOHOCKEN AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB 68 MEASUREMENT DATE OF DECEMBER 31, 2019**

An Actuarially Determined Contribution is a contribution amount determined in accordance with Actuarial Standards of Practice. The Actuarially Determined Contribution provided is based upon the Minimum Municipal Obligation as defined in ACT 205 which conforms to these standards.

Last 10 Measurement Years (if available)

	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 14,498	\$ 7,521	\$ 8,235	\$ 2,179	\$ -	\$ -
Contribution in Relation to the Actuarially Determined Contribution *	14,518	7,541	10,413	2,179	20	598
Contribution Deficiency/(Excess)	\$ (20)	\$ (20)	\$ (2,178)	\$ -	\$ (20)	\$ (598)
Covered Employee Payroll **	\$ 730,624	\$ 664,296	\$ 660,216	\$ 635,183	\$ 598,226	\$ 465,633
Contributions as a Percentage of Covered Employee Payroll	1.99%	1.14%	1.58%	0.34%	0.00%	0.13%

* Information provided by PMRS and not reconciled to determine the cause of any deviation from the Actuarially Determined Contribution (if applicable).

** Beginning in 2015, amount is actual payroll. In 2014, amount is expected payroll based on the most recent actuarial valuation. These amounts may not match the MMO payroll.

Notes to Schedules:

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two years prior to the end of the fiscal year in which the contributions are reported. Therefore, the Actuarially Determined Contribution for calendar year 2019 is based upon the January 1, 2017 actuarial valuation.

A summary of the key assumptions and methods used to determine the 2019 contribution rates:

Actuarial Cost Method	Entry Age
Amortization Period	Level dollar based upon the amortization period in Act 205
Asset Valuation Method	Based upon the municipal reserves
Discount Rate	5.25%
Inflation	2.80%
Salary Increases	Age related scale with merit and inflation component
COLA increases	2.8%, for those eligible for a COLA
Pre-Retirement Mortality	Males: RP 2000 Non-Annuitant Male table projected 15 years with Scale AA Females: RP 2000 Non-Annuitant Female table projected 15 years with Scale AA, setback 5 years
Post-Retirement Mortality	Males: RP 2000 Annuitant Male table projected 5 years with Scale AA Females: RP 2000 Annuitant Female table projected 10 years with Scale AA

Other Information:

Plan Changes: Please refer to the plan's prior Act 205 filing and/or GASB 68 reports for prior year plan changes.

**BOROUGH OF CONSHOHOCKEN AUTHORITY
SCHEDULE OF ASSETS, LIABILITIES AND FUNDED RATIOS
GASB 68 MEASUREMENT DATE OF DECEMBER 31, 2019**

Measurement Year Ending	2013	2014	2015	2016	2017	2018	2019
1. Total Pension Liability	\$ 1,099,951	\$ 1,203,316	\$ 1,236,883	\$ 1,309,377	\$ 1,400,391	\$ 1,509,448	\$ 1,615,011
2. Actuarial Value of Assets*	\$ 1,279,209	\$ 1,336,201	\$ 1,293,959	\$ 1,358,444	\$ 1,438,874	\$ 1,541,524	\$ 1,638,010
3. AVA Funded Ratio [2./1.]	116.3%	111.0%	104.6%	103.7%	102.7%	102.1%	101.4%
4. Market Value of Assets *	\$ 1,260,726	\$ 1,310,822	\$ 1,195,700	\$ 1,283,117	\$ 1,515,869	\$ 1,427,544	\$ 1,744,578
5. MVA Funded Ratio [4.1/1.]	114.6%	108.9%	96.7%	98.0%	108.2%	94.6%	108.0%

* Amounts may not match the Act 205 Forms due to unpaid MMOs.