



BOROUGH OF MEDIA

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY
INFORMATION**

DECEMBER 31, 2019

BOROUGH OF MEDIA

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INDEPENDENT AUDITOR'S REPORT

August 24, 2020

Members of Council
Borough of Media
Media, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Media ("the Borough"), Media, Pennsylvania, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough'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 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 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

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and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Media, Media, Pennsylvania, as of December 31, 2019, and the respective changes in financial position, and the respective budgetary comparisons for the general fund for the year 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 4 through 11 and schedules of changes in the net pension liability, investment returns, and related ratios - pension plans; schedules of employer contributions - pension plans; notes to the schedules of employer contributions - pension plans; and schedule of changes in net OPEB liability and related ratios on pages 49 through 53 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Borough's financial statements as a whole. The combining fiduciary funds financial statements on pages 54 and 55 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fiduciary funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting

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Borough of Media

and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fiduciary funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
DECEMBER 31, 2019**

The members of Council of the Borough of Media, Media, Pennsylvania, are pleased to present to readers of the financial statements of the Borough of Media ("the Borough") this narrative overview and analysis of the financial activities of the Borough for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in the financial statements and notes to the financial statements.

Financial Highlights

Entity-wide

- The assets of the Borough exceeded its liabilities at the close of the year by \$10,413,211 (net position), a decrease of \$227,847 from the previous year.

Fund Level

- As of the close of the year, the Borough reported combined ending fund balances in governmental funds of \$5,030,746, a decrease of \$780,392 from the previous year. Of the current year ending fund balances, \$5,076,551 is reported as unassigned and \$23,322 as nonspendable in the General Fund; and \$68,410 as restricted in the Highway Aid Fund. The Capital Reserve Fund and the Recreation Fund reported deficit fund balances in the amounts of \$130,840 and \$6,697, respectively.

Long-term Debt

- At the end of the current calendar year, the Borough had \$3,936,000 in long-term debt outstanding, a decrease of \$380,000 from the previous year. All of the debt is backed by the full faith and credit of the Borough government. Governmental activities report the total amount of the outstanding debt. Additional information on the Borough's long-term debt can be found in the notes to the financial statements.

Capital Assets

- As of December 31, 2019, the Borough has invested \$13,386,357, net of accumulated depreciation, in a broad range of capital assets. (See table on next page.) Depreciation charges for the calendar year 2019 totaled \$536,706.

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2019**

**CAPITAL ASSETS
AS OF DECEMBER 31, 2019 AND 2018
(NET OF DEPRECIATION)**

	2019	2018
Land	\$ 1,154,041	\$ 1,154,041
Land improvements	2,688,068	2,077,732
Infrastructure	4,837,407	4,968,466
Building	10,015,481	10,015,481
Construction-in-progress	266,675	191,975
Machinery and equipment	4,943,615	4,478,643
	23,905,287	22,886,338
Less: accumulated depreciation	(10,518,930)	(9,982,224)
NET CAPITAL ASSETS	\$ 13,386,357	\$ 12,904,114

Overview of the Financial Statements

This discussion and analysis is an introduction to the Borough's basic financial statements. The Borough's basic financial statements are comprised of three components: 1) entity-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Entity-wide Financial Statements

The entity-wide financial statements are designed to provide readers with a broad overview of the Borough's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Borough's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Borough is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future calendar periods (e.g., uncollected taxes and earned but unused vacation or sick leave).

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2019**

The entity-wide financial statements of the Borough report the following:

- **Governmental Activities** – All of the Borough's basic services are reported in this category. Taxes and intergovernmental revenues generally support these services. Services provided include general government administration, public safety, public works - highways and streets, public works - sanitation, and culture and recreation.

Fund Financial Statements

An analysis of the Borough's major funds provides detailed information about the most significant funds – not the Borough as a whole. Some funds are required to be established by state law. However, the Borough Council also establishes many other funds to help it control and manage money for particular purposes (special revenue funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (capital reserve funds). The Borough's two kinds of funds – governmental and fiduciary – use different accounting approaches.

- **Governmental Funds** – All of the Borough's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the Borough's general government operations and the basic services provided. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs. Because this information does not encompass the additional long-term focus of the entity-wide statements, reconciliations are provided to reconcile between the governmental funds balance sheet and the statement of net position, and between the governmental funds statement of revenues, expenditures, and changes in fund balances and the statement of activities. These funds are reported using modified accrual accounting, which primarily measures cash and other financial assets usable in the short term. Governmental funds include the General, special revenue (Recreation, Highway Aid), and Capital Reserve funds.
- **Fiduciary Funds** – The Borough acts as a fiduciary to account for resources held for the benefit of Borough employees. The Pension Trust funds account for the activities of the police and non-uniformed pension plans, which accumulate resources for pension benefit payments to qualified employees. These funds are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. These funds are reported using accrual accounting. The entity-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent assets available to the Borough to finance its operations.

Notes to the Financial Statements

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

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2019**

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Borough's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees. Other information includes combining financial statements for fiduciary funds.

Entity-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Borough's financial position. A year-to-year comparison of net position has been presented below.

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets	\$ 5,616,337	\$ 6,382,081
Capital assets	13,386,357	12,904,114
Other noncurrent assets	981,000	1,087,000
TOTAL ASSETS	<u>19,983,694</u>	<u>20,373,195</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>397,923</u>	<u>3,064,715</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 20,381,617</u>	<u>\$ 23,437,910</u>
LIABILITIES		
Current liabilities	1,279,847	1,151,275
Long-term liabilities	7,994,932	10,758,890
TOTAL LIABILITIES	<u>9,274,779</u>	<u>11,910,165</u>
DEFERRED INFLOWS OF RESOURCES	<u>693,627</u>	<u>886,687</u>
NET POSITION		
Net investment in capital assets	9,450,357	8,588,114
Restricted	68,410	81,941
Unrestricted	894,444	1,971,003
TOTAL NET POSITION	<u>10,413,211</u>	<u>10,641,058</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 20,381,617</u>	<u>\$ 23,437,910</u>

The largest portion of the Borough's total net position, \$9,450,357 or 91 percent, is reflected in its investment in capital assets (land, buildings, and equipment) less any related debt which is still

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2019**

outstanding. The Borough uses these capital assets to provide services to residents and to preserve open ground for recreational and environmental purposes; consequently, they are not available for future spending as cash, and the resources needed to repay the debt must be provided from other sources. Cash and investments represent most of the current and other assets of the Borough.

The total net position in the governmental activities reflected a decrease of \$227,847. This was a result of current year expenses exceeding current year revenues.

Analysis of the Borough's Operations

	Governmental Activities	
	2019	2018
REVENUES		
Program Revenues:		
Charges for services	\$ 1,127,714	\$ 1,045,039
Operating grants and contributions	656,108	597,718
General Revenues:		
Real estate taxes	1,188,387	1,218,510
Real estate transfer taxes	282,908	245,513
Earned income taxes	3,823,881	3,681,519
Mercantile taxes	101,039	87,406
Local services taxes	266,809	256,958
Business privilege taxes	503,458	531,491
Franchise fees	134,000	138,649
Fines and forfeits	160,151	195,666
Interest and rents	968,904	887,557
Other revenues	181,816	492,402
TOTAL REVENUES	9,395,175	9,378,428
EXPENSES		
Current:		
General government	1,573,064	1,389,149
Public safety	5,071,822	5,033,921
Public works - highways and streets	1,713,779	1,917,114
Public works - sanitation	519,905	473,172
Library	160,000	147,500
Community development	181,555	159,642
Culture and recreation	338,515	181,952
Interest expense	64,382	69,143
TOTAL EXPENSES	9,623,022	9,371,593
CHANGE IN NET POSITION	(227,847)	6,835
BEGINNING NET POSITION	10,641,058	10,634,223
ENDING NET POSITION	\$ 10,413,211	\$ 10,641,058

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2019**

The cost of all governmental activities in 2018 was \$9,623,022. The amount that the Borough's various taxpaying groups financed for these activities through Borough property, local services, business, mercantile, and real estate transfer taxes was \$6,166,482. Other costs were paid by those who directly benefited from the programs (\$1,127,714) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$656,108).

As indicated above, general government accounts for approximately 16 percent of the total expenses of the Borough's governmental activities. Public safety and public works account for approximately 53 percent and 23 percent, respectively, of total expenses for 2019.

Financial Analysis of the Borough's Funds

Governmental Funds

Governmental funds are reported in the fund statements with a short-term focus on the inflow and outflow of financial resources. This information is valuable in assessing resources available for upcoming financial requirements. Governmental funds reported combining ending fund balances of \$5,030,746, a decrease of \$780,392 as compared to the prior year.

Major Governmental Funds

The General Fund is the Borough's primary operating fund. As of December 31, 2019, the fund balance of the General Fund was \$5,099,873, an increase of \$255,669 as compared to the prior year.

The Highway Aid Fund is a special revenue fund that is earmarked for expenditures related to highways and streets. The Borough receives annual funding through the Commonwealth's fuels tax. As of December 31, 2019, the fund balance of the Highway Aid Fund was \$68,410, a decrease of \$13,531 as compared to the prior year.

The Recreation Fund accounts for the activities of various recreational programs. As of December 31, 2019, the fund balance of the Recreation Fund was \$(6,697), a decrease of \$12,215 as compared to the prior year.

The Capital Reserve Fund provides funding for capital improvements, or other unique expenditures which are not normal operating or maintenance-type expenditures reportable within the General Fund or other governmental funds. As of December 31, 2019, the fund balance of the Capital Reserve Fund was \$(130,840), a decrease of \$1,010,315 as compared to the prior year.

General Fund Budgetary Highlights

The Borough adopted the 2019 budget with estimated revenues and other financing sources of \$8,958,345 and appropriations of \$8,958,345.

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2019**

In 2019, actual revenues exceeded budgeted revenues by \$124,272. The surplus is mostly attributable to earned income tax, business privilege taxes, and charges for services.

Actual expenditures in 2019 were lower than budget expenditures in the amount of \$156,730.

Economic Factors and Next Year's Budget Rates

The Borough, incorporated in 1850, occupies an area of .75 square miles and is located in the central section of Delaware County ("the County"). The Borough is approximately 12 miles west of the City of Philadelphia and is bounded by the Township of Upper Providence to the west, northwest, and southwest and by the Township of Nether Providence on the east, northeast, and southeast.

The following economic factors currently affect the Borough and were considered in developing the 2020 fiscal year budget.

- Interest rates for savings and checking accounts continue to remain near historic lows.
- The Borough adopted a balanced budget for 2020 with no increase in real estate taxes.
- Annual recurring revenues such as Act 511 taxes (i.e. earned income, business privilege, mercantile, local services, and transfer tax) are projected to increase three percent in 2020.
- Proposed salary increases for personnel:
 - 3.5 percent salary increase for police per the collective bargaining agreement
 - 3.5 percent salary increase for public works employees and non-uniformed personnel
- There is an assumption of ten percent increase in workers' compensation insurance.
- Casualty/liability insurance is assumed to increase by ten percent.
- The implementation of the Economic Development/Public Rations Plan is budgeted at \$165,000.
- There is an anticipated increase of \$185,000 in the police pension costs. The police pension plan funding ratio is approximately 88 percent, and the non-uniformed plan is approximately 99 percent funded.
- The Media Fire Company received a \$600,000 donation to purchase a fire truck.

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2019**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Borough's income in 2020. Other financial impact could occur though such potential impact is unknown at this time.

Requests for Information

The financial report is designed to provide a general overview of the Borough of Media's finances to the citizens of the Borough of Media, Media, Pennsylvania, and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report, and requests for additional financial information should be addressed to Jeffery Smith, Borough Manager, Borough of Media, 301 North Jackson Street, Media, PA 19063-2909.

**BOROUGH OF MEDIA
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 5,299,466
Accounts and other receivables	148,677
Taxes receivable	38,872
Note receivable	106,000
Prepaid expenses	23,322
Total Current Assets	5,616,337
Noncurrent Assets:	
Note receivable	981,000
Land	1,154,041
Construction-in-progress	266,675
Depreciable capital assets, net	11,965,641
Total Noncurrent Assets	14,367,357
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to OPEB	154,192
Deferred amounts related to pension	243,731
TOTAL DEFERRED OUTFLOWS OF RESOURCES	397,923
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 20,381,617
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Current Liabilities:	
Accounts payable and other accrued liabilities	\$ 315,991
Accrued salaries and benefits	52,988
Unearned revenue	71,740
Accrued interest payable	15,153
Compensated absences	438,975
General obligation bonds payable	385,000
Total Current Liabilities	1,279,847
Noncurrent Liabilities:	
General obligation bonds payable	3,551,000
Net OPEB liability	2,398,557
Net pension liability	2,045,375
Total Noncurrent Liabilities	7,994,932
TOTAL LIABILITIES	9,274,779
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pension	693,627
TOTAL DEFERRED INFLOWS OF RESOURCES	693,627
NET POSITION	
Net investment in capital assets	9,450,357
Restricted	68,410
Unrestricted	894,444
TOTAL NET POSITION	10,413,211
TOTAL LIABILITIES AND NET POSITION	\$ 20,381,617

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MEDIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
General government	\$ 1,573,064	\$ 117,588	\$ 9,239	\$ -	\$ (1,446,237)
Public safety	5,071,822	345,406	251,858	-	(4,474,558)
Public works - highways and streets	1,713,779	620,135	395,011	-	(698,633)
Public works - sanitation	519,905	44,585	-	-	(475,320)
Library	160,000	-	-	-	(160,000)
Community development	181,555	-	-	-	(181,555)
Culture and recreation	338,515	-	-	-	(338,515)
Interest expense	64,382	-	-	-	(64,382)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 9,623,022	\$ 1,127,714	\$ 656,108	\$ -	(7,839,200)

GENERAL REVENUES				
Taxes:				
Real estate taxes				1,188,387
Real estate transfer taxes				282,908
Earned income taxes				3,823,881
Mercantile taxes				101,039
Local services taxes				266,809
Business privilege taxes				503,458
Franchise fees				134,000
Fines and forfeits				160,151
Interest and rents				968,904
Other revenues				181,816
TOTAL GENERAL REVENUES				7,611,353
CHANGE IN NET POSITION				(227,847)
NET POSITION, BEGINNING OF YEAR				10,641,058
NET POSITION, END OF YEAR				\$ 10,413,211

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MEDIA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Recreation Fund</u>	<u>Highway Aid Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 1,002,251	\$ 4,201,796	\$ 25,191	\$ 70,228	\$ 5,299,466
Accounts and other receivables	148,677	-	-	-	148,677
Taxes receivable	38,872	-	-	-	38,872
Due from other funds	4,197,786	-	-	-	4,197,786
Note receivable	1,087,000	-	-	-	1,087,000
Prepaid expenditures	23,322	-	-	-	23,322
TOTAL ASSETS	<u>\$ 6,497,908</u>	<u>\$ 4,201,796</u>	<u>\$ 25,191</u>	<u>\$ 70,228</u>	<u>\$ 10,795,123</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)					
LIABILITIES:					
Accounts payable and other accrued liabilities	\$ 147,435	\$ 168,326	\$ 230	\$ -	\$ 315,991
Accrued salaries and benefits	52,988	-	-	-	52,988
Unearned revenue	71,740	-	-	-	71,740
Due to other funds	-	4,164,310	31,658	1,818	4,197,786
TOTAL LIABILITIES	<u>272,163</u>	<u>4,332,636</u>	<u>31,888</u>	<u>1,818</u>	<u>4,638,505</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	38,872	-	-	-	38,872
Unavailable revenue - loan proceeds	1,087,000	-	-	-	1,087,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,125,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,125,872</u>
FUND BALANCES (DEFICIT):					
Restricted:					
Streets and highways	-	-	-	68,410	68,410
Nonspendable:					
Prepaid expenses	23,322	-	-	-	23,322
Unassigned (deficit)	5,076,551	(130,840)	(6,697)	-	4,939,014
TOTAL FUND BALANCES (DEFICIT)	<u>5,099,873</u>	<u>(130,840)</u>	<u>(6,697)</u>	<u>68,410</u>	<u>5,030,746</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	<u>\$ 6,497,908</u>	<u>\$ 4,201,796</u>	<u>\$ 25,191</u>	<u>\$ 70,228</u>	<u>\$ 10,795,123</u>

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MEDIA
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

TOTAL GOVERNMENTAL FUND BALANCES \$ 5,030,746

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 13,386,357

Some of the Borough's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.

Property taxes		38,872
Note receivable		1,087,000

Some assets and liabilities are not due, receivable, or payable in the current period and, therefore, are not reported in the funds. Those items consist of:

Interest payable	\$ (15,153)		
Compensated absences	(438,975)		
General obligation bonds payable	(3,936,000)		
Net OPEB liability	(2,398,557)		
Net pension liability	<u>(2,045,375)</u>		(8,834,060)

Deferred inflows and outflows related to the Borough's net pension liability and OPEB liability do not represent current resources or uses of resources and, therefore, are not reported on the fund level.

Deferred outflows of resources:			
Deferred amounts related to OPEB	154,192		
Deferred amounts related to pension	243,731		
Deferred inflows of resources:			
Deferred amounts related to pension	<u>(693,627)</u>		<u>(295,704)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 10,413,211

The accompanying notes are an integral part of these financial statements.

BOROUGH OF MEDIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Capital Reserve Fund	Recreation Fund	Highway Aid Fund	Total
REVENUES					
Taxes	\$ 6,186,775	-	-	-	\$ 6,186,775
Licenses and permits	265,821	-	-	-	265,821
Fines, forfeits, and costs	160,151	-	-	-	160,151
Interest, dividends, and rents	879,792	88,923	13	176	968,904
Intergovernmental revenues	306,303	193,350	-	156,455	656,108
Charges for services/fees	995,893	-	-	-	995,893
Miscellaneous/other	257,882	-	27,934	-	285,816
TOTAL REVENUES	<u>9,052,617</u>	<u>282,273</u>	<u>27,947</u>	<u>156,631</u>	<u>9,519,468</u>
EXPENDITURES					
Current:					
General government	1,307,659	420,663	-	-	1,728,322
Public safety	4,575,644	41,071	-	-	4,616,715
Public works - streets and highways	1,156,807	560,907	-	170,162	1,887,876
Public works - sanitation	467,472	-	-	-	467,472
Public works - other	-	243,272	-	-	243,272
Library	160,000	-	-	-	160,000
Community development	169,620	11,935	-	-	181,555
Culture and recreation	210,069	14,740	91,495	-	316,304
Insurance, employee benefits, payroll taxes	252,499	-	-	-	252,499
Debt service:					
Principal	380,000	-	-	-	380,000
Interest and other charges	65,845	-	-	-	65,845
TOTAL EXPENDITURES	<u>8,745,615</u>	<u>1,292,588</u>	<u>91,495</u>	<u>170,162</u>	<u>10,299,860</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>307,002</u>	<u>(1,010,315)</u>	<u>(63,548)</u>	<u>(13,531)</u>	<u>(780,392)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	51,333	-	51,333
Transfers out	(51,333)	-	-	-	(51,333)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(51,333)</u>	<u>-</u>	<u>51,333</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	255,669	(1,010,315)	(12,215)	(13,531)	(780,392)
FUND BALANCES, BEGINNING OF YEAR	4,844,204	879,475	5,518	81,941	5,811,138
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 5,099,873</u>	<u>\$ (130,840)</u>	<u>\$ (6,697)</u>	<u>\$ 68,410</u>	<u>\$ 5,030,746</u>

The accompanying notes are an integral part of these financial statements.

BOROUGH OF MEDIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (780,392)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the effect of these differences:

Capital outlays	\$ 1,018,949	
Depreciation expense	<u>(536,706)</u>	482,243

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

Property taxes	(20,293)	
Note receivable	<u>(104,000)</u>	(124,293)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. 380,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(92,094)	
Accrued interest payable	<u>1,463</u>	(90,631)

OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the changes in the actuarially determined net OPEB liability, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (28,146)

Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the changes in the actuarially determined net pension liability, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (66,628)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (227,847)

The accompanying notes are an integral part of these financial statements.

BOROUGH OF MEDIA
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original/Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES			
Taxes:			
Real estate	\$ 1,193,500	\$ 1,208,680	\$ 15,180
Real estate - transfer	250,000	282,908	32,908
Mercantile taxes	85,000	101,039	16,039
Earned income tax	3,789,295	3,823,881	34,586
Local services tax	265,000	266,809	1,809
Business privilege taxes	465,000	503,458	38,458
Licenses and permits	323,700	265,821	(57,879)
Fines, forfeits, and costs	191,000	160,151	(30,849)
Interest, dividends, and rents	900,000	879,792	(20,208)
Intergovernmental revenues	295,700	306,303	10,603
Charges for services/fees	907,200	995,893	88,693
Miscellaneous revenue	262,950	257,882	(5,068)
TOTAL REVENUES	8,928,345	9,052,617	124,272
EXPENDITURES			
Current:			
General government	1,213,295	1,307,659	(94,364)
Public safety	4,469,950	4,575,644	(105,694)
Public works - highways and streets	1,167,150	1,156,807	10,343
Public works - sanitation	467,950	467,472	478
Library	160,000	160,000	-
Community development	307,000	169,620	137,380
Culture and recreation	330,000	210,069	119,931
Insurance, employee benefits	281,000	252,499	28,501
Other expenses	60,000	-	60,000
Debt service:			
Principal	380,000	380,000	-
Interest and other charges	66,000	65,845	155
TOTAL EXPENDITURES	8,902,345	8,745,615	156,730
EXCESS OF REVENUES OVER EXPENDITURES	26,000	307,002	281,002
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	30,000	-	(30,000)
Transfers out	(56,000)	(51,333)	4,667
TOTAL OTHER FINANCING USES	(26,000)	(51,333)	(25,333)
NET CHANGE IN FUND BALANCE	\$ -	\$ 255,669	\$ 255,669

The accompanying notes are an integral part of these financial statements.

**BOROUGH OF MEDIA
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2019**

	Pension Trust Funds
ASSETS	
Member contribution receivable	\$ 4,994
Investments, at fair value:	
Mutual funds	21,863,815
TOTAL ASSETS	\$ 21,868,809
 LIABILITIES AND NET POSITION	
LIABILITIES:	
Refund of member contributions	\$ 24,034
Benefits payable	37,404
TOTAL LIABILITIES	61,438
 NET POSITION:	
Net position restricted for pension	21,807,371
TOTAL LIABILITIES AND NET POSITION	\$ 21,868,809

The accompanying notes are an integral part of these financial statements.

BOROUGH OF MEDIA
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Pension Trust Funds
ADDITIONS	
Contributions:	
State aid	\$ 209,940
Employer	763,707
Employee	135,510
Total contributions	1,109,157
Investment income:	
Interest and dividends	390,800
Net appreciation in fair value of investments	2,604,576
Investment expense	(108,751)
Net investment income	2,886,625
NET ADDITIONS	3,995,782
DEDUCTIONS	
Benefits paid	681,040
Refund of member contribution	1,361
Administrative expenses	8,395
TOTAL DEDUCTIONS	690,796
CHANGE IN NET POSITION	3,304,986
NET POSITION, BEGINNING OF YEAR	18,502,385
NET POSITION, END OF YEAR	\$ 21,807,371

The accompanying notes are an integral part of these financial statements.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Borough of Media ("the Borough") conform, in all material respects, to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, which are set forth primarily in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards* ("GASB Codification").

Reporting Entity

The Borough is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board and (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Borough. The Borough also may be financially accountable if an organization is fiscally dependent on the Borough regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly-appointed board.

The Borough has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the Borough's financial statements. In addition, the Borough is not aware of any entity which would exercise such oversight which would result in the Borough being considered a component unit of the entity.

Basis of Presentation

Entity-wide Financial Statements

The statement of net position and the statement of activities display information about the Borough as a whole. These statements distinguish between activities that are governmental and those that are considered business-type. These statements exclude fiduciary activities such as pension and agency funds.

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

The entity-wide statement of activities presents a comparison between expenses and program revenues for each governmental program. Expenses are those that are specifically associated with a service or program and, therefore, are clearly identifiable to a particular function. Program

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

revenues include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Borough.

Internal activity is limited to interfund transfers which are eliminated to avoid "doubling up" revenues and expenses. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes results from special revenue and capital projects funds and the restrictions on their net position use.

Fund Financial Statements

Fund financial statements report detailed information about the Borough. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The four major governmental funds are each presented in a single column on the governmental fund financial statements. Fiduciary fund financial statements are presented by fund type.

The Borough reports the following major governmental funds:

- The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Capital Reserve Fund**, a capital fund, accounts for the resources accumulated for future capital projects.
- The **Highway Aid Fund**, a special revenue fund, accounts for receipts from the Commonwealth of Pennsylvania Motor License Fund (gasoline tax distribution) and the approved expenditures of such monies for highway purposes.
- The **Recreation Fund**, a special revenue fund, accounts for the activities of various recreational programs.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, 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 government considers property tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenues for state and federally funded projects are recognized at the time all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Borough must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Borough on a reimbursement basis.

Property taxes, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax receivables are recorded and deferred until they become available.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Further, as provided in the GASB Codification, certain governmental fund liabilities and expenditures, such as for compensated absences, are recognized to the extent the liabilities mature (come due for payment) each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Fiduciary Funds

Trust Funds – Trust Funds are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. These consist of the Pension Trust Funds. Pension Trust Funds are accounted for using the accrual basis of accounting since the measurement of the economic resources is critical.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the general fund, capital reserve fund, recreation fund, and highway aid fund. All annual appropriations lapse at fiscal year end.

Cash and Cash Equivalents

The Borough's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are recorded at fair value. In establishing the fair value of investments, the Borough uses the following hierarchy. The lowest level of valuation available is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as "internal balances."

Capital Assets

Capital assets, which include property, plant, and equipment, are reported under governmental activities in the entity-wide financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant, and equipment (net of salvage value) of the Borough are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10 - 50 years
Buildings and improvements	20 - 50 years
Machinery and equipment	3 - 20 years
Infrastructure	40 - 50 years

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet - governmental funds will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. The Borough currently has four items that qualify for reporting in this category. Certain changes to the net pension liability and OPEB liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide statement of net position. The governmental funds balance sheet reports delinquent taxes and note receivable not collected within 60 days of year end as deferred inflows of resources since they are not considered available to liquidate liabilities of the current period in accordance with modified accrual reporting.

Compensated Absences

The Borough's policy concerning vacation pay directs all vacation days to be taken by the end of the calendar year. Therefore, there is no accrual for unused vacation pay at December 31, 2019.

The Borough's policy regarding sick pay directs that upon retirement, only a portion of unused sick time is paid out. The payout of sick time is as follows:

Public Works	For employees hired prior to January 1, 2014, pay out for sick time is 50 percent of the first 150 accumulated sick days; 20 percent of 151 to 180 sick days. For employees hired after January 1, 2014, 50 percent of 60 sick days is paid out.
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BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other Employees	Of the first 150 accumulated sick days, 50 percent; 20 percent of 151 to 180 sick days
Police	Lesser of (a) 100 days severance pay or (b) 50 percent of accumulated sick time

The liability for these compensated absences is recorded in the entity-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. Historically, the general fund has been responsible for liquidation of compensated absences associated with governmental activities.

Long-term Obligations

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

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

Fund Balance

Fund balances of the governmental funds are classified, as applicable, as follows:

Nonspendable – amounts that cannot be spent because they are in nonspendable form (e.g., inventory) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

Restricted – amounts limited by external parties or legislation (e.g., grants or donations and constraints imposed through a debt covenant).

Committed – amounts limited by Board policy (e.g., future anticipated costs). These constraints can be removed or changed by equal levels of action. Action or constraint resources should occur prior to fiscal year end.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assigned – amounts that are intended for a particular purpose such as future benefits funding or segregation of an amount intended to be used at some time in the future. The Borough Council or the Borough Manager may assign amounts for specific purposes.

Unassigned – amounts available for consumption or not restricted in any manner.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Borough considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Borough considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Borough Council or Borough Manager has provided otherwise in its commitment or assignment actions.

Net Position

Net Investment in Capital Assets – the Borough's investment in capital assets plus any unspent funding from debt borrowings, reduced by accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.

Restricted – amounts limited by external parties or legislation (e.g. grants or donations and constraints imposed through a debt covenant).

Unrestricted – amounts available for consumption or not restricted in any manner.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 DEPOSITS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Borough does not have a policy for custodial credit risk on deposits. The Borough is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 DEPOSITS (cont'd)

States of America, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

At December 31, 2019, the carrying amount of the Borough's deposits was \$5,299,466, and the bank balance was \$5,312,406 (exclusive of the pension funds). Of the bank balance, \$250,000 was covered by federal depository insurance, and \$5,062,406 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Borough's name.

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases/ Reclass- ifications	Ending Balance
<i>Governmental Activities</i>				
Capital assets not being depreciated:				
Land	\$ 1,154,041	\$ -	\$ -	\$ 1,154,041
Construction-in-progress	191,975	74,700	-	266,675
Total Capital Assets Not Being Depreciated	<u>1,346,016</u>	<u>74,700</u>	-	<u>1,420,716</u>
Capital assets being depreciated:				
Land improvements	2,077,732	418,420	191,916	2,688,068
Infrastructure	4,968,466	60,857	(191,916)	4,837,407
Buildings and improvements	10,015,481	-	-	10,015,481
Machinery and equipment	4,478,643	464,972	-	4,943,615
Total Capital Assets Being Depreciated	<u>21,540,322</u>	<u>944,249</u>	-	<u>22,484,571</u>
Less accumulated depreciation for:				
Land improvements	809,587	71,110	-	880,697
Infrastructure	958,558	115,592	-	1,074,150
Buildings and improvements	4,476,746	213,328	-	4,690,074
Machinery and equipment	3,737,333	136,676	-	3,874,009
Total accumulated depreciation	<u>9,982,224</u>	<u>536,706</u>	-	<u>10,518,930</u>
Total Capital Assets Being Depreciated, Net	<u>11,558,098</u>	<u>407,543</u>	-	<u>11,965,641</u>
Governmental Activities Capital Assets, Net	<u>\$12,904,114</u>	<u>\$ 482,243</u>	<u>\$ -</u>	<u>\$13,386,357</u>

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (cont'd)

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

Governmental Activities:		
General government	\$	99,586
Public safety		283,180
Public works - streets and highway		108,779
Public works - sanitation		26,936
Culture and recreation		<u>18,225</u>
Total Depreciation Expense – Governmental Activities	\$	<u>536,706</u>

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The balance of short-term interfund receivables/payables at December 31, 2019 was as follows:

<u>Receivable To</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	Highway Aid Fund	\$ 1,818
General Fund	Capital Reserve	4,164,310
General Fund	Recreation Fund	31,658

The composition of interfund transfers as of December 31, 2019 is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Recreation Fund	General Fund	\$ 51,333

Interfund receivables/payables represent temporary borrowings between funds to support various fund activities.

Interfund transfers are initiated in the normal course of operations to address individual fund needs through the year.

NOTE 5 LEASES

On May 23, 1995, the Borough of Media (“Lessor”) and Philadelphia Suburban Water Company (“Lessee”), now known as Aqua PA, executed a lease for approximately 63 acres of land whereby the Lessee shall hold the leased property for a term ending on December 31, 2045, unless extended or terminated sooner as outlined in the signed lease agreement. The Lessee, at its sole option, may extend the lease for two additional terms of 50 years each on the terms and provisions contained in the lease by providing the Lessor with notice of such extension 180 days prior to the expiration date.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 LEASES (cont'd)

Per the lease agreement, commencing on January 1, 2001 and on each five-year anniversary through December 31, 2045, the rent shall be adjusted based on the Consumer Price Index ("CPI") pursuant to the following formula:

$$\text{New rent} = \text{Old Rent} \times \text{CPI Adjustment Factor}$$

$$\text{CPI Adjustment Factor} = \text{New CPI divided by Old CPI}$$

As of December 31, 2019, lease payments to be received are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 456,727
2021	456,727
2022	456,727
2023	456,727
2024	456,727
2025 - 2029	2,283,635
2030 - 2034	2,283,635
2035 - 2039	2,283,635
2040 - 2044	2,283,635
2045	<u>456,727</u>
	<u>\$ 11,874,902</u>

On April 6, 2001, the Borough of Media ("Lessor") and Little Washington Wastewater Company ("Lessee") executed a lease for approximately 12 acres of land. The Lessee shall hold the leased property for a term ending on December 31, 2052, unless extended or terminated sooner as outlined in the lease agreement. The Lessee, at its sole option, may extend the lease for two additional terms of 50 years each on the terms and provisions contained in the lease by providing the Lessor with notice of such extension 180 days prior to the expiration date.

Per the lease agreement, commencing on January 1, 2007 and on each five-year anniversary through December 31, 2052, the rent shall be adjusted based on the Consumer Price Index ("CPI") pursuant to the following formula:

$$\text{New rent} = \text{Old Rent} \times \text{CPI Adjustment Factor}$$

$$\text{CPI Adjustment Factor} = \text{New CPI divided by Old CPI}$$

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 LEASES (cont'd)

As of December 31, 2019, lease payments to be received are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 68,563
2021	68,563
2022	68,563
2023	68,563
2024	68,563
2025 - 2029	342,814
2030 - 2034	342,814
2035 - 2039	342,814
2040 - 2044	342,814
2045 - 2049	342,814
2050 - 2052	205,688
	<u>\$ 2,262,573</u>

The Borough also leased space in its Armory building, and the tenant is in the second extension period, which expires in 2023. The Borough will receive \$216,563 annually in lease payments for 2020 through 2023.

NOTE 6 NOTE RECEIVABLE

In 2015, the Borough granted a loan in the amount of \$1,500,000 to the Media Free Library Association. The note matures on October 1, 2029 with interest ranging from 1.54 to 4.5 percent, payable semi-annually on April 1 and October 1. The total principal and interest payments received on this note for the year ended December 31, 2019 were \$104,000 and \$18,342, respectively.

A schedule of the future payments to be received on the note is as follows.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 106,000	\$ 16,740	\$ 122,740
2021	108,000	15,108	123,108
2022	110,000	13,444	123,444
2023	111,000	11,750	122,750
2024	113,000	10,040	123,040
2025 - 2029	539,000	74,790	613,790
TOTALS	<u>\$ 1,087,000</u>	<u>\$ 141,872</u>	<u>\$ 1,228,872</u>

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 LONG-TERM DEBT

General Obligation Bonds

During 2014, the Borough authorized \$5,620,000 of General Obligation Bonds, Series of 2014. The bonds mature October 1, 2029 with interest payable semi-annually ranging from 1.54 percent to 4.50 percent. The balance at December 31, 2019 was \$3,936,000.

The schedule of future principal maturities and annual interest at December 31, 2019 is as follows:

<u>Maturity Year</u>	<u>Principal</u>	<u>Annual Interest</u>
2020	\$ 385,000	\$ 60,052
2021	391,000	54,686
2022	397,000	48,664
2023	403,000	42,550
2024	408,000	36,344
2025 - 2029	<u>1,952,000</u>	<u>271,168</u>
Totals	<u>\$ 3,936,000</u>	<u>\$ 513,464</u>

Changes in Long-term Liabilities

A schedule of the changes in long-term liabilities is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 4,316,000	\$ -	\$ (380,000)	\$ 3,936,000	\$ 385,000
Compensated absences	346,881	92,094	-	438,975	438,975
Net pension liability	4,452,479	-	(2,407,104)	2,045,375	-
Net OPEB liability	<u>2,370,411</u>	<u>28,146</u>	<u>-</u>	<u>2,398,557</u>	<u>-</u>
Governmental Activities, Long-term Liabilities	<u>\$11,485,771</u>	<u>\$ 120,240</u>	<u>\$ (2,787,104)</u>	<u>\$ 8,818,907</u>	<u>\$ 823,975</u>

The general fund is expected to liquidate these long-term liabilities.

NOTE 8 TAXES

For 2019, the following tax was levied on assessed value of real estate:

Real estate bills: Mailed February 1, Discount period through March 31, Face period through May 31, Penalty period subsequent to May 31, Lien Date December 31.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 TAXES (cont'd)

The taxable assessed valuation of property as of December 31, 2019 is \$405,953,340, and the millage rate was 3.00.

Other taxes levied in 2019:

Real estate transfer	-	½ percent of sale price
Earned income tax	-	1 percent of net income
Local services tax	-	\$52 annually
Mercantile tax	-	.75 mills of gross receipts for wholesalers and retailers
Business privilege tax	-	1.5 mills of gross receipts for services and retailers

NOTE 9 POLICE PENSION PLAN

Plan description and provisions:

All of the Borough's full-time police employees participate in the defined benefit pension plan for the police officers of the Borough, as adopted pursuant to Act 600 of 1956. The Borough of Media Police Pension Plan ("the Plan") was amended and restated effective January 1, 2013. The Plan is governed by the Borough Council, which has delegated the authority to manage certain plan assets to the Pennsylvania State Association of Boroughs Municipal Retirement Trust ("PSABMRT").

Plan Membership

At December 31, 2019, pension plan membership consisted of the following:

Active employees	13
Inactive members and beneficiaries currently receiving benefits	8
Inactive members entitled to but not yet receiving benefits	<u>3</u>
TOTAL	<u>24</u>

Benefit Provisions

The following table provides information concerning types of benefit provisions for the Plan:

Benefit vesting	100 percent after 12 years of service
Normal retirement	Age 50 and 25 years of service

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 POLICE PENSION PLAN (cont'd)

Member contributions	Five percent of compensation
Early retirement	Completion of 20 years of service but actuarially reduced for early commencement, payable immediately.
Retirement benefit	A monthly benefit equal to 50 percent of gross pay averaged over the final 36 months of employment plus a service increment of \$100 for completion of 26 years of service, \$200 for completion of 27 years of service, and \$250 for completion of 28 or more years of service.
Death benefit	If a member dies before becoming eligible for retirement, contributions are refunded plus interest. If a member dies after becoming eligible for retirement, a monthly benefit equal to 50 percent of the benefit the participant was receiving or was entitled to receive is payable to the spouse for life. Upon the spouse's death, the participant's dependent children will share the benefit until age 18, or age 23 if attending college.
Disability benefit	An employee with a service-related total and permanent disability is eligible for a monthly benefit equal to the greater of 50 percent of the member's salary at the time disablement occurred, or 100 percent of the final year pay divided by 12 offset by any workers' compensation benefits received.

Deferred Retirement Option Program

An active member hired prior to January 1, 2013 who has attained the age of 52 and completed 25 years of service is eligible to participate in the Deferred Retirement Option Program ("DROP") for a period of up to 36 months. The monthly pension shall be calculated as of the date of the participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of the DROP. At December 31, 2019, the DROP plan had a balance of \$234,070.

Contributions

Act 205 requires that annual contributions be based upon the minimum municipal obligation ("MMO"). The MMO is based upon the plan's biennial actuarial valuation. The state provides an

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 POLICE PENSION PLAN (cont'd)

allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contributions must be funded by the employer in accordance with Act 205. State aid allocations and Borough contributions amounted to \$151,639 and \$763,707, respectively, for the year ended December 31, 2019. In addition, the employees contributed \$88,436.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee, and actuarial services, are charged to the Plan and paid from pension funds.

Method Used to Value Investments

In accordance with GAAP, investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments

The investment objective of the Plan is to maintain a balanced portfolio comprised of equity and fixed income, as such is intended to be structured less aggressively than equity-oriented portfolios.

As of December 31, 2019, the Plan had the following investments:

	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds	<u>\$ 15,018,088</u>	<u>\$ 15,018,088</u>

Investments in external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

Money-weighted Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 16.26 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 POLICE PENSION PLAN (cont'd)

Net Pension Liability

The net pension liability was measured at December 31, 2019, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the end of the year. The components of the net pension liability of the Borough at December 31, 2019 were as follows:

Total pension liability	\$ 17,019,192
Plan fiduciary net position	<u>(15,021,302)</u>
Borough's net pension liability	<u>\$ 1,997,890</u>
Plan fiduciary net position as a percentage of the total pension liability	88.3%

The changes in the net pension liability are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2018	<u>\$ 16,269,254</u>	<u>\$ 12,519,828</u>	<u>\$ 3,749,426</u>
Service cost	325,297	-	325,297
Interest	1,090,728	-	1,090,728
Differences between expected and actual experience	(212,548)	-	(212,548)
Contributions - employer	-	915,346	(915,346)
Contributions - employee	-	88,436	(88,436)
Net investment income	-	1,953,606	(1,953,606)
Benefit payments, including refunds of member contributions	(453,539)	(453,539)	-
Administrative expenses	-	(2,375)	2,375
Net Changes	<u>749,938</u>	<u>2,501,474</u>	<u>(1,751,536)</u>
Balance at December 31, 2019	<u>\$ 17,019,192</u>	<u>\$ 15,021,302</u>	<u>\$ 1,997,890</u>

Actuarial Methods and Assumptions

Amounts in the January 1, 2019 actuarial valuation were determined using the following economic assumptions, applied to all periods included in the measurement:

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 POLICE PENSION PLAN (cont'd)

Inflation	2.75 percent
Salary increases	4.75 percent, average, including inflation
Investment rate of return	6.75 percent including inflation

Mortality rates were based on the RP-2014 Mortality Table with rates set forward five years for disabled lives. Mortality improvement based on the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources

For the year ended December 31, 2019, the Borough recognized pension expense of \$928,252. At December 31, 2019, the Borough reported deferred inflows and deferred outflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ -	\$ 194,979
Changes of assumptions	243,731	-
Net difference between projected and actual investment earnings	-	287,085
	<u>\$ 243,731</u>	<u>\$ 482,064</u>

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

Year Ended December 31,

2020	\$ 136,582
2021	(129,200)
2022	9,687
2023	<u>(255,402)</u>
	<u>\$ (238,333)</u>

The long-term expected rate of return on 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 inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 POLICE PENSION PLAN (cont'd)

rates by the target asset allocation percentage and then adding expected inflation. The target allocation and best estimate of arithmetic real rates for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	65.0%	5.0% - 7.0%
Fixed income	35.0%	1.0% - 3.0%
Cash and cash equivalents	00.0%	0.0% - 1.0%

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. 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 has always met the funding requirements of Act 205. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of unfunded liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 6.75 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Plan's net pension liability	\$ 4,104,138	\$ 1,997,890	\$ 249,728

NOTE 10 NON-UNIFORMED PENSION PLAN

Plan description and provisions:

The Borough of Media Non-Uniformed Pension Plan ("the Plan") is a single-employer defined benefit pension plan that provided benefits for full-time non-uniformed employees of the Borough. The Plan was closed to all non-union employees hired on or after July 1, 2013 and to all union

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 NON-UNIFORMED PENSION PLAN (cont'd)

employees hired on or after January 1, 2014. The Plan is governed by the Borough Council, which has delegated the authority to manage certain plan assets to the Pennsylvania State Association of Boroughs Municipal Retirement Trust ("PSABMRT").

Plan Membership

At December 31, 2019, Plan membership consisted of the following:

Active employees	12
Inactive members and beneficiaries currently receiving benefits	11
Inactive members entitled to but not yet receiving benefits	-
TOTAL	<u>23</u>

Benefit Provisions

The following table provides information concerning types of benefit provisions for the Plan:

Benefit vesting	100 percent immediately upon Plan participation
Normal retirement	Age 62, except for public works employees who attain normal retirement at earlier of age 62 or age 60 with 35 years of service
Member contributions	6.5 percent of compensation; employees with 35 years of service are not required to contribute
Retirement benefit	A monthly benefit equal to two percent of average monthly compensation multiplied by years of service; maximum benefit is 70 percent of average monthly compensation
Death benefit	If a member dies before becoming eligible for retirement, contributions are refunded plus interest. If a member dies after becoming eligible for retirement, the normal form of payment is a life annuity with 120 monthly payments guaranteed. Optional forms of benefit payments are available at the election of the participant and are calculated as actuarially equivalent to the normal form.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 NON-UNIFORMED PENSION PLAN (cont'd)

Disability benefit For service or non-services related total and permanent disablement and qualification for social security benefits, the accrued benefit at date of disablement will be payable six months following disablement and will continue for the lifetime of the participant.

Contributions

Act 205 requires that annual contributions be based upon the minimum municipal obligation ("MMO"). The MMO is based upon the Plan's biennial actuarial valuation. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contributions must be funded by the employer in accordance with Act 205. State aid allocations amounted to \$58,301 for the year ended December 31, 2019. In addition, the employees contributed \$47,074.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee, and actuarial services, are charged to the Plan and paid from pension funds.

Method Used to Value Investments

In accordance with GAAP, investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments

The investment objective of the Plan is to maintain a balanced portfolio comprised of equity and fixed income, and as such is intended to be structured less aggressively than equity-oriented portfolios.

As of December 31, 2019, the Plan had the following investments:

	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds	<u>\$ 6,845,727</u>	<u>\$ 6,845,727</u>

Investments in external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 NON-UNIFORMED PENSION PLAN (cont'd)

Money-weighted Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 16.34 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The net pension liability was measured at December 31, 2019, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the end of the year. The components of the net pension liability of the Borough at December 31, 2019 were as follows:

Total pension liability	\$ 6,833,554
Plan fiduciary net position	<u>(6,786,069)</u>
Borough's net pension liability	<u>\$ 47,485</u>
Plan fiduciary net position as a percentage of the total pension liability	99.3%

The changes in the net pension liability are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2018	<u>\$ 6,685,610</u>	<u>\$ 5,982,557</u>	<u>\$ 703,053</u>
Service cost	60,932	-	60,932
Interest	439,452	-	439,452
Differences between expected and actual experience	(123,578)	-	(123,578)
Contributions - employer	-	58,301	(58,301)
Contributions - employee	-	47,074	(47,074)
Net investment income	-	933,019	(933,019)
Benefit payments, including refunds of member contributions	(228,862)	(228,862)	-
Administrative expenses	-	(6,020)	6,020
Net Changes	<u>147,944</u>	<u>803,512</u>	<u>(655,568)</u>
Balance at December 31, 2019	<u>\$ 6,833,554</u>	<u>\$ 6,786,069</u>	<u>\$ 47,485</u>

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 NON-UNIFORMED PENSION PLAN (cont'd)

Actuarial Methods and Assumptions

Amounts in the January 1, 2019 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	4.25 percent, average, including inflation
Investment rate of return	6.75 percent including inflation

Mortality rates were based on the RP-2014 Mortality Table with rates set forward five years for disabled members. Mortality improvement based on the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report.

Net Pension Liability, Pension Expense, and Deferred Inflows of Resources

For the year ended December 31, 2019, the Borough recognized pension expense of \$112,023. At December 31, 2019, the Borough reported deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 74,147
Net difference between projected and actual investment earnings	<u>137,416</u>
	<u>\$ 211,563</u>

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

<u>Year Ended December 31,</u>	
2020	\$ (62,751)
2021	(66,274)
2022	31,879
2023	<u>(114,417)</u>
	<u>\$ (211,563)</u>

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 NON-UNIFORMED PENSION PLAN (cont'd)

The long-term expected rate of return on 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 inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates by the target asset allocation percentage and then adding expected inflation. The target allocation and best estimate of arithmetic real rates for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	65.0%	5.0% - 7.0%
Fixed income	35.0%	1.0% - 3.0%
Cash and cash equivalents	00.0%	0.0% - 1.0%

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. 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 has always met the funding requirements of Act 205. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of unfunded liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the plan, calculated using the discount rate of 6.75 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Plan's net pension liability (asset)	\$ 653,790	\$ 47,485	\$ (474,876)

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Borough's other postemployment benefits plan is a single-employer defined benefit plan with benefits as follows:

- Police: Eligible employees include those police officers who retire either at or after normal retirement age with at least 20 years of service, or after age 50 with 25 years of service. Benefits for these employees consist of premium payments on health, vision, dental, and prescription drug benefits at a rate of 100 percent for the retiree, and 50 percent for spouse and dependents for the lesser of 10 years or becoming Medicare eligible. Retirees hired before January 1, 2013 are also provided a \$10,000 life insurance policy.
- Public Works Employees: Eligible employees include those full-time employees hired before January 1, 2014 who retire, or after age 62. Benefits for these employees consist of premium payments on health, vision, dental, and \$10,000 term life insurance, and prescription drug benefits at a rate of 25 percent for the retiree and spouse until age 65.

All other employee groups are not eligible for benefits.

The Borough Council assigns the authority to establish and amend benefit provisions. The plan does not issue any financial report.

Plan Membership

Plan membership as of January 1, 2018, the date of the latest census information, consisted of the following:

Active employees	23
Retirees and beneficiaries currently receiving benefits	6
Inactive members entitle to but not yet receiving benefits	<u>-</u>
Total	<u>29</u>

Funding Policy

The contribution requirements of plan members are established and may be amended by the Borough Council. The Borough has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Borough Council.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (cont'd)

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of January 1, 2019. The total OPEB liability as of January 1, 2019 was determined by rolling forward the total OPEB liability as of the January 1, 2018 actuarial valuation to the January 1, 2019 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount used to measure the total OPEB liability was 3.25 percent, based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Inflation Rate

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.75 percent cost of living adjustment.

Disability

Rates for police are derived from the Social Security Administration's 2010 projections of disability incidence (ultimate rates only).

Mortality Rates

Mortality rates are established based on the RP-2014 Mortality Table as published by the Society of Actuaries with rates set forward five years for disabled lives.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 2.25%	Current Rate Discount Rate 3.25%	1% Increase 4.25%
Total OPEB liability	\$ 2,582,757	\$ 2,398,557	\$ 2,232,144
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,582,757</u>	<u>\$ 2,398,557</u>	<u>\$ 2,232,144</u>

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (cont'd)

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	<u>1% Decrease</u>	<u>Current Rate Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 2,194,707	\$ 2,398,557	\$ 2,629,928
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,194,707</u>	<u>\$ 2,398,557</u>	<u>\$ 2,629,928</u>

Changes in Total OPEB Liability

Total OPEB liability - beginning	\$ 2,370,411
Service cost	104,392
Interest	77,946
Benefit payments	<u>(154,192)</u>
Net change	<u>28,146</u>
Total OPEB liability - ending	<u>\$ 2,398,557</u>

The amount of OPEB expense recognized by the Borough was \$182,338 for the year ended December 31, 2019. At December 31, 2019, the Borough reported deferred outflows of resources of resources relating to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Benefits paid subsequent to the date of measurement	<u>\$ 154,192</u>

An amount of \$154,192 is reported as deferred outflows of resources resulting from the Borough's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 NET PENSION LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

The Borough's aggregate net pension liability, and deferred inflows and outflows of resources are as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Police (See Note 9)	\$ 1,997,890	\$ 243,731	\$ 482,064
Non-Uniformed (See Note 10)	<u>47,485</u>	<u>-</u>	<u>211,563</u>
Total	<u>\$ 2,045,375</u>	<u>\$ 243,731</u>	<u>\$ 693,627</u>

NOTE 13 DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan ("the Plan") in accordance with Internal Revenue Code ("IRC") Section 457. The Plan is administered by ICMA Retirement Corporation. The Plan, available to all employees of the Borough, permits them to defer a portion of their salary until future years. The deferred compensation, including related income, is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with the provisions of IRC Section 457, the Borough does not own the amounts deferred by employees, including the related income on those amounts.

NOTE 14 EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2019, expenditures over appropriations for the General Fund were as follows:

General government	\$ 94,364
Public safety	\$ 105,694

The over expenditures were covered through revenues in excess of budget and expenditures under budget in other areas.

NOTE 15 COMMITMENTS

As of December 31, 2019, the Borough incurred costs of \$266,675 for capital improvement projects that are not under formal commitments.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 DEFICIT FUND BALANCE

As of December 31, 2019, the capital reserve fund and the recreation fund reported deficit fund balance of \$130,840 and \$6,697, respectively. The deficits resulted from the effect of incurring expenditures before resources were available to offset these expenditures. The deficits will be eliminated in the subsequent year once resources are available.

NOTE 17 SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Borough's income in 2020. Other financial impact could occur though such potential impact is unknown at this time.

The Borough has evaluated all subsequent events through August 24, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**BOROUGH OF MEDIA
REQUIRED SUPPLEMENTARY INFORMATION**

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

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	\$ 325,297	\$ 270,412	\$ 313,852	\$ 257,879	\$ 245,599	\$ 249,567
Interest cost	1,090,728	1,042,349	985,194	928,810	878,981	811,445
Differences between expected and actual experience	(212,548)	-	(145,994)	-	206,719	-
Changes of assumptions	-	-	1,157,723	-	-	-
Benefit payments	(453,539)	(423,685)	(394,522)	(542,630)	(359,680)	(305,729)
NET CHANGE IN TOTAL PENSION LIABILITY	749,938	889,076	1,916,253	644,059	971,619	755,283
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	16,269,254	15,380,178	13,463,925	12,819,866	11,848,247	11,092,964
TOTAL PENSION LIABILITY, END OF YEAR	\$ 17,019,192	\$ 16,269,254	\$ 15,380,178	\$ 13,463,925	\$ 12,819,866	\$ 11,848,247
PLAN FIDUCIARY NET POSITION						
Contributions:						
Employer	\$ 151,639	\$ 143,936	\$ 590,339	\$ 620,801	\$ 511,925	\$ 550,624
State aid	763,707	810,803	131,240	94,100	100,000	100,000
Member	88,436	87,481	86,187	81,769	76,372	71,994
Net investment income (loss)	1,953,606	(682,094)	1,363,623	405,935	(113,645)	542,895
Benefit payments	(453,539)	(423,685)	(394,522)	(542,630)	(359,680)	(305,729)
Administrative expenses	(2,375)	(4,050)	(6,110)	(2,977)	(6,421)	(51,338)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,501,474	(67,609)	1,770,757	656,998	208,551	908,446
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	12,519,828	12,587,437	10,816,680	10,159,682	9,951,131	9,042,685
PLAN FIDUCIARY NET POSITION, END OF YEAR	\$ 15,021,302	\$ 12,519,828	\$ 12,587,437	\$ 10,816,680	\$ 10,159,682	\$ 9,951,131
BOROUGH'S NET PENSION LIABILITY	\$ 1,997,890	\$ 3,749,426	\$ 2,792,741	\$ 2,647,245	\$ 2,660,184	\$ 1,897,116
Plan fiduciary net position as a percentage of total pension liability	88.26%	76.95%	81.84%	80.34%	79.25%	83.99%
Covered employee payroll	\$ 1,681,469	\$ 1,528,164	\$ 1,821,275	\$ 1,618,388	\$ 1,506,925	\$ 1,433,676
Borough's net pension liability as a percentage of covered payroll	118.82%	245.35%	153.34%	163.57%	176.53%	132.33%
Annual money-weighted rate of return, net of investment expense	16.26%	-4.93%	13.23%	4.60%	-0.62%	6.09%

Notes to Schedule:

Changes of Assumptions: In 2017, inflation was lowered from 3.0% to 2.75%; interest rate lowered from 7.25% to 6.75%; salary increase assumption lowered from 5.0% to 4.75%; mortality assumption updated from RP-2000 Combined Healthy Mortality with Blue Collar Adjustment and 75% Scale AA to RP-2014 Mortality and Mortality Improvement based on the Social Security Administration's 2015 Long-Range Demographic Assumptions.

Cumulative Information: In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**BOROUGH OF MEDIA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN

Year	Actuarial Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
2010	\$ 389,029	\$ 389,029	\$ -	\$ 1,428,973	27.22%
2011	495,395	420,285	75,110	*	*
2012	504,891	504,891	-	1,556,630	32.43%
2013	564,183	564,183	-	*	*
2014	636,364	650,624	(14,260)	1,433,676	45.38%
2015	611,925	611,925	-	1,506,925	40.61%
2016	714,901	714,901	-	1,618,388	44.17%
2017	721,579	721,579	-	1,821,275	39.62%
2018	954,739	954,739	-	1,528,164	62.48%
2019	915,346	915,346	-	1,681,469	54.44%

* Not available due to biennially required ACT 205 report.

Notes to Required Supplementary Information - Police Pension Plan

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Valuation date	January 1, 2019
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Remaining amortization period	4 years
Asset valuation method	4-year smoothing
Inflation	2.75%
Salary increases	4.75%
Investment rate of return	6.75%
Retirement age	Age 52 with 25 years of service
Mortality	RP-2014 Mortality Table with rates set forward 5 years for disabled members. Mortality improvement based on the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report.

**BOROUGH OF MEDIA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY, INVESTMENT RETURNS, AND RELATED RATIOS - NON-UNIFORMED PENSION PLAN

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	\$ 60,932	\$ 70,424	\$ 84,622	\$ 75,733	\$ 72,127	\$ 88,040
Interest cost	439,452	429,049	409,929	420,638	401,296	406,888
Difference between expected and actual experience	(123,578)	-	(541,702)	-	(316,836)	-
Changes of assumptions	-	512,631	512,631	-	-	-
Benefit payments	(228,862)	(196,242)	(197,920)	(211,721)	(208,840)	(268,710)
NET CHANGE IN TOTAL PENSION LIABILITY	<u>147,944</u>	<u>303,231</u>	<u>267,560</u>	<u>284,650</u>	<u>(52,253)</u>	<u>226,218</u>
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	<u>6,685,610</u>	<u>6,382,379</u>	<u>6,114,819</u>	<u>5,830,169</u>	<u>5,882,422</u>	<u>5,656,204</u>
TOTAL PENSION LIABILITY, END OF YEAR	<u>\$ 6,833,554</u>	<u>\$ 6,685,610</u>	<u>\$ 6,382,379</u>	<u>\$ 6,114,819</u>	<u>\$ 5,830,169</u>	<u>\$ 5,882,422</u>
PLAN FIDUCIARY NET POSITION						
Contributions:						
Employer	\$ -	\$ -	\$ 100,748	\$ 59,791	\$ 134,263	\$ 123,674
State aid	58,301	57,493	47,702	89,635	60,754	78,143
Member	47,074	49,703	48,137	47,723	46,466	45,289
Net investment income (loss)	933,019	(337,592)	715,215	219,995	(65,710)	315,581
Benefit payments	(228,862)	(196,242)	(197,920)	(211,721)	(208,840)	(268,710)
Administrative expenses	(6,020)	(2,450)	(7,055)	(2,785)	(5,548)	(31,580)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>803,512</u>	<u>(429,088)</u>	<u>706,827</u>	<u>202,638</u>	<u>(38,615)</u>	<u>262,397</u>
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	<u>5,982,557</u>	<u>6,411,645</u>	<u>5,704,818</u>	<u>5,502,180</u>	<u>5,540,795</u>	<u>5,278,398</u>
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 6,786,069</u>	<u>\$ 5,982,557</u>	<u>\$ 6,411,645</u>	<u>\$ 5,704,818</u>	<u>\$ 5,502,180</u>	<u>\$ 5,540,795</u>
BOROUGH'S NET PENSION LIABILITY	<u>\$ 47,485</u>	<u>\$ 703,053</u>	<u>\$ (29,266)</u>	<u>\$ 410,001</u>	<u>\$ 327,989</u>	<u>\$ 341,627</u>
Plan fiduciary net position as a percentage of total pension liability	99.31%	89.48%	100.46%	93.29%	94.37%	94.19%
Covered employee payroll	\$ 829,951	\$ 850,155	\$ 844,064	\$ 817,622	\$ 809,503	\$ 821,075
Borough's net pension liability as a percentage of covered payroll	5.72%	82.70%	-3.47%	50.15%	40.52%	41.61%
Annual money-weighted rate of return, net of investment expense	16.34%	-4.78%	13.23%	4.63%	-0.63%	6.07%

Notes to Schedule:

Changes of Assumptions: In 2017, inflation was lowered from 3.0% to 2.75%; interest rate lowered from 7.25% to 6.75%; salary increase assumption lowered from 5.0% to 4.25%; Table T-2 withdrawal assumption removed; mortality assumption updated from RP-2000 Combined Healthy Mortality with Blue Collar Adjustment and 75% Scale AA to RP-2014 Mortality with Mortality Improvement based on the Social Security Administration's 2015 Demographic Assumptions.

Cumulative Information: In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**BOROUGH OF MEDIA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN

Year	Actuarial Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
2010	\$ 95,571	\$ 95,571	\$ -	\$ 1,028,372	9.29%
2011	137,810	127,069	10,741	*	*
2012	128,139	128,139	-	824,894	15.53%
2013	158,937	158,937	-	*	*
2014	197,558	201,817	(4,259)	821,075	24.58%
2015	195,017	195,017	-	809,503	24.09%
2016	149,426	149,426	-	817,622	18.28%
2017	148,450	148,450	-	844,064	17.59%
2018	57,493	57,493	-	850,155	6.76%
2019	58,301	58,301	-	829,951	7.02%

* Not available due to biennially required ACT 205 report.

Notes to Required Supplementary Information - Non-Uniformed Pension Plan

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Valuation date	January 1, 2019
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Remaining amortization period	1 year
Asset valuation method	4-year smoothing
Inflation	2.75%
Salary increases	4.25%
Investment rate of return	6.75%
Retirement age	Normal retirement age
Mortality	RP-2014 Mortality Table with rates set forward 5 years for disabled members. Mortality improvement based on the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report.

**BOROUGH OF MEDIA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	MEASUREMENT DATE <u>January 1, 2019</u>	MEASUREMENT DATE <u>January 1, 2018</u>
TOTAL OPEB LIABILITY		
Service cost	\$ 104,392	\$ 101,598
Interest on OPEB liability	77,946	76,504
Benefit payments	<u>(154,192)</u>	<u>(119,200)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	28,146	58,902
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	<u>2,370,411</u>	<u>2,311,509</u>
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 2,398,557</u>	<u>\$ 2,370,411</u>
<u>PLAN FIDUCIARY NET POSITION</u>		
Contributions - employer	-	-
Net investment income	-	-
Benefit payments	-	-
Administrative expenses	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	<u>\$ -</u>	<u>\$ -</u>
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
BOROUGH'S NET OPEB LIABILITY	<u>\$ 2,398,557</u>	<u>\$ 2,370,411</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%
Covered employee payroll	\$ 2,292,112	\$ 2,292,112
Borough's net OPEB liability as a percentage of covered payroll	104.64%	103.42%
Expected average remaining service years of all participants	16	17

Note on Cumulative Information:

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SUPPLEMENTARY INFORMATION

BOROUGH OF MEDIA
COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2019

	<u>Police Pension Trust Fund</u>	<u>Non-Uniformed Pension Trust Fund</u>	<u>Total</u>
ASSETS			
Member contribution receivable	\$ 3,214	\$ 1,780	\$ 4,994
Investments, at fair value:			
Mutual funds	<u>15,018,088</u>	<u>6,845,727</u>	<u>21,863,815</u>
TOTAL ASSETS	<u><u>\$ 15,021,302</u></u>	<u><u>\$ 6,847,507</u></u>	<u><u>\$ 21,868,809</u></u>
 LIABILITIES AND NET POSITION			
LIABILITIES:			
Refund of member contributions	\$ -	\$ 24,034	\$ 24,034
Benefits payable	<u>-</u>	<u>37,404</u>	<u>37,404</u>
TOTAL LIABILITIES	<u>-</u>	<u>61,438</u>	<u>61,438</u>
 NET POSITION:			
Net position restricted for pension	<u>15,021,302</u>	<u>6,786,069</u>	<u>21,807,371</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 15,021,302</u></u>	<u><u>\$ 6,847,507</u></u>	<u><u>\$ 21,868,809</u></u>

BOROUGH OF MEDIA
COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions:			
State aid	\$ 151,639	\$ 58,301	\$ 209,940
Employer	763,707	-	763,707
Employee	88,436	47,074	135,510
Total contributions	<u>1,003,782</u>	<u>105,375</u>	<u>1,109,157</u>
Investment income:			
Interest and dividends	264,406	126,394	390,800
Net appreciation in fair value of investments	1,761,538	843,038	2,604,576
Investment expense	<u>(72,338)</u>	<u>(36,413)</u>	<u>(108,751)</u>
Net investment income	<u>1,953,606</u>	<u>933,019</u>	<u>2,886,625</u>
NET ADDITIONS	<u>2,957,388</u>	<u>1,038,394</u>	<u>3,995,782</u>
DEDUCTIONS			
Benefits paid	453,539	227,501	681,040
Refund of member contributions	-	1,361	1,361
Administrative expenses	<u>2,375</u>	<u>6,020</u>	<u>8,395</u>
TOTAL DEDUCTIONS	<u>455,914</u>	<u>234,882</u>	<u>690,796</u>
CHANGE IN NET POSITION	2,501,474	803,512	3,304,986
NET POSITION, BEGINNING OF YEAR	<u>12,519,828</u>	<u>5,982,557</u>	<u>18,502,385</u>
NET POSITION, END OF YEAR	<u>\$ 15,021,302</u>	<u>\$ 6,786,069</u>	<u>\$ 21,807,371</u>