

**BOROUGH OF CLIFTON HEIGHTS
DELAWARE COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS**

DECEMBER 31, 2023

**JOHN R. HANNA & SONS LLC
Accounting, Audit, and Tax Services
Media, Pennsylvania 19063**

BOROUGH OF CLIFTON HEIGHTS
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis – Required Supplementary Information	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Net Position – Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	23
Notes to Financial Statements	24
Required Supplemental Information:	
Schedule of Changes in Net Pension Liability and Related Ratios	52
Schedule of Funding Progress – Other Post-employment Benefits	54
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Sanitation Fund	55
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Sewer Fund	56
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Sinking Fund	57
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Non-major Governmental Funds	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-major Governmental Funds	59
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60



John R. Hanna & Sons LLC
Accounting, Audit, and Tax Services

INDEPENDENT AUDITORS' REPORT

To Borough Council
Borough of Clifton Heights
Clifton Heights, Pennsylvania

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough of Clifton Heights, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough of Clifton Heights' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough of Clifton Heights, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2025, on our consideration of the Borough of Clifton Heights' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Clifton Heights' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Clifton Heights' internal control over financial reporting and compliance.

John R. Hanna & Sons LLC

Media, Pennsylvania
February 6, 2025

BOROUGH OF CLIFTON HEIGHTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Borough of Clifton Heights for the year ended December 31, 2023. The Borough's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the Borough's primary government.

FINANCIAL HIGHLIGHTS

- The Borough's liabilities on the government-wide basis exceeded its assets (negative net position) by \$14,180,547. This represented a decrease in net position from 2022 to 2023 of \$720,432. The governmental activities represented an increase in the amount of \$466,096 offset by a decrease in the business activities in the amount of \$254,336.
- The governmental funds reported a total of revenues in excess of expenditures in the amount of \$1,020,391.
- Revenues for the Borough's governmental funds increased \$3,226,086 or approximately 39 percent resulting from a new debt issuance including an increase in transfer taxes, real estate tax collections and a significant increase in licenses, permits and fees during the period. Total governmental fund expenditures increased slightly by \$163,780 or approximately 3 percent over the previous year.
- Sanitation and sewer fees remained stable this period increasing by .009% and representing approximately a 95% collection rate, consistent with prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Borough's basic financial statements. The Borough's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves. This MD&A represents management's analysis of the Borough's financial condition and performance. Summary financial statement data and other management tools were utilized for analysis.

BOROUGH OF CLIFTON HEIGHTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Government-wide Financial Statements

The Borough's report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Borough's overall status. These statements are intended to provide the reader with a broad overview of the Borough's finances, similar to the perspective found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The *Statement of Net Position* includes all of the Borough's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Borough as a whole is improving or deteriorating.

The second statement, the *Statement of Activities* presents information on how the Borough's net position has changed during the most recent fiscal year. All of the current year revenue and expenses are included regardless of when cash is received or paid. Revenues and expenses are reported in this statement for some items that will result in cash flows in subsequent fiscal periods, such as uncollected taxes. An important purpose of this statement is to show the financial reliance of the Borough's distinct functions on revenues provided by various sources.

Both government-wide financial statements distinguish governmental activities of the Borough that are principally supported by taxes and intergovernmental revenue, such as grants, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, highways and streets, sewers, and culture and recreation.

Fund Financial Statements

The fund financial statements provide more detailed information about the Borough's most significant *funds* – not the Borough as a whole. The funds are an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Major funds are separately reported, while all others are combined into a single, aggregated presentation. The Borough has two proprietary funds that are combined and shown as "Business-type Activities" on the Statement of Net Position and presented separately for informational purposes.

BOROUGH OF CLIFTON HEIGHTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Governmental Funds – Almost all of the Borough's basic services are included in the governmental funds, which are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, the governmental fund statements focus on a detailed short-term view that helps determine whether there are sufficient financial resources that are available at the end of the fiscal year or that can be spent in the near future to finance the programs and commitments of the Borough. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided subsequent to the governmental funds statement to reconcile the differences between the two statements.

The Borough maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, Sinking Fund, and Capital Project Funds, each of which is considered to be a major fund. Information relative to the other funds (considered to be non-major funds) is presented in a separate, discrete presentation of "Other Governmental Funds". Supplemental information is presented detailing both the balance sheets and statements of revenues, expenditures and changes in fund balance of the Fire Tax, Liquid Fuels, Public Lighting and Recreation funds, all considered to be special revenue funds.

Proprietary Funds – The Borough maintains two proprietary funds: The Sanitation Fund that accounts for the financial resources used for the provision of services relative to the collection of trash and refuse; and the Sewer Fund that accounts for financial resources utilized for the maintenance and operation of the sanitary sewer systems.

Fiduciary Funds – The Borough maintains a Police Pension Fund that is reported separately in the accompanying financial statements.

Notes to Financial Statements – The notes to the financial statements provide required disclosures and other information essential to a full understanding of the material data provided in the government wide and fund financial statements. The notes present information about the Borough's accounting policies, significant accounts and activities, obligations, commitments and subsequent events, if any.

BOROUGH OF CLIFTON HEIGHTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Budgetary Highlights

The Borough adopted an annual appropriated budget for the following funds: General, Sinking, Fire Tax, Liquid Fuels, Public Lighting, Recreation, Sewer and Sanitation. There were no amendments to the 2023 budgets. A budgetary comparison statement has been provided for the General Fund and the proprietary funds with legally adopted budgets to demonstrate budgetary compliance.

FINANCIAL ANALYSIS OF THE BOROUGH

The following comparative condensed financial data serve as indicators of the Borough's financial health or financial position. Table 1 below shows a condensed version of the Borough's Net Position. The component change in net position is shown below in Table 2 as a condensed summary of changes in net position. Tables 3 and 4 provide a comparative of the components of the capital assets from 2022 to 2023.

**TABLE 1
NET POSITION**

	December 31,			
	2023	2022	Change	% Inc/Dec
Current assets	\$ 7,869,241	\$ 9,562,796	\$ (1,693,555)	(17.71)%
Capital assets, net	<u>3,808,914</u>	<u>3,210,199</u>	<u>598,715</u>	18.65%
Total assets	<u>11,678,155</u>	<u>12,772,995</u>	<u>(1,094,840)</u>	
Deferred outflows	<u>2,085,406</u>	<u>2,496,008</u>	<u>(410,602)</u>	(16.45)%
Current liabilities	423,078	627,428	(204,350)	(32.57)%
Noncurrent liabilities	<u>20,332,911</u>	<u>20,102,151</u>	<u>230,760</u>	1.15%
Total liabilities	<u>20,755,989</u>	<u>20,729,579</u>	<u>26,410</u>	
Deferred inflows	<u>7,188,119</u>	<u>7,999,539</u>	<u>(811,420)</u>	(10.14)%
Net position invested in capital assets	978,914	210,199	768,715	365.71%
Restricted net position	1,271,419	2,389,705	(1,118,286)	(46.81)%
Unrestricted	<u>(16,430,880)</u>	<u>(16,060,019)</u>	<u>(370,861)</u>	2.31%
Net position	<u>\$ (14,180,547)</u>	<u>\$ (13,460,115)</u>	<u>\$ (720,432)</u>	5.35%

BOROUGH OF CLIFTON HEIGHTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

**TABLE 2
SUMMARY OF CHANGES IN NET POSITION**

	For year ending December 31,			
	2023	2022	Change	% Inc/Dec
Revenue				
Property taxes	\$ 3,829,913	\$ 3,891,052	\$ (61,139)	(1.57)%
Local enabling taxes and other taxes	279,888	311,288	(31,400)	(10.09)%
Charges for services	2,337,651	2,218,957	118,694	5.35%
Operating grants	284,294	473,196	(188,902)	(39.92)%
Investments earnings	137,843	47,085	90,758	192.75%
Miscellaneous	<u>82,986</u>	<u>92,633</u>	<u>(9,647)</u>	(10.41)%
Total revenues	<u>6,952,575</u>	<u>7,034,211</u>	<u>(81,636)</u>	
Operating expenses				
General government	1,420,471	1,258,954	161,517	12.83%
Public safety/license and inspection	2,990,388	3,173,625	(183,237)	(5.77)%
Public works/highway/health	1,084,725	545,965	538,760	98.68%
Sanitation and sewer	2,060,344	2,121,234	(60,890)	(2.87)%
Culture and recreation	24,835	32,980	(8,145)	(24.70)%
Interest and issuance costs	<u>92,244</u>	<u>80,609</u>	<u>11,635</u>	14.43%
Total property/function	<u>7,673,007</u>	<u>7,213,367</u>	<u>459,640</u>	
Capital transfer of assets to business activity fund	<u>-</u>	<u>115,805</u>	<u>(115,805)</u>	N/A
Change in net position	(720,432)	(63,351)	(657,081)	1037.21%
Beginning net position	<u>(13,460,115)</u>	<u>(13,396,764)</u>	<u>(63,351)</u>	
Ending net position	<u>\$(14,180,547)</u>	<u>\$(13,460,115)</u>	<u>\$(720,432)</u>	

BOROUGH OF CLIFTON HEIGHTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE 3
CHANGES IN CAPITAL ASSETS INCLUDING CONSTRUCTION IN PROGRESS
YEAR TO YEAR COMPARISON – GOVERNMENTAL ACTIVITIES

	December 31,			
	2023	2022	Change	% Inc/Dec
Land	\$ 60,158	\$ 60,158	\$ -	0%
Buildings and improvements	3,123,372	2,876,708	246,664	9%
Machinery and equipment	990,414	778,852	211,562	27%
Infrastructure	<u>959,120</u>	<u>734,930</u>	<u>224,190</u>	31%
Totals	<u>\$ 5,133,064</u>	<u>\$ 4,450,648</u>	<u>\$ 682,416</u>	

TABLE 4
CHANGES IN CAPITAL ASSETS INCLUDING CONSTRUCTION IN PROGRESS
YEAR TO YEAR COMPARISON – BUSINESS-TYPE ACTIVITIES

	December 31,			
	2023	2022	Change	% Inc/Dec
Machinery and equipment	\$ 586,041	\$ 586,041	\$ -	0%
Infrastructure	<u>491,248</u>	<u>306,895</u>	<u>184,353</u>	60%
Totals	<u>\$ 1,077,289</u>	<u>\$ 892,936</u>	<u>\$ 184,353</u>	

BOROUGH OF CLIFTON HEIGHTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

ECONOMIC DEVELOPMENT

Clifton Heights Borough officials are working closely with community groups and other municipalities to encourage appropriate development both in the business and residential areas throughout the Borough. Elected officials and management are working hard to create jobs, quality of living and to generally improve all aspects of the community for its residents.

As part of the Delaware County Revitalization Program and in conjunction with the Council of Governments, Clifton Heights Borough officials continue to promote the development of the Baltimore Pike Corridor to promote business and develop an increased tax base. This period the Borough has been working with local economic development groups relative to property acquisition and development.

TO CONTACT BOROUGH MANAGEMENT AND REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Borough's finances and to demonstrate the Borough's accountability for its funds. If you have questions regarding this report or would like additional information, contact the Borough Manager, Borough of Clifton Heights, 30 S. Springfield Road, Clifton Heights, Pennsylvania 19018.

BOROUGH OF CLIFTON HEIGHTS
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 5,842,639	\$ 1,154,385	\$ 6,997,024
Temporarily restricted cash	171,827	-	171,827
Receivables (net of allowance for uncollectibles)	301,157	351,636	652,793
Prepaid insurance	41,824	-	41,824
Internal balances	5,773	-	5,773
Capital assets (net of accumulated depreciation):			
Land	60,158	-	60,158
Buildings	2,317,345	-	2,317,345
Machinery and equipment	304,368	196,869	304,368
Infrastructure	561,202	368,972	1,127,043
TOTAL ASSETS	<u>9,606,293</u>	<u>2,071,862</u>	<u>11,678,155</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	1,087,070	-	1,087,070
Deferred outflows of resources related to other post-employment benefits	998,336	-	998,336
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,085,406</u>	<u>-</u>	<u>2,085,406</u>
LIABILITIES			
Accounts payable	159,260	25,282	184,542
Accrued wages and expenses	34,311	691	35,002
Internal balances	-	5,773	5,773
Due to Police Pension Fund	5,820	-	5,820
Payable from restricted assets:			
Escrow liability	171,827	-	171,827
Escheat liability	20,104	10	20,114
Other liabilities	-	-	-
Long-term liabilities:			
Bonds payable within one year	175,000	-	175,000
Bonds payable due in more than one year	2,655,000	-	2,655,000
Net other post-employment benefits liability	15,488,320	-	15,488,320
Net pension liability	2,014,591	-	2,014,591
TOTAL LIABILITIES	<u>20,724,233</u>	<u>31,756</u>	<u>20,755,989</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	133,306	-	133,306
Deferred inflows of resources related to other post-employment benefits	6,641,214	-	6,641,214
Deferred inflows of resources related to American Recovery Fund	323,599	-	323,599
Deferred inflows of sewer I & I	-	90,000	90,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,098,119</u>	<u>90,000</u>	<u>7,188,119</u>
NET POSITION			
Invested in capital assets, net of related debt	413,073	565,841	978,914
Restricted for:			
Debt service	356,539	-	356,539
Capital projects	722,539	-	722,539
Special revenue	192,341	-	192,341
Unrestricted	(17,815,145)	1,384,265	(16,430,880)
TOTAL NET POSITION	<u>\$ (16,130,653)</u>	<u>\$ 1,950,106</u>	<u>\$ (14,180,547)</u>

Notes to the financial statements are an integral part of these statements.

BOROUGH OF CLIFTON HEIGHTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Primary Government							
General Government	\$ 1,420,471	\$ -	\$ 91,472	\$ -	\$ (1,328,999)	\$ -	\$ (1,328,999)
Public Safety	2,702,105	90,958	36,172	-	(2,574,975)	-	(2,574,975)
Health and sanitation	3,437	-	-	-	(3,437)	-	(3,437)
License and Inspection	288,283	572,685	-	-	284,402	-	284,402
Public Works/Highway	1,081,288	-	156,650	-	(924,638)	-	(924,638)
Culture and Recreation	24,835	-	-	-	(24,835)	-	(24,835)
Interest	92,244	-	-	-	(92,244)	-	(92,244)
TOTAL GOVERNMENTAL ACTIVITIES	<u>5,612,663</u>	<u>663,643</u>	<u>284,294</u>	<u>-</u>	<u>(4,664,726)</u>	<u>-</u>	<u>(4,664,726)</u>
Business-type Activities:							
Sanitation	597,527	663,075	-	-	-	65,548	65,548
Sewer	1,462,817	1,010,933	-	-	-	(451,884)	(451,884)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>2,060,344</u>	<u>1,674,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(386,336)</u>	<u>(386,336)</u>
General Revenues							
Real Estate Taxes					3,829,913	-	3,829,913
Other Taxes					279,888	-	279,888
Interest and Investment Earnings					108,284	29,559	137,843
Miscellaneous Refunds/ Reimbursements					82,986	-	82,986
Operating Transfer to Business Activity Funds					(159,841)	159,841	-
Operating Transfer from Business Activity Funds					57,400	(57,400)	-
Total General Revenues					<u>4,198,630</u>	<u>132,000</u>	<u>4,330,630</u>
Capital Transfer of Assets to Business Activity Fund					-	-	-
Change in Net Position					(466,096)	(254,336)	(720,432)
Net Position – Beginning					<u>(15,664,557)</u>	<u>2,204,442</u>	<u>(13,460,115)</u>
Net Position – Ending					<u>\$ (16,130,653)</u>	<u>\$ 1,950,106</u>	<u>\$ (14,180,547)</u>

Notes to the financial statements are an integral part of these statements.

BOROUGH OF CLIFTON HEIGHTS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Sinking Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,239,836	\$ 352,059	\$ 726,227	\$ 524,517	\$ 5,842,639
Restricted:					
Escrow cash	171,827	-	-	-	171,827
Tax receivables (net of allowance for uncollectibles)	221,666	4,253	-	12,408	238,327
Other receivables	62,830	-	-	-	62,830
Due from other funds	20,917	4,480	-	12,140	37,537
Prepaid expenses	11,563	-	-	-	11,563
Prepaid insurance	41,824	-	-	-	41,824
TOTAL ASSETS	<u>4,770,463</u>	<u>360,792</u>	<u>726,227</u>	<u>549,065</u>	<u>6,406,547</u>
DEFERRED OUTFLOWS OF RESOURCES					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,770,463</u>	<u>\$ 360,792</u>	<u>\$ 726,227</u>	<u>\$ 549,065</u>	<u>\$ 6,406,547</u>
LIABILITIES					
Accounts payable and accrued expense	\$ 136,355	\$ -	\$ 3,688	\$ 19,217	\$ 159,260
Payable from restricted assets:					
Escrow liability	171,827	-	-	-	171,827
Escheat liability	18,604	-	-	1,500	20,104
Accrued wages	34,311	-	-	-	34,311
Due to other funds	37,584	-	-	-	37,584
Other liabilities	-	-	-	-	-
TOTAL LIABILITIES	<u>398,681</u>	<u>-</u>	<u>3,688</u>	<u>20,717</u>	<u>423,086</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	336,007	336,007
Unavailable taxes	221,666	4,253	-	-	225,919
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>221,666</u>	<u>4,253</u>	<u>-</u>	<u>336,007</u>	<u>561,926</u>
Fund Balances:					
Non-spendable	41,824	-	-	-	41,824
Restricted	-	-	-	192,341	192,341
Committed for:					
Debt service	-	356,539	-	-	356,539
Capital projects	-	-	722,539	-	722,539
Assigned	-	-	-	-	-
Unassigned	4,108,292	-	-	-	4,108,292
TOTAL FUND BALANCES	<u>4,150,116</u>	<u>356,539</u>	<u>722,539</u>	<u>192,341</u>	<u>5,421,535</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,770,463</u>	<u>\$ 360,792</u>	<u>\$ 726,227</u>	<u>\$ 549,065</u>	<u>\$ 6,406,547</u>

Notes to the financial statements are an integral part of these statements.

BOROUGH OF CLIFTON HEIGHTS

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2023

Total Fund Balances – Governmental Funds		\$ 5,421,535
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.		
These assets consist of:		
Land	\$ 60,158	
Buildings	3,123,372	
Machinery and equipment	990,414	
Infrastructure	959,120	
Accumulated depreciation	<u>(1,889,991)</u>	
Total Capital Assets		3,243,073
Some revenues may be collected after year-end but are not available soon enough for the current period expenditures and, therefore, are deferred in the funds		
		550,363
The net pension liability and deferred inflows/outflows related to the pension are not reported in the funds, consisting of:		
Net pension liability	(2,014,591)	
Deferred outflows of resources related to pensions	(133,306)	
Deferred inflows of resources related to pensions	<u>1,087,070</u>	
Total Pension Related Impact		(1,060,827)
The net other post-employment benefits liability and deferred inflows/outflows related to other post-employment benefits are not reported in the funds, consisting of:		
Net OPEB liability	(15,488,320)	
Deferred inflows of resources related to OPEB	(6,641,214)	
Deferred outflows of resources related to OPEB	<u>998,336</u>	
Total OPEB related impact		(21,131,198)
Deferred inflows of resources related to American Recovery Fund		
		(323,599)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Bonds payable		<u>(2,830,000)</u>
Net Position		<u>\$ (16,130,653)</u>

Notes to the financial statements are an integral part of these statements.

BOROUGH OF CLIFTON HEIGHTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Sinking Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Real estate taxes (net)	\$ 3,385,628	\$ 62,069	\$ -	\$ 191,227	\$ 3,638,924
Real estate transfer taxes	164,119	-	-	-	164,119
Other taxes	279,888	-	-	-	279,888
License permits and fees	572,685	-	-	-	572,685
Fines and forfeitures	81,703	-	-	-	81,703
Intergovernmental grants	-	-	-	284,294	284,294
Police revenue	9,255	-	-	-	9,255
Miscellaneous	82,986	-	-	-	82,986
Bond revenue	-	-	-	-	-
Interest/investment	<u>74,224</u>	<u>4,331</u>	<u>19,048</u>	<u>10,681</u>	<u>108,284</u>
Total Revenues	<u>4,650,488</u>	<u>66,400</u>	<u>19,048</u>	<u>486,202</u>	<u>5,222,138</u>
Expenditures:					
Current:					
General government	1,192,564	-	89,459	20,000	1,302,023
Public safety	2,316,587	-	-	236,172	2,552,759
Health and sanitation	3,437	-	-	-	3,437
Licenses and inspection	288,283	-	-	-	288,283
Public works/highways	478,245	-	229,970	315,876	1,024,091
Culture and recreation	10,202	-	-	14,633	24,835
Debt service:					
Principal	-	170,000	-	-	170,000
Issuance costs	-	-	-	-	-
Debt interest	-	92,244	-	-	92,244
Bank charges	-	-	-	-	-
Capital outlay:					
General government	13,000	-	255,798	-	268,798
Licenses and inspection	-	-	-	-	-
Public safety	44,141	-	17,850	76,737	138,728
Streets and highways	<u>39,919</u>	<u>-</u>	<u>234,971</u>	<u>-</u>	<u>274,890</u>
Total Expenditures	<u>4,386,378</u>	<u>262,244</u>	<u>828,048</u>	<u>663,418</u>	<u>6,140,088</u>
Excess (Deficiency) of Revenues over Expenditures	<u>264,110</u>	<u>(195,844)</u>	<u>(809,000)</u>	<u>(177,216)</u>	<u>(917,950)</u>
Other Financing Sources (Uses):					
Proceeds of debt	-	-	-	-	-
Refunding of debt	-	-	-	-	-
Operating transfer in	15,000	223,615	-	55,205	293,820
Operating transfer out	<u>(181,215)</u>	<u>-</u>	<u>(215,046)</u>	<u>-</u>	<u>(396,261)</u>
Total Other Financing Sources (Uses)	<u>(166,215)</u>	<u>223,615</u>	<u>(215,046)</u>	<u>55,205</u>	<u>(102,441)</u>
Net Change in Fund Balance	97,895	27,771	(1,024,046)	(122,011)	(1,020,391)
Fund Balance – Beginning	<u>4,052,221</u>	<u>328,768</u>	<u>1,746,585</u>	<u>314,352</u>	<u>6,441,926</u>
Fund Balance – Ending	<u>\$ 4,150,116</u>	<u>\$ 356,539</u>	<u>\$ 722,539</u>	<u>\$ 192,341</u>	<u>\$ 5,421,535</u>

Notes to the financial statements are an integral part of these statements.

BOROUGH OF CLIFTON HEIGHTS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts reported for governmental activities in the statement of
activities (page 13) are different because:

Net change in fund balance – total governmental funds (page 16)	\$ (1,020,391)
Governmental funds report real estate taxes on the modified accrual basis. The net difference in reporting on a full accrual basis results in a change to taxes.	26,870
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	682,416
Depreciation expense	(233,990)
The repayment of the principal of long-term debt (e.g., bonds, leases) consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.	
Repayment of debt	170,000
Refunding of debt	-
Proceeds of new debt	-
Expense relating to the reporting of net pension and other post- employment benefit liabilities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(91,001)</u>
Change in net position of governmental activities (page 13)	<u>\$ (466,096)</u>

Notes to the financial statements are an integral part of these statements.

BOROUGH OF CLIFTON HEIGHTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Real estate taxes (net)	\$ 3,342,308	\$ 3,342,308	\$ 3,385,628	\$ 43,320
Real estate transfer taxes	75,000	75,000	164,119	89,119
Other taxes	268,805	268,805	279,888	11,083
License permits and fees	856,975	856,975	572,685	(284,290)
Fines/forfeiture	62,000	62,000	81,703	19,703
Intergovernmental grants	18,742	18,742	-	(18,742)
Police revenue	8,800	8,800	9,255	455
Miscellaneous	15,000	15,000	82,986	67,986
Interest/investment	20,000	20,000	74,224	54,224
Total Revenues	<u>4,667,630</u>	<u>4,667,630</u>	<u>4,650,488</u>	<u>(17,142)</u>
EXPENDITURES				
Current:				
General government	1,225,041	1,225,041	1,192,564	32,477
Public safety	2,703,616	2,703,616	2,316,587	387,029
Health and sanitation	4,153	4,153	3,437	716
License and inspection	334,425	334,425	288,283	46,142
Public works/highways	327,459	327,459	478,245	(150,786)
Culture and recreation	-	-	10,202	(10,202)
Debt service:				
Principal	-	-	-	-
Issuance costs	-	-	-	-
Debt interest	-	-	-	-
Capital outlay:				
General government	-	-	13,000	(13,000)
Licenses and inspection	-	-	-	-
Public safety	-	-	44,141	(44,141)
Streets and highways	-	-	39,919	(39,919)
Total Expenditures	<u>4,594,694</u>	<u>4,594,694</u>	<u>4,386,378</u>	<u>208,316</u>
Excess (deficiency) of revenues over expenditures	<u>72,936</u>	<u>72,936</u>	<u>264,110</u>	<u>(191,174)</u>
Other financing sources (uses):				
Proceeds of debt	-	-	-	-
Refunding of debt	-	-	-	-
Operating transfer in	15,000	15,000	15,000	-
Operating transfer out	(580,887)	(580,887)	(181,215)	(399,672)
Total Other Financing Sources (Uses)	<u>(565,887)</u>	<u>(565,887)</u>	<u>(166,215)</u>	<u>(399,672)</u>
Net change in fund balance	(492,951)	(492,951)	97,895	<u>\$ (590,846)</u>
Fund Balance – Beginning			<u>4,052,221</u>	
Fund Balance – Ending			<u>\$ 4,150,116</u>	

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

BOROUGH OF CLIFTON HEIGHTS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-type Activities – Proprietary Funds		
	Sanitation Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 516,028	\$ 638,357	\$ 1,154,385
Fees receivable, net	132,640	218,996	351,636
Accounts receivable, other	-	-	-
Prepaid assets	-	-	-
Due from other funds	12,054	15,144	27,198
Total Current Assets	660,722	872,497	1,533,219
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	196,869	368,972	565,841
Total Noncurrent Assets	196,869	368,972	565,841
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 857,591	\$ 1,241,469	\$ 2,099,060
LIABILITIES			
Accounts payable	\$ 22,518	\$ 2,764	\$ 25,282
Accrued wages and expenses	-	691	691
Escheat liability	10	-	10
Due to other funds	20,917	12,054	32,971
Total Liabilities	43,445	15,509	58,954
Deferred Inflows of Resources	-	90,000	90,000
NET POSITION			
Invested in capital assets	196,869	368,972	565,841
Unrestricted	617,277	766,988	1,384,265
Total Net Position	814,146	1,135,960	1,950,106
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 857,591	\$ 1,241,469	\$ 2,099,060

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

BOROUGH OF CLIFTON HEIGHTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-type Activities – Proprietary Funds		
	<u>Sanitation Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 663,075	\$ 1,010,933	\$ 1,674,008
Intergovernmental revenues	-	-	-
Miscellaneous	-	-	-
Total Operating Revenues	<u>663,075</u>	<u>1,010,933</u>	<u>1,674,008</u>
Operating Expenditures:			
Wages and benefits and temporary help	-	-	-
Repairs and maintenance	-	133,856	133,856
Engineering	2,555	40,982	43,537
Legal	-	-	-
Vehicle expense	-	-	-
Insurance expense	-	-	-
Pension expense	-	-	-
Other operating expenses	15,759	3,903	19,662
DCSWA waste management fee	241,896	1,205	243,101
Contracted services	314,156	-	314,156
Payments to authorities	-	1,271,969	1,271,969
Total Operating Expenditures	<u>574,366</u>	<u>1,451,915</u>	<u>2,026,281</u>
Operating Income Before Depreciation	88,709	(440,982)	(352,273)
Depreciation expense	(23,161)	(10,902)	(34,063)
Operating Income (Loss)	<u>65,548</u>	<u>(451,884)</u>	<u>(386,336)</u>
Nonoperating Revenues:			
Interest income	10,161	19,398	29,559
Total Nonoperating Revenues	<u>10,161</u>	<u>19,398</u>	<u>29,559</u>
Income (Loss) Before Operating Transfers	75,709	(432,486)	(356,777)
Operating transfers in	-	159,841	159,841
Operating transfers out	(36,200)	(21,200)	(57,400)
Capital Contribution	-	-	-
Change in Net Position	39,509	(293,845)	(254,336)
Total Net Position – Beginning	<u>774,637</u>	<u>1,429,805</u>	<u>2,204,442</u>
Total Net Position - Ending	<u>\$ 814,146</u>	<u>\$ 1,135,960</u>	<u>\$ 1,950,106</u>

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

BOROUGH OF CLIFTON HEIGHTS

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

DECEMBER 31, 2023

	Proprietary Fund Types		
	Sanitation	Sewer	Total
Cash flows from operating activities:			
Cash received from customers and grants	\$ 622,036	\$ 980,768	\$ 1,602,804
Cash received as deferred revenue	-	-	-
Cash paid to suppliers for goods and services	(331,269)	(265,050)	(596,319)
Cash paid to other authorities	(241,896)	(1,271,969)	(1,513,865)
Cash paid to employees	-	-	-
Net cash provided by (used in) operating activities	<u>48,871</u>	<u>(556,251)</u>	<u>(507,380)</u>
Cash flows from non-capital financing activities:			
Interfund expenditures and transfers	<u>(36,200)</u>	<u>138,641</u>	<u>102,441</u>
Net cash used in non-capital financing activities	<u>(36,200)</u>	<u>138,641</u>	<u>102,441</u>
Cash flows from capital and related financing activities:			
Sale of capital assets	-	-	-
Purchase of capital assets	-	(184,353)	(184,353)
Capital contribution	-	-	-
Net cash provided by capital and related financing activities	<u>-</u>	<u>(184,353)</u>	<u>(184,353)</u>
Cash flows from investing activities:			
Interest on investments	<u>10,161</u>	<u>19,398</u>	<u>29,559</u>
Net cash provided by investing activities	<u>10,161</u>	<u>19,398</u>	<u>29,559</u>
Net increase (decrease) in cash and cash equivalents	22,832	(582,565)	(559,733)
Beginning cash and cash equivalents	<u>493,196</u>	<u>1,220,922</u>	<u>1,714,118</u>
Ending cash and cash equivalents	<u>\$ 516,028</u>	<u>\$ 638,357</u>	<u>\$ 1,154,385</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities			
Operating Income (Loss)	\$ 65,548	\$ (451,884)	\$ (386,336)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	23,161	10,902	34,063
Changes in assets and liabilities:			
(Increase) decrease in receivables	(5,424)	(6,836)	(12,260)
(Increase) decrease in prepaid expenses	-	-	-
(Increase) decrease in due from other funds	-	(15,144)	(15,144)
Increase (decrease) in due to other funds	(35,615)	(8,186)	(43,801)
Increase (decrease) in accounts payable	1,201	(85,104)	(83,903)
Increase (decrease) in wages payable	-	-	-
Increase (decrease) in deferred revenue	-	-	-
Net adjustments	<u>(16,677)</u>	<u>(104,368)</u>	<u>(121,045)</u>
Cash provided by (used in) operating activities	<u>\$ 48,871</u>	<u>\$ (556,252)</u>	<u>\$ (507,381)</u>

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

BOROUGH OF CLIFTON HEIGHTS
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2023

	<u>Pension Trust Fund</u>
ASSETS	
Cash	\$ 99,481
Taxes receivable (net of allowance for uncollectibles)	8,850
Due from Borough	<u>5,820</u>
Total Assets	114,151
 DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 114,151</u>
 LIABILITIES	
Due to Borough	<u>\$ -</u>
Total Liabilities	-
 DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	<u>8,850</u>
Total Deferred Inflows of Resources	<u>8,850</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,850</u>
Total Net Position	<u>105,301</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 114,151</u>

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

BOROUGH OF CLIFTON HEIGHTS
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2023

	<u>Pension Trust Fund</u>
Additions:	
Real Estate Taxes	\$ 129,610
Contributions:	
Employer contributions operating transfer	-
State aid	<u>139,869</u>
Total Contributions	<u>269,479</u>
Investment Earnings:	
Interest	<u>1,681</u>
Total Investment Earnings	<u>1,681</u>
Total Additions	<u>271,160</u>
Deductions:	
Benefits	207,351
Administrative expenses	<u>11,400</u>
Total Deductions	<u>218,751</u>
Change in Net Position	52,409
Net Position – Beginning of Year	<u>52,892</u>
Net Position – End of Year	<u>\$ 105,301</u>

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

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The Borough of Clifton Heights is a municipal corporation existing and operating under the Borough Code of the Commonwealth of Pennsylvania. The accompanying financial statements present the primary government only. In evaluating the Borough (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Borough have been addressed. Financial accountability is present if the Borough appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Borough. Based on the aforementioned criteria, there were no entities which were considered for inclusion in the reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable, if any.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government 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 *Sinking Fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The *Capital Projects Fund* accounts for the financial resources to be used for the acquisition or construction of capital items, special projects, and/or major capital facilities.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The government reports the following major proprietary funds:

The *Sanitation Fund* accounts for the financial resources used for the provision of services to Borough residents for the collection of trash and refuse.

The *Sewer Fund* accounts for the financial resources used for the maintenance and operation of the sanitary sewer system.

Additionally, the government reports the following fiduciary fund type:

The *Pension Trust Fund* accounts for assets held by a government unit in a trustee capacity for the Police Pension Plan.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities or enterprise funds, if any, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund and sewer capital fund are charges to customers for services. The funds also recognize as operating revenues the portion of tax fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Assets, liabilities, and net position or equity

Deposits and investments

The government'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.

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The law provides that the government’s Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the government to be prudent.

Investments for the government are reported at fair value. The Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

All trade and property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2023, an allowance for taxes has been established at 30% of the balance owed, and an allowance for sewer and trash fees has been established at 50% of the balance owed. A reserve has been established in the governmental funds shown on these statements as deferred inflows of resources, representing that portion of delinquent taxes and fees receivable not expected to be available and measurable as revenue in the current period.

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed February 1 and payable under the following terms: a 2% discount February 1 through March 31; face amount April 1 through May 31; and a 10% penalty after May 31. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed. The Borough employs an elected tax collector to collect the property tax levied. The tax collector remits Borough taxes at least monthly and is paid a salary.

Delinquent fees receivable for the sewer and sanitation funds reflect amounts for 1987 through 2022 that have been turned over to a collection agent for collection. Delinquent fees for years prior to 1987 have been determined to be uncollectible and are not included.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Delinquent taxes receivable includes the values reflected on the liened tax records of the County of Delaware. The amount shown as receivable, includes unsatisfied levies on the years 1989 through 2022.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

Certain cash deposits have been classified as restricted assets on the balance sheet because they are held by the Borough in a custodial capacity for developers and others. There is a corresponding restricted liability on the balance sheet for these funds.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

BOROUGH OF CLIFTON HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)**

Major outlays for capital assets and improvements are capitalized as projects as constructed. Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets have been valued prospectively, at cost. Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Equipment	3-7
Machinery	10
Infrastructure	40-50

Compensated absences

Management considers compensated absences when budgeting salaries and benefits and budgets at the gross salary level to assure resources are available to pay unpaid vacation, sick pay and other employee amounts as they occur. These compensated absences for accumulated vacation or sick pay are recorded as expenditures in governmental funds when paid. Unused vacation amounts are relieved at year-end for all employees (including the police force); sick leave is granted as appropriate with budgetary provision being made annually for the estimated cost of substitute personnel. As such, there is no liability for accrued sick leave or accrued vacation leave as of December 31, 2023.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, if any exist. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt, if any exist.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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

Net position

In the government-wide financial statements, net position is classified into three components:

- *Invested in capital assets, net of related debt* – consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* – consists of net position with constraints placed on the use either by outside groups such as grantors or laws and regulations of other governments; or through law.
- *Unrestricted net position* – includes all other net position amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Governmental fund balances are presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the Council or an official to which the Council has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Borough's deferred outflows of resources include deferred outflows for the resources related to pensions. See discussion below regarding the Borough's deferred outflows of resources related to pensions.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Under the modified accrual basis of accounting, the Borough reports unavailable revenues in the governmental funds balance sheet. The unavailable revenues result from two sources: real estate taxes and fees for sanitation and sewer usage. These amounts are deferred and recognized as inflows of resources in the period(s) that the amounts become available. Under the accrual basis of accounting, the Borough also reports deferred inflows of resources related to pensions in the Statement of Net Position. See discussion below.

Deferred Outflows/Deferred Inflows of Resources Related to Pensions

In conjunction with pension accounting requirements, the effect of the difference between projected and actual earnings on pension plan investments are recorded as deferred outflows of resources or deferred inflows of resources related to pensions on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Note 10 presents additional information about the pension plans.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans, as well as additions to and deductions from the pension plan fiduciary net position have been determined on the same basis as they are reported in the financial statements of the pension plans. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Investments are reported at fair value.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Date of Management's Review

Management of the Borough has evaluated subsequent events through February 6, 2025, the date on which the financial statements were available to be issued.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Borough. All appropriations lapse at year end.

During November, the Borough holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Borough makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The Borough holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance.

All budget revisions require the approval of the Borough Council. At year end, the Council passes a resolution to move under-expended funds to over-expended categories. There were no budget revisions during 2023.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Excess of expenditures over/under appropriations

General Fund: For the year ended December 31, 2023, expenditures were less than appropriations by \$208,316. This was primarily the result of reduced expenditures for public safety.

Sewer Fund: For the year ended December 31, 2023, expenditures were less than appropriations by \$56,983.

Sanitation Fund: For the year ended December 31, 2023, expenditures were less than appropriations by \$322,939.

NOTE 3 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits. The risk that in the event of a bank failure, the government's deposits may not be returned to it or the government will not be able to recover collateralized securities in the possession of an outside party. The government's policy is to require its banking institution to provide a letter stating that they follow the Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis.

At year-end, the government's carrying amount of deposits was \$7,268,082 and the bank balance was \$7,460,031. Of the bank balance, \$333,813 was covered by federal depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

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

For the year ended December 31, 2023, the Borough held only cash and cash equivalents in governmental and proprietary type funds. The Police and Employees' Pension Funds held investments, however, they are not reflected in the accompanying basic financial statements. The pension plans issue stand-alone statements which discuss the investments held by those plans.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 – ACCOUNTS RECEIVABLE

As of year end for the government’s individual major funds and nonmajor, and proprietary, and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Sinking</u>	<u>Sanitation</u>	<u>Sewer</u>	<u>Nonmajor Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:							
Taxes/ fees	\$ 316,666	\$ 6,076	\$ 265,280	\$ 437,993	\$ 17,725	\$ 12,643	\$ 1,056,383
Accounts	<u>62,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,830</u>
Gross receivables	379,496	6,076	265,280	437,993	17,725	12,643	1,119,213
Less: allowance for uncollectibles	<u>(95,000)</u>	<u>(1,823)</u>	<u>(132,640)</u>	<u>(218,997)</u>	<u>(5,317)</u>	<u>(3,793)</u>	<u>(457,570)</u>
Net total receivables	<u>\$ 284,496</u>	<u>\$ 4,253</u>	<u>\$ 132,640</u>	<u>\$ 218,996</u>	<u>\$ 12,408</u>	<u>\$ 8,850</u>	<u>\$ 661,643</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	<u>\$ 60,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,158</u>
Total capital assets, not being depreciated	<u>60,158</u>	<u>-</u>	<u>-</u>	<u>60,158</u>
Capital assets, being depreciated:				
Buildings and improvements	2,876,708	246,664	-	3,123,372
Machinery and equipment	778,852	211,562	-	990,414
Infrastructure	<u>734,930</u>	<u>224,190</u>	<u>-</u>	<u>959,120</u>
Total capital assets being depreciated	<u>4,390,490</u>	<u>682,416</u>	<u>-</u>	<u>5,072,906</u>
Less accumulated depreciation for:				
Buildings and improvements	695,993	110,034	-	806,027
Machinery and equipment	599,801	86,245	-	686,046
Infrastructure	<u>360,207</u>	<u>37,711</u>	<u>-</u>	<u>397,918</u>
Total accumulated depreciation	<u>1,656,001</u>	<u>233,990</u>	<u>-</u>	<u>1,889,991</u>
Total capital assets, being depreciated, net	<u>2,734,489</u>	<u>448,426</u>	<u>-</u>	<u>3,182,915</u>
Governmental-type activities capital assets, net	<u>\$ 2,794,647</u>	<u>\$ 448,426</u>	<u>\$ -</u>	<u>\$ 3,243,073</u>

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, being depreciated:				
Machinery and equipment	\$ 586,041	\$ -	\$ -	\$ 586,041
Infrastructure	<u>306,895</u>	<u>184,353</u>	<u>-</u>	<u>491,248</u>
Total capital assets being depreciated	<u>892,936</u>	<u>184,353</u>	<u>-</u>	<u>1,077,289</u>
Less accumulated depreciation for:				
Machinery and equipment	366,011	23,161	-	389,172
Infrastructure	<u>111,373</u>	<u>10,903</u>	<u>-</u>	<u>122,276</u>
Total accumulated depreciation	<u>477,384</u>	<u>34,064</u>	<u>-</u>	<u>511,448</u>
Total capital assets, being depreciated, net	<u>415,552</u>	<u>150,289</u>	<u>-</u>	<u>565,841</u>
Business-type activities capital assets, net	<u>\$ 415,552</u>	<u>\$ 150,289</u>	<u>\$ -</u>	<u>\$ 565,841</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables/payables:

	<u>Credit Due to</u>	<u>Debit Due from</u>
General	\$ 37,584	\$ 20,917
Sinking	-	4,480
Capital Projects	-	-
Fiduciary	-	5,820
Sanitation	20,917	12,054
Sewer	12,054	15,144
Nonmajor funds	<u>-</u>	<u>12,140</u>
Total	<u>\$ 70,555</u>	<u>\$ 70,555</u>

Interfund balances are primarily a result of:

- (1) Allocation of revenue collections
- (2) Reimbursement of expenditures

BOROUGH OF CLIFTON HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers:

	<u>Transfer Out</u>	<u>Transfer In</u>
General	\$ 181,215	\$ 15,000
Police Pension	-	-
Sinking	-	223,615
Sanitation	36,200	-
Sewer	21,200	159,841
Capital Projects	215,046	-
Nonmajor Funds	<u>-</u>	<u>55,205</u>
 Total	 <u>\$ 453,661</u>	 <u>\$ 453,661</u>

Interfund balances are primarily a result of transfers:
 (1) To cover debt and pension payments

Detailed information about aggregated fund balances

Restricted fund balances	
Recreation Fund	\$ 7,420
Special Fire	52,735
Liquid Fuels	131,735
American Recovery Fund	<u>451</u>
 Total	 <u>\$ 192,341</u>

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 - LONG-TERM DEBT

General Obligation Notes

In 2022, the Borough issued \$3,000,000 of General Obligations Notes, 2022 Series, for the purpose of funding certain capital projects, refunding of the General Obligation Bonds, 2012 Series, and to fund the cost of issuance of the Notes. Principal payments on the Notes are to be repaid over a twenty-year period, with no principal coming due in the first year. Interest is payable monthly. The Notes have a final maturity on August 25, 2042.

General obligation notes are direct obligations and pledge the full faith and credit of the government.

General obligation notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	Maximum 15%	<u>\$ 2,830,000</u>

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 175,000	\$ 94,020
2025	180,000	88,692
2026	185,000	77,567
2027	190,000	71,769
2028	197,000	65,814
2029-2033	939,000	232,856
2034-2042	<u>964,000</u>	<u>240,002</u>
	<u>\$ 2,830,000</u>	<u>\$ 870,720</u>

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 3,000,000	\$ -	\$ (170,000)	\$ 2,830,000	\$ 175,000
Net pension liability	2,308,623	1,142,974	(1,437,006)	2,014,591	-
Net other post-employment benefits liability	<u>14,793,528</u>	<u>1,195,703</u>	<u>(500,911)</u>	<u>15,488,320</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 20,102,151</u>	<u>\$ 2,338,677</u>	<u>\$ (2,107,917)</u>	<u>\$ 20,332,911</u>	<u>\$ 175,000</u>

Activity related to the net pension liability and the net other post-employment benefits liability is discussed in detail in Notes 10 and 11.

NOTE 8 – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

NOTE 9 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

In the normal course of business, there are various relatively minor claims and suits pending against the Borough, none of which are anticipated to materially effect the financial position of the Borough. At the present time, there are no significant litigation matters pending.

BOROUGH OF CLIFTON HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

The Borough contributes to the Borough of Clifton Heights Police Pension Fund for police officers. A separate report is provided by the Pension Plan and is available by contacting the Borough. The activity of the Plan is audited biennially by the Commonwealth of Pennsylvania Auditor General’s Office.

Description

The Borough sponsors a single employer defined benefit pension plan, the Police Pension Plan (“Pension Plan”), a public employee retirement system (PERS). All regular, full time police employees participate in the plan. The most recent valuation was as of January 1, 2023 whose details are discussed below. As of December 31, 2023, the plan consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>11</u>
Total plan members	<u>24</u>

The Pension Plan provides retirement benefits as well as death and disability benefits to full-time police employees. All benefits vest after 12 years of credited service. Employees who retire at or after age 50, starting the first of the month following the attainment of age 50, with 25 years of credited service are entitled to monthly retirement benefit, payable for life, in an amount equal to 50% of their average eligible monthly compensation received during the last 36 months of employment, plus a monthly service increment, if applicable, offset by workers’ compensation. Cost of living allowances are provided at the discretion of the municipality. Pension provisions include death and disability provisions.

Covered employees are required to contribute at a rate of 5.0% of compensation to the Pension Fund. Employee contributions to the Pension Fund for 2023 were \$65,069. The Borough is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. Pennsylvania allocates certain funds to assist the Borough in pension funding, which is funded by state foreign casualty tax. In 2023, Pennsylvania allocated \$139,869 to the Pension Fund. The remaining \$67,482 was funded by the Borough.

BOROUGH OF CLIFTON HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS
 (CONTINUED)**

Net Pension Liability

The components of the net pension liability of the Pension Plan at December 31, 2023 were as follows:

Total pension liability	\$ 9,785,377
Plan fiduciary net position	<u>7,770,786</u>
Net pension liability	<u>\$ 2,014,591</u>
Plan fiduciary net position as a percentage of the total pension liability	79.4%

The total pension liability was determined as part of the January 1, 2023 actuarial valuation using the following assumptions:

	<u>Police</u>
Method to determine actuarial value of assets	Fair Value (Section 210(a) of Act 205)
Investment rate of return	7.50%
Projected salary increases due to inflation	5%
Inflation	2.25%
Cost method	Entry Age
Amortization method	Level Dollar
Remaining amortization period	10 Years
Retirement age	50

The Plan's total pension liability as of December 31, 2023 was projected by the actuaries from January 1, 2023. Mortality rates were based on the PUBS-2010 Mortality projected to 2026 using scale MP-2020.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS
(CONTINUED)**

The changes in net pension liability of the Pension Plan at December 31, 2023 were as follows:

	Increases/Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2022	\$9,261,680	\$ 6,953,057	\$2,308,623
Changes for the year:			
Service cost	211,274	-	211,274
Interest	687,520	-	687,520
Changes in benefit terms	-	-	-
Differences between actual and expected experience	(58,573)	-	(58,573)
Changes of assumptions	244,180	-	244,180
Contributions – Borough & State Aid	-	207,351	(207,351)
Contributions – member	-	65,069	(65,069)
Net investment income	-	1,106,013	(1,106,013)
Benefit payments	(560,704)	(560,704)	-
Net changes	<u>523,697</u>	<u>817,729</u>	<u>(294,032)</u>
Balances at December 31, 2023	<u>\$9,785,377</u>	<u>\$ 7,770,786</u>	<u>\$2,014,591</u>

Basis of Accounting

Pension Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Investment Policy

Investments which are included in the Police Pension Plan are reported at fair value and are invested in accordance with the Plan's policy. Short-term investments are reported at cost, which approximates fair value. Unrealized gains and/or losses due to fluctuation in market value are recorded in the financial statements. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS
(CONTINUED)**

The Pension Plan’s policies in regard to the allocation of invested assets are established and may be amended by the Borough Council and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due.

The Plan’s investment policy establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	49.0%	5.60%
International equities	21.0%	5.60%
Fixed income	27.0%	2.60%
Cash	3.0%	<u>.60%</u>
Total net blended return		4.54%*
Long-term expected rate of return		6.94%

*Excludes 2.40% inflation assumption

Long-Term Expected Rate of Return

The long-term expected rate of return on Plan investments was determined using an allocation study conducted by the Plan’s investment management consultant in December 2023 in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class in the target assets allocation as of December 31, 2023 are listed in the table above.

BOROUGH OF CLIFTON HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS
 (CONTINUED)**

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2023, the annual money-weighted rate of return on the Pension Plan investments, net of investment expense, was 16.49%.

Concentrations

The Pension Plan did not have investments in a single issuer that exceeded 5% of the Plan's fiduciary net position at December 31, 2023.

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. The Borough will consider the costs of lowering the actuarial assumed investment rate of return going forward to be more consistent with the Plan's anticipated investment returns.

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

The following presents the net pension liability of the Plans calculated using the discount rates described above, as well as what the Plan's net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
<u>\$ 3,110,202</u>	<u>\$ 2,014,591</u>	<u>\$ 1,098,873</u>

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS
(CONTINUED)**

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources
Related to Pensions*

For the year ended December 31, 2023, the Plan recognized pension expense of \$391,716. At December 31, 2023, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual expenses	\$ 160,226	\$ 133,306
Changes in assumptions	444,445	-
Net difference between projected and actual earnings on pension plan investments	<u>482,399</u>	<u>-</u>
Total	<u>\$ 1,087,070</u>	<u>\$ 133,306</u>

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

Year ended December 31:	
2024	\$ 175,815
2025	351,559
2026	427,693
2027	(62,840)
2028	24,814
Thereafter	<u>36,723</u>
Total	<u>\$ 953,764</u>

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBS)

Plan Description

In addition to providing pension benefits under the police collective bargaining agreement, the Borough also provides certain health care benefits for retired police officers. The Borough does not have a formal plan document for the OPEB plan, but it operates as a single-employer defined benefit plan that is not accounted for as a trust fund. An irrevocable trust has not been established, the plan does not issue a separate report, and activity of the plan is reported in the Borough's General Fund. The bargaining agreement was most recently revised January 1, 2017.

All police officers that have reached 25 years of service which includes the purchase of prior military service and having reached the age of 50 years are eligible to participate in the retirement program. Eligible employees and their spouses may continue health care benefits from the time of retirement until they become eligible for Medicare. Upon being eligible for Medicare, the employee and their spouse are eligible to participate in medical coverage, at a total cost to the Borough, in a Medicare Supplement plan with a Medicare Part D prescription drug plan plus dental and vision.

The Borough will pay 100% of hospital, medical, dental, vision, and related benefits that are in effect at the time of retirement or disability. In the event that a retired officer moves out of the health plan network service area, the Borough will pay 100% of the cost of obtaining comparable hospital, medical, dental, vision, and related coverage. Employees are not required to contribute to the plan.

As of January 1, 2023, there were two fully eligible active employees in the plan and 11 retirees and beneficiaries who were currently receiving benefits. There were eight other active employees not fully eligible for benefits at January 1, 2023.

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBS) (CONTINUED)

Contributions

The contribution requirements of OPEB Plan members and the Borough are established and may be amended by the Borough. Currently, members are not required to contribute, and the Borough contributes 100%. The OPEB plan is not funded. The employer’s contributions are financed on a pay-as-you-go basis. In 2023, the Borough paid \$764,927 in OPEB premiums.

Net OPEB Liability

The Borough’s net OPEB liability was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023.

The net OPEB liability for the current year was computed as of the latest actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	1/1/22																							
Actuarial cost method	Entry Age Normal																							
Amortization method	Straight-line																							
Asset valuation method	N/A – the OPEB plan is unfunded																							
Actuarial assumptions:																								
Investment rate of return	N/A – there are no invested assets																							
Assumed retirement age	Age 55 & 25 years service																							
Healthcare cost trends:																								
	<table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><u>2023</u></th> <th style="text-align: left;"><u>2024</u></th> <th style="text-align: left;"><u>2025</u></th> <th style="text-align: left;"><u>2026</u></th> <th style="text-align: left;"><u>Ultimate</u></th> </tr> </thead> <tbody> <tr> <td>Non-Medicare</td> <td>6%</td> <td>5.75%</td> <td>5.50%</td> <td>5.25%</td> <td>5%</td> </tr> <tr> <td>Medicare</td> <td>5%</td> <td>5%</td> <td>5%</td> <td>5%</td> <td>5%</td> </tr> <tr> <td>Dental and Vision</td> <td>1.5%</td> <td>1.5%</td> <td>1.5%</td> <td>1.5%</td> <td>1.5%</td> </tr> </tbody> </table>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Ultimate</u>	Non-Medicare	6%	5.75%	5.50%	5.25%	5%	Medicare	5%	5%	5%	5%	5%	Dental and Vision	1.5%	1.5%	1.5%	1.5%	1.5%
<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Ultimate</u>																				
Non-Medicare	6%	5.75%	5.50%	5.25%	5%																			
Medicare	5%	5%	5%	5%	5%																			
Dental and Vision	1.5%	1.5%	1.5%	1.5%	1.5%																			

BOROUGH OF CLIFTON HEIGHTS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

**NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION
 BENEFITS (OPEBS) (CONTINUED)**

Changes in the Net OPEB Liability

The changes in the total OPEB liability of the Borough for the year ended December 31, 2023 were as follows:

	<u>Net OPEB Liability</u>
Balance at January 1, 2023	\$ 14,793,528
Changes for the year:	
Service cost	277,878
Interest	638,897
Differences between expected and actual expense	-
Changes in assumptions	278,928
Benefit payments	<u>(500,911)</u>
Balance at December 31, 2023	<u>\$ 15,488,320</u>

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

The following represents the net OPEB liability calculated using the stated 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:

<u>1% Decrease (3.00%)</u>	<u>Current Discount Rate (4.00)%</u>	<u>1% Increase (5.00%)</u>
<u>\$ 17,924,913</u>	<u>\$ 15,488,320</u>	<u>\$ 13,525,905</u>

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBS) (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability calculated using the stated healthcare trend assumption, as well as what the net OPEB liability would be if it were calculated using the healthcare trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
<u>\$ 13,212,958</u>	<u>\$ 15,488,320</u>	<u>\$ 18,351,765</u>

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2023, the Borough recognized OPEB expense of \$407,960.

At December 31, 2023, the Borough reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Expense	\$ -	\$ 1,609,954
Changes in Assumptions and Cost Method	<u>998,336</u>	<u>5,031,260</u>
Total	<u>\$ 998,336</u>	<u>\$ 6,641,214</u>

BOROUGH OF CLIFTON HEIGHTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION
BENEFITS (OPEBS) (CONTINUED)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ended December 31:	
2024	\$ (818,607)
2025	(1,352,790)
2026	(1,170,442)
2027	(1,170,442)
2028	(1,170,443)
Thereafter	<u>39,846</u>
Total	<u>\$ (5,642,878)</u>

REQUIRED SUPPLEMENTAL INFORMATION

BOROUGH OF CLIFTON HEIGHTS
REQUIRED SUPPLEMENTAL INFORMATION – POLICE PENSION PLAN
SCHEDULE OF CHANGES IN THE NET
PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	\$ 211,274	\$ 154,584	\$ 136,633	\$ 133,755	\$ 127,386	\$ 145,741	\$ 138,801	\$ 140,666	\$ 133,968	\$ 105,664
Interest	687,520	664,392	653,753	599,336	577,949	593,019	566,473	499,700	478,978	454,195
Changes in benefit terms	-	142,445	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(58,573)	-	307,223	-	(517,109)	-	544,236	-	(73,550)	-
Changes of assumptions	244,180	-	446,591	-	-	-	19,111	-	136,909	-
Benefit payments, including refunds of member contributions	(560,704)	(545,089)	(543,475)	(496,830)	(391,887)	(391,460)	(369,329)	(365,027)	(356,232)	(327,162)
Net Changes in Total Pension Liability	523,697	416,332	1,002,725	236,261	(203,661)	347,300	899,292	275,339	320,073	232,695
Total Pension Liability – Beginning	9,261,680	8,845,348	7,842,623	7,606,362	7,810,023	7,462,723	6,563,431	6,288,092	5,968,019	5,735,324
Total Pension Liability – Ending (a)	\$ 9,785,377	\$ 9,261,680	\$ 8,845,348	\$ 7,842,623	\$ 7,606,362	\$ 7,810,023	\$ 7,462,723	\$ 6,563,431	\$ 6,288,092	\$ 5,968,019
Plan Fiduciary Net Position:										
Contributions – employer	\$ 67,482	\$ 86,289	\$ 236,669	\$ 224,370	\$ 224,593	\$ 240,000	\$ 172,314	\$ 177,467	\$ 230,141	\$ 299,757
Contributions – State Aid	139,869	113,970	95,946	108,324	112,651	103,056	82,589	78,744	78,417	77,454
Contributions – member	65,069	62,143	55,919	50,929	54,445	53,630	56,385	53,504	50,804	49,107
Net investment income	1,106,013	(1,362,260)	971,314	1,005,850	1,178,608	(396,649)	850,957	383,119	(64,107)	316,037
Benefit payments, including refunds of member contributions	(560,704)	(545,089)	(543,475)	(496,830)	(391,887)	(391,460)	(369,329)	(365,027)	(356,232)	(327,162)
Administrative expense	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	817,729	(1,644,947)	816,373	892,643	1,178,410	(391,423)	792,916	327,807	(60,977)	415,193
Plan Fiduciary Net Position – Beginning	6,953,057	8,598,004	7,781,631	6,888,988	5,710,578	6,102,001	5,309,085	4,981,278	5,042,255	4,627,062
Plan Fiduciary Net Position – Ending (b)	\$ 7,770,786	\$ 6,953,057	\$ 8,598,004	\$ 7,781,631	\$ 6,888,988	\$ 5,710,578	\$ 6,102,001	\$ 5,309,085	\$ 4,981,278	\$ 5,042,255
Net Pension Liability – Ending (a-b)	\$ 2,014,591	\$ 2,308,623	\$ 247,344	\$ 60,992	\$ 717,374	\$ 2,099,445	\$ 1,360,722	\$ 1,254,346	\$ 1,306,814	\$ 925,764

BOROUGH OF CLIFTON HEIGHTS
 REQUIRED SUPPLEMENTAL INFORMATION – POLICE PENSION PLAN
 SCHEDULE OF CHANGES IN THE NET
 PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
 DECEMBER 31, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.4%	97.2%	99.2%	90.6%	73.1%	81.8%	80.9%	79.2%	84.5%
Covered Employee Payroll	\$ 1,200,000	\$ 1,120,000	\$ 1,121,128	\$ 1,120,000	\$ 1,170,976	\$ 1,018,014	\$ 1,033,468	\$ 1,009,452	\$ 890,170
Net Pension Liability as a Percentage of Covered Employee Payroll	167.9%	22.1%	5.4%	64.1%	179.3%	133.7%	121.4%	129.5%	104.0%
Schedule of Borough's Contributions:									
Actuarially determined contribution	\$ 207,351	\$ 332,615	\$ 332,694	\$ 337,244	\$ 340,696	\$ 254,903	\$ 256,211	\$ 308,558	\$ 377,211
Contributions in relation to the actuarially determined contribution	<u>207,351</u>	<u>332,615</u>	<u>332,694</u>	<u>337,244</u>	<u>343,056</u>	<u>254,903</u>	<u>256,211</u>	<u>308,558</u>	<u>377,211</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (2,360)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,200,000	\$ 1,120,000	\$ 1,121,128	\$ 1,120,000	\$ 1,170,976	\$ 1,018,104	\$ 1,033,468	\$ 1,009,452	\$ 890,170
Contributions as a percentage of covered employee payroll	17.28%	29.70%	29.67%	30.11%	29.3%	25.04%	24.79%	30.57%	42.38%
Investment Returns									
Annual money-weighted rate of return, net of investment expense	16.49%	12.87%	14.98%	21.06%	-6.66%	16.44%	7.91%	-1.30%	7.07%

BOROUGH OF CLIFTON HEIGHTS
 REQUIRED SUPPLEMENTAL INFORMATION – OPEB PLAN
 SCHEDULE OF FUNDING PROGRESS
 DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability:					
Service cost	\$ 277,878	\$ 509,757	\$ 480,871	\$ 505,311	\$ 388,339
Interest	638,897	472,064	507,365	452,033	644,945
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(2,065,448)	-	(940,282)	-
Changes of assumptions	278,928	(6,406,576)	(1,273,492)	5,302,555	-
Benefit payments	<u>(500,911)</u>	<u>(502,347)</u>	<u>(541,717)</u>	<u>(520,770)</u>	<u>(515,485)</u>
Net Changes in Total OPEB Liability	694,792	(7,992,550)	(826,973)	4,798,847	517,799
Total OPEB Liability – Beginning	<u>14,793,528</u>	<u>22,786,078</u>	<u>23,613,051</u>	<u>18,814,204</u>	<u>18,296,405</u>
Total OPEB Liability – Ending (a)	<u>\$ 15,488,320</u>	<u>\$ 14,793,528</u>	<u>\$ 22,786,078</u>	<u>\$ 23,613,051</u>	<u>\$ 18,814,204</u>
Covered Payroll	<u>\$ 1,282,303</u>	<u>\$ 1,221,241</u>	<u>\$ 1,105,631</u>	<u>\$ 1,052,982</u>	<u>\$ 1,054,007</u>
Total OPEB Liability as a Percentage of Covered Payroll	1207.85%	1211.35%	2060.9%	2242.5%	1785.0%

(a) Until a full 10-year trend is compiled, the required information for the OPEB Plan is presented for as many years as are available.

BOROUGH OF CLIFTON HEIGHTS
SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Real estate taxes (net)	\$ -	\$ -	\$ -	\$ -
Fees	747,980	747,980	663,075	(84,905)
Real estate transfer taxes	-	-	-	-
Other taxes	-	-	-	-
License permits and fees	300	300	-	(300)
Fines/forfeiture	-	-	-	-
Intergovernmental grants	1,000	1,000	-	(1,000)
Police revenue	-	-	-	-
Miscellaneous	-	-	-	-
Interest/investment	<u>3,500</u>	<u>3,500</u>	<u>10,161</u>	<u>6,661</u>
Total Revenues	<u>752,780</u>	<u>752,780</u>	<u>673,236</u>	<u>(79,544)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Health and sanitation	-	-	-	-
License and inspection	-	-	-	-
Public works/highways/sanitation/sewers	920,466	920,466	597,527	322,939
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Issuance costs	-	-	-	-
Debt interest	-	-	-	-
Capital outlay:				
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Total Expenditures	<u>920,466</u>	<u>920,466</u>	<u>597,527</u>	<u>322,939</u>
Excess (deficiency) of revenues over expenditures	(167,686)	(167,686)	75,709	243,395
Other financing sources (uses):				
Proceeds of debt	-	-	-	-
Refunding of debt	-	-	-	-
Operating transfer in	-	-	-	-
Operating transfer out	(36,200)	(36,200)	(36,200)	-
Capital contribution	-	-	-	-
Total Other Financing Sources (Uses)	<u>(36,200)</u>	<u>(36,200)</u>	<u>(36,200)</u>	<u>-</u>
Net change in fund balance	<u>\$ (203,886)</u>	<u>\$ (203,886)</u>	39,509	<u>\$ 243,395</u>
Fund Balance – Beginning			<u>774,637</u>	
Fund Balance - Ending			<u>\$ 814,146</u>	

BOROUGH OF CLIFTON HEIGHTS
SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Real estate taxes (net)	\$ -	\$ -	\$ -	\$ -
Fees	977,000	977,000	1,010,933	33,933
Real estate transfer taxes	-	-	-	-
Other taxes	-	-	-	-
License permits and fees	90,000	90,000	-	(90,000)
Fines and forfeitures	-	-	-	-
Intergovernmental grants	-	-	-	-
Police revenue	-	-	-	-
Miscellaneous	-	-	-	-
Interest/investment	<u>9,000</u>	<u>9,000</u>	<u>19,398</u>	<u>10,398</u>
Total Revenues	<u>1,076,000</u>	<u>1,076,000</u>	<u>1,030,331</u>	<u>(45,669)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Health and sanitation	-	-	-	-
License and inspection	-	-	-	-
Public works/highways/sanitation/sewers	1,519,800	1,519,800	1,462,817	56,983
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Issuance costs	-	-	-	-
Debt interest	-	-	-	-
Capital outlay:				
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Total Expenditures	<u>1,519,800</u>	<u>1,519,800</u>	<u>1,462,817</u>	<u>56,983</u>
Excess (deficiency) of revenues over expenditures	(443,800)	(443,800)	(432,486)	11,314
Other financing sources (uses):				
Proceeds of debt	-	-	-	-
Refunding of debt	-	-	-	-
Operating transfer in	465,000	465,000	159,841	(305,159)
Operating transfer out	<u>(21,200)</u>	<u>(21,200)</u>	<u>(21,200)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>443,800</u>	<u>443,800</u>	<u>138,641</u>	<u>(305,159)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(293,845)	<u>\$ (293,845)</u>
Fund Balance – Beginning			<u>1,429,805</u>	
Fund Balance - Ending			<u>\$ 1,135,960</u>	

BOROUGH OF CLIFTON HEIGHTS
SINKING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Real estate taxes (net)	\$ 55,579	\$ 55,579	\$ 62,069	\$ 6,490
Real estate transfer taxes	-	-	-	-
Other taxes	-	-	-	-
License permits and fees	-	-	-	-
Fines/forfeiture	-	-	-	-
Intergovernmental grants	-	-	-	-
Police revenue	-	-	-	-
Miscellaneous	-	-	-	-
Interest/investment	-	-	4,331	4,331
Total Revenues	<u>55,579</u>	<u>55,579</u>	<u>66,400</u>	<u>10,821</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Health and sanitation	-	-	-	-
License and inspection	-	-	-	-
Public works/highways/sanitation/sewers	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	175,000	175,000	170,000	5,000
Issuance costs	5,000	5,000	-	5,000
Debt interest	98,866	98,866	92,244	6,622
Capital outlay:				
General government	-	-	-	-
Licenses and inspection	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Total Expenditures	<u>278,866</u>	<u>278,866</u>	<u>262,244</u>	<u>16,622</u>
Excess (deficiency) of revenues over expenditures	(223,287)	(223,287)	(195,844)	27,443
Other financing sources (uses):				
Proceeds of debt	-	-	-	-
Refunding of debt	-	-	-	-
Operating transfer in	223,287	223,287	223,615	(328)
Operating transfer out	-	-	-	-
Total Other Financing Sources (Uses)	<u>223,287</u>	<u>223,287</u>	<u>223,615</u>	<u>(328)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	27,771	<u>\$ 27,771</u>
Fund Balance – Beginning			<u>328,768</u>	
Fund Balance - Ending			<u>\$ 356,539</u>	

SUPPLEMENTAL INFORMATION

BOROUGH OF CLIFTON HEIGHTS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	<u>Liquid Fuels</u>	<u>Recreation</u>	<u>Special Fire</u>	<u>American Recovery</u>	<u>Totals (Memo Only)</u>
Assets					
Cash and cash equivalents	\$ 150,699	\$ 6,742	\$ 43,026	\$ 324,050	\$ 524,517
Taxes receivable (net of allowance for uncollectible)	-	1,685	10,723	-	12,408
Other assets	-	-	-	-	-
Due from other funds	<u>-</u>	<u>2,431</u>	<u>9,709</u>	<u>-</u>	<u>12,140</u>
TOTAL ASSETS	<u>\$ 150,699</u>	<u>\$ 10,858</u>	<u>\$ 63,458</u>	<u>\$ 324,050</u>	<u>\$ 549,065</u>
Liabilities					
Accounts payable	\$ 18,964	\$ 253	\$ -	\$ -	\$ 19,217
Payable from restricted assets:					
Escrow	-	-	-	-	-
Escheat liability	-	1,500	-	-	1,500
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>18,964</u>	<u>1,753</u>	<u>-</u>	<u>-</u>	<u>20,717</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	1,685	10,723	323,599	336,007
Unavailable taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>-</u>	<u>1,685</u>	<u>10,723</u>	<u>323,599</u>	<u>336,007</u>
Fund Balances					
Fund balances:					
Non-spendable	-	-	-	-	-
Restricted	131,735	7,420	52,735	451	192,341
Committed for:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>131,735</u>	<u>7,420</u>	<u>52,735</u>	<u>451</u>	<u>192,341</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 150,699</u>	<u>\$ 10,858</u>	<u>\$ 63,458</u>	<u>\$ 324,050</u>	<u>\$ 549,065</u>

BOROUGH OF CLIFTON HEIGHTS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Liquid Fuels	Recreation	Special Fire	American Recovery	Totals (Memo Only)
Revenues					
Real estate taxes (net)	\$ -	\$ 21,241	\$ 169,986	\$ -	\$ 191,227
Investment income and rent	4,152	142	1,122	5,265	10,681
Intergovernmental revenue	156,650	-	36,172	91,472	284,294
Other income	-	-	-	-	-
Total Revenues	<u>160,802</u>	<u>21,383</u>	<u>207,280</u>	<u>96,737</u>	<u>486,202</u>
Expenditures					
General government	-	-	-	20,000	20,000
Public safety	-	-	236,172	-	236,172
Community development	-	-	-	-	-
Public works/highways	315,876	-	-	-	315,876
Culture and recreation	-	14,633	-	-	14,633
Capital outlay:					
General government	-	-	-	-	-
Public works/highways	-	-	-	76,737	76,737
Total Expenditures	<u>315,876</u>	<u>14,633</u>	<u>236,172</u>	<u>96,737</u>	<u>663,418</u>
Excess (deficiency) of revenues over expenditures	(155,074)	6,750	(28,892)	-	(177,216)
Other financing sources (uses):					
Operating transfer in	55,205	-	-	-	55,205
Operating transfers out	-	-	-	-	-
Net Change in Fund Balance	(99,869)	6,750	(28,892)	-	(122,011)
Fund Balance -- Beginning	<u>231,604</u>	<u>670</u>	<u>81,627</u>	<u>451</u>	<u>314,352</u>
Fund Balance - Ending	<u>\$ 131,735</u>	<u>\$ 7,420</u>	<u>\$ 52,735</u>	<u>\$ 451</u>	<u>\$ 192,341</u>



John R. Hanna & Sons LLC
Accounting, Audit, and Tax Services

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To Borough Council
Borough of Clifton Heights
Clifton Heights, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough of Clifton Heights, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough of Clifton Heights, Pennsylvania's basic financial statements, and have issued our report thereon dated February 6, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Clifton Heights, Pennsylvania's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Clifton Heights, Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Clifton Heights, Pennsylvania's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented,

or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Clifton Heights, Pennsylvania's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

John R. Hanna & Sons LLC

Media, Pennsylvania
February 6, 2025