

**NARBERTH BOROUGH  
MONTGOMERY COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**Fiscal Year Ended December 31, 2022**



NARBERTH BOROUGH  
MONTGOMERY COUNTY, PENNSYLVANIA

For the Fiscal Year Ended December 31, 2022

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## INDEPENDENT AUDITORS' REPORT

Borough Council  
Narberth Borough, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Narberth Borough, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Narberth Borough's 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, each major fund, and the aggregate remaining fund information of Narberth Borough, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Narberth Borough, 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.

#### ***Emphasis of Matter-Change in Accounting Principle***

As discussed in Note A to the financial statements, the Borough implemented the provisions of the Governmental Accounting Standards Board Statement No. 87, *Leases*, for the year ended December 31, 2022, which represents changes in accounting principles. Our opinion is not modified with respect to that matter.

#### ***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 Narberth Borough's 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.

### ***Auditors' 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 auditors' 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 Narberth Borough's 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 Narberth Borough's 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 and the historical trend 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Narberth Borough's basic financial statements. The combining and individual nonmajor fund financial statements 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.

*Bee, Bergvall & Co.*

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

Warrington, PA  
July 6, 2023

**BOROUGH OF NARBERTH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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YEAR ENDED DECEMBER 31, 2022

Within this section of the Borough of Narberth's annual financial report, the Borough management provides narrative discussion and analysis of the financial activities of the Borough for the fiscal year ended December 31, 2022. The Borough's financial performance is discussed and analyzed within the context of the accompanying financial statements following this section.

**FINANCIAL HIGHLIGHTS**

- The Borough's assets exceeded its liabilities by \$1,814,695 (total net position) for the fiscal year reported. This total includes both governmental and business-type (sewer and solid waste) activities. The Borough's assets exceeded its liabilities by \$1,314,612 as of December 31, 2021.
- Total net position is comprised of the following:
  - 1) Net investment in capital assets of \$3,392,681 includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.
  - 2) Restricted net position of \$193,167.
  - 3) Unrestricted net position of (\$1,771,153).
- The Borough's General Fund balance at the end of 2022 was \$1,078,609 as compared to the General Fund balance at the end of 2021 of \$1,036,401.
- The Borough's Proprietary Fund net position decreased from \$708,428 at the end of 2021 to \$669,183 at the end of 2022. The decrease in net position was \$39,245. The decrease in net position can be largely attributed to an increase in solid waste expenses due to contract increases.
- Long-term debt principal totaled \$3,419,172 as of December 31, 2022. The Borough obtained \$3,456,172 of new debt during 2022 and used a portion to refund \$1,280,680 of existing outstanding debt. The Borough repaid principal of \$72,900 during 2022.

**BOROUGH OF NARBERTH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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YEAR ENDED DECEMBER 31, 2022

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis provides an introduction to the Borough's basic financial statements. The basic financial statements include:

1. Government-Wide Financial Statements
2. Governmental Fund Financial Statements
3. Proprietary Fund Financial Statements
4. Fiduciary Fund Financial Statements
5. Notes to the Financial Statements

Additional information is also provided to supplement the basic financial statements.

**Government-Wide Financial Statements**

The Borough's annual report contains two Government-Wide Financial Statements. They are the *Statement of Net Position* and the *Statement of Activities*. These statements provide both long-term and short-term information about the Borough's overall financial status. Financial reporting at this level is similar to that found in the private sector with its basis in full accrual accounting and the elimination or reclassification of internal activities.

The *Statement of Net Position* provides information on all of the Borough's assets and liabilities, with the difference reported as *Net Position*. Over time, increases or decreases in net position serve as a useful indicator of whether the Borough's financial position is improving or deteriorating. Evaluation of the overall economic health of the Borough would include other non-financial factors such as changes in the taxpayer base or the condition of the Borough's infrastructure, in addition to the financial information provided in this report.

The *Statement of Activities* reports how the Borough's net position changed during the current fiscal year. All current year revenues and expenditures are included in this report regardless of when cash is received or paid. An important purpose of the Statement of Activities is to show the financial reliance of the Borough's various activities or services on revenues provided by the Borough's taxpayers.

Both Government-Wide Financial Statements are divided into two categories.

1. **Governmental Activities:** Most of the Borough's basic services are included here, such as general government, public safety, public services and recreation. These activities are principally supported by taxes and intergovernmental revenues such as grants.
2. **Business-Type Activities:** Services which are intended to recover all or most of their costs through user fees and charges. The Borough's sewer and solid waste operations are examples of business-type activities.

**BOROUGH OF NARBERTH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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YEAR ENDED DECEMBER 31, 2022

**FUND FINANCIAL STATEMENTS**

The Fund Financial Statements provide more detailed information about the Borough's Funds, focusing on its most significant or "Major Funds" - not the Borough as a whole. A fund is an accountability unit used to maintain control over resources segregated by specific sources of funding or spending on particular programs.

- Some funds are required by state law or bond covenants.
- The Borough establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The Borough has three kinds of Funds:

**Governmental Funds**

Most of the Borough's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental Funds statements provide a detailed *short-term view* that helps you determine whether there are more or fewer financial resources that can be spent in the near future to fund the Borough's programs. Because this information does not encompass the additional long-term focus of the Government-Wide statements, additional information on a separate page of the Governmental Funds statements explains the relationship (or differences) between them.

**Proprietary Funds**

Services for which the Borough charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the Government-Wide statements. The Borough's Proprietary Funds are the same as its business-type activities but provide more detail and additional information, such as cash flows.

**Fiduciary Funds**

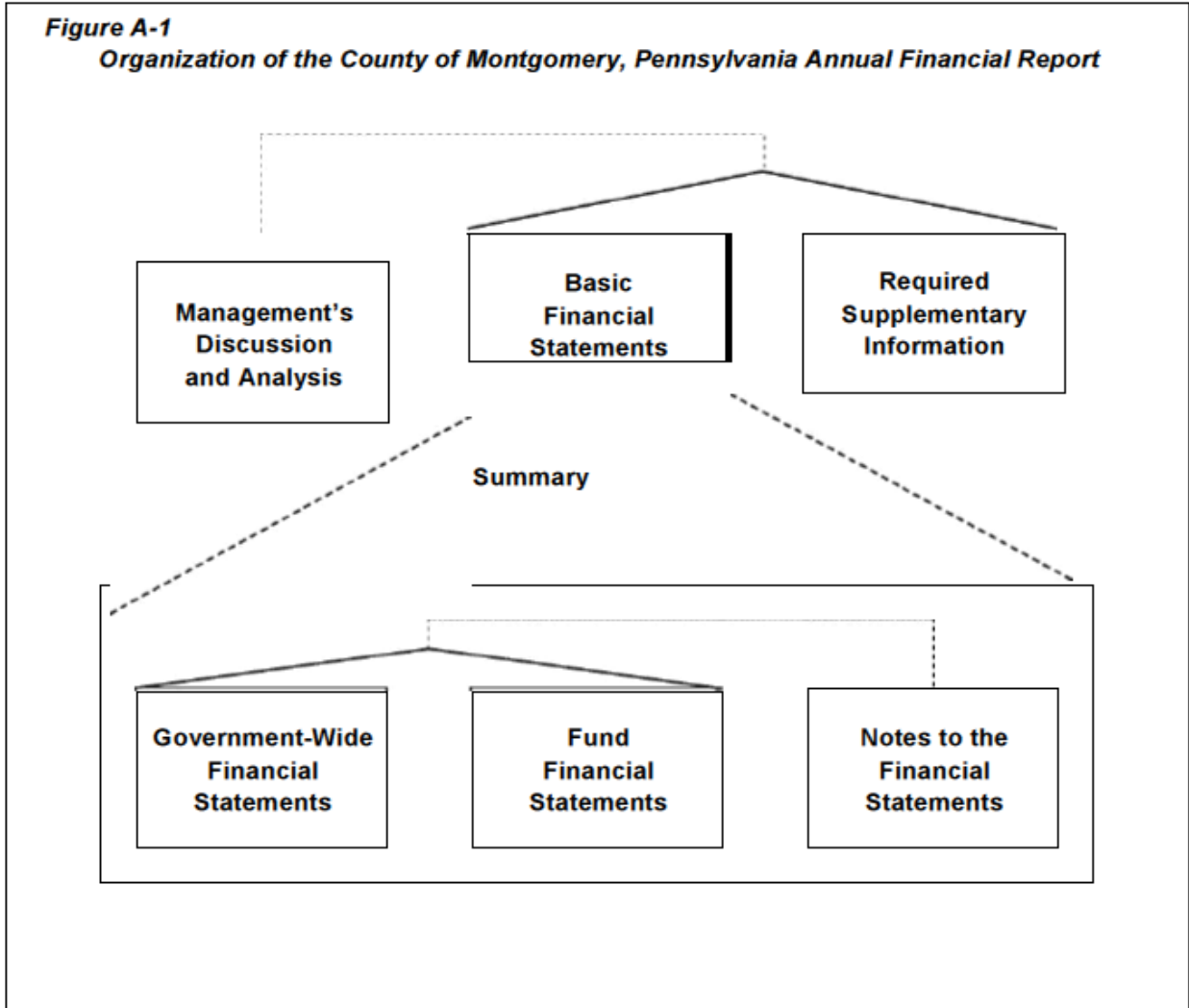
The Borough is the trustee, or fiduciary, for assets that belong to others, such as the pension plans. The Borough is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Borough excludes these activities from the Government-Wide financial statements because it cannot use these assets to finance its operations.

**BOROUGH OF NARBERTH**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

YEAR ENDED DECEMBER 31, 2022

**ORGANIZATION OF BOROUGH OF NARBERTH'S ANNUAL FINANCIAL REPORT**



## BOROUGH OF NARBERTH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

YEAR ENDED DECEMBER 31, 2022

### FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE

As year-to-year financial information is accumulated on a consistent basis, changes in net position can be used to explain the changing financial position of the Borough as a whole.

#### Condensed Statement of Net Position (In Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total	
	Restated					
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>						
Current and Other Assets	\$ 6,278	\$ 4,567	\$ 594	\$ 648	\$ 6,872	\$ 5,215
Capital Assets	<u>6,616</u>	<u>6,390</u>	<u>195</u>	<u>206</u>	<u>6,811</u>	<u>6,596</u>
Total Assets	<u>12,894</u>	<u>10,957</u>	<u>789</u>	<u>854</u>	<u>13,683</u>	<u>11,811</u>
Deferred Outflows of Resources	<u>1,570</u>	<u>1,075</u>	-	-	<u>1,570</u>	<u>1,075</u>
<b>Liabilities</b>						
Current and Other Liabilities	561	502	121	145	682	647
Net Pension Liability	2,249	2,158	-	-	2,249	2,158
Net OPEB Liability	2,725	3,827	-	-	2,725	3,827
Long-Term Liabilities	<u>3,419</u>	<u>1,317</u>	<u>-</u>	<u>-</u>	<u>3,419</u>	<u>1,317</u>
Total Liabilities	<u>8,954</u>	<u>7,804</u>	<u>121</u>	<u>145</u>	<u>9,075</u>	<u>7,949</u>
Deferred Inflows of Resources	<u>4,365</u>	<u>3,576</u>	-	-	<u>4,365</u>	<u>3,576</u>
<b>Net Position</b>						
Net investment in capital assets	3,197	5,073	195	206	3,392	5,279
Restricted	193	80	-	-	193	80
Unrestricted	<u>(2,245)</u>	<u>(4,501)</u>	<u>474</u>	<u>503</u>	<u>(1,771)</u>	<u>(3,998)</u>
Total Net Position	<u>\$ 1,145</u>	<u>\$ 652</u>	<u>\$ 669</u>	<u>\$ 709</u>	<u>\$ 1,814</u>	<u>\$ 1,361</u>

The Borough's net position at fiscal year-end 2022 was \$1,814,695. This is an increase of \$452,908 compared to 2021 restated net position of \$1,361,787.

Net position for governmental activities increased by \$492,153. The increase in net position for governmental activities was mostly attributable to changes in deferred outflows and inflows of resources related to pension and other post-employment benefit plans. The net investment in capital assets decreased in 2022 due to changes in accumulated depreciation related to annual depreciation expense.

Net position for business-type activities (Sewer and Solid Waste) decreased by \$39,245. The decrease in net position for business-type activities was attributable to an increase in solid waste expense due to contract increases.

**BOROUGH OF NARBERTH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

YEAR ENDED DECEMBER 31, 2022

**FINANCIAL ANALYSIS OF THE BOROUGH AS A WHOLE (Continued)**

Summary of Changes in Net Position  
(In Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total	
	2022	Restated 2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 335	\$ 365	\$ 915	\$ 929	\$ 1,250	\$ 1,294
Operating grants and contributions	515	289	-	-	515	289
Capital grants and contributions	35	136	-	-	35	136
General revenues:						
Property taxes	3,145	3,102	-	-	3,145	3,102
Real estate transfer tax	254	264	-	-	254	264
Business privilege taxes	181	145	-	-	181	145
Franchise fees	72	94	-	-	72	94
Interest and rents	746	672	-	-	746	672
Miscellaneous revenues	161	109	-	-	161	109
Gain on sale of capital assets	(4)	2	-	-	(4)	2
Transfers, net	-	-	-	-	-	-
Total Revenues	<u>5,440</u>	<u>5,178</u>	<u>915</u>	<u>929</u>	<u>6,355</u>	<u>6,107</u>
Expenses:						
General government	1,310	1,234	-	-	1,310	1,234
Public safety	2,440	2,357	-	-	2,440	2,357
Health and welfare	-	-	-	-	-	-
Public works	674	967	-	-	674	967
Culture and recreation	373	305	-	-	373	305
Community development	3	14	-	-	3	14
Miscellaneous	-	6	-	-	-	6
Debt service interest	147	61	-	-	147	61
Sewer	-	-	274	240	274	240
Solid Waste	-	-	680	652	680	652
Total Expenses	<u>4,947</u>	<u>4,944</u>	<u>954</u>	<u>892</u>	<u>5,901</u>	<u>5,836</u>
Change in Net Position	493	234	(39)	37	454	271
Net Position - Beginning of Year	<u>653</u>	<u>418</u>	<u>708</u>	<u>671</u>	<u>1,361</u>	<u>1,089</u>
Net Position - End of Year	<u>\$ 1,146</u>	<u>\$ 652</u>	<u>\$ 669</u>	<u>\$ 708</u>	<u>\$ 1,815</u>	<u>\$ 1,360</u>

As indicated in this Summary of Changes in Net Position, the Borough is heavily dependent upon Property Tax revenues. Property Tax revenues comprised 58% and 60% of governmental revenues in fiscal years 2022 and 2021 respectively.

**BOROUGH OF NARBERTH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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YEAR ENDED DECEMBER 31, 2022

**FINANCIAL ANALYSIS OF THE BOROUGH'S FUNDS**

**Governmental Funds**

Governmental Funds are reported in the Fund Statements with a short-term focus on the inflow and outflow of financial resources. This information is valuable in assessing resources available for upcoming financial requirements. Governmental Funds reported ending fund balances of \$4,339,441. Total fund balances are classified as follows: non-spendable (leases receivable) fund balance of \$85,437, restricted (highways and streets) fund balance of \$193,167 assigned for (capital additions) of \$3,067,665, and unassigned fund balance of \$993,172.

The General Fund is the Borough's primary operating fund. The fund balance of the General Fund as of December 31, 2022, was \$1,078,609 which decreased by \$4,967 from the 2021 ending restated fund balance of \$1,083,576. The major 2022 revenue source of the General Fund is property taxes which totaled \$3,127,420 of total General Fund revenues of \$5,224,301, before other financing sources. The most significant General Fund expenditure categories are public safety, public works, and general government. These significant expenditure categories amounted to \$2,503,807, \$617,247 and \$1,205,477, respectively, during 2022 of total General Fund expenditures of \$4,800,524, before other financing uses.

The Capital Projects Funds are reserve funds for the purchase and construction of capital assets. The ending fund balance at fiscal year-end for the Capital Projects Funds was \$3,067,665. The fund balance increased from the ending fund balance for 2021 of \$1,274,782. The increase was mainly attributable to issuance of long-term notes.

**Proprietary Funds**

The Borough's Proprietary Funds (the Sewer Fund and Solid Waste Fund) were discussed previously under business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

- General Fund revenues of \$5,224,301, before other financing sources, exceeded the amended budget of \$4,530,805 by \$693,496. This was due to the Borough not appropriately budgeting its revenues from 201 Sabine Ave (the budget only included net revenue, not gross revenue and expenses).
- General Fund expenditures of \$4,800,524 exceeded the budget of \$4,132,985 by \$667,539. This is attributed the Borough not budgeting the expenses for 201 Sabine Avenue (the budget only included net revenue, not gross revenue and expenses).
- Borough Council, both approves unbudgeted expenses as they come up and at year-end, usually passes a budget variance resolution, including both revenues and expenditures, which permits the transfer of appropriations between budgetary categories. Borough Council utilizes the standard resolution suggested by the Pennsylvania State Association of Boroughs to end a budget year.

**BOROUGH OF NARBERTH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

YEAR ENDED DECEMBER 31, 2022

**CAPITAL ASSETS NET OF DEPRECIATION**

Capital assets, net of accumulated depreciation, detailed between governmental and business-type activities, totaled \$6,811,853 as of December 31, 2022, as compared to \$6,595,724 as of December 31, 2021.

During 2022, capital additions totaled \$643,702 (including both governmental and business-type activities) and depreciation expense amounted to \$423,523.

Capital Assets, Net of Accumulated Depreciation  
(In Thousands of Dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 189	\$ 189	\$ -	\$ -	\$ 189	\$ 189
Construction in Progress	1,607	1,446	-	6	1,607	1,452
Land Improvements	1,168	1,028	-	-	1,168	1,028
Building and Building Improvements	2,576	2,700	-	-	2,576	2,700
Vehicles	781	720	-	-	781	720
Equipment	121	117	91	99	212	216
Playground and Fieldhouse	174	190	-	-	174	190
Infrastructure, Storm Sewer System	-	-	105	101	105	101
Total Capital Assets, Net	<u>\$ 6,616</u>	<u>\$ 6,390</u>	<u>\$ 196</u>	<u>\$ 206</u>	<u>\$ 6,812</u>	<u>\$ 6,596</u>

Note 1: The Borough as permitted by accounting standards, has elected not to retroactively recognize infrastructure (sewer lines) assets but will recognize any current and future infrastructure and other capital assets, if applicable.

**LONG-TERM DEBT**

Long-term debt consists entirely of debt incurred for capital purchases/construction.

Outstanding Long-Term Debt  
(In Thousands of Dollars)

Year of Issue	Outstanding 1/1/22	New Debt	Refundings/Retirements	Outstanding 12/31/21
Series of 2014	\$ 176	\$ -	\$ (176)	\$ -
Series of 2019	36	-	(36)	-
Series of 2019A	492	-	(492)	-
Series of 2019B	612	-	(612)	-
Series of 2022	-	1,703	(34)	1,669
Series of 2022A	-	625	(3)	622
Series of 2022B	-	1,100	-	1,100
Series of 2022C	-	28	-	28
	<u>\$ 1,316</u>	<u>\$ 3,456</u>	<u>\$ (1,353)</u>	<u>\$ 3,419</u>

**BOROUGH OF NARBERTH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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YEAR ENDED DECEMBER 31, 2022

**ECONOMIC ENVIRONMENT AND NEXT YEAR'S BUDGETS AND RATES**

The elected officials of Narberth Borough consider many factors when establishing budget appropriations, tax rates and fee schedules. The 2022 budget was prepared with the concept of maintaining the same general level of service as in previous years, with minor variations year to year due to capital projects.

The real estate tax millage rate remained the same in 2022 at 9.865 mills. There was also no millage increase for 2023. Most of the Borough's operating income comes from a levy on real property. Construction was completed or began on 3 major land developments in its downtown which will bring a little more than 75 residential units and 4,500 sq. ft. of new commercial space to this neighborhood. Additional tax revenue from these sites will help cover growth in General Fund costs largely due to increasing wages, insurance, and benefits. There is also a project to redevelop a commercial lot on Montgomery Avenue into a mixed-use building with multifamily housing and ground floor retail. Property values remain very high for the metropolitan area and the market for residential units remains active with a steady amount of property transactions, high prices, and building permit activity. Narberth remains a popular location to live and invest in real property.

The Borough benefitted from federal assistance provided to municipalities in 2022 to address the revenue impacts of Covid, a portion of which remained unspent in 2022 and is available for spending in 2023.

The Borough underwent several staffing changes that affected its operations and finances in 2022 and 2023. There was turnover in the positions of Manager, Assistant Manager, Police Chief, and Parking Controller.

In 2022, the Borough enacted an earned income tax to support capital projects that will be effective for 2023.

The sewer fees remained the same in 2022 at \$2.85 per 1,000 gallons used. The solid waste fees also remained the same in 2022 at 2.10 mills per assessment value of property. There were no increases for 2023. While the condition of sewer pipes remains a concern, and the Borough cannot control the fees charged by Lower Merion Township to allow sewage to flow there, the Borough will continue to keep sewage rates as low as possible.

**CONTACTING THE BOROUGH'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Borough's finances, comply with finance-related laws and regulations and demonstrate the Borough's commitment to accountability. If you have any questions about this report or need additional information, please contact the Borough office at 100 Conway Avenue, Narberth, PA 19072.

NARBERTH BOROUGH  
STATEMENT OF NET POSITION

December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 4,567,240	\$ 504,406	\$ 5,071,646
Receivables	1,711,227	20,842	1,732,069
Prepaid expenses	-	-	-
Unamortized charges	-	69,025	69,025
Capital assets			
Nondepreciable assets	1,796,923	-	1,796,923
Depreciable assets, net	4,819,439	195,491	5,014,930
Total Assets	12,894,829	789,764	13,684,593
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension plans	1,043,988	-	1,043,988
OPEB	526,010	-	526,010
Total Deferred Outflows of Resources	\$ 1,569,998	\$ -	\$ 1,569,998
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued expenses	\$ 278,768	\$ 120,371	\$ 399,139
Interest payable	24,049	-	24,049
Security deposit	30,000	-	30,000
Interfund balances	(210)	210	-
Unearned revenue	228,358	-	228,358
Long-term liabilities			
Notes payable, current maturity	85,000	-	85,000
Portion due or payable after one year			
Notes payable, net of current maturity	3,334,172	-	3,334,172
Net pension liability	2,249,302	-	2,249,302
Other post-employment benefits liability	2,724,675	-	2,724,675
Total Liabilities	8,954,114	120,581	9,074,695
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension plans	1,207,952	-	1,207,952
OPEB	1,780,734	-	1,780,734
Leases	1,376,515	-	1,376,515
Total Deferred Inflows of Resources	4,365,201	-	4,365,201
<b><u>NET POSITION</u></b>			
Net investment in capital assets	3,197,190	195,491	3,392,681
Restricted for highways and streets	193,167	-	193,167
Unrestricted	(2,244,845)	473,692	(1,771,153)
Total Net Position	\$ 1,145,512	\$ 669,183	\$ 1,814,695

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

NARBERTH BOROUGH

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 1,309,057	\$ 25,333	\$ 232,014	\$ -
Public safety	2,439,849	309,244	149,411	-
Public works	673,922	-	133,278	34,794
Culture and recreation	373,375	-	-	-
Community development	3,266	-	-	-
Miscellaneous	-	-	-	-
Debt service interest	147,351	-	-	-
Total Governmental Activities	4,946,820	334,577	514,703	34,794
Business - Type Activities:				
Sewer	273,663	244,059	-	-
Solid Waste	679,803	670,109	-	-
Total Business - Type Activities	953,466	914,168	-	-
Total Primary Government	\$ 5,900,286	\$ 1,248,745	\$ 514,703	\$ 34,794

General Revenues

Taxes

  Real estate taxes

  Real estate transfer tax

  Business privilege taxes

Franchise fees

Interest and rents

Miscellaneous revenues

Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning (Restated)

Net Position - Ending

(Continued)

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,051,710)	\$ -	\$ (1,051,710)
(1,981,194)	-	(1,981,194)
(505,850)	-	(505,850)
(373,375)	-	(373,375)
(3,266)	-	(3,266)
-	-	-
(147,351)	-	(147,351)
<u>(4,062,746)</u>	<u>-</u>	<u>(4,062,746)</u>
-	(29,604)	(29,604)
-	(9,694)	(9,694)
<u>-</u>	<u>(39,298)</u>	<u>(39,298)</u>
<u>(4,062,746)</u>	<u>(39,298)</u>	<u>(4,102,044)</u>
3,144,958	-	3,144,958
253,732	-	253,732
180,965	-	180,965
71,943	-	71,943
746,475	53	746,528
160,876	-	160,876
(4,050)	-	(4,050)
-	-	-
<u>4,554,899</u>	<u>53</u>	<u>4,554,952</u>
492,153	(39,245)	452,908
<u>653,359</u>	<u>708,428</u>	<u>1,361,787</u>
<u>\$ 1,145,512</u>	<u>\$ 669,183</u>	<u>\$ 1,814,695</u>

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

NARBERTH BOROUGH

BALANCE SHEET -  
GOVERNMENTAL FUNDS

December 31, 2022

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Fund Highway Aid</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,292,651	\$ 3,081,422	\$ 193,167	\$ 4,567,240
Leases receivable	1,461,952	-	-	1,461,952
Other receivables	249,275	-	-	249,275
Due from other funds	1,785	-	-	1,785
Total Assets	<u>\$ 3,005,663</u>	<u>\$ 3,081,422</u>	<u>\$ 193,167</u>	<u>\$ 6,280,252</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 266,586	\$ 12,182	\$ -	\$ 278,768
Security deposit	30,000	-	-	30,000
Due to other funds	-	1,575	-	1,575
Total Liabilities	<u>296,586</u>	<u>13,757</u>	<u>-</u>	<u>310,343</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	25,595	-	-	25,595
Unavailable revenue - grants	228,358	-	-	228,358
Leases	1,376,515	-	-	1,376,515
Total Deferred Inflows of Resources	<u>1,630,468</u>	<u>-</u>	<u>-</u>	<u>1,630,468</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Leases receivable	85,437	-	-	85,437
Restricted for highways and streets	-	-	193,167	193,167
Assigned to capital additions	-	3,067,665	-	3,067,665
Unassigned	993,172	-	-	993,172
Total Fund Balances	<u>1,078,609</u>	<u>3,067,665</u>	<u>193,167</u>	<u>4,339,441</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,005,663</u>	<u>\$ 3,081,422</u>	<u>\$ 193,167</u>	<u>\$ 6,280,252</u>

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

NARBERTH BOROUGH

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

December 31, 2022

TOTAL GOVERNMENTAL FUND BALANCES		\$ 4,339,441
Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.		
Cost of capital assets	\$ 13,879,843	
Accumulated depreciation	<u>(7,263,481)</u>	6,616,362
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.		
Property tax receivables		25,595
Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows and inflows related to pensions	(163,964)	
Deferred outflows and inflows related to OPEB	<u>(1,254,724)</u>	(1,418,688)
Long term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Those liabilities consist of the following:		
Interest payable	(24,049)	
Notes payable	(3,419,172)	
Net pension liability	(2,249,302)	
Other post employment benefits liability	<u>(2,724,675)</u>	<u>(8,417,198)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,145,512</u>

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

NARBERTH BOROUGH

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2022

	<u>General</u>	<u>Capital Reserve</u>	<u>Nonmajor Fund Highway Aid</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
Property	\$ 3,127,420	\$ -	\$ -	\$ 3,127,420
Real estate transfer	253,732	-	-	253,732
Business privilege tax	180,965	-	-	180,965
Fees, licenses and permits	87,076	-	-	87,076
Fines and forfeitures	33,675	-	-	33,675
Investment income and rent	749,788	4,268	739	754,795
Intergovernmental revenues	384,328	34,794	111,977	531,099
Charges for services	245,769	40,000	-	285,769
Other	161,548	17,726	-	179,274
Total Revenues	<u>5,224,301</u>	<u>96,788</u>	<u>112,716</u>	<u>5,433,805</u>
Expenditures				
Current:				
General government	1,205,477	172,470	-	1,377,947
Public safety	2,503,807	81,513	-	2,585,320
Public works	617,247	519,325	-	1,136,572
Culture and recreation	357,853	51,505	-	409,358
Community development	3,266	-	-	3,266
Debt service:				
Principal	81,806	6,839	-	88,645
Interest	31,068	1,881	-	32,949
Paid to fiscal agent	-	90,354	-	90,354
Total Expenditures	<u>4,800,524</u>	<u>923,887</u>	<u>-</u>	<u>5,724,411</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>423,777</u>	<u>(827,099)</u>	<u>112,716</u>	<u>(290,606)</u>
Other Financing Sources (Uses)				
Issuance of long term notes	-	3,456,172	-	3,456,172
Payment to refunded note escrow agent	-	(1,264,934)	-	(1,264,934)
Transfers in	136,256	565,000	-	701,256
Transfers out	(565,000)	(136,256)	-	(701,256)
Total Other Financing Sources (Uses)	<u>(428,744)</u>	<u>2,619,982</u>	<u>-</u>	<u>2,191,238</u>
Net Change in Fund Balance	(4,967)	1,792,883	112,716	1,900,632
Fund Balance - Beginning (Restated)	1,083,576	1,274,782	80,451	2,438,809
Fund Balance - Ending	<u>\$ 1,078,609</u>	<u>\$ 3,067,665</u>	<u>\$ 193,167</u>	<u>\$ 4,339,441</u>

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

NARBERTH BOROUGH

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, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 1,900,632
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	\$ 643,702	
Depreciation expense	<u>(413,225)</u>	230,477
The effect of sale of capital assets is to decrease Net Position		(4,050)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		9,218
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Issuance of long term notes	(3,456,172)	
Refunded debt	1,280,680	
Repayment of debt	<u>72,900</u>	(2,102,592)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Net pension liability and deferred items	342,275	
Net OPEB liability and deferred items	140,242	
Interest expense	<u>(24,049)</u>	<u>458,468</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 492,153</u>

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

NARBERTH BOROUGH

GENERAL FUND

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

For the Year Ended December 31, 2022

	<u>GENERAL FUND</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Real estate taxes	\$ 3,125,000	\$ 3,125,000	\$ 3,127,420	\$ 2,420
Real estate transfer	170,000	170,000	253,732	83,732
Business privilege taxes	150,000	150,000	180,965	30,965
Fees, licenses and permits	81,150	81,150	87,076	5,926
Fines and forfeitures	45,250	45,250	33,675	(11,575)
Investment income and rent	240,750	240,750	749,788	509,038
Intergovernmental revenues	436,621	436,621	384,328	(52,293)
Charges for services	210,700	216,700	245,769	29,069
Other	<u>65,334</u>	<u>65,334</u>	<u>161,548</u>	<u>96,214</u>
Total Revenues	<u>4,524,805</u>	<u>4,530,805</u>	<u>5,224,301</u>	<u>693,496</u>
Expenditures				
Current:				
General government	627,781	627,781	1,205,477	(577,696)
Public safety	2,506,234	2,506,234	2,503,807	2,427
Public works	538,691	538,691	617,247	(78,556)
Culture and recreation	340,658	340,658	357,853	(17,195)
Community development	10,000	10,000	3,266	6,734
Debt service	<u>109,621</u>	<u>109,621</u>	<u>112,874</u>	<u>(3,253)</u>
Total Expenditures	<u>4,132,985</u>	<u>4,132,985</u>	<u>4,800,524</u>	<u>(667,539)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>391,820</u>	<u>397,820</u>	<u>423,777</u>	<u>25,957</u>
Other Financing Sources (Uses)				
Transfers in	9,000	9,000	136,256	127,256
Transfers out	<u>(165,000)</u>	<u>(165,000)</u>	<u>(565,000)</u>	<u>(400,000)</u>
Total Other Financing Sources (Uses)	<u>(156,000)</u>	<u>(156,000)</u>	<u>(428,744)</u>	<u>(272,744)</u>
Net Change in Fund Balance	235,820	241,820	(4,967)	(246,787)
Fund Balance - Beginning	<u>(235,820)</u>	<u>(241,820)</u>	<u>1,083,576</u>	<u>1,325,396</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,078,609</u>	<u>\$ 1,078,609</u>

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

NARBERTH BOROUGH  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2022

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total Proprietary Funds</u>
<u>ASSETS</u>			
Current Assets			
Cash	\$ 360,909	\$ 143,497	\$ 504,406
Accounts receivable	7,130	13,712	20,842
Unamortized expense, current portion	14,493	-	14,493
Total Current Assets	<u>382,532</u>	<u>157,209</u>	<u>539,741</u>
Noncurrent			
Unamortized expense, net of current	54,532	-	54,532
Capital assets			
Nondepreciable, construction in progress	-	-	-
Storm sewer system	131,156	-	131,156
Equipment and furniture	-	202,387	202,387
Less accumulated depreciation	<u>(26,655)</u>	<u>(111,397)</u>	<u>(138,052)</u>
Total capital assets (net of accumulated depreciation)	<u>104,501</u>	<u>90,990</u>	<u>195,491</u>
Total Assets	<u>\$ 541,565</u>	<u>\$ 248,199</u>	<u>\$ 789,764</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 56,576	\$ 63,795	\$ 120,371
Due to other funds	-	210	210
Total Current Liabilities	<u>56,576</u>	<u>64,005</u>	<u>120,581</u>
<u>NET POSITION</u>			
Net investment in capital assets	104,501	90,990	195,491
Unrestricted	<u>380,488</u>	<u>93,204</u>	<u>473,692</u>
Total Net Position	<u>484,989</u>	<u>184,194</u>	<u>669,183</u>
Total Liabilities and Net Position	<u>\$ 541,565</u>	<u>\$ 248,199</u>	<u>\$ 789,764</u>

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

NARBERTH BOROUGH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

For the Year Ended December 31, 2022

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total Proprietary Funds</u>
Operating Revenues			
Charges for services	\$ 244,059	\$ 670,109	\$ 914,168
Total Operating Revenues	<u>244,059</u>	<u>670,109</u>	<u>914,168</u>
Operating Expenses			
Labor and administrative costs	5,879	28,218	34,097
Contracted services	-	632,647	632,647
Sewer rentals	228,666	-	228,666
Other maintenance	21,640	11,625	33,265
Depreciation	2,985	7,313	10,298
Amortization	<u>14,493</u>	<u>-</u>	<u>14,493</u>
Total Operating Expenses	<u>273,663</u>	<u>679,803</u>	<u>953,466</u>
Operating Income (Loss)	<u>(29,604)</u>	<u>(9,694)</u>	<u>(39,298)</u>
Nonoperating Revenues (Expense)			
Interest income	<u>40</u>	<u>13</u>	<u>53</u>
Total Nonoperating Revenues (Expense)	<u>40</u>	<u>13</u>	<u>53</u>
Income (Loss) before Transfers	(29,564)	(9,681)	(39,245)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Position	(29,564)	(9,681)	(39,245)
Total Net Position - Beginning	<u>514,553</u>	<u>193,875</u>	<u>708,428</u>
Total Net Position - Ending	<u>\$ 484,989</u>	<u>\$ 184,194</u>	<u>\$ 669,183</u>

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

NARBERTH BOROUGH

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2022

	Proprietary Fund Types		
	Sewer Fund	Solid Waste Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 247,704	\$ 679,377	\$ 927,081
Cash paid to suppliers	<u>(289,665)</u>	<u>(663,586)</u>	<u>(953,251)</u>
Net cash provided by (used in) operating activities	<u>(41,961)</u>	<u>15,791</u>	<u>(26,170)</u>
Cash flows from investing activities			
Earnings on investments	<u>40</u>	<u>13</u>	<u>53</u>
Net cash provided by (used in) investing activities	<u>40</u>	<u>13</u>	<u>53</u>
Net increase (decrease) in cash and cash equivalents	(41,921)	15,804	(26,117)
Beginning cash and cash equivalents	<u>402,830</u>	<u>127,693</u>	<u>530,523</u>
Ending cash and cash equivalents	<u>\$ 360,909</u>	<u>\$ 143,497</u>	<u>\$ 504,406</u>

**Reconciliation of Net Operating Income (Loss)  
to Net Cash Provided (Used) by Operating Activities**

Net operating income (loss)	\$ (29,604)	\$ (9,694)	\$ (39,298)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities			
Depreciation/Amortization	17,478	7,313	24,791
Changes in assets and liabilities			
(Increase) decrease in receivables	3,645	9,268	12,913
Increase (decrease) in payables	<u>(6,944)</u>	<u>8,694</u>	<u>1,750</u>
Increase (decrease) in due to other funds	<u>(26,536)</u>	<u>210</u>	<u>(26,326)</u>
Net adjustments	<u>(12,357)</u>	<u>25,485</u>	<u>13,128</u>
Cash provided (used) by operating activities	<u>\$ (41,961)</u>	<u>\$ 15,791</u>	<u>\$ (26,170)</u>

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

NARBERTH BOROUGH

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

December 31, 2022

	<u>Pension</u> <u>Trust Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 124,843
Investments, at fair value:	
Exchange traded- equity	1,730,220
Exchange traded- international equity	589,245
Exchange traded- fixed income	<u>912,035</u>
Total Investments	<u>3,231,500</u>
Total Assets	<u>3,356,343</u>
 <u>NET POSITION</u>	
Net Position - Restricted for:	
Pension benefits	<u>3,356,343</u>
Total Net Position	<u>\$ 3,356,343</u>

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

NARBERTH BOROUGH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended December 31, 2022

	<u>Pension</u> <u>Trust Funds</u>
Additions	
Contributions	
Employee contributions	\$ 31,249
Employer contributions	290,072
State aid	<u>108,789</u>
Total Contributions	<u>430,110</u>
Investment Income	
Net appreciation (depreciation) in fair value of investments	(659,917)
Interest and dividend income	<u>75,228</u>
Total Investment Earnings	<u>(584,689)</u>
Total Additions	<u>(154,579)</u>
Deductions	
Benefits	435,130
Administrative expenses	<u>10,192</u>
Total Deductions	<u>445,322</u>
Change in Net Position	(599,901)
Net Position - Restricted for Pension Benefits:	
Beginning of Year	<u>3,956,244</u>
End of Year	<u>\$ 3,356,343</u>

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

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**A. Summary of Significant Accounting Policies**

The Borough of Narberth (the “Borough”), located in Montgomery County, Pennsylvania, is classified as a “Borough” under the laws of the Commonwealth of Pennsylvania. The major services provided by the Borough include public safety, roads, parks and recreation and general administration. The financial statements of the Borough have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Borough’s accounting policies are described below. These policies should be recognized by the reader as integral to the preparation and use of the accompanying basic financial statements.

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

Excluded from the reporting entity are the Narberth Library, Narberth Fire Company and the Narberth Industrial Development Authority. These organizations have separately elected and/or appointed governing bodies. These entities provide services to residents, generally within the geographic boundaries of the Borough, but are excluded from the reporting entity of the Borough because the Borough does not have controlling influence over daily operations, cannot establish their budgets, or appoint management staff or officers.

**Basis of Presentation**

***Government-Wide Financial Statements*** - The statement of net position and the statement of activities display information about the Borough as a whole. These statements distinguish between activities that are governmental and those that are considered business-type. These statements exclude fiduciary activities, such as Pension and Agency Funds. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under Proprietary Funds below. This is the same approach used in the preparation of the Proprietary Funds financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Therefore, Governmental Funds financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements of Governmental Funds.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**A. Summary of Significant Accounting Policies (Continued)**

The government-wide statement of activities presents a comparison between expenses and program revenues for each different identifiable activity of the business-type activities of the Borough and for each governmental program. Expenses are those that are specifically associated with a service or program and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Borough.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the Governmental Funds) are eliminated so that only the net amount is included as internal balances in the governmental-activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

***Fund Financial Statements*** - Fund financial statements report detailed information about the Borough. The focus of Governmental and Proprietary Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The Borough reports the following major Governmental Funds:

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

The *Capital Reserve Fund* is used to account for financial resources to be used for planned capital improvements.

The Borough reports the following major proprietary funds:

The *Sewer Fund* accounts for the financial resources to provide sewer services to the Borough residents.

The *Solid Waste Fund* accounts for the financial resources to provide waste management services to Borough residents.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**A. Summary of Significant Accounting Policies (Continued)**

Other Fund types:

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

*Pension Trust Funds* are used to account for assets held by the Borough in a trustee capacity or as agent. A pension trust fund is used when the period of custody is lengthy, and the governmental unit invests or otherwise manages the resources during that period. The Borough maintains a Pension Trust Fund for the Police Pension Plan. Pension Trust Funds use the economic resources measurement focus in essentially the same manner as Proprietary Funds.

**Governmental Funds** - All Governmental Funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Major Governmental Funds of the Borough include the General Fund and the Capital Reserve Fund. All other Governmental Funds are grouped together and presented in a separate column as Total Nonmajor Funds. The Highway Aid Fund is reported as nonmajor.

Revenue Recognition - In applying the “susceptible to accrual concept” under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers property and earned income tax revenue to be available if collected within 60 days of the end of the fiscal period.

Revenues for state and federally funded projects are recognized at the time all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Borough must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Borough on a reimbursement basis.

Property tax receivables collected after 60 days from year-end, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property and earned income tax receivables are recorded and deferred until they become available.

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

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**A. Summary of Significant Accounting Policies (Continued)**

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

**Proprietary Funds** - Proprietary Funds are accounted for using the accrual basis of accounting. These funds account for operations financed primarily by user charges. The economic resource focus concerns determining costs as a means of maintaining capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in the Proprietary Funds. The Borough's only Proprietary Funds are the Sewer and Solid Waste Funds.

These 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 the Proprietary Funds' principal ongoing operations. The principal operating revenues of the Borough's Proprietary Funds are user fees. Operating expenses for the Borough's Proprietary Funds include sewer disposal, salaries, recycling, supplies and administrative costs and depreciation. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Fiduciary Funds** - Pension Trust Funds are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. The Pension Trust Funds account for the activities of the Police Pension Fund. Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds since the measurement of the economic resources is critical.

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

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**A. Summary of Significant Accounting Policies (Continued)**

***Budgets and Budgetary Accounting*** - The Borough follows these procedures in establishing the budgetary data reflected in the financial statements. The Borough Manager submits to the Borough Council a proposed operating budget for the fiscal year commencing the following:

1. Through November, the operating budget is prepared, including proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments after two weeks' notice is given in some newspapers having a general circulation within the Borough.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance.
4. The budget ordinance becomes effective January 1, and provides spending authority for the operating of the Borough governments.
5. Transfers and appropriations between functions require approval of the Borough Council.
6. At year-end, as permitted by Borough Code, a budget variance resolution is passed which may transfer unexpended appropriations of one department to another department with over expended appropriations. In addition, excess revenues may be appropriated to cover exhausted funds.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds, which are budgeted together as the General Fund budget. This budgeting method results in a non-GAAP presentation.

Budgetary control is maintained at the fund and department level. As permitted by the Borough Code, Borough Council passed a budget variance resolution which authorized the transfer of unexpended appropriations of one department to another department with over expended appropriations. In addition, excess revenues and available fund balance were also appropriated to cover exhausted funds. In addition, excess revenues and available fund balance were also appropriated to cover exhausted funds. The result is that there are no budgetary violations.

*Excess of expenditures over appropriations:* For the year ended December 31, 2022, expenditures exceeded budget in the General Fund in the amount of \$667,539. The excess expenditures were funded by greater than anticipated revenues.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**A. Summary of Significant Accounting Policies (Continued)**

***Cash and Cash Equivalents*** - The Borough considers all highly liquid investments with maturities of 90 days or less from the date of purchase to be cash equivalents. All investments of the Borough are stated at fair value.

***Receivables and Payables*** - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as “internal balances.” At December 31, 2022, all trade receivables were deemed to be fully collectible. The property tax receivable allowance is insignificant and therefore is not included in outstanding property taxes at December 31, 2022.

Leases receivable - The Borough has various lease agreements involving the use of rented building space. The lease receivable is measured at the present value of the noncancellable long-term future minimum rental payments expected to be received under the terms of the lease at a discounted rate.

***Real Estate Tax, Sewer and Solid Waste Assessments*** - Real estate taxes and sewer and solid waste assessments attach as an enforceable lien on property as of January 1, are levied on approximately February 1, and are payable under the following terms: 2% discount first 60 days, face amount next 60 days and a 10% penalty after 120 days. The elected Borough tax collector, in accordance with state law governing boroughs, collects and remits real estate tax and sewer and solid waste receipts to the Borough. A lien is attached on property in January of the following year for unpaid real estate taxes and assessments.

***Capital Assets*** - Capital assets used in governmental and business-type activities, including infrastructure, are stated at cost net of accumulated depreciation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The Borough defines capital assets as those which have an individual acquisition cost or donated value of at least \$2,500 and an estimated useful life of at least one year. Repairs and maintenance are recorded as expenses; renewals and betterments, including infrastructure, are capitalized. Depreciation is calculated over the estimated useful lives of the individual assets using straight-line methods. Land is determined to have an inexhaustible life and is not subject to depreciation.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**A. Summary of Significant Accounting Policies (Continued)**

Estimated useful lives are as follows:

	<u>Years</u>
Land improvements	20-50
Buildings and improvements	20-50
Equipment and vehicles	3-30
Playground and fieldhouse	5-50
Infrastructure, storm sewer system	20-50

***Prepaid Items*** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Compensated Absences*** - Full-time permanent employees are granted vacation benefits in varying amounts depending on tenure with the Borough. All full-time permanent employees are also entitled to sick leave benefits. Vacation and sick benefits earned for the current year may be carried over from year to year. The amount of carried over vacation days may not exceed 10 days. The amount of carried over sick leave may not exceed 10 days. Vacation and sick benefits carried over will not be paid out at the time of separation or retirement.

***Unamortized Charge - Capital Contribution*** - The Borough reported unamortized charges for business-type activities on the statement of net position. Unamortized charges consist of the unamortized balance of a capital contribution to the City of Philadelphia's sewage treatment facility capital improvement program. The Borough is amortizing the balance to expense over a period of 34.5 years. The amortization period represented the remaining time to the expiration of the sewer rental agreement with the City of Philadelphia at the time of the capital contribution.

***Long-Term Obligations*** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities. If bond premiums or discounts exist, they are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**A. Summary of Significant Accounting Policies (Continued)**

*Deferred Outflows/Inflows of Resources* - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Borough has the following items that qualify for reporting in these categories:

1. *Differences between expected and actual experience on plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as resources in the period that the amounts become available.
2. *Change in assumptions* is reported in the government-wide statement of net position. A net difference results when actuarial assumptions are changed. This amount is deferred and amortized over a five-year period.
3. *Net difference between projected and actual earnings on plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five-year period.
4. *Contribution by employer after measurement date* is reported in the government-wide-statement of net position for the Non-Uniformed Pension Plan. These amounts are deferred and recognized as resources in the next period.
5. *Unavailable revenue - property taxes and grants* are reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
6. *Lease* related amounts are recognized at the inception of the leases in which the Borough is the lessor. The deferred inflow of resources is recorded as an amount equal to the corresponding lease receivable. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**A. Summary of Significant Accounting Policies (Continued)**

*Net Position* - In the government-wide financial statements, net position is classified in the following categories:

**Net investment in capital assets** - This category groups all capital assets, including infrastructure, into one component of Net Position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

**Restricted net position** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** - This category represents net position of the entity, not restricted for any project or other purpose.

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

*Fund Balance* - Governmental funds report fund balance in classifications based primarily on the extent to which the Borough is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

**Nonspendable Fund Balance** - Includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, long-term notes receivable, and leases receivable net of deferred inflows of resources.

**Restricted Fund Balance** - Includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**Committed Fund Balance** - Includes amounts that can only be used for the specific purposes determined by a formal action of the Borough's highest level of decision-making authority, Borough Council. Commitments may be changed or lifted only by the Borough taking the same formal action that imposed the constraint originally (for example: resolution).

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

A. **Summary of Significant Accounting Policies** (Continued)

***Fund Balance (continued)***

**Assigned Fund Balance** - Includes amounts intended to be used by the Borough for specific purposes but do not meet the criteria to be classified as committed. The governing body, the Borough Council, has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Unassigned Fund Balance** - This residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

***Program Revenues*** - Amounts reported as program revenues include (1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segments and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segments. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Proprietary Funds Operating and Nonoperating Revenues and Expenses*** - 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 the Solid Waste Fund are charges to customers for services. Operating expenses for Proprietary 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 nonoperating revenues and expenses.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**A. Summary of Significant Accounting Policies (Continued)**

*Interfund Transfers* - In connection with its operations, the Borough affects a variety of transactions among funds to finance operations. The basic financial statements reflect such transactions as transfers, both in the fund receiving the subsidy as revenue and the fund paying the subsidy as an expenditure.

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

*New Accounting Pronouncements - GASB 87, Leases*, was implemented in the fiscal year ending December 31, 2022. The implementation resulted in an adjustment to the General Fund beginning fund balance and the government-wide beginning net position balance in the amount of \$47,175.

GASB has issued statements that will become effective in future years. Management has not yet determined the impact of these statements on the financial statements.

**B. Deposits and Investments**

As stated in the Commonwealth of Pennsylvania Borough Code P.L. 1656, No. 581, Section 1316, the Borough may invest operating funds in the following instruments:

- Short-term obligations of the U.S. government or its agencies or instrumentalities.
- Deposits in savings accounts or time deposits.
- Obligations of the United States of America or any of its agencies backed by the full faith and credit of the United States of America, or of the Commonwealth of Pennsylvania or any of the agencies.
- Certificates of deposit purchased from institutions that meet requirements set forth under Pennsylvania law (Act 72 of 1971).
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in authorized investments for Borough funds (mutual funds).

The Borough may also invest with trusts and other entities set up to specifically invest funds for Pennsylvania municipalities and legally restricted to allowable investment instruments under Pennsylvania law.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**B. Deposits and Investments (Continued)**

*Custodial Credit Risk - Deposits:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk policy generally permits investing in cash, debt obligations of the U.S. Treasury, agencies of the federal government, investment grade corporate securities, mutual funds of various risk levels and equities. The Borough does not have a deposit policy for custodial credit risk. For disclosure purposes, deposits include checking, savings, demand and time deposits, and money market accounts at financial institutions. As of December 31, 2022, the Borough's bank balance was \$5,244,997. Of that balance, \$500,000 was covered by federal depository insurance. Any amounts in excess were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name.

*Custodial Credit Risk - Investments:* Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Borough policy provides that investment collateral is held by the third-party custodian, with whom the Borough has a custodial agreement, in the Borough's name. The plan addresses custodial credit risk with a policy providing for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income as authorized, collects principal of sold, matured, or called items; and provides a periodic accounting to the Borough and the plan's trustees. Also, the Borough pre-qualifies the financial institutions, brokers/dealers, intermediaries and advisors with which the Borough does business with related to investment decisions. The investment portfolio is diversified so that potential losses on individual securities will be minimized. The ratings for investments are as follows:

FIDUCIARY FUNDS	<u>Fair Value</u>		<u>Average Rating</u>	<u>Average Maturity</u>
Exchange Traded-Equity	\$ 1,730,220	Level 1	Not Rated	Not applicable
Exchange Traded-International Equity	589,245	Level 1	Not Rated	Not applicable
Exchange Traded-Fixed Income	<u>912,035</u>	Level 1	Not Rated	Not applicable
	<u>\$ 3,231,500</u>			

*Fair Value Measurements* - The Borough categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**B. Deposits and Investments (Continued)**

*Interest Rate Risk* - is the risk that changes in interest rates will adversely affect an investment's value. In accordance with its investment policy, the Borough invests operating funds primarily in short-term securities, money market mutual funds or similar investments. Also, the Borough structures its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The weighted average maturities are disclosed in the chart above.

*Concentration of Credit Risk* - is the concentration of investments in anyone single user of debt securities presents a greater risk for loss in the event the issuer fails on its obligations. The Borough's policy is to diversify the investment portfolio by security type and institution. No more than 50% of the Borough's total investment portfolio managed by one investment manager will be invested in a single security type or with a single financial institution with the exception of US. Treasury Securities and authorized pools. At December 31, 2022, the Borough had no investments that individually each exceeded 5% of the total investments.

**C. Receivables**

Receivables as of year-end in the aggregate are as follows:

	<u>General</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Receivables:				
Taxes receivable	\$ 28,094	\$ -	\$ -	\$ 28,094
Accounts receivable	221,181	7,130	13,712	242,023
Leases receivable	<u>1,461,952</u>	<u>-</u>	<u>-</u>	<u>1,461,952</u>
Total	<u>\$ 1,711,227</u>	<u>\$ 7,130</u>	<u>\$ 13,712</u>	<u>\$ 1,732,069</u>

Borough management has determined that all receivables are fully collectible. The governmental activities receivables consist of real estate taxes collected by the due date of December 31, and remitted to the Borough by the tax collector within days of year-end (in January). Accounts receivable of the governmental activities also include net rental income due from the Narberth School building property manager and rents (leases) receivable from other building rentals as of December 31, 2022, and remitted to the Borough by the tax collector in January. These receivables also include lien accounts. Due to the lien process, Borough management has determined that all receivables are fully collectible. Intergovernmental receivable consists of grant revenues that are due from other governmental agencies.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**D. Lease Receivables**

The Borough has various lease agreements involving the use of building space. The lease receivable is measured at the present value of the noncancellable long-term future minimum rental payments expected to be received under the terms of the lease at a discount rate of 5%. Any variable payments received are based on direct monthly usage and are not included in the calculation of the receivable. Amounts receivable are expected as follows:

Year Ending December 31	Governmental Activities		Total
	Principal	Interest	
2023	\$ 504,934	\$ 58,675	\$ 563,609
2024	544,675	32,918	577,593
2025	337,478	8,207	345,685
2026	59,430	2,124	61,554
2027	15,435	64	15,499
Total	<u>\$ 1,461,952</u>	<u>\$ 101,988</u>	<u>\$ 1,563,940</u>

**E. Interfund Receivables, Payables and Transfers**

Interfund activity for the year ended December 31, 2022 were as follows:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$ 1,785	\$ -
Capital Reserve	-	1,575
Sewer Fund	-	210
Total	<u>\$ 1,785</u>	<u>\$ 1,785</u>

Interfund activity is primarily the result of reimbursement of expenses, and for internal financing of special projects or transfers for future capital acquisitions.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**F. Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 189,477	\$ -	\$ -	\$ 189,477
Construction in progress	<u>1,446,204</u>	<u>161,242</u>	<u>-</u>	<u>1,607,446</u>
Total capital assets, not being depreciated	<u>1,635,681</u>	<u>161,242</u>	<u>-</u>	<u>1,796,923</u>
Capital assets, being depreciated:				
Land improvements	3,613,202	294,392	(4,500)	3,903,094
Building and building improvements	4,979,956	20,812	-	5,000,768
Vehicles	2,033,156	136,162	-	2,169,318
Equipment	405,129	27,265	-	432,394
Playground and fieldhouse	<u>573,517</u>	<u>3,829</u>	<u>-</u>	<u>577,346</u>
Total capital assets being depreciated	<u>11,604,960</u>	<u>482,460</u>	<u>(4,500)</u>	<u>12,082,920</u>
Less accumulated depreciation for:				
Land improvements	2,585,215	150,295	(450)	2,735,060
Building and building improvements	2,280,650	144,311	-	2,424,961
Vehicles	1,312,822	75,352	-	1,388,174
Equipment	288,528	23,271	-	311,799
Playground and fieldhouse	<u>383,491</u>	<u>19,996</u>	<u>-</u>	<u>403,487</u>
Total accumulated depreciation	<u>6,850,706</u>	<u>413,225</u>	<u>(450)</u>	<u>7,263,481</u>
Total capital assets, being depreciated, net	<u>4,754,254</u>	<u>69,235</u>	<u>(4,050)</u>	<u>4,819,439</u>
Governmental activities capital assets, net	<u>\$ 6,389,935</u>	<u>\$ 230,477</u>	<u>\$ (4,050)</u>	<u>\$ 6,616,362</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,081	\$ -	\$ (6,081)	\$ -
Total capital assets, not being depreciated	<u>6,081</u>	<u>-</u>	<u>(6,081)</u>	<u>-</u>
Capital assets, being depreciated:				
Equipment	202,387	-	-	202,387
Infrastructure	<u>125,075</u>	<u>6,081</u>	<u>-</u>	<u>131,156</u>
Total capital assets being depreciated	<u>327,462</u>	<u>6,081</u>	<u>-</u>	<u>333,543</u>
Less accumulated depreciation for:				
Equipment	104,084	7,313	-	111,397
Infrastructure	<u>23,670</u>	<u>2,985</u>	<u>-</u>	<u>26,655</u>
Total accumulated depreciation	<u>127,754</u>	<u>10,298</u>	<u>-</u>	<u>138,052</u>
Total capital assets, being depreciated, net	<u>199,708</u>	<u>(4,217)</u>	<u>-</u>	<u>195,491</u>
Business-type activities capital assets, net	<u>\$ 205,789</u>	<u>\$ (4,217)</u>	<u>\$ (6,081)</u>	<u>\$ 195,491</u>

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**F. Capital Assets (Continued)**

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

Governmental activities:		
General government	\$	300,069
Public safety		55,490
Public works		38,315
Parks and recreation		19,351
Total depreciation expense-governmental activities	\$	<u>413,225</u>
Business-type activities:		
Sewer	\$	2,985
Solid Waste		7,313
Total depreciation expense-business-type activities	\$	<u>10,298</u>

**G. Long-Term Debt**

The Borough obtains general obligation notes to provide funds for the acquisition and construction of major capital facilities, the purchase of land, and other capital projects.

The original amount of general obligation notes issued in prior years was \$1,726,000. General obligation notes are direct obligations and pledge the full faith and credit of the Borough. These notes are generally issued as 3-15 year serial notes with varying amounts of principal maturing each year.

In 2022, the Borough obtained the following notes: Series 2022 for \$1,703,000, Series 2022A for \$625,000, and Series 2022B for \$1,100,000. The proceeds were used to refund the existing notes outstanding and any remaining amounts will be used to fund future capital projects and purchases. The refunding resulted in a cash flow savings of \$143,042. Principal and interest payments are due through 2039.

In 2022, the Borough obtained a draw-down note Series 2022C in the amount of \$1,500,000 to fund future capital projects and purchases.

General obligation notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Government-type activities	1.7% - 5.65%	\$ <u>3,419,172</u>

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**G. Long-Term Debt (Continued)**

Long-term liability activity for the year ended December 31, 2022 is as follows:

<b>Governmental activities:</b>	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
General Obligation Notes					
Series of 2014	\$ 176,457	\$ -	\$ (176,457)	\$ -	\$ -
Series of 2019	35,900	-	(35,900)	-	-
Series of 2019A	492,132	-	(492,132)	-	-
Series of 2019B	612,091	-	(612,091)	-	-
Series of 2022	-	1,703,000	(34,000)	1,669,000	73,000
Series of 2022A	-	625,000	(3,000)	622,000	12,000
Series of 2022B	-	1,100,000	-	1,100,000	-
Series of 2022C	-	28,172	-	28,172	-
Subtotal	<u>1,316,580</u>	<u>3,456,172</u>	<u>(1,353,580)</u>	<u>3,419,172</u>	<u>85,000</u>
Net pension liability	3,304,772	802,347	(1,857,817)	2,249,302	-
Net OPEB obligation	<u>3,690,458</u>	<u>(937,517)</u>	<u>(28,266)</u>	<u>2,724,675</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 8,311,810</u>	<u>\$ (135,170)</u>	<u>\$ (3,239,663)</u>	<u>\$ 8,393,149</u>	<u>\$ -</u>

Debt service for general obligation bonds is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities. Annual debt service requirements to maturity for bonds, loans and notes outstanding are as follows:

Year Ending December 31	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 85,000	\$ 84,247
2024	259,172	94,697
2025	238,000	87,335
2026	245,000	79,714
2027	253,000	71,812
2028-2032	1,377,000	251,537
2033-2037	724,000	133,268
2038-2039	238,000	12,345
Total	<u>\$ 3,419,172</u>	<u>\$ 814,955</u>

**H. Defined Benefit Pension Plans**

Plan Description and Membership

Narberth Borough sponsors two single-employer defined benefit pension plans the Police Pension Plan and the Non-Uniformed Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Borough.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**H. Defined Benefit Pension Plans (Continued)**

*Police Pension Defined Benefit Pension Plan* - The plan is a contributory, single employer defined benefit plan that covers all full-time uniformed police officers of the Borough. An employee enters the plan on the date of hire.

*Non-Uniformed Defined Benefit Pension Plan* - The plan is a contributory, single employer defined benefit plan that covers all full-time Non-Uniformed employees of the Borough who have met the eligibility requirements. A Non-Uniformed employee of the Borough enters the plan on the date of hire.

The Police Pension Plans is administered by the Borough and governed by Borough Council.

The Borough's Non-Uniformed Pension Plan is administered by the Pennsylvania Municipal Retirement System ("PMRS"), a statewide local government system. PMRS is an agent, multiple-employer system with the purpose to administer sound, cost-effective pensions for local government employees. PMRS consists of over 900 participating employer plans. Responsibility for the organization and administration of the system is vested in the eleven member Pennsylvania Municipal Retirement Board - including the State Treasurer and Secretary of the Commonwealth by virtue of statute, and eight other members appointed by the Governor based on their respective organizations. PMRS issues a separate Comprehensive Annual Financial Report ("CAFR"). A copy of the CAFR can be obtained by contacting the PMRS Accounting Office, P.O. Box 1165, Harrisburg, PA 17108-1165. The Plan is governed by Borough Council.

The most recent valuation was as of January 1, 2021 for the Police Pension Plan and January 1, 2021 for the Non-Uniformed Pension Plan. Details below are from the valuation.

Benefits and Contribution provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

At December 31, 2022, membership for Narberth Borough Defined Benefit Pension Plans consisted of the following:

	<u>Police</u>	<u>Non-Uniform</u>
Inactive employees (or their beneficiaries) currently receiving benefits (1)	9	9
Inactive employees entitled to benefits but not yet receiving them	0	0
Active employees	<u>4</u>	<u>10</u>
	<u>13</u>	<u>19</u>

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**H. Defined Benefit Pension Plans (Continued)**

Benefits Provided - Police Pension Plan

The Police Pension Plan benefit provisions are as follows:

- ***Retirement Benefit*** - All full-time members of the Police Force join the plan upon employment. Employees who retire at or after age 53 with 25 years of continuous service are eligible for normal retirement. Participants are entitled to monthly pension payments equal to 50% of average monthly compensation for the 36 months immediately preceding the retirement date.
- ***Vested Benefit*** - A member shall have the option to vest their benefit if they terminate employment after 12 years of total service. Their benefit will be equal to their normal retirement benefit multiplied by a percentage of their actual years of service over years of service the member would have rendered if they had continued working until their normal retirement date. This benefit is payable at their normal retirement date.
- ***Cost of Living*** - All officers retiring on or after January 1, 2011, shall receive an annual cost of living increase to their pension provided, however, that such cost-of-living increase shall not exceed the percentage increase in the Philadelphia Area Consumer Price Index from the year in which the police officer last worked; provided that in no case should the total police pension benefit exceed 75% of the salary for computing retirement benefits; and provided further, that the total cost-of-living increase shall not exceed 30%.
- ***Survivor Benefit*** - For any police officer eligible for retirement that dies prior to actual retirement, their spouse or child shall receive 50% of the pension they would have received had they retired at the time of their death. The survivor's benefit ceases at the spouse's remarriage and the child's attainment of age 18 (or 23 if attending college).
- ***Disability Retirement Benefit*** - In the event that a police officer shall suffer a permanent service-connected disability, they shall receive a monthly pension for life equal to 70% of their base salary as of the date such disability is incurred, less any amounts awarded for workers' compensation and social security.

A Deferred Retirement Option Plan ("DROP") is available to the Borough's police officers who have fulfilled the age and service requirements of the Police Pension Plan as described in the above paragraph. Under the DROP program a participant may elect to defer receipt of normal retirement benefits while continuing employment with the Borough up to a maximum of 2 years. At December 31, 2022, there were no amounts held in the DROP.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**H. Defined Benefit Pension Plans (Continued)**

Benefits Provided - Non-Uniformed Pension Plan

The Non-Uniformed Pension Plan benefit provisions are as follows:

- ***Eligibility Requirements*** - A member is eligible for normal retirement upon attainment of age 60. A member becomes 100% vested in the benefit accrued upon completion of 12 years of service. A member is eligible for early retirement after 20 years of service.
- ***Retirement Benefit*** - Benefits equal .01667 times years of credited service times the final average salary (FAS). The FAS is based upon the highest three consecutive years annualized salary. There is no social security offset.
- ***Survivor Benefit*** - If an employee is eligible to retire or if retired at time of death, their spouse receives 50% of member's benefits.
- ***Disability Benefit*** - Service-related disability benefits are 50% of final salary for inability to perform gainful employment. Benefit is offset by workers' compensation benefits. Non-service related disability benefits are 30% of final salary for inability to perform gainful employment. Ten years of service is required for eligibility.
- ***Postretirement Adjustments*** - PMRS law provides for municipality to optionally award postretirement adjustments based on system's investment performance.

Measurement Focus and Basis of Accounting

*Basis of Accounting:* Pension Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized as due when pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred.

The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against the earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

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

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**H. Defined Benefit Pension Plans (Continued)**

Contributions

*Police Pension Plan* - Officers who are members in the Plan are required to contribute 5% of their annual covered payroll to the Plan. Contributions are determined on an annual basis. Administrative costs and investment costs of the Plan are financed through an addition to the Actuarially Determined Employer Contribution.

*Non-Uniformed Pension Plan* - Employees who are members in the Plan are required to contribute 5% of their salaries to the Plan. Contributions are determined on an annual basis. Administrative costs and investment costs of the Plan are financed through an addition to the Actuarially Determined Employer Contribution.

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

The Borough's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Borough funds. The Borough received state aid, which is recognized as revenue and expenses, in the amount of \$108,789 for the pension for the year ended December 31, 2022.

Investments

*Investment Policy:* The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by Borough Council. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The Pension Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**H. Defined Benefit Pension Plans (Continued)**

*Rate of Return:* For the year ended December 31, 2022, the annual money-weighted rate of return on Plan investments, net of investment expense was -15.38% for Police. For the measurement date of December 31, 2021, the annual money-weighted rate of return of Plan investments, net of investment expenses was 13.3% for Non-Uniformed. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2022 for the Police Pension Plan, and at the measurement date of December 31, 2021 for the Non-Uniformed Pension Plan, were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 6,200,348	\$ 3,787,297
Plan fiduciary net position	<u>(3,356,343)</u>	<u>(4,382,000)</u>
Net pension liability	<u>\$ 2,844,005</u>	<u>\$ (594,703)</u>
Plan fiduciary net position as a percentage of the total pension liability	54%	116%

*Actuarial Assumptions:* The total pension liability in the January 1, 2021 actuarial valuation for the Police Pension Plan and for the Non-Uniformed Pension Plan, was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non-Uniform</u>
Inflation	3.0%	2.8%
Salary increases	3.0%	Age-related (with merit, including inflation)
Postretirement cost of living increase	3.0%	2.8%
Investment rate of return	6.0%	5.25% (net of pension plan investment expense, including inflation)

Mortality rates for the Police Pension Plan were based on Pub-2010 Safety Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2021. Mortality rates for the Non-Uniformed Pension Plan were based on the PUB-2010 General Employee table; MP-2018 mortality improvements to 2023.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**H. Defined Benefit Pension Plans (Continued)**

The net pension liability for the Police Pension Plan was measured as of December 31, 2022 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. Due to the size of the plan, there have been no experience studies used to determine plan assumptions. In 2021, the mortality table was updated.

The net pension liability for the Non-Uniformed Pension Plan was measured as of December 31, 2021, and the total pension liability was determined by rolling forward the liabilities from an actuarial study as of January 1, 2021. The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2014 to December 31, 2018. In 2021, the retirement rates, termination rates, disability rates, mortality table, inflation/cost of living rate, and salary increase rates were updated.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For the Police Pension Plan - The best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation have not been calculated. An overall estimate of arithmetic real rate of return for all the asset classes combined was calculated as 6%.

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	60.00%
Fixed Income	30.00%
Other assets and Cash	<u>10.00%</u>
	<u>100.00%</u>

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

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**H. Defined Benefit Pension Plans (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic Equities	32.5%	10.7%
International Equities	17.5%	11.3%
Global Equities	5.0%	4.8%
Fixed Income	29.0%	7.2%
Real Estate	10.0%	4.9%
Timber	5.0%	3.7%
Cash	<u>1.0%</u>	-1.3%
	<u>100.0%</u>	

*Discount Rate:* The discount rate used to measure the total pension liability was 6% for the Police Pension Plan and 5.25% for the Non-Uniformed. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost-plus plan expenses, as well as an amortization of the unfunded liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost-plus plan expenses, as well as amortization of the unfunded liability.

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<b><u>Police Pension Plan</u></b>			
Balance at December 31, 2021	\$ 6,106,431	\$ 3,960,559	\$ 2,145,872
Changes for the year:			
Service cost	175,411	-	175,411
Interest	353,341	-	353,341
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	398,861	(398,861)
Contributions - employee	-	26,640	(26,640)
Net investment income	-	(584,690)	584,690
Benefit payments, including refunds of employee contributions	(434,835)	(434,835)	-
Administrative expense	-	(10,192)	10,192
Net Changes	<u>93,917</u>	<u>(604,216)</u>	<u>698,133</u>
Balance at December 31, 2022	<u>\$ 6,200,348</u>	<u>\$ 3,356,343</u>	<u>\$ 2,844,005</u>

NARBERTH BOROUGH  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**H. Defined Benefit Pension Plans (Continued)**

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<b><u>Non-Uniformed Pension Plan</u></b>			
Balance at December 31, 2020 - Measurement Date	\$ 3,754,627	\$ 3,974,842	\$ (220,215)
Changes for the year:			
Service cost	78,594	-	78,594
Interest	195,001	-	195,001
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	71,389	(71,389)
Contributions - employee	-	34,499	(34,499)
Net investment income	-	553,118	(553,118)
Benefit payments, including refunds of employee contributions	(240,925)	(240,925)	-
Administrative expense	-	(10,923)	10,923
Net Changes	<u>32,670</u>	<u>407,158</u>	<u>(374,488)</u>
Balance at December 31, 2021 - Measurement Date	<u>\$ 3,787,297</u>	<u>\$ 4,382,000</u>	<u>\$ (594,703)</u>

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

	1% Decrease <u>(5%)</u>	Current Discount Rate (6%)	1% Increase <u>(7%)</u>
Net pension liability			
Police	\$ 3,632,892	\$ 2,844,005	\$ 2,189,977
	<u>(4.25%)</u>	<u>Rate (5.25%)</u>	<u>(6.25%)</u>
Non-Uniformed	(162,459)	(594,703)	(961,256)

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**H. Defined Benefit Pension Plans (Continued)**

*Deferred Outflows and Inflows of Resources:* For the year ended December 31, 2022, the Borough recognized pension expense of \$384,911 for Police Pension and (\$151,580) for Non-Uniformed Pension. At December 31, 2022, the Borough reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ 69,277	\$ 41,757
Change in assumptions	166,449	512,952
Net difference between projected and actual earnings on pension plan investments	<u>636,831</u>	<u>-</u>
Total	<u>\$ 872,557</u>	<u>\$ 554,709</u>
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ 29,912	\$ 1,855
Change in assumptions	79,122	-
Net difference between projected and actual earnings on pension plan investments	-	651,388
Contributions subsequent to the measurement date	<u>62,397</u>	<u>-</u>
Total	<u>\$ 171,431</u>	<u>\$ 653,243</u>

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

<u>Year Ended December 31:</u>	<u>Police</u>	<u>Non-Uniformed</u>
2022	\$ 64,089	\$ (146,819)
2023	93,249	(200,994)
2024	104,286	(122,719)
2025	56,224	(73,677)
2026	-	-
Thereafter	-	-
Total	<u>\$ 317,848</u>	<u>\$ (544,209)</u>

*Payable to the Pension Plan:* For the year ended December 31, 2022, there was no amount payable for contributions to the pension plan.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**I. Other Post-Employment Benefits**

The Borough sponsors two single-employer defined benefit post-employment plan (the Plan, OPEB) for eligible employees of the Borough. The Plans do not issue a separate financial statement.

The Police OPEB Plan was established and is governed by the provisions of the collective bargaining agreement between the Borough and the police officers, to provide continuation of the Borough's group health and life insurance for employees who retire. The Plan is funded on a pay-as-you-go basis and there is no irrevocable trust established for the Plan.

The Non-Uniformed OPEB Plan was established and is governed by Borough Council.

The most recent valuation was as of January 1, 2022. Membership of the Plan consisted of the following at December 31, 2022 (the date of the latest actuarial valuation):

	<u>Police</u>	<u>Non-Uniform</u>
Inactive employees (or their beneficiaries)		
currently receiving benefits	0	0
Inactive employees entitled to benefits		
but not yet receiving them	13	1
Active employees	<u>5</u>	<u>2</u>
	<u>18</u>	<u>3</u>

*Eligibility:* Police retirees must have reached age 53 with 25 years of service. The healthcare and health benefits are provided at no cost to the retiree.

*Benefits Provided:* The Plan for police retirees allows for spousal coverage at a cost to the retiree of 50% of the premium difference between single coverage and husband/wife coverage. Medicare eligible retirees and dependents are required to enroll in Medicare Parts B and D. Upon eligibility for Medicare, retirees receive coverage through a Medicare Supplement Plan. Effective January 1, 2013, the post-Medicare plan changed as Medicare supplement plans were established. This change reduced the actuarial accrued liability (AAL) by approximately \$1.8 million. In addition, the contracts provide that each eligible retiree will receive a fully paid-up life insurance policy of \$10,000.

*Funding:* Employees do not contribute to the Plan during their active service. The contribution requirements are established, and may be amended, by the collective bargaining agreement. The Borough currently follows a pay-as-you-go policy for retiree healthcare and death benefits. These anticipated retiree premiums are included in each annual budget in the "Insurance and Benefits" category and "Hospitalization - Blue Cross/Blue Shield" line-item. During 2013, police officers were required to contribute 3% of the premium for their selected coverage type through a payroll deduction.

NARBERTH BOROUGH  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**I. Other Post Employment Benefits (Continued)**

Net OPEB Liability

The Borough's net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

	<u>Police</u>	<u>Non-Uniform</u>
Total OPEB liability	\$ 2,640,809	\$ 83,866
Plan fiduciary net position	-	-
Net OPEB liability	\$ 2,640,809	\$ 83,866

Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%
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*Actuarial Assumptions:* The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>OPEB</u>
Inflation	2.50%
Salary Increases	3.0% (including inflation)
Investment Rate of Return	4.31% (net of OPEB plan investment expense, including inflation)
Healthcare Cost Trend Rates	6% in 2023 decreasing .5% per year to an ultimate of 4.5% and for Medicare Part B premiums 4.5% in 2023 and beyond

The net OPEB liability was measured as of December 31, 2022 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2022. Mortality rates were based on the MP-2021 Public Safety Headcount-Weighted Mortality Tables. The actuarial assumptions used in the January 1, 2022 valuation were based on the actuary's experience with plans of a similar size, plan design, workforce composition, and discussions with the Borough. No experience study was conducted. In 2022, the discount rate increased from 2.25% to 4.31%, and the healthcare trend rates were updated.

*Discount Rate:* The discount rate used to measure the total OPEB liability was 4.31%, based upon 20-year AA/Aa municipal bond rates, for the plan. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods.

NARBERTH BOROUGH  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**I. Other Post-Employment Benefits (Continued)**

*Change in Net OPEB Liability:*

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b><u>Police OPEB Plan</u></b>			
Balance at December 31, 2021	\$ 3,746,918	\$ -	\$ 3,746,918
Changes for the year:			
Service cost	136,108	-	136,108
Interest	83,208	-	83,208
Change of benefit terms	-	-	-
Differences between expected and actual experience	(55,894)	-	(55,894)
Change of assumptions	(1,147,629)	-	(1,147,629)
Contributions - employer	-	121,902	(121,902)
Benefit payments			
including refunds of employee contributions	(121,902)	(121,902)	-
Net Changes	(1,106,109)	-	(1,106,109)
Balance at December 31, 2022	\$ 2,640,809	\$ -	\$ 2,640,809
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b><u>Non-Uniform OPEB Plan</u></b>			
Balance at December 31, 2021	\$ 80,501	\$ -	\$ 80,501
Changes for the year:			
Service cost	94	-	94
Interest	2,449	-	2,449
Change of benefit terms	-	-	-
Differences between expected and actual experience	39,294	-	39,294
Change of assumptions	(11,747)	-	(11,747)
Contributions - employer	-	26,725	(26,725)
Benefit payments			
including refunds of employee contributions	(26,725)	(26,725)	-
Net Changes	3,365	-	3,365
Balance at December 31, 2022	\$ 83,866	\$ -	\$ 83,866

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

	1%	Current	1%
	Decrease	Discount	Increase
	<u>(1.25%)</u>	<u>Rate (2.25%)</u>	<u>(3.25%)</u>
Net OPEB liability			
Police	\$ 3,074,681	\$ 2,640,809	\$ 2,295,931
Non-Uniform	\$ 87,343	\$ 83,866	\$ 80,817

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**I. Other Post Employment Benefits (Continued)**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare	1% Increase
	Valuation	Cost Trend	Valuation
Net OPEB liability	<u>Rates</u>	<u>Valuation Rates</u>	<u>Rates</u>
Police	\$ 2,250,352	\$ 2,640,809	\$ 3,144,407
Non-Uniform	81,753	83,866	86,035

*Deferred Outflows and Inflows of Resources:* For the year ended December 31, 2022, the Borough recognized OPEB expense of (\$518) for the Police Plan and \$6,903 for the Non-Uniformed Plan. At December 31, 2022, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
<b><u>Police OPEB Plan</u></b>		
Differences between expected and actual experience	\$ -	\$ 456,629
Changes in assumptions	488,947	1,306,943
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 488,947</u>	<u>\$ 1,763,572</u>
<b><u>Non-Uniform OPEB Plan</u></b>		
Differences between expected and actual experience	\$ 32,110	\$ 6,606
Changes in assumptions	4,953	10,556
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 37,063</u>	<u>\$ 17,162</u>

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**I. Other Post Employment Benefits (Continued)**

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

Year Ended December 31:	Police OPEB	Non-Uniform OPEB	Total
2023	\$ (219,834)	\$ 4,360	\$ (215,474)
2024	(207,361)	4,360	(203,001)
2025	(186,944)	4,360	(182,584)
2026	(211,745)	4,360	(207,385)
2027	(211,745)	2,134	(209,611)
Thereafter	(236,996)	327	(236,669)
Total	<u>\$ (1,274,625)</u>	<u>\$ 19,901</u>	<u>\$ (1,254,724)</u>

**J. Other Information**

***Deferred Expenses - Capital Contribution:*** The Borough recorded the 1993 capital contribution of approximately \$500,000 to the City of Philadelphia’s sewage treatment facility Capital Improvement Program, through its agreement with Lower Merion Township, in the Sewer Fund (a Proprietary Fund) as a deferred expense. The balance of the deferred expense as of December 31, 2022, totals \$69,025 and is reported as an asset on the statement of net position, Proprietary Fund Types. The Borough is amortizing the balance to expense over a period of 34.5 years. The amortization period represented the then remaining time to the expiration of the agreement between Lower Merion Township and the Borough of Narberth (2027). Amortization expense was to \$14,493 in 2022.

***Reimbursable Contracts*** - Most grants and cost-reimbursable contracts specify the types of expenditures for which the grant or contract funds may be used. The expenditures made by the Borough under some of these grants and contracts are subject to audit. To date, the Borough has not been notified of any significant unallowable costs, if any, resulting from such audits will not have a material effect on the accompanying financial statements.

***Repurchase Option Agreement*** - In 2001, the Borough obtained a deed for a property from Daniel K. Cook. Under the Repurchase Option Agreement dated June 29, 2001 the Borough of Narberth has granted an Optionee (Daniel K. Cook and/or his successors in title) the right to give notice to exercise the option to repurchase between April 30, 2022 and May 30, 2022. Between June 1, 2021 and December 31, 2021, the Borough gave written acknowledgement to the Optionee of the Repurchase Option. The Repurchase date is May 30, 2024.

NARBERTH BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

**K. Risk Management**

The Borough is exposed to various risks of loss related to torts; destruction of assets; errors and omissions; employee's health and accident; and natural disasters. The Borough purchases commercial insurance to protect its interest in its property and equipment, insurance against employee dishonesty and liability protection. Settled claims have not exceeded this coverage for the past three fiscal years.

The Borough participates in the following public entity risk pools. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdraw from the Trust by giving 150-days written notice to the Executive Committee. Settled claims from these risks have not exceeded insurance cover for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

- Delaware Valley Property & Liability Trust - The insurance expense for the year ended December 31, 2022 was \$30,424. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2022, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Borough's share was \$0.
- Delaware Valley Workers' Compensation Trust - The insurance expense for the year ended December 31, 2022 was \$59,310. The Borough received \$6,821 as a result from a payroll audit of the 2021 coverage year. There were no additional assessments due or anticipated. An audit of the 2022 payroll will be performed in 2023. At December 31, 2022, the pool declared a dividend of which the Borough's share was \$1,231.

**REQUIRED**

**SUPPLEMENTARY INFORMATION**

NARBERTH BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total pension liability</b>				
Service cost	\$ 175,411	\$ 170,302	\$ 225,404	\$ 219,740
Interest	353,341	346,556	318,463	310,608
Changes of benefit terms	-	(92,128)	-	-
Differences between expected and actual experience	-	103,368	928	(105,033)
Changes of assumptions	-	(745,090)	(32,704)	418,645
Benefit payments	<u>(434,835)</u>	<u>(372,718)</u>	<u>(370,416)</u>	<u>(376,073)</u>
Net change in total pension liability	93,917	(589,710)	141,675	467,887
<b>Total pension liability - beginning</b>	<u>6,106,431</u>	<u>6,696,141</u>	<u>6,554,466</u>	<u>6,086,579</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 6,200,348</u>	<u>\$ 6,106,431</u>	<u>\$ 6,696,141</u>	<u>\$ 6,554,466</u>
 <b>Plan fiduciary net position</b>				
Contributions - employer	\$ 398,861	\$ 473,781	\$ 490,186	\$ 463,062
Contributions - employee	26,640	58,479	29,576	45,267
Net investment income	(584,690)	99,597	309,277	293,380
Benefit payments	(434,835)	(372,718)	(370,416)	(376,073)
Administrative expense	<u>(10,192)</u>	<u>(3,968)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(604,216)	255,171	458,623	425,636
 <b>Plan fiduciary net position - beginning</b>	<u>3,960,559</u>	<u>3,705,388</u>	<u>3,246,765</u>	<u>2,821,129</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 3,356,343</u>	<u>\$ 3,960,559</u>	<u>\$ 3,705,388</u>	<u>\$ 3,246,765</u>
 <b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ 2,844,005</u>	<u>\$ 2,145,872</u>	<u>\$ 2,990,753</u>	<u>\$ 3,307,701</u>
 Plan fiduciary net position as a percentage of the total pension liability	54.1%	64.9%	55.3%	49.5%
 Covered payroll	\$ 679,713	\$ 783,285	\$ 635,573	\$ 621,699
 Net pension liability as a percentage of covered payroll	418.4%	274.0%	470.6%	532.0%
 Annual money-weighted return net of investment expenses	-15.38%	2.74%	9.08%	9.85%

**Notes to Schedule:**

Change in benefit terms: The disability base salary definition and percentage was updated in 2021

Change in assumptions: The mortality improvement scale was updated in 2021

(Continued)

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 172,938	\$ 167,901	\$ 126,816	\$ 113,312	\$ 108,954
289,981	284,261	327,612	293,822	283,368
-	(86,323)	-	-	-
-	(267,740)	-	357,529	-
-	1,226,541	-	-	-
<u>(351,904)</u>	<u>(323,642)</u>	<u>(320,074)</u>	<u>(243,823)</u>	<u>(242,123)</u>
111,015	1,000,998	134,354	520,840	150,199
<u>5,975,564</u>	<u>4,974,566</u>	<u>4,840,212</u>	<u>4,319,372</u>	<u>4,169,173</u>
<u>\$ 6,086,579</u>	<u>\$ 5,975,564</u>	<u>\$ 4,974,566</u>	<u>\$ 4,840,212</u>	<u>\$ 4,319,372</u>
\$ 482,080	\$ 415,214	\$ 317,575	\$ 234,300	\$ 104,847
21,176	25,881	24,446	23,309	26,312
(47,529)	122,997	52,723	114	111,808
(351,904)	(323,642)	(320,074)	(243,823)	(242,123)
-	-	(33,093)	100	(21,645)
<u>103,823</u>	<u>240,450</u>	<u>41,577</u>	<u>14,000</u>	<u>(20,801)</u>
<u>2,717,306</u>	<u>2,476,856</u>	<u>2,435,279</u>	<u>2,421,279</u>	<u>2,442,080</u>
<u>\$ 2,821,129</u>	<u>\$ 2,717,306</u>	<u>\$ 2,476,856</u>	<u>\$ 2,435,279</u>	<u>\$ 2,421,279</u>
<u>\$ 3,265,450</u>	<u>\$ 3,258,258</u>	<u>\$ 2,497,710</u>	<u>\$ 2,404,933</u>	<u>\$ 1,898,093</u>
46.3%	45.5%	49.8%	50.3%	56.1%
\$ 478,315	\$ 518,000	\$ 517,098	\$ 471,170	\$ 431,319
682.7%	629.0%	483.0%	510.4%	440.1%
-1.72%	4.73%	2.15%	0.00%	7.75%

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

NARBERTH BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2013	\$ 109,940	\$ 110,140	\$ (200)	\$ 403,766	27.28%
2014	104,847	104,847	-	431,319	24.31%
2015	181,107	234,300	(53,193)	471,170	49.73%
2016	265,690	317,575	(51,885)	517,098	61.41%
2017	289,614	415,214	(125,600)	518,000	80.16%
2018	481,930	482,080	(150)	478,315	100.79%
2019	463,062	463,062	-	621,699	74.48%
2020	486,786	490,186	(3,400)	635,573	77.13%
2021	473,781	473,781	-	783,285	60.49%
2022	398,861	398,861	-	783,285	50.92%

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Remaining amortization period	11 years
Asset valuation method	Adjusted market value
Inflation	3%
Salary increases	3%
COLA increases	3%
Investment rate of return	6%
Retirement age	Normal Retirement Age, or on the valuation date if later
Mortality	Pub-2010 Safety Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2021

**Notes to Schedule:**

Change in benefit terms: The disability base salary definition and percentage was updated in 2021

Change in assumptions: The mortality improvement scale was updated in 2021

NARBERTH BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -  
NON-UNIFORM PENSION PLAN

	Measurement Date:			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total pension liability</b>				
Service cost	\$ 78,594	\$ 85,763	\$ 75,110	\$ 71,953
Interest	195,001	187,125	184,609	174,735
Changes of benefit terms	-	-	-	34,564
Differences between expected and actual experience	-	(3,091)	-	89,736
Changes of assumptions	-	131,870	-	-
Benefit payments				
including refunds of employee contributions	(240,925)	(247,961)	(197,572)	(174,864)
Net change in total pension liability	32,670	153,706	62,147	196,124
<b>Total pension liability - beginning</b>	<u>3,754,627</u>	<u>3,600,921</u>	<u>3,538,774</u>	<u>3,342,650</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 3,787,297</u>	<u>\$ 3,754,627</u>	<u>\$ 3,600,921</u>	<u>\$ 3,538,774</u>
 <b>Plan fiduciary net position</b>				
Contributions - employer	\$ 71,389	\$ 56,127	\$ 54,477	\$ 29,783
Contributions - employee	34,499	37,866	33,162	31,865
Net investment income	553,118	547,735	632,161	(109,704)
Benefit payments				
including refunds of employee contributions	(240,925)	(247,961)	(197,572)	(174,864)
Administrative expense	(10,923)	(7,931)	(6,118)	(7,512)
Net change in plan fiduciary net position	407,158	385,836	516,110	(230,432)
<b>Plan fiduciary net position - beginning</b>	<u>3,974,842</u>	<u>3,589,006</u>	<u>3,072,896</u>	<u>3,303,328</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 4,382,000</u>	<u>\$ 3,974,842</u>	<u>\$ 3,589,006</u>	<u>\$ 3,072,896</u>
 <b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ (594,703)</u>	<u>\$ (220,215)</u>	<u>\$ 11,915</u>	<u>\$ 465,878</u>
 Plan fiduciary net position as a percentage of the total pension liability	115.7%	105.9%	99.7%	86.8%
 Covered payroll	\$ 689,990	\$ 757,335	\$ 663,262	\$ 637,321
 Net pension liability as a percentage of covered payroll	-86.2%	-29.1%	1.8%	73.1%
 Annual money-weighted return net of investment expenses	13.30%	13.80%	20.90%	-4.57%

**Notes to Schedule:**

Change in benefit terms: None since 1/1/2019

Change in assumptions: In 2021- retirement rates, termination rates, disability rates, mortality table, inflation/cost of living rate, and salary increase rate updates

(Continued)

Measurement Date:

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 68,392	\$ 60,501	\$ 64,397	\$ 64,401
170,623	166,933	158,392	148,332
-	-	-	-
-	48,967	-	64,353
-	87,140	66,737	-
<u>(153,888)</u>	<u>(159,211)</u>	<u>(102,218)</u>	<u>(86,325)</u>
85,127	204,330	187,308	190,761
<u>3,257,523</u>	<u>3,053,193</u>	<u>2,865,885</u>	<u>2,675,124</u>
<u>\$ 3,342,650</u>	<u>\$ 3,257,523</u>	<u>\$ 3,053,193</u>	<u>\$ 2,865,885</u>
\$ 29,313	\$ 27,302	\$ 21,981	\$ 24,574
30,288	29,445	29,657	28,021
508,007	201,923	8,689	163,482
(153,888)	(159,211)	(102,218)	(86,325)
<u>(7,596)</u>	<u>(7,423)</u>	<u>(6,910)</u>	<u>(6,151)</u>
406,124	92,036	(48,801)	123,601
<u>2,897,204</u>	<u>2,805,168</u>	<u>2,853,969</u>	<u>2,730,368</u>
<u>\$ 3,303,328</u>	<u>\$ 2,897,204</u>	<u>\$ 2,805,168</u>	<u>\$ 2,853,969</u>
<u>\$ 39,322</u>	<u>\$ 360,319</u>	<u>\$ 248,025</u>	<u>\$ 11,916</u>
98.8%	88.9%	91.9%	99.6%
\$ 605,785	\$ 588,899	\$ 593,141	\$ 590,163
6.5%	61.2%	41.8%	2.0%
17.84%	8.23%	-27.00%	5.20%

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

NARBERTH BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - NON-UNIFORM PENSION PLAN

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2014	\$ 24,547	\$ 24,574	\$ (27)	\$ 590,163	4.16%
2015	21,824	21,981	(157)	593,141	3.71%
2016	27,276	27,302	(26)	588,899	4.64%
2017	29,293	29,313	(20)	605,785	4.84%
2018	29,723	29,783	(60)	637,321	4.67%
2019	54,437	54,477	(40)	663,262	8.21%
2020	56,127	56,127	-	757,335	7.41%
2021	71,329	71,389	(60)	689,990	10.35%
2022	60,948	62,397	(1,449)	595,000	10.49%

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2019
Actuarial cost method	Entry Age
Amortization period	Level Dollar based on the amortization periods in Act 205
Remaining amortization period	Based on the amortization periods in Act 205
Asset valuation method	Based upon the municipal reserves
Inflation	2.8%
Salary increases	Age-related scale with merit and inflation component
COLA increases	2.8% for those eligible for COLA
Investment rate of return	5.25%
Retirement age	Normal Retirement Age, or on the valuation date if later
Mortality Pre-Retirement	RP2000 Non-Annuitant: Male table projected 15 years with Scale AA, Female table projected 15 years with Scale AA and setback five years
Mortality Post-Retirement	RP2000 Non-Annuitant: Male table projected 5 years with Scale AA, Female table projected 10 years with Scale AA

**Notes to Schedule:**

Change in benefit terms: None since 1/1/2019

Change in assumptions: In 2021- retirement rates, termination rates, disability rates, mortality table,

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

NARBERTH BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS -  
POLICE OTHER POST-EMPLOYMENT BENEFITS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>					
Service cost	\$ 136,108	\$ 164,706	\$ 116,425	\$ 80,332	\$ 89,031
Interest	83,208	77,251	106,509	128,918	120,874
Changes of benefit terms	-	(32,190)	30,338	-	-
Differences between expected and actual experience	(55,894)	-	(625,460)	-	-
Changes of assumptions	(1,147,629)	(326,674)	607,803	234,369	(288,646)
Benefit payments (including premium subsidies)	(121,902)	(113,038)	(125,584)	(156,659)	(148,373)
Net change in total OPEB liability	(1,106,109)	(229,945)	110,031	286,960	(227,114)
<b>Total OPEB liability - beginning</b>	<u>3,746,918</u>	<u>3,976,863</u>	<u>3,866,832</u>	<u>3,579,872</u>	<u>3,806,986</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 2,640,809</u>	<u>\$ 3,746,918</u>	<u>\$ 3,976,863</u>	<u>\$ 3,866,832</u>	<u>\$ 3,579,872</u>
<b>Plan fiduciary net position</b>					
Contributions - employer (including premium subsidies)	\$ 121,902	\$ 113,038	\$ 125,584	\$ 156,659	\$ 148,373
Benefit payments (including premium subsidies)	(121,902)	(113,038)	(125,584)	(156,659)	(148,373)
Net change in plan fiduciary net position	-	-	-	-	-
<b>Plan fiduciary net position - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Township's net OPEB liability - ending (a)-(b)</b>	<u>\$ 2,640,809</u>	<u>\$ 3,746,918</u>	<u>\$ 3,976,863</u>	<u>\$ 3,866,832</u>	<u>\$ 3,579,872</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 620,145	\$ 654,133	\$ 635,080	\$ 465,032	\$ 451,487
Net OPEB liability as a percentage of covered payroll	425.8%	572.8%	626.2%	831.5%	792.9%
Annual money-weighted return, net of investment expenses	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

**Notes to Schedule:**

Change in assumptions and benefit terms:

The discount rate increased from 2.25% to 4.31% in 2022

The healthcare cost trend was updated

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

NARBERTH BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS -  
NON-UNIFORM OTHER POST-EMPLOYMENT BENEFITS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>					
Service cost	\$ 94	\$ 2,019	\$ 1,573	\$ 2,843	\$ 23,247
Interest	2,449	1,664	3,076	3,830	40,962
Changes of benefit terms	-	-	-	-	(1,209,761)
Differences between expected and actual experience	39,294	-	(10,860)	-	-
Changes of assumptions	(11,747)	(1,295)	903	7,576	(2,332)
Benefit payments (including premium subsidies)	<u>(26,725)</u>	<u>(14,222)</u>	<u>(13,596)</u>	<u>(13,596)</u>	<u>(19,903)</u>
Net change in total OPEB liability	3,365	(11,834)	(18,904)	653	(1,167,787)
<b>Total OPEB liability - beginning</b>	<u>80,501</u>	<u>92,335</u>	<u>111,239</u>	<u>110,586</u>	<u>1,278,373</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 83,866</u>	<u>\$ 80,501</u>	<u>\$ 92,335</u>	<u>\$ 111,239</u>	<u>\$ 110,586</u>
<b>Plan fiduciary net position</b>					
Contributions - employer (including premium subsidies)	\$ 26,725	\$ 14,222	\$ 13,596	\$ 13,596	\$ 19,903
Benefit payments (including premium subsidies)	<u>(26,725)</u>	<u>(14,222)</u>	<u>(13,596)</u>	<u>(13,596)</u>	<u>(19,903)</u>
Net change in plan fiduciary net position	-	-	-	-	-
<b>Plan fiduciary net position - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Township's net OPEB liability - ending (a)-(b)</b>	<u>\$ 83,866</u>	<u>\$ 80,501</u>	<u>\$ 92,335</u>	<u>\$ 111,239</u>	<u>\$ 110,586</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 68,766	\$ 139,245	\$ 135,189	\$ 252,712	\$ 164,142
Net OPEB liability as a percentage of covered payroll	122.0%	57.8%	68.3%	44.0%	67.4%
Annual money-weighted return, net of investment expenses	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

**Notes to Schedule:**

Change in assumptions and benefit terms: The discount rate increased from 2.25% to 4.31% in 2022  
The healthcare cost trend was updated

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



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To the Board Members  
Narberth Borough  
Montgomery County, Pennsylvania

We have compiled the accompanying condensed balance sheet of Narberth Borough as of December 31, 2022 and the related condensed statement of fund equity/retained earnings, and statement of operations for the year then ended, in accordance with standards established by the Borough Code.

The condensation represents a summary of the audited financial statements and as such we do not express an opinion on it and all disclosures have been omitted.

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

Warrington, PA  
July 6, 2023

**NARBERTH BOROUGH**  
**CONCISE FINANCIAL STATEMENT**  
**DECEMBER 31, 2022**

**ASSETS**

Current Assets	\$ 6,874,525
Fixed Assets	6,811,853
	<u>\$ 13,686,378</u>

**LIABILITIES AND FUND BALANCES**

Current Liabilities and Deferred Inflows	\$ 2,146,182
Long-Term Debt (Last Maturity 2039)	3,334,172
Investment in Capital Assets	3,392,681
Fund Balances	4,813,133
	<u>\$ 13,686,168</u>

**CONDENSED STATEMENT OF FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance, January 1, 2022	\$ 3,147,237
Add: Excess Revenues (Expenses)	1,861,387
Balance, December 31, 2022	<u>\$ 5,008,624</u>

**CONDENSED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>REVENUES</b>	
Taxes, Assessments, and Charges	\$ 3,562,117
Fees, licenses and permits	87,076
Fines and forfeitures	33,675
Investment income and rent	754,795
Intergovernmental revenues	531,099
Charges for services	1,199,937
Other	179,274
Total Revenues	<u>6,347,973</u>

<b>EXPENDITURES</b>	
General Government	1,377,947
Public Safety	2,585,320
Public Works	1,136,572
Culture and Recreation	409,358
Community Development	3,266
Sewer and Solid Waste	953,466
Debt Service	211,948
Total Expenditures	<u>6,677,877</u>

Excess Revenues (Expenses) Before Non Operating Items	(329,904)
Non Operating Income (Expense)	2,191,291
Excess Revenues (Expenses)	<u>\$ 1,861,387</u>

Assessed Valuation of Real Estate	<u>\$ 318,537,390</u>
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The audit report by an independent certified public accountant is available for inspection at the office of the Borough during regular business hours.