



BOROUGH OF MEDIA

BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

BOROUGH OF MEDIA

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INDEPENDENT AUDITOR'S REPORT

August 7, 2023

Members of Council
Borough of Media
Media, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Media (the Borough), Media, Pennsylvania, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Media, Media, Pennsylvania, as of December 31, 2022, the respective changes in financial position, and the respective budgetary comparisons for the general fund, recreation fund, and highway aid 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough 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.

Members of Council
Borough of Media

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough'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 the Borough's ability to continue as a going concern for a reasonable period of time.

Members of Council
Borough of Media

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.

Emphasis of a Matter

As discussed in Notes 1 and 15 to the financial statements, the Borough has adopted the requirements of GASB Statement No. 87, "Leases." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and schedules of changes in the net pension liability, investment returns, and related ratios - pension plans; schedules of employer contributions - pension plans; notes to the schedules of employer contributions - pension plans; and schedule of changes in net OPEB liability and related ratios on pages 51 through 55 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 the Borough's basic financial statements. The combining fiduciary funds financial statements on pages 56 and 57 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fiduciary funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

Members of Council
Borough of Media

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fiduciary funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
DECEMBER 31, 2022

The members of Council of the Borough of Media, Media, Pennsylvania, are pleased to present to readers of the financial statements of the Borough of Media (the Borough) this narrative overview and analysis of the financial activities of the Borough for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information furnished in the financial statements and notes to the financial statements.

Financial Highlights

Entity-wide

- The assets of the Borough exceeded its liabilities at the close of the year by \$14,340,392 (net position), an increase of \$1,533,948 from the previous year.

Fund Level

- As of the close of the year, the Borough reported combined ending fund balances in governmental funds of \$3,063,406, a decrease of \$396,137 from the previous year. Of the current year ending fund balances, \$2,379,600 is reported as unassigned and \$62,398 as nonspendable in the General Fund; \$14,465 as assigned in the Recreation Fund; \$57,844 as restricted in the Highway Aid Fund; and \$549,099 as assigned in the Capital Reserve Fund.

Long-term Debt

- At the end of the current calendar year, the Borough had \$5,268,000 in long-term debt outstanding, a decrease of \$676,000 from the previous year. All of the debt is backed by the full faith and credit of the Borough government. Governmental activities report the total amount of the outstanding debt. Additional information on the Borough's long-term debt can be found in the notes to the financial statements.
- The Borough had \$17,614 in lease obligations outstanding at December 31, 2022.

Capital Assets

- As of December 31, 2022, the Borough has invested \$16,915,749, net of accumulated depreciation/amortization, in a broad range of capital assets. (See table on next page.) Depreciation/amortization charges for the calendar year 2022 totaled \$836,372.

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2022

**CAPITAL ASSETS
AS OF DECEMBER 31, 2022 AND 2021
(NET OF DEPRECIATION/AMORTIZATION)**

	<u>2022</u>	<u>2021</u>
Land	\$ 1,154,041	\$ 1,154,041
Land improvements	3,072,599	3,025,789
Infrastructure	6,966,786	6,661,767
Buildings and improvements	10,772,254	10,566,298
Construction-in-progress	1,370,964	351,305
Machinery and equipment	6,195,564	5,965,876
Right-to-use lease assets	22,660	7,180
	<u>29,554,868</u>	<u>27,732,256</u>
Less: accumulated depreciation/amortization	<u>(12,639,119)</u>	<u>(11,802,747)</u>
 NET CAPITAL ASSETS	 <u>\$ 16,915,749</u>	 <u>\$ 15,929,509</u>

Overview of the Financial Statements

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

Entity-wide Financial Statements

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

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

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

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)
DECEMBER 31, 2022

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

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

Fund Financial Statements

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

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

Notes to the Financial Statements

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

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2022

Other Information

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

Entity-wide Financial Analysis

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

	Governmental Activities	
	2022	2021
ASSETS		
Current assets	\$ 4,943,746	\$ 4,969,651
Capital assets	16,915,749	15,929,509
Other noncurrent assets	4,972,722	7,008,502
TOTAL ASSETS	26,832,217	27,907,662
DEFERRED OUTFLOWS OF RESOURCES	2,825,517	564,025
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 29,657,734	\$ 28,471,687
LIABILITIES		
Current liabilities	2,434,783	2,223,075
Long-term liabilities	9,270,574	7,322,502
TOTAL LIABILITIES	11,705,357	9,545,577
DEFERRED INFLOWS OF RESOURCES	3,611,985	6,119,666
NET POSITION		
Net investment in capital assets	11,630,135	9,980,855
Restricted	549,099	2,349,575
Unrestricted	2,161,158	476,014
TOTAL NET POSITION	14,340,392	12,903,400
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 29,657,734	\$ 29,289,411

The largest portion of the Borough's total net position, \$11,630,135 or 81%, is reflected in its investment in capital assets (land, buildings, equipment, and right-to-use assets) less any related debt which is still outstanding. The Borough uses these capital assets to provide services to residents and to preserve

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)
DECEMBER 31, 2022

open ground for recreational and environmental purposes; consequently, they are not available for future spending as cash, and the resources needed to repay the debt must be provided from other sources. Cash and cash equivalents represent most of the current assets of the Borough, while lease receivables represent most of the noncurrent assets.

The total net position in the governmental activities reflected an increase of \$1,533,948. This was a result of current year revenues exceeding current year expenses.

Analysis of the Borough's Operations

	Governmental Activities	
	2022	2021
REVENUES		
Program Revenues:		
Charges for services	\$ 1,290,463	\$ 937,385
Operating grants and contributions	1,046,457	803,084
General Revenues:		
Real estate taxes	1,692,146	1,382,005
Real estate transfer taxes	382,736	365,649
Earned income taxes	4,585,568	4,167,688
Mercantile taxes	155,715	125,039
Local services taxes	253,223	241,076
Business privilege taxes	485,333	433,744
Franchise fees	106,140	149,873
Fines and forfeits	143,569	146,936
Interest and rents	994,282	889,517
Grants and contributions not restricted to specific programs	298,306	-
Other revenues	193,046	219,496
TOTAL REVENUES	<u>11,626,984</u>	<u>9,861,492</u>
EXPENSES		
Current:		
General government	2,064,375	2,058,668
Public safety	4,934,040	4,012,611
Public works - highways and streets	1,897,502	1,400,509
Public works - sanitation	586,598	461,839
Library	145,000	90,000
Community development	194,849	278,942
Culture and recreation	205,670	168,651
Interest expense	65,002	75,863
TOTAL EXPENSES	<u>10,093,036</u>	<u>8,547,083</u>
CHANGE IN NET POSITION	<u>1,533,948</u>	<u>1,314,409</u>
BEGINNING NET POSITION, RESTATED	<u>12,806,444</u>	<u>11,492,035</u>
ENDING NET POSITION	<u>\$ 14,340,392</u>	<u>\$ 12,806,444</u>

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)
DECEMBER 31, 2022

The cost of all governmental activities in 2022 was \$10,093,036. The amount that the Borough's various taxpaying groups financed for these activities through Borough property, local services, business, mercantile, and real estate transfer taxes was \$7,756,116. Other costs were paid by those who directly benefited from the programs (\$1,290,463) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$1,046,457).

As indicated on the prior page, general government accounts for approximately 20% of the total expenses of the Borough's governmental activities. Public safety and public works account for approximately 49% and 25%, respectively, of total expenses for 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 combining ending fund balances of \$3,063,406, a decrease of \$396,137 as compared to the prior year.

Major Governmental Funds

The General Fund is the Borough's primary operating fund. As of December 31, 2022, the fund balance of the General Fund was \$2,441,998, an increase of \$1,304,577 as compared to the prior year.

The Highway Aid Fund is a special revenue fund that is earmarked for expenditures related to highways and streets. The Borough receives annual funding through the Commonwealth's fuels tax. As of December 31, 2022, the Highway Aid Fund has a fund balance of \$57,844, an increase of \$67,553 as compared to the prior year.

The Recreation Fund accounts for the activities of various recreational programs. As of December 31, 2022, the fund balance of the Recreation Fund was \$14,465. This is an increase of \$32,209 as compared to the prior year.

The Capital Reserve Fund provides funding for capital improvements, or other unique expenditures which are not normal operating or maintenance-type expenditures reportable within the General Fund or other governmental funds. As of December 31, 2022, the fund balance of the Capital Reserve Fund was \$549,099, a decrease of \$1,800,476 as compared to the prior year.

General Fund Budgetary Highlights

The Borough adopts an annual budget for its General Fund, and during the year, the Borough amends the budget to accommodate differences from the original budget to the actual revenues and

**BOROUGH OF MEDIA
MEDIA, PENNSYLVANIA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTD)
DECEMBER 31, 2022

expenditures. The final General Fund budget contained \$10,046,134 of revenues and \$10,000,134 in expenditures. The actual results were revenues \$764,452 over budget and expenditures \$530,097 under budget.

Economic Factors and Next Year's Budget Rates

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

The following economic factors currently affect the Borough and were considered in developing the 2023 fiscal year budget:

- The Borough adopted a balanced budget for 2023. The mileage was adjusted to reflect the county reassessment.
- Annual recurring revenues such as Act 511 taxes (i.e. earned income, business privilege, mercantile, local services, and transfer tax) are projected to remain constant in 2023.
- Proposed salary increases for personnel:
 - 5.0% salary increase for police per the collective bargaining agreement
 - 2.5% salary increase for public works employees
 - 3.5% salary increase for administrative personnel
- Workers' compensation and casualty/liability insurance is anticipated to remain constant.

Requests for Information

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

**BOROUGH OF MEDIA
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 4,104,952
Accounts and other receivables	430,774
Taxes receivable	26,145
Note receivable	29,192
Lease receivables	290,285
Prepaid expenses	62,398
Total Current Assets	<u>4,943,746</u>
Noncurrent Assets:	
Note receivable	968,871
Land	1,154,041
Construction-in-progress	1,370,964
Depreciable capital assets, net	14,373,682
Right-to-use lease assets, net	17,062
Lease receivables	4,003,851
Total Noncurrent Assets	<u>21,888,471</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to OPEB	100,313
Deferred amounts related to pension	<u>2,725,204</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>2,825,517</u></u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
	<u><u>\$ 29,657,734</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Current Liabilities:	
Accounts payable and other accrued liabilities	\$ 1,001,398
Accrued salaries and benefits	172,717
Unearned revenue	360,603
Accrued interest payable	13,202
Compensated absences	198,817
General obligation note payable	683,000
Lease liability	5,046
Total Current Liabilities	<u>2,434,783</u>
Noncurrent Liabilities:	
Lease liability	12,568
General obligation note payable	4,585,000
Net OPEB liability	1,885,355
Net pension liability	2,787,651
Total Noncurrent Liabilities	<u>9,270,574</u>
TOTAL LIABILITIES	<u>11,705,357</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows relating to leases	2,756,590
Deferred amounts related to OPEB	562,140
Deferred amounts related to pension	293,255
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,611,985</u>
NET POSITION	
Net investment in capital assets	11,630,135
Restricted	549,099
Unrestricted	2,161,158
TOTAL NET POSITION	<u>14,340,392</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 29,657,734</u></u>

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

BOROUGH OF MEDIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
General government	\$ 2,064,375	\$ 162,891	\$ 6,479	\$ -	\$ (1,895,005)
Public safety	4,934,040	273,756	217,820	-	(4,442,464)
Public works - highways and streets	1,897,502	815,321	812,158	-	(270,023)
Public works - sanitation	586,598	38,495	-	-	(548,103)
Library	145,000	-	-	-	(145,000)
Community development	194,849	-	-	-	(194,849)
Culture and recreation	205,670	-	10,000	-	(195,670)
Interest expense	65,002	-	-	-	(65,002)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 10,093,036	\$ 1,290,463	\$ 1,046,457	\$ -	(7,756,116)
GENERAL REVENUES					
Taxes:					
Real estate taxes					1,692,146
Real estate transfer taxes					382,736
Earned income taxes					4,585,568
Mercantile taxes					155,715
Local services taxes					253,223
Business privilege taxes					485,333
Franchise fees					106,140
Fines and forfeits					143,569
Interest and rents					994,282
Grants and contributions not restricted to specific programs					298,306
Other revenues					193,046
TOTAL GENERAL REVENUES					\$ 9,290,064
CHANGE IN NET POSITION					
NET POSITION, BEGINNING OF YEAR, RESTATED					\$ 12,806,444
NET POSITION, END OF YEAR					\$ 14,340,392

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

BOROUGH OF MEDIA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Capital Reserve Fund	Recreation Fund	Highway Aid Fund	Total
ASSETS					
Cash and cash equivalents	\$ 2,998,725	\$ 939,955	\$ 15,909	\$ 150,363	\$ 4,104,952
Accounts and other receivables	134,172	296,602	-	-	430,774
Taxes receivable	26,145	-	-	-	26,145
Note receivable	998,063	-	-	-	998,063
Prepaid expenditures	62,398	-	-	-	62,398
TOTAL ASSETS	\$ 4,219,503	\$ 1,236,557	\$ 15,909	\$ 150,363	\$ 5,622,332
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable and other accrued liabilities	\$ 219,977	\$ 687,458	\$ 1,444	\$ 92,519	\$ 1,001,398
Accrued salaries and benefits	172,717	-	-	-	172,717
Unearned revenue	360,603	-	-	-	360,603
TOTAL LIABILITIES	753,297	687,458	1,444	92,519	1,534,718
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	26,145	-	-	-	26,145
Unavailable revenue - loan proceeds	998,063	-	-	-	998,063
TOTAL DEFERRED INFLOWS OF RESOURCES	1,024,208	-	-	-	1,024,208
FUND BALANCES:					
Restricted:					
Streets and highways	-	-	-	57,844	57,844
Nonspendable:					
Prepaid expenditures	62,398	-	-	-	62,398
Assigned:					
Capital projects	-	549,099	-	-	549,099
Recreation	-	-	14,465	-	14,465
Unassigned	2,379,600	-	-	-	2,379,600
TOTAL FUND BALANCES	2,441,998	549,099	14,465	57,844	3,063,406
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,219,503	\$ 1,236,557	\$ 15,909	\$ 150,363	\$ 5,622,332

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

BOROUGH OF MEDIA
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
DECEMBER 31, 2022

TOTAL GOVERNMENTAL FUND BALANCES \$ 3,063,406

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

Capital assets and right-to-use lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 16,915,749

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

Property taxes	26,145
Note receivable	998,063

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

Interest payable	\$ (13,202)
Compensated absences	(198,817)
Lease liability	(17,614)
General obligation notes payable	(5,268,000)
Net OPEB liability	(1,885,355)
Net pension liability	(2,787,651)
Lease receivables	<u>4,294,136</u>
	(5,876,503)

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

Deferred outflows of resources:		
Deferred amounts related to OPEB	100,313	
Deferred amounts related to pension	2,725,204	
Deferred inflows of resources:		
Deferred amounts related to OPEB	(562,140)	
Deferred amounts related to pension	<u>(293,255)</u>	1,970,122

Deferred inflows related to the lease receivable are revenues that will be recognized over the remaining lease term. (2,756,590)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 14,340,392

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

BOROUGH OF MEDIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Capital Reserve Fund	Recreation Fund	Highway Aid Fund	Total
REVENUES					
Taxes	\$ 7,573,457	\$ -	\$ -	\$ -	\$ 7,573,457
Licenses and permits	277,022	-	-	-	277,022
Fines, forfeits, and costs	143,569	-	-	-	143,569
Interest, dividends, and rents	944,409	1,803	6	116	946,334
Intergovernmental revenues	540,300	654,020	-	150,443	1,344,763
Charges for services/fees	1,119,581	-	-	-	1,119,581
Miscellaneous/other	212,248	-	9,657	-	221,905
TOTAL REVENUES	10,810,586	655,823	9,663	150,559	11,626,631
EXPENDITURES					
Current:					
General government	1,570,289	575,203	-	-	2,145,492
Public safety	4,552,512	225,912	-	-	4,778,424
Public works - streets and highways	1,368,061	1,615,338	-	92,519	3,075,918
Public works - sanitation	549,798	-	-	-	549,798
Library	145,000	-	-	-	145,000
Community development	152,699	750	-	-	153,449
Culture and recreation	145,076	23,403	65,112	-	233,591
Insurance, employee benefits, payroll taxes	197,793	-	-	-	197,793
Other expenses	41,400	-	-	-	41,400
Debt service:					
Principal	678,520	-	-	-	678,520
Interest and other charges	68,889	-	-	-	68,889
TOTAL EXPENDITURES	9,470,037	2,440,606	65,112	92,519	12,068,274
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,340,549	(1,784,783)	(55,449)	58,040	(441,643)
OTHER FINANCING SOURCES (USES)					
Transfers in	45,719	-	87,658	9,513	142,890
Transfers out	(97,171)	(45,719)	-	-	(142,890)
Proceeds from lease	15,480	-	-	-	15,480
Refund of prior year expenditures	-	30,026	-	-	30,026
TOTAL OTHER FINANCING SOURCES (USES)	(35,972)	(15,693)	87,658	9,513	45,506
NET CHANGE IN FUND BALANCES (DEFICITS)	1,304,577	(1,800,476)	32,209	67,553	(396,137)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	1,137,421	2,349,575	(17,744)	(9,709)	3,459,543
FUND BALANCES, END OF YEAR	\$ 2,441,998	\$ 549,099	\$ 14,465	\$ 57,844	\$ 3,063,406

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

BOROUGH OF MEDIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (396,137)

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

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

Capital outlays	\$ 1,807,132	
Depreciation/amortization expense	<u>(836,372)</u>	970,760

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

Property taxes	(18,736)	
Note receivable	<u>(28,859)</u>	(47,595)

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

726,468

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

Compensated absences	169,079	
Accrued interest payable	<u>3,887</u>	172,966

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

(52,012)

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

159,498

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 1,533,948

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

BOROUGH OF MEDIA
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Appropriated Budget	Final Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Taxes:				
Real estate	\$ 1,725,000	\$ 1,725,000	\$ 1,710,882	\$ (14,118)
Real estate - transfer	300,000	300,000	382,736	82,736
Mercantile taxes	110,000	110,000	155,715	45,715
Earned income tax	4,000,000	4,000,000	4,585,568	585,568
Local services tax	250,000	250,000	253,223	3,223
Business privilege taxes	445,000	445,000	485,333	40,333
Licenses and permits	357,000	357,000	277,022	(79,978)
Fines, forfeits, and costs	182,000	182,000	143,569	(38,431)
Interest, dividends, and rents	892,250	892,250	944,409	52,159
Intergovernmental revenues	604,365	604,365	540,300	(64,065)
Charges for services/fees	1,132,019	1,132,019	1,119,581	(12,438)
Miscellaneous revenue	48,500	48,500	212,248	163,748
TOTAL REVENUES	10,046,134	10,046,134	10,810,586	764,452
EXPENDITURES				
Current:				
General government	1,325,974	1,325,974	1,570,289	(244,315)
Public safety	4,793,916	4,793,916	4,552,512	241,404
Public works - highways and streets	1,340,719	1,340,719	1,368,061	(27,342)
Public works - sanitation	598,749	598,749	549,798	48,951
Library	145,000	145,000	145,000	-
Community development	151,200	151,200	152,699	(1,499)
Culture and recreation	279,843	279,843	145,076	134,767
Insurance, employee benefits	240,376	240,376	197,793	42,583
Other expenses	379,700	379,700	41,400	338,300
Debt service:				
Principal	673,000	673,000	678,520	(5,520)
Interest and other charges	71,657	71,657	68,889	2,768
TOTAL EXPENDITURES	10,000,134	10,000,134	9,470,037	530,097
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	46,000	46,000	1,340,549	1,294,549
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	10,000	10,000	-	(10,000)
Transfers in	-	-	45,719	45,719
Transfers out	(56,000)	(56,000)	(97,171)	(41,171)
Proceeds from lease	-	-	15,480	15,480
TOTAL OTHER FINANCING SOURCES (USES)	(46,000)	(46,000)	(35,972)	10,028
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 1,304,577	\$ 1,304,577

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

BOROUGH OF MEDIA
BUDGETARY COMPARISON STATEMENT - HIGHWAY AID FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Appropriated Budget	Final Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenues	\$ 145,000	\$ 145,000	\$ 150,443	\$ 5,443
Interest, dividends, and rents	150	150	116	(34)
TOTAL REVENUES	145,150	145,150	150,559	5,409
EXPENDITURES				
Public works - highways and streets	145,150	145,150	92,519	52,631
TOTAL EXPENDITURES	145,150	145,150	92,519	52,631
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	58,040	58,040
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 67,553	\$ 67,553

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

BOROUGH OF MEDIA
BUDGETARY COMPARISON STATEMENT - RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Appropriated Budget	Final Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES				
Interest, dividends, and rents	\$ 50	\$ 50	\$ 6	\$ (44)
Rental income	250	250	-	(250)
Miscellaneous revenue	<u>20,000</u>	<u>20,000</u>	<u>9,657</u>	<u>(10,343)</u>
TOTAL REVENUES	<u>20,300</u>	<u>20,300</u>	<u>9,663</u>	<u>(10,637)</u>
EXPENDITURES				
Culture and recreation	74,575	74,575	65,112	9,463
Miscellaneous	<u>1,725</u>	<u>1,725</u>	<u>-</u>	<u>1,725</u>
TOTAL EXPENDITURES	<u>76,300</u>	<u>76,300</u>	<u>65,112</u>	<u>11,188</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(56,000)</u>	<u>(56,000)</u>	<u>(55,449)</u>	<u>551</u>
OTHER FINANCING SOURCES				
Transfers in	56,000	56,000	87,658	31,658
TOTAL OTHER FINANCING SOURCES	<u>56,000</u>	<u>56,000</u>	<u>87,658</u>	<u>31,658</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,209</u>	<u>\$ 32,209</u>

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

BOROUGH OF MEDIA
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2022

	<u>Pension</u> <u>Trust Funds</u>
ASSETS	
Investments, at fair value:	
Mutual funds	<u>\$ 23,565,598</u>
TOTAL ASSETS	<u><u>\$ 23,565,598</u></u>
 LIABILITIES AND NET POSITION	
LIABILITIES:	
Refund of member contributions	\$ 28,626
Benefits payable	7,394
TOTAL LIABILITIES	<u><u>36,020</u></u>
 NET POSITION:	
Net position restricted for pension	<u><u>23,529,578</u></u>
 TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 23,565,598</u></u>

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

BOROUGH OF MEDIA
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
State aid	\$ 165,774
Employer	678,932
Employee	120,296
Total Contributions	<u>965,002</u>
Investment income (loss):	
Interest and dividends	329,309
Net depreciation in fair value of investments	(3,661,145)
Investment expense	(130,926)
Net Investment Income (Loss)	<u>(3,462,762)</u>
NET ADDITIONS	<u>(2,497,760)</u>
DEDUCTIONS	
Benefits paid	1,378,957
Refund of member contribution	1,620
Administrative expenses	<u>8,800</u>
TOTAL DEDUCTIONS	<u>1,389,377</u>
CHANGE IN NET POSITION	<u>(3,887,137)</u>
NET POSITION, BEGINNING OF YEAR	<u>27,416,715</u>
NET POSITION, END OF YEAR	<u>\$ 23,529,578</u>

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

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basis of Presentation

Entity-wide Financial Statements

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

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

The entity-wide statement of activities presents a comparison between expenses and program revenues for each governmental program. Expenses are those that are specifically associated with a service or program and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs,

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Fund Financial Statements

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

The Borough reports the following major governmental funds:

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

Governmental Funds

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

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

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

Revenue Recognition

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

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

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

Expenditure Recognition

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

Fiduciary Funds

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

Budgets

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

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

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

Cash and Cash Equivalents

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

Investments

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

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

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

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

Receivables and Payables

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

Capital Assets

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

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

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

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

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

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

Land improvements	10 - 50 years
Buildings and improvements	20 - 50 years
Machinery and equipment	3 - 20 years
Infrastructure	40 - 50 years
Right-to-use lease assets	Term of Lease

Deferred Inflows and Outflows of Resources

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

Compensated Absences

The Borough's policy concerning vacation pay directs all vacation days to be taken by the end of the calendar year. Therefore, there is no accrual for unused vacation pay at December 31, 2022.

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

Public Works	For employees hired prior to January 1, 2014, pay out for sick time is 50% of the first 150 accumulated sick days; 20% of 151 to 180 sick days. For employees hired after January 1, 2014, 50% of 60 sick days is paid out.
Other Employees	Of the first 150 accumulated sick days, 50%; 20% of 151 to 180 sick days
Police	Lesser of (a) 100 days severance pay or (b) 50% of accumulated sick time

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Long-term Obligations

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

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

Fund Balance

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

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

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Borough considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

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

available, the Borough considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Borough Council or Borough Manager has provided otherwise in its commitment or assignment actions.

Net Position

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

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

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

Use of Estimates in the Preparation of Financial Statements

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

Implementation of GASB Statement

During the year ended December 31, 2022, the Borough implemented GASB Statement No. 87, "Leases." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases.

NOTE 2 DEPOSITS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Borough does not have a policy for custodial credit risk on deposits. The Borough is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States of America, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 DEPOSITS (cont'd)

At December 31, 2022, the carrying amount of the Borough's deposits was \$4,104,952, and the bank balance was \$4,277,445 (exclusive of the pension funds). Of the bank balance, \$250,000 was covered by federal depository insurance, and \$1,801,988 was exposed to custodial credit risk because it was uninsured, and the collateral held by the depository's agent was not in the Borough's name.

The remaining cash deposits of the Borough in the amount of \$2,225,457 are in the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of December 31, PLGIT was rated as AAA by a nationally recognized statistical rating agency.

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities</i>				
Capital assets not being depreciated/ amortized:				
Land	\$ 1,154,041	\$ -	\$ -	\$ 1,154,041
Construction-in-progress	351,305	1,019,659	-	1,370,964
Total Capital Assets Not Being Depreciated/Amortized	1,505,346	1,019,659	-	2,525,005
Capital assets being depreciated/ amortized:				
Land improvements	3,025,789	46,810	-	3,072,599
Infrastructure	6,661,767	305,019	-	6,966,786
Buildings and improvements	10,566,298	205,956	-	10,772,254
Machinery and equipment	5,965,876	229,688	-	6,195,564
Right-to-use assets	7,180	15,480	-	22,660
Total Capital Assets Being Depreciated/ Amortized	26,226,910	802,953	-	27,029,863
Less accumulated depreciation/ amortization for:				
Land improvements	1,025,644	86,667	-	1,112,311
Infrastructure	1,400,384	207,347	-	1,607,731
Buildings and improvements	5,143,941	239,918	-	5,383,859
Machinery and equipment	4,229,906	299,714	-	4,529,620
Right-to-use assets	2,872	2,726	-	5,598

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Total Accumulated Depreciation/ Amortization	<u>11,802,747</u>	<u>836,372</u>	<u>-</u>	<u>12,639,119</u>
Total Capital Assets Being Depreciated/ Amortized, Net	<u>14,424,163</u>	<u>(33,419)</u>	<u>-</u>	<u>14,390,744</u>
Governmental Activities Capital Assets, Net	<u>\$15,929,509</u>	<u>\$ 986,240</u>	<u>\$ -</u>	<u>\$16,915,749</u>

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

Governmental Activities:

General government	\$ 167,818
Public safety	369,846
Public works - streets and highway	238,074
Public works - sanitation	42,554
Culture and recreation	<u>18,080</u>
Total Depreciation/Amortizationi Expense – Governmental Activities	<u>\$ 836,372</u>

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund transfers as of December 31, 2022 is as follows:

Transfers In	Transfers Out	Amount
General Fund	Capital Fund	\$ 45,719
Recreation Fund	General Fund	87,658
Highway Fund	General Fund	9,513

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

NOTE 5 LEASING ARRANGEMENTS

Lessor

On May 23, 1995, the Borough of Media (Lessor) and Philadelphia Suburban Water Company (Lessee), now known as Aqua PA, executed a lease for approximately 63 acres of land whereby the Lessee shall hold the leased property for a term ending on December 31, 2045, unless extended or terminated sooner as outlined in the signed lease agreement. The Lessee, at its sole

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 LEASING ARRANGEMENTS (cont'd)

option, may extend the lease for two additional terms of 50 years each on the terms and provisions contained in the lease by providing the Lessor with notice of such extension 180 days prior to the expiration date.

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

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

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

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

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

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

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

On December 15, 2016, the Borough of Media (Lessor) and Commonwealth Real Estate Investors (Lessee) executed a land lease. The Lessee shall hold the leased property for a term of 25 years unless extended or terminated sooner as outlined in the lease agreement. The Lessee, at its sole option, may extend the lease for six additional terms of 5 years each on the terms and provisions contained in the lease by providing the Lessor with notice of such extension six months prior to the expiration date of the current term.

The Borough also leased space in its Armory building, and the tenant is in the second extension period, which expires in 2025.

On May 19, 2016, the Borough of Media (Lessor) and Hearth of Media, LLC d/b/a Brick and Brew (Lessee) executed a 5-year ground lease agreement. The original term was set to expire April 30, 2021, and it was renewed for an additional 5 years on May 1, 2021.

As of December 31, 2022, the total lease payments to be received for the leasing arrangements are as follows:

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5

LEASING ARRANGEMENTS (cont'd)

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 290,285	\$ 327,645
2024	303,633	314,603
2025	97,545	302,811
2026	75,974	297,176
2027	80,880	291,370
Thereafter	<u>3,445,819</u>	<u>3,480,715</u>
Totals	<u>\$ 4,294,136</u>	<u>\$ 5,014,320</u>

Lessee

The Borough has entered into lease agreements as a lessee for various office equipment. These lease agreements have been capitalized (see Note 3).

Presented below is a summary of minimum lease payments to maturity by years:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 5,046	\$ 822
2024	5,317	551
2025	4,428	279
2026	<u>2,823</u>	<u>57</u>
Totals	<u>\$ 17,614</u>	<u>\$ 1,709</u>

NOTE 6

NOTE RECEIVABLE

In 2015, the Borough granted a loan in the amount of \$1,500,000 to the Media Free Library Association. In August 2021, the note was amended to extend the maturity date, lower the interest rate, and lower the annual payments. The note had an original maturity of October 1, 2029 with interest ranging from 1.54% to 4.5%, payable semi-annually on April 1 and October 1.

The new loan terms call for a maturity date of October 1, 2051 and a fixed interest rate of 1.15%, payable on April 1 and October 1. Interest payments are due beginning April 1, 2022, and principal payments are due annually beginning October 1, 2022. At December 31, 2022, the balance of the note was \$998,063.

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 29,192	\$ 11,477	\$ 40,669
2024	29,527	11,142	40,669

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 NOTE RECEIVABLE (cont'd)

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	29,866	10,803	40,669
2026	30,210	10,459	40,669
2027	30,557	10,112	40,669
2028 - 2032	158,137	45,205	203,342
2033 - 2037	167,442	35,901	203,343
2038 - 2042	177,297	26,049	203,346
2043 - 2047	187,729	15,617	203,346
2048 - 2051	158,106	4,572	162,678
TOTALS	\$ 998,063	\$ 181,337	\$ 1,179,400

NOTE 7 LONG-TERM DEBT

General Obligation Note

On October 22, 2020, the Borough issued a General Obligation Note, Series of 2020. A portion of the proceeds were used to refund the Series of 2014 bonds. The note will mature on October 1, 2030 with interest payable semi-annually ranging at a rate of 1.15%. The balance at December 31, 2022 was \$5,268,000.

The schedule of future principal maturities and annual interest at December 31, 2022 is as follows:

<u>Maturity Year</u>	<u>Principal</u>	<u>Annual Interest</u>
2023	\$ 683,000	\$ 60,582
2024	691,000	52,728
2025	699,000	44,781
2026	707,000	36,742
2027	715,000	28,612
2028 - 2030	1,773,000	36,133
Totals	\$ 5,268,000	\$ 259,578

Changes in Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
General obligation note	\$ 5,944,000	\$ 4,654	\$ (676,000)	\$ 5,268,000	\$ 683,000
Leases payable		15,479	(2,519)	17,614	5,046

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 LONG-TERM DEBT (cont'd)

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Compensated absences	367,896	-	(169,079)	198,817	198,817
Net pension liability	-	2,787,651	-	2,787,651	-
Net OPEB liability	2,052,367	-	(167,012)	1,885,355	-
Governmental Activities, Long-term Liabilities	\$ 8,368,917	\$ 2,803,130	\$(1,014,610)	\$10,157,437	\$ 886,863

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

NOTE 8 TAXES

For 2022, the following tax was levied on assessed value of real estate:

Real estate bills: Mailed February 1, discount period through April 30, face period through May 31, penalty period subsequent to May 31, lien Date December 31

The taxable assessed valuation of property as of December 31, 2022 is \$952,514,188, and the millage rate was 1.80.

Other taxes levied in 2022:

Real estate transfer	- 1/2% of sale price
Earned income tax	- 1% of net income
Local services tax	- \$52 annually
Mercantile tax	- .75 mills of gross receipts for wholesalers and retailers
Business privilege tax	- 1.5 mills of gross receipts for services and retailers

NOTE 9 POLICE PENSION PLAN

Plan description and provisions:

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

Plan Membership

At December 31, 2022, pension plan membership consisted of the following:

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9

POLICE PENSION PLAN (cont'd)

Active employees	10
Inactive members and beneficiaries currently receiving benefits	15
Inactive members entitled to but not yet receiving benefits	<u>1</u>
TOTAL	<u>26</u>

Benefit Provisions

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

Benefit vesting	100% after 12 years of service
Normal retirement	Age 50 and 25 years of service
Member contributions	5% of compensation
Early retirement	Completion of 20 years of service but actuarially reduced for early commencement, payable immediately
Retirement benefit	A monthly benefit equal to 50% of gross pay averaged over the final 36 months of employment plus a service increment of \$100 for completion of 26 years of service, \$200 for completion of 27 years of service, and \$250 for completion of 28 or more years of service
Death benefit	If a member dies before becoming eligible for retirement, contributions are refunded plus interest. If a member dies after becoming eligible for retirement, a monthly benefit equal to 50% of the benefit the participant was receiving or was entitled to receive is payable to the spouse for life. Upon the spouse's death, the participant's dependent children will share the benefit until age 18, or age 23 if attending college.
Disability benefit	An employee with a service-related total and permanent disability is eligible for a monthly benefit equal to the greater of 50% of the member's salary at the time disablement occurred, or 100% of the final year pay divided by 12 offset by any workers' compensation benefits received.

Deferred Retirement Option Program

An active member hired prior to January 1, 2018 who has attained the age of 52 and completed 25 years of service is eligible to participate in the Deferred Retirement Option Program (DROP) for a period of up to 5 years. The monthly pension shall be calculated as of the date of the

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9

POLICE PENSION PLAN (cont'd)

participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of the DROP. At December 31, 2022, the DROP plan had a balance of \$434,847.

Contributions

Act 205 requires that annual contributions be based upon the minimum municipal obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contributions must be funded by the employer in accordance with Act 205. State aid allocations and Borough contributions amounted to \$165,774 and \$678,932, respectively, for the year ended December 31, 2022. In addition, the employees contributed \$73,081.

Administrative Costs

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

Method Used to Value Investments

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

Investments

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

As of December 31, 2022, the Plan had the following investments:

	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds	<u>\$ 16,771,404</u>	<u>\$ 16,771,404</u>

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

Money-weighted Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was -12.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 POLICE PENSION PLAN (cont'd)

Net Pension Liability

The net pension liability was measured at December 31, 2022, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the end of the year. The components of the net pension liability of the Borough at December 31, 2022 were as follows:

Total pension liability	\$ 19,279,290
Plan fiduciary net position	<u>(16,771,404)</u>
Borough's net pension liability	<u>\$ 2,507,886</u>
Plan fiduciary net position as a percentage of the total pension liability	86.99%

The changes in the net pension liability (asset) are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2021	<u>\$ 18,837,701</u>	<u>\$ 19,354,297</u>	<u>\$ (516,596)</u>
Service cost	311,391	-	311,391
Interest	1,210,145	-	1,210,145
Contributions - employer	-	844,706	(844,706)
Contributions - employee	-	73,081	(73,081)
Net investment income	-	(2,325,098)	2,325,098
Benefit payments, including refunds of member contributions	(1,079,947)	(1,079,947)	-
Administrative expenses	-	(95,635)	95,635
Net Changes	<u>441,589</u>	<u>(2,582,893)</u>	<u>3,024,482</u>
Balance at December 31, 2022	<u>\$ 19,279,290</u>	<u>\$ 16,771,404</u>	<u>\$ 2,507,886</u>

Actuarial Methods and Assumptions

Amounts in the January 1, 2021 actuarial valuation were determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	4.50%, average, including inflation
Investment rate of return	6.50% including inflation

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 POLICE PENSION PLAN (cont'd)

Mortality rates were based on the Public Safety Mortality Tables (PubS-2010). Mortality improvement based on the Long-Range Demographic Assumptions for the 2020 SSA's Trustee Report.

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

For the year ended December 31, 2022, the Borough recognized pension expense of \$720,812. At December 31, 2022, the Borough reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ -	\$ 247,666
Changes in assumptions	304,737	-
Net difference between projected and actual investment earnings	<u>1,709,008</u>	<u>-</u>
	<u>\$2,013,745</u>	<u>\$ 247,666</u>

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

Year Ended December 31,

2023	\$ 143,308
2024	398,708
2025	512,710
2026	<u>711,353</u>
	<u>\$1,766,079</u>

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

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 POLICE PENSION PLAN (cont'd)

Asset Class	Long-term Expected Real Rate of Return		
U.S. Equity - Large Cap	4.09%	-	7.34%
U.S. Equity - Small/Mid Cap	5.01%	-	9.06%
Non-U.S. Equity - Developed	4.62%	-	8.26%
Non-U.S. Equity - Emerging	5.65%	-	10.49%
U.S. Corporate Bond - Core	0.88%	-	2.02%
U.S. Corporate Bond - High Yield	2.80%	-	4.96%
Non-U.S. Debt - Developed	0.44%	-	1.89%
Non-U.S. Debt - Emerging	2.69%	-	4.76%
U.S. Treasuries / Cash	0.07%	-	0.53%

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Act 205. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of unfunded liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 6.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Plan's net pension liability (asset)	\$ 4,805,975	\$ 2,507,886	\$ 601,680

NOTE 10 NON-UNIFORMED PENSION PLAN

Plan description and provisions:

The Borough of Media Non-Uniformed Pension Plan (the Plan) is a single employer defined benefit pension plan that provided benefits for full-time non-uniformed employees of the Borough. The

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

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

Plan was closed to all non-union employees hired on or after July 1, 2013 and to all union employees hired on or after January 1, 2014. The Plan is governed by the Borough Council, which has delegated the authority to manage certain plan assets to the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT).

Plan Membership

At December 31, 2022, Plan membership consisted of the following:

Active employees	10
Inactive members and beneficiaries currently receiving benefits	<u>12</u>
TOTAL	<u>22</u>

Benefit Provisions

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

Benefit vesting	100% immediately upon Plan participation
Normal retirement	Age 62, except for public works employees who attain normal retirement at earlier of age 62 or age 60 with 35 years of service
Member contributions	6.5% of compensation; employees with 35 years of service are not required to contribute
Retirement benefit	A monthly benefit equal to 2% of average monthly compensation multiplied by years of service; maximum benefit is 70% of average monthly compensation
Death benefit	If a member dies before becoming eligible for retirement, contributions are refunded plus interest. If a member dies after becoming eligible for retirement, the normal form of payment is a life annuity with 120 monthly payments guaranteed. Optional forms of benefit payments are available at the election of the participant and are calculated as actuarially equivalent to the normal form.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

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

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

Contributions

Act 205 requires that annual contributions be based upon the minimum municipal obligation (MMO). The MMO is based upon the Plan's biennial actuarial valuation. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contributions must be funded by the employer in accordance with Act 205. There were no required state and employer contributions for the year ended December 31, 2022. Employees contributed \$47,215.

Administrative Costs

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

Method Used to Value Investments

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

Investments

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

As of December 31, 2022, the Plan had the following investments:

	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds	<u>\$ 6,794,194</u>	<u>\$ 6,794,194</u>

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

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

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

Money-weighted Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was -12.65%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The net pension liability was measured at December 31, 2022, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the end of the year. The components of the net pension liability of the Borough at December 31, 2022 were as follows:

Total pension liability	\$ 7,037,939
Plan fiduciary net position	<u>(6,758,174)</u>
Borough's net pension liability	<u>\$ 279,765</u>
Plan fiduciary net position as a percentage of the total pension liability	96.0%

The changes in the net pension liability (asset) are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2021	\$ 6,862,710	\$ 8,062,418	\$ (1,199,708)
Service cost	36,995	-	36,995
Interest	438,864	-	438,864
Contributions - employee	-	47,215	(47,215)
Net investment income	-	(1,006,738)	1,006,738
Benefit payments, including refunds of member contributions	(300,630)	(300,630)	-
Administrative expenses	-	(44,091)	44,091
Net Changes	<u>175,229</u>	<u>(1,304,244)</u>	<u>1,479,473</u>
Balance at December 31, 2022	<u>\$ 7,037,939</u>	<u>\$ 6,758,174</u>	<u>\$ 279,765</u>

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

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

Actuarial Methods and Assumptions

Amounts in the January 1, 2021 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	4.0%, average, including inflation
Investment rate of return	6.5% including inflation

Mortality rates were based on the General Employees Mortality Tables (PubG-2010). Mortality improvement based on the Long-Range Demographic Assumptions for the 2020 SSA's Trustee Report projected from base year 2015.

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

For the year ended December 31, 2022, the Borough recognized pension expense of (\$35,603). At December 31, 2022, the Borough reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ -	\$ 45,589
Changes in assumptions	9,580	-
Net difference between projected and actual investment earnings	<u>701,879</u>	<u>-</u>
	<u>\$ 711,459</u>	<u>\$ 45,589</u>

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

Year Ended December 31,

2023	\$ 3,944
2024	154,372
2025	203,300
2026	<u>304,254</u>
	<u>\$ 665,870</u>

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

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

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

Asset Class	Long-term Expected Real Rate of Return		
U.S. Equity - Large Cap	4.09%	-	7.34%
U.S. Equity - Small/Mid Cap	5.01%	-	9.06%
Non-U.S. Equity - Developed	4.62%	-	8.26%
Non-U.S. Equity - Emerging	5.65%	-	10.49%
U.S. Corporate Bond - Core	0.88%	-	2.02%
U.S. Corporate Bond - High Yield	2.80%	-	4.96%
Non-U.S. Debt - Developed	0.44%	-	1.89%
Non-U.S. Debt - Emerging	2.69%	-	4.76%
U.S. Treasuries / Cash	0.07%	-	0.53%

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Act 205. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of unfunded liability.

Sensitivity of Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the plan, calculated using the discount rate of 6.50%, as well as what the Plan's net pension asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Plan's net pension liability (asset)	\$ 860,686	\$ 279,765	\$ (221,609)

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

All other employee groups are not eligible for benefits.

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

Plan Membership

Plan membership as of January 1, 2022, the date of the latest census information, consisted of the following:

Active employees	19
Retirees and beneficiaries currently receiving benefits	9
Inactive members entitle to but not yet receiving benefits	-
Total	<u>28</u>

Funding Policy

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

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (cont'd)

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of January 1, 2022, the same date as the latest actuarial valuation.

Discount Rate

The discount used to measure the total OPEB liability was 2.75%, based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Inflation Rate

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

Disability

Rates for police are derived from the Social Security Administration's 2020 projections of disability incidence (ultimate rates only).

Mortality Rates

Mortality rates are established based on the RP-2014 Mortality Table as published by the Society of Actuaries with rates set forward 5 years for disabled lives.

Sensitivity Analysis

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

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Total OPEB liability	\$ 2,040,105	\$ 1,885,355	\$ 1,746,647
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 2,040,105</u>	<u>\$ 1,885,355</u>	<u>\$ 1,746,647</u>

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (cont'd)

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

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB liability	\$ 1,728,508	\$ 1,885,355	\$ 2,067,134
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 1,728,508</u>	<u>\$ 1,885,355</u>	<u>\$ 2,067,134</u>

Changes in Total OPEB Liability

Total OPEB liability - beginning	\$ 2,052,367
Service cost	87,962
Benefit payments	(94,300)
Interest	51,730
Changes in assumptions	115,065
Benefit payments	(327,469)
Net change	<u>(167,012)</u>
 Total OPEB liability - ending	 <u>\$ 1,885,355</u>

The amount of OPEB expense recognized by the Borough was \$49,585 for the year ended December 31, 2022. At December 31, 2022, the Borough reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ -	\$ 483,224
Changes of assumptions	<u>100,313</u>	<u>78,916</u>
	<u>\$ 100,313</u>	<u>\$ 562,140</u>

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (cont'd)

Change in Assumption: The discount rate used to measure the total OPEB liability decreased from 3.00% to 2.75%.

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

Year Ended December 31,

2023	\$ (90,107)
2024	(90,107)
2025	(90,107)
2026	(90,107)
2027	(52,381)
Thereafter	<u>(49,018)</u>
	<u>\$ (461,827)</u>

NOTE 12 DEFERRED COMPENSATION PLAN

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

NOTE 13 EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2022, expenditures over appropriations for the general fund were as follows:

General government	\$ 244,315
Public works - highways and streets	\$ 27,342
Community development	\$ 1,499
Debt service - principal	\$ 5,520

The over expenditures were covered through expenditures under budget in other areas.

BOROUGH OF MEDIA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 COMMITMENTS

Capital Improvement Commitments

As of December 31, 2022, anticipated construction commitments are as follows:

	Contract Amount	Completed at 12/31/2022	Commitment
Capital projects	\$ 1,416,201	\$ 1,065,877	\$ 350,324

In addition, the Borough had incurred costs of \$305,087 for capital improvement projects that are not under formal commitments.

NOTE 15 CHANGE IN ACCOUNTING PRINCIPLE

In accordance with the adoption of GASB Statement No. 87, as discussed in Note 1, the Borough has restated its January 1, 2022 net position in its governmental activities to record the right-to-use lease assets, lease receivables, and lease liabilities associated with the Borough's leasing arrangements. The net result of this change is an increase of \$1,489,252 in net position for its governmental activities.

NOTE 16 SUBSEQUENT EVENTS

Subsequent to year end, the Borough reached a settlement agreement with Broomall's Lake Country Club in the amount of \$218,135 to acquire some road right-of way and a release from the obligation that the Borough reconstruct the Third Street Dam.

The Borough has evaluated all subsequent events through August 7, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**BOROUGH OF MEDIA
REQUIRED SUPPLEMENTARY INFORMATION**

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service cost	\$ 311,391	\$ 335,675	\$ 306,606	\$ 325,297	\$ 270,412	\$ 313,852	\$ 257,879	\$ 245,599	\$ 249,567
Interest cost	1,210,145	1,174,173	1,153,180	1,090,728	1,042,349	985,194	928,810	878,981	811,445
Differences between expected and actual experience	-	(385,820)	-	(212,548)	-	(145,994)	-	206,719	-
Changes of assumptions	-	514,899	-	-	-	1,157,723	-	-	-
Benefit payments	(1,079,947)	(788,896)	(491,308)	(453,539)	(423,685)	(394,522)	(542,630)	(359,680)	(305,729)
NET CHANGE IN TOTAL PENSION LIABILITY	441,589	850,031	968,478	749,938	889,076	1,916,253	644,059	971,619	755,283
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	18,837,701	17,987,670	17,019,192	16,269,254	15,380,178	13,463,925	12,819,866	11,848,247	11,092,964
TOTAL PENSION LIABILITY, END OF YEAR	\$ 19,279,290	\$ 18,837,701	\$ 17,987,670	\$ 17,019,192	\$ 16,269,254	\$ 15,380,178	\$ 13,463,925	\$ 12,819,866	\$ 11,848,247
PLAN FIDUCIARY NET POSITION									
Contributions:									
Employer	\$ 678,932	\$ 614,296	\$ 982,957	\$ 151,639	\$ 143,936	\$ 590,339	\$ 620,801	\$ 511,925	\$ 550,624
State aid	165,774	101,534	122,902	763,707	810,803	131,240	94,100	100,000	100,000
Member	73,081	87,095	72,604	88,436	87,481	86,187	81,769	76,372	71,994
Net investment income (loss)	(2,325,098)	2,216,877	1,598,491	1,953,606	(682,094)	1,363,623	405,935	(113,645)	542,895
Benefit payments	(1,079,947)	(788,896)	(491,308)	(453,539)	(423,685)	(394,522)	(542,630)	(359,680)	(305,729)
Administrative expenses	(95,635)	(95,914)	(87,643)	(2,375)	(4,050)	(6,110)	(2,977)	(6,421)	(51,338)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(2,582,893)	2,134,992	2,198,003	2,501,474	(67,609)	1,770,757	656,998	208,551	908,446
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	19,354,297	17,219,305	15,021,302	12,519,828	12,587,437	10,816,680	10,159,682	9,951,131	9,042,685
PLAN FIDUCIARY NET POSITION, END OF YEAR	\$ 16,771,404	\$ 19,354,297	\$ 17,219,305	\$ 15,021,302	\$ 12,519,828	\$ 12,587,437	\$ 10,816,680	\$ 10,159,682	\$ 9,951,131
BOROUGH'S NET PENSION LIABILITY (ASSET)	\$ 2,507,886	\$ (516,596)	\$ 768,365	\$ 1,997,890	\$ 3,749,426	\$ 2,792,741	\$ 2,647,245	\$ 2,660,184	\$ 1,897,116
Plan fiduciary net position as a percentage of total pension liability	86.99%	102.74%	95.73%	88.26%	76.95%	81.84%	80.34%	79.25%	83.99%
Covered employee payroll	\$ 1,309,460	\$ 1,382,861	\$ 1,369,110	\$ 1,681,469	\$ 1,528,164	\$ 1,821,275	\$ 1,618,388	\$ 1,506,925	\$ 1,433,676
Borough's net pension liability as a percentage of covered payroll	191.52%	-37.36%	56.12%	118.82%	245.35%	153.34%	163.57%	176.53%	132.33%
Annual money-weighted rate of return, net of investment expense	-12.23%	13.10%	10.64%	16.26%	-4.93%	13.23%	4.60%	-0.62%	6.09%

Notes to Schedule:

Changes of Assumptions: In 2021, interest Rate was lowered from 6.75% to 6.5%, salary scale lowered from 4.75% to 4.5%, inflation was lowered from 2.75% to 2.5%, and the mortality assumption was updated to PubS-2010. Mortality improvement based on 2015 base year and the Long-Range Demographic Assumptions for the SSA's 2020 Trustee Report. Disability incidence updated to SSA's 2020 Trustees' Report. In 2017, inflation was lowered from 3.0% to 2.75%; interest rate lowered from 7.25% to 6.75%; salary increase assumption lowered from 5.0% to 4.75%; and mortality assumption updated from RP-2000 Combined Healthy Mortality with Blue Collar Adjustment and 75% Scale AA to RP-2014 Mortality and Mortality Improvement based on the Social Security Administration's 2015 Long-Range Demographic Assumptions.

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

BOROUGH OF MEDIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN

Year	Actuarial Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
2013	\$ 564,183	\$ 564,183	\$ -	* 1,433,676	* 45.38%
2014	636,364	650,624	(14,260)	1,506,925	40.61%
2015	611,925	611,925	-	1,618,388	44.17%
2016	714,901	714,901	-	1,821,275	39.62%
2017	721,579	721,579	-	1,528,164	62.48%
2018	954,739	954,739	-	1,681,469	54.44%
2019	915,346	915,346	-	1,369,110	80.77%
2020	1,105,859	1,105,859	-	1,382,861	51.76%
2021	715,830	715,830	-	1,309,460	64.51%
2022	844,706	844,706	-		

* Not available due to biennially required Act 205 report.

Notes to Required Supplementary Information - Police Pension Plan

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Valuation date	January 1, 2021
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	4 years
Asset valuation method	4-year smoothing
Inflation	2.50%
Salary increases	4.5%, including inflation
Investment rate of return	6.50%
Retirement age	Age 50 with 25 years of service
Mortality	Public Safety mortality tables PubS-2010. Mortality improvement based on the rates projected from base year 2015 with rates derived from the Long-Range Demographic Assumptions for the 2020 SSA's Trustee Report.

**BOROUGH OF MEDIA
REQUIRED SUPPLEMENTARY INFORMATION**

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service cost	\$ 36,995	\$ 35,572	\$ 50,240	\$ 60,932	\$ 70,424	\$ 84,622	\$ 75,733	\$ 72,127	\$ 88,040
Interest cost	438,864	428,265	456,631	439,452	429,049	409,929	420,638	401,296	406,888
Difference between expected and actual experience	- (501,483)	-	-	- (123,578)	-	- (541,702)	-	- (316,836)	-
Changes of assumptions	-	105,380	-	-	-	512,631	-	-	-
Benefit payments	(300,630)	(303,718)	(241,731)	(228,862)	(196,242)	(197,920)	(211,721)	(208,840)	(268,710)
NET CHANGE IN TOTAL PENSION LIABILITY	175,229	(235,984)	265,140	147,944	303,231	267,560	284,650	(52,253)	226,218
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	<u>6,862,710</u>	<u>7,098,694</u>	<u>6,833,554</u>	<u>6,685,610</u>	<u>6,382,379</u>	<u>6,114,819</u>	<u>5,830,169</u>	<u>5,882,422</u>	<u>5,656,204</u>
TOTAL PENSION LIABILITY, END OF YEAR	<u><u>\$ 7,037,939</u></u>	<u><u>\$ 6,862,710</u></u>	<u><u>\$ 7,098,694</u></u>	<u><u>\$ 6,833,554</u></u>	<u><u>\$ 6,685,610</u></u>	<u><u>\$ 6,382,379</u></u>	<u><u>\$ 6,114,819</u></u>	<u><u>\$ 5,830,169</u></u>	<u><u>\$ 5,882,422</u></u>
PLAN FIDUCIARY NET POSITION									
Contributions:									
Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,748	\$ 59,791	\$ 134,263	\$ 123,674
State aid	-	71,168	74,051	58,301	57,493	47,702	89,635	60,754	78,143
Member	47,215	47,245	47,618	47,074	49,703	48,137	47,723	46,466	45,289
Net investment income (loss)	(1,006,738)	972,120	696,111	933,019	(337,592)	715,215	219,995	(65,710)	315,581
Benefit payments	(300,630)	(303,718)	(241,731)	(228,862)	(196,242)	(197,920)	(211,721)	(208,840)	(268,710)
Administrative expenses	(44,091)	(45,341)	(41,174)	(6,020)	(2,450)	(7,055)	(2,785)	(5,548)	(31,580)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1,304,244)	741,474	534,875	803,512	(429,088)	706,827	202,638	(38,615)	262,397
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	<u>8,062,418</u>	<u>7,320,944</u>	<u>6,786,069</u>	<u>5,982,557</u>	<u>6,411,645</u>	<u>5,704,818</u>	<u>5,502,180</u>	<u>5,540,795</u>	<u>5,278,398</u>
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u><u>\$ 6,758,174</u></u>	<u><u>\$ 8,062,418</u></u>	<u><u>\$ 7,320,944</u></u>	<u><u>\$ 6,786,069</u></u>	<u><u>\$ 5,982,557</u></u>	<u><u>\$ 6,411,645</u></u>	<u><u>\$ 5,704,818</u></u>	<u><u>\$ 5,502,180</u></u>	<u><u>\$ 5,540,795</u></u>
BOROUGH'S NET PENSION LIABILITY (ASSET)	<u><u>\$ 279,765</u></u>	<u><u>\$ (1,199,708)</u></u>	<u><u>\$ (222,250)</u></u>	<u><u>\$ 47,485</u></u>	<u><u>\$ 703,053</u></u>	<u><u>\$ (29,266)</u></u>	<u><u>\$ 410,001</u></u>	<u><u>\$ 327,989</u></u>	<u><u>\$ 341,627</u></u>
Plan fiduciary net position as a percentage of total pension liability	96.02%	117.48%	103.13%	99.31%	89.48%	100.46%	93.29%	94.37%	94.19%
Covered employee payroll	\$ 709,092	\$ 691,893	\$ 712,002	\$ 829,951	\$ 850,155	\$ 844,064	\$ 817,622	\$ 809,503	\$ 821,075
Borough's net pension liability (asset) as a percentage of covered payroll	39.45%	-173.40%	-31.21%	5.72%	82.70%	-3.47%	50.15%	40.52%	41.61%
Annual money-weighted rate of return, net of investment expense	-12.65%	13.43%	10.30%	16.34%	-4.78%	13.23%	4.63%	-0.63%	6.07%

Notes to Schedule:

Changes of Assumptions: In 2021, inflation was lowered from 2.75% to 2.5%, interest rate lowered from 6.75% to 6.5%, salary increase rate lowered from 4.25% to 4.0%, mortality assumption changed from RP-2014 to 2010 Public Retirement Plans - PubG-2010, and mortality improvement changed from 2015 SSA's Trustee Report to 2020 SSA's Trustee Report with base year 2015. In 2017, inflation was lowered from 3.0% to 2.75%; interest rate lowered from 7.25% to 6.75%; salary increase assumption lowered from 5.0% to 4.25%; Table T-2 withdrawal assumption removed; and mortality assumption updated from RP-2000 Combined Healthy Mortality with Blue Collar Adjustment and 75% Scale AA to RP-2014 Mortality with Mortality Improvement based on the Social Security Administration's 2015 Demographic Assumptions.

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

BOROUGH OF MEDIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN

Year	Actuarial Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
2013	\$ 158,937	\$ 158,937	\$ -	*	*
2014	197,558	201,818	(4,260)	821,075	24.58%
2015	195,017	195,017	-	809,503	24.09%
2016	149,426	149,426	-	817,622	18.28%
2017	148,450	148,450	-	844,064	17.59%
2018	57,493	57,493	-	850,155	6.76%
2019	58,301	58,301	-	829,951	7.02%
2020	74,051	74,051	-	712,002	10.40%
2021	71,168	71,168	-	691,893	10.29%
2022	-	-	-	709,092	0.00%

* Not available due to biennially required Act 205 report.

Notes to Required Supplementary Information - Non-Uniformed Pension Plan

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Valuation date	January 1, 2021
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	7 years (aggregate)
Asset valuation method	4-year smoothing
Inflation	2.50%
Salary increases	4.00%, including inflation
Investment rate of return	6.50%
Retirement age	Normal retirement age
Mortality	2010 Public Retirement Plan - General Employees mortality tables (PubG-2010). Mortality improvement based on the Long-Range Demographic Assumptions for the 2020 SSA's Trustee Report.

BOROUGH OF MEDIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	MEASUREMENT DATE				
	<u>January 1, 2022</u>	<u>January 1, 2021</u>	<u>January 1, 2020</u>	<u>January 1, 2019</u>	<u>January 1, 2018</u>
TOTAL OPEB LIABILITY					
Service cost	\$ 87,962	\$ 113,089	\$ 110,062	\$ 104,392	\$ 101,598
Interest on OPEB liability	51,730	61,197	59,395	77,946	76,504
Differences between expected and actual experience	(327,469)	-	(332,558)	-	-
Effect of assumption changes or inputs	115,065	-	(132,724)	-	-
Benefit payments	<u>(94,300)</u>	<u>(96,727)</u>	<u>(127,924)</u>	<u>(154,192)</u>	<u>(119,200)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(167,012)	77,559	(423,749)	28,146	58,902
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	<u>2,052,367</u>	<u>1,974,808</u>	<u>2,398,557</u>	<u>2,370,411</u>	<u>2,311,509</u>
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 1,885,355</u>	<u>\$ 2,052,367</u>	<u>\$ 1,974,808</u>	<u>\$ 2,398,557</u>	<u>\$ 2,370,411</u>
<u>PLAN FIDUCIARY NET POSITION</u>					
Contributions - employer	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments	-	-	-	-	-
Administrative expenses	-	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-	-	-	-
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	<u>\$ -</u>				
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>				
BOROUGH'S NET OPEB LIABILITY	<u>\$ 1,885,355</u>	<u>\$ 2,052,367</u>	<u>\$ 1,974,808</u>	<u>\$ 2,398,557</u>	<u>\$ 2,370,411</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 2,166,964	\$ 2,496,958	\$ 2,496,958	\$ 2,292,112	\$ 2,292,112
Borough's net OPEB liability as a percentage of covered payroll	87.00%	82.19%	79.09%	104.64%	103.42%
Expected average remaining service years of all participants	20	19	19	18	18

Note on Cumulative Information:

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

SUPPLEMENTARY INFORMATION

BOROUGH OF MEDIA
COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2022

	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total
ASSETS			
Investments, at fair value:			
Mutual funds	<u>\$ 16,771,404</u>	<u>\$ 6,794,194</u>	<u>\$ 23,565,598</u>
TOTAL ASSETS	<u>\$ 16,771,404</u>	<u>\$ 6,794,194</u>	<u>\$ 23,565,598</u>
LIABILITIES AND NET POSITION			
LIABILITIES:			
Refund of member contributions	\$ -	\$ 28,626	\$ 28,626
Benefits payable	<u>-</u>	<u>7,394</u>	<u>7,394</u>
TOTAL LIABILITIES	<u>-</u>	<u>36,020</u>	<u>36,020</u>
NET POSITION:			
Net position restricted for pension	<u>16,771,404</u>	<u>6,758,174</u>	<u>23,529,578</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 16,771,404</u>	<u>\$ 6,794,194</u>	<u>\$ 23,565,598</u>

BOROUGH OF MEDIA
COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Police Pension Trust Fund	Non-Uniformed Pension Trust Fund	Total
ADDITIONS			
Contributions:			
State aid	\$ 165,774	\$ -	\$ 165,774
Employer	678,932	-	678,932
Employee	73,081	47,215	120,296
Total Contributions	<u>917,787</u>	<u>47,215</u>	<u>965,002</u>
Investment income (loss):			
Interest and dividends	231,037	98,272	329,309
Net depreciation in fair value of investments	(2,556,135)	(1,105,010)	(3,661,145)
Investment expense	(90,435)	(40,491)	(130,926)
Net Investment Income (Loss)	<u>(2,415,533)</u>	<u>(1,047,229)</u>	<u>(3,462,762)</u>
NET ADDITIONS	<u>(1,497,746)</u>	<u>(1,000,014)</u>	<u>(2,497,760)</u>
DEDUCTIONS			
Benefits paid	1,079,947	299,010	1,378,957
Refund of member contributions	-	1,620	1,620
Administrative expenses	<u>5,200</u>	<u>3,600</u>	<u>8,800</u>
TOTAL DEDUCTIONS	<u>1,085,147</u>	<u>304,230</u>	<u>1,389,377</u>
CHANGE IN NET POSITION	<u>(2,582,893)</u>	<u>(1,304,244)</u>	<u>(3,887,137)</u>
NET POSITION, BEGINNING OF YEAR	<u>19,354,297</u>	<u>8,062,418</u>	<u>27,416,715</u>
NET POSITION, END OF YEAR	<u>\$ 16,771,404</u>	<u>\$ 6,758,174</u>	<u>\$ 23,529,578</u>