

BOROUGH OF AMBLER
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022

**BOROUGH OF AMBLER
DIRECTORY**

MAYOR

Jeanne Sorg

(Term expires January 1, 2026)

MEMBERS OF BOROUGH COUNCIL

(Terms expire January 1, 2024)

Haley Welch

Jennifer Henderson

Amy Hughes

Nancy Roecker-Coates

(Terms expire January 1, 2026)

Nellie Forst

Karen Sheedy

Erin McKenna-Endicott

Glynnis Siskind

Lisa Auerbach

OFFICERS

Glynnis Siskind

Haley Welch

Marita Bondi

President of Council

Vice President

Treasurer

BOROUGH MANAGER

Mary Aversa

FINANCE MANAGER

Albert Yaghooty

TAX COLLECTOR

Jennifer Stomsky

SOLICITOR

Joseph E. Bresnan

ACCOUNTANTS

ZELENKOF SKE AXELROD LLC

Certified Public Accountants

BOROUGH OF AMBLER
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INDEPENDENT AUDITOR'S REPORT

Honorable Borough Council
Borough of Ambler
Ambler, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ambler, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough of Ambler'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ambler, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The Borough of Ambler'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 of Ambler's ability to continue as a going concern for twelve months beyond the financial statements 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.



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 Ambler, Pennsylvania

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 of Ambler'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 of Ambler's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension and other postemployment benefit (OPEB) information, and budgetary comparison information on pages 4-12 and 55-61 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 of Ambler's basic financial statements. The combining nonmajor fund financial statements and combining schedules of fiduciary funds on pages 63-66 are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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

Other Information

As described in Note 1 to the Financial Statements, the Borough adopted the provisions of GASB Statement No. 87, *Leases*, Statement No. 91, *Conduit Debt Obligations*, Statement No. 92, *Omnibus 2020*, and Statement No. 93, *Replacement of Interbank Offered Rates*.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
July 13, 2023

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

This section of Ambler Borough's annual financial report presents our discussion and analysis of the Borough's financial performance during the fiscal year that ended on December 31, 2022.

Our discussion and analysis of Ambler Borough's financial performance provides an overview of the Borough's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the Borough's financial statements, which begin with the statement of net position.

Financial Highlights

- The assets and deferred outflows of resources of the Borough exceeded its liabilities and deferred inflows of resources by \$18,457,329 (net position).
- The Borough's total net position decreased by \$1,237,804.

Overview of the Financial Statements

The Borough's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Borough. The components of the report include the independent auditor's report, management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains other required and not required supplementary information in addition to the basic financial statements.

The independent auditor's report briefly describes the audit engagement and also renders an opinion as to the material components of the Borough's financial position.

Management's discussion and analysis (MD&A), prepared by the Borough's management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the statement of net position, statement of activities, fund financial statements and the notes to the basic financial statements. Statements of net position and activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Borough.

- The statement of net position focuses on resources available for future operations. This statement presents a snapshot view of the assets the Borough owns, the liabilities it owes and the net difference.
- The statement of activities focuses on gross and net costs of the Borough's programs and the extent to which such programs rely upon taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Overview of the Financial Statements (Continued)

- Fund financial statements focus separately on major Governmental Funds, Proprietary Funds and Fiduciary Funds. Governmental Funds statements follow the more traditional presentation of financial statements. The Borough's major Governmental Funds are presented in their own columns, and the remaining funds are combined into a column titled "Other Governmental Funds." Statements for the Borough's Proprietary Funds follow the Governmental Funds and include net position, revenues, expenses and changes in fund net position and cash flows. The Proprietary Funds represent the Borough's Sanitary Sewer and Water Funds and can be found in more detail beginning with the statement of net position-Proprietary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The Borough's Fiduciary Funds consist of the Borough's Pension Funds, which are Component Units of the Borough. Fiduciary Funds are not reflected in the governmental-wide statements because the Borough cannot use these assets to finance its operations.
- The notes to the basic financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Borough's financial condition.

Required supplementary information is additional information consisting of budgetary comparisons for the General Fund and Refuse Fund and pension and OPEB plans funding progress.

Other supplementary information consists of the combining statements of Other Nonmajor Governmental Funds and combining statements of Fiduciary Funds.

Reporting the Borough as a Whole

Statement of Net Position and Statement of Activities:

Our analysis of the Borough as a whole begins with the statement of net position. One of the most important questions asked about the Borough's finances is, "Is the Borough as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the Borough as a whole and about its activities in a way that helps answer this question. In these statements, we divide the Borough into two kinds of activities.

- **Governmental Activities** – Most of the Borough's basic services are reported here, including police, public works, refuse, safety and codes, parks and recreation and administration. Real Estate, Business and Earned Income Taxes, fees and charges and grants finance most of these activities.
- **Business-Type Activities** – The Borough charges a fee to customers to cover the cost of certain services it provides. The Borough's Sanitary Sewer and the Water Funds are reported here.

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Reporting the Borough as a Whole (Continued)

Statement of Net Position and Statement of Activities (Continued):

The analysis below focuses on the net position of the Borough's governmental and business-type activities.

**Condensed Statement of Net Position
December 31, 2022**

	2022			
	Governmental Activities	Business-Type Activities	Total Primary Governmental	2021
ASSETS				
Current and Other Assets	\$ 7,203,984	\$ 3,262,649	\$ 10,466,633	\$ 14,640,501
Capital Assets	12,197,492	10,752,722	22,950,214	21,574,925
Total Assets	19,401,476	14,015,371	33,416,847	36,215,426
 DEFERRED OUTFLOWS OF RESOURCES	1,486,082	162,111	1,648,193	895,680
 LIABILITIES				
Other Liabilities	432,397	200,782	633,179	970,834
Long-Term Debt Outstanding	8,878,745	5,065,403	13,944,148	14,343,644
Total Liabilities	9,311,142	5,266,185	14,577,327	15,314,478
 DEFERRED INFLOWS OF RESOURCES	2,010,223	20,161	2,030,384	2,101,495
 NET POSITION				
Net Investment in Capital Assets	9,093,437	5,687,319	14,780,756	13,143,077
Restricted	2,806,047	305,174	3,111,221	3,735,627
Unrestricted (Deficit)	(2,333,291)	2,898,643	565,352	2,816,429
Total Net Position	<u>\$ 9,566,193</u>	<u>\$ 8,891,136</u>	<u>\$ 18,457,329</u>	<u>\$ 19,695,133</u>

Cash represents 30% of Ambler Borough's total governmental assets.

The largest portion of the Borough's governmental assets, 65%, is reflected in its investment in capital assets (e.g. land, buildings and recreation equipment). The Borough uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

Assets in the business-type activities column reflect the Borough's investment in its Sanitary Sewer System and Water System. The Borough's Water System services parts of four municipalities in addition to the Borough.

Total expenses exceeded total revenues by \$1,394,970 for Governmental Activities and total revenue exceeded total expenses by \$157,166 for Business-Type Activities.

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Reporting the Borough as a Whole (Continued)

Government-Wide Activities:

The Borough generates governmental (General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Fund) revenues from a variety of sources. Total general revenue for governmental activities for fiscal 2022 was \$4,791,789. General revenues by source were as follows:

<u>General Revenues</u>	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Property Taxes	\$ 2,259,817	47.16%	\$ 2,286,136	50.53%
Earned Income Tax	1,244,483	25.97%	1,219,771	26.96%
Business Privilege Tax	147,367	3.08%	146,864	3.25%
Local Services Tax	147,934	3.09%	142,440	3.15%
State Motor Vehicle Fuel Tax	165,266	3.45%	159,993	3.54%
Deed Transfer Tax	295,938	6.18%	281,630	6.23%
Public Utility Realty Tax	3,677	0.08%	3,239	0.07%
Interest	32,600	0.68%	-	0.00%
Investment Earnings and Rent	72,766	1.51%	70,642	1.56%
Miscellaneous	421,941	8.80%	213,460	4.72%
Total General Revenues and Other Items	<u>\$ 4,791,789</u>	<u>100.00%</u>	<u>\$ 4,524,175</u>	<u>100.00%</u>

The Borough's governmental programs (General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Fund)) consist of 8 operating departments to include police (protection to persons and property), zoning and code enforcement, health and sanitation, highways, street lighting, fire protection, recreation and administration. Total expenses, net of program revenues, for fiscal 2022 were \$6,186,759. Expenses (Net of Program Revenues) by source were as follows:

	<u>2022</u>	<u>2021</u>
General	\$ 917,896	\$ 200,923
Police (Protection to Persons and Property)	4,182,306	1,829,552
Health and Sanitation	(184,950)	(191,873)
Highways	536,375	507,644
Street Lighting	55,625	37,503
Streets and Roads	107,238	120,579
Fire Protection	203,242	202,697
Recreation	118,549	101,350
Revitalization	28,265	9,435
Bond Issuance Costs	-	54,650
Loss on Sale of Assets	281	-
Interest	221,932	42,354
Total Governmental Activities	<u>\$ 6,186,759</u>	<u>\$ 2,914,814</u>
Change in Net Position		
(Governmental Activities)	<u>\$ (1,394,970)</u>	<u>\$ 1,609,361</u>

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Reporting the Borough as a Whole (Continued)

Business-Type Activities:

The Borough's proprietary funds (Water Fund and Sewer Fund) total revenue and expenses, net of program revenues, were as follows:

	<u>2022</u>	<u>2021</u>
<u>General Revenues</u>		
Total General Revenues, Transfers and		
Other Items	<u>\$ 8,643</u>	<u>\$ 2,433</u>
<u>Expenses Net of Program Revenues</u>		
Water	\$ 170,702	\$ 749,704
Sewer	<u>(22,179)</u>	<u>(17,752)</u>
Total Business-Type Activities	<u>\$ 148,523</u>	<u>\$ 731,952</u>
Change in Net Position		
(Business-Type Activities)	<u>\$ 157,166</u>	<u>\$ 734,385</u>

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Reporting the Borough as a Whole (Continued)

Government-Wide Activities:

**CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2022**

	2022			2021
	Governmental Activities	Business-Type Activities	Total Primary Governmental	
Revenues				
Program Revenues:				
Charges for Services	\$ 1,330,311	\$ 3,928,047	\$ 5,258,358	\$ 5,724,468
Operating Grants and Contributions	339,841	-	339,841	329,956
Capital Grants and Contributions	-	-	-	10,200
General Revenues:				
Property Taxes	2,259,817	-	2,259,817	2,286,136
Other Taxes	2,004,665	-	2,004,665	1,953,937
Investment Income	105,366	8,643	114,009	73,075
Miscellaneous	421,941	-	421,941	213,460
Total Revenues	<u>6,461,941</u>	<u>3,936,690</u>	<u>10,398,631</u>	<u>10,591,232</u>
Expenses				
Operating	-	3,779,524	3,779,524	3,573,125
General	1,536,687	-	1,536,687	935,875
Police (Protection to Persons/Property)	4,230,085	-	4,230,085	1,879,803
Health and Sanitation	772,920	-	772,920	766,921
Highways	539,146	-	539,146	512,994
Street Lighting	55,625	-	55,625	37,503
Streets and Roads	107,238	-	107,238	120,579
Fire Protection	203,242	-	203,242	202,697
Recreation	161,490	-	161,490	101,350
Revitalization	28,265	-	28,265	19,635
Bond Issuance Costs	-	-	-	54,650
Loss on Sale of Assets	281	-	281	-
Interest	221,932	-	221,932	42,354
Total Expenses	<u>7,856,911</u>	<u>3,779,524</u>	<u>11,636,435</u>	<u>8,247,486</u>
Changes in Net Position	(1,394,970)	157,166	(1,237,804)	2,343,746
Net Position - Beginning of Year	<u>10,961,163</u>	<u>8,733,970</u>	<u>19,695,133</u>	<u>17,351,387</u>
Net Position - End of Year	<u>\$ 9,566,193</u>	<u>\$ 8,891,136</u>	<u>\$ 18,457,329</u>	<u>\$ 19,695,133</u>

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Financial Analysis

Governmental Funds:

General Fund – The \$(480,561) net change in fund balance was due to needed culvert repairs at Tannery Run due to a collapsed culvert as well as increased expenses in general administrative as well as protection to persons and property driven partially by increased insurance expenses.

Refuse Fund – The \$179,554 net change in fund balance is due to favorable collection and disposal fees and lack of ad hoc services needed. There were no rate changes for refuse service at the Borough.

Proprietary Funds:

Water Fund – The \$178,975 change in Net Position was due to recognition of funds from the PFAS and MIRIA grants the expenses for which were capital in nature.

Sewer Fund – The \$(21,809) excess of expenditures over revenues were due to lower revenues and higher than anticipated administrative and collection system expenses.

Revenue Budgetary Highlights (as noted in General Fund budget and actual schedule on page 60)

Revenues were above what was projected and anticipated by the 2022 Budget due to higher than anticipated EIT, LST, BPT and BPT revenues as well as higher than anticipated motor vehicle fines. The aforementioned favorable variances were partially offset by known declining revenues from cable television franchise taxes.

Expenditures Budgetary Highlights

Expenditures were over budget due to capital expenses for stormwater management, as well as labor expenses related to training of new employees and overlap of coverage during such periods and needed repairs to Borough Hall's HVAC system.

Capital Assets and Debt Administration

Capital Assets:

Ambler Borough's capital assets for its governmental and business-type activities as of December 31, 2022 totals \$22,950,214 (net of accumulated depreciation). Borough capital assets include land, plant, infrastructure, site improvements, buildings and machinery and equipment.

CAPITAL ASSETS AT YEAR END (NET OF DEPRECIATION) DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total 2022	Total 2021
Land	\$ 2,179,081	\$ 2,328	\$ 2,181,409	\$ 2,181,409
Construction in Progress	125,910	-	125,910	1,299,704
Buildings and Improvements	5,072,053	212,500	5,284,553	5,453,707
Site Improvements	141,134	-	141,134	153,192
Machinery, Vehicles, Furniture & Equipment	674,647	450,121	1,124,768	1,069,750
Plant in Service	-	9,974,391	9,974,391	7,801,851
Infrastructure	4,004,667	113,382	4,118,049	3,615,312
	<u>\$ 12,197,492</u>	<u>\$ 10,752,722</u>	<u>\$ 22,950,214</u>	<u>\$ 21,574,925</u>
Total Capital Assets, Net of Depreciation	<u>\$ 12,197,492</u>	<u>\$ 10,752,722</u>	<u>\$ 22,950,214</u>	<u>\$ 21,574,925</u>

Infrastructure, site improvements, building and machinery and equipment are depreciated using the straight-line method.

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Debt

At year end, the Borough had \$8,301,864 in outstanding debt, \$420,500 of which is due within one year. The Borough's business-type activities (Water & Sewer Funds) debt represents 61% of the total debt.

<u>Governmental Activities</u>	2022	2021
General Obligation Bonds	\$ 3,065,000	\$ 3,150,000
Unamortized Premiums	132,406	141,233
Notes Payable	<u>39,055</u>	<u>78,879</u>
Total	<u>\$ 3,236,461</u>	<u>\$ 3,370,112</u>
<u>Business-Type Activities</u>		
General Obligation Bonds	\$ 4,705,000	\$ 4,850,000
Unamortized Premiums	298,729	312,924
Notes Payable	<u>61,674</u>	<u>40,045</u>
Total	<u>\$ 5,065,403</u>	<u>\$ 5,202,969</u>

Economic Factors and Next Year's Budget and Rates

Governmental Activities:

Ambler Borough services an area of approximately one square mile and a community of 6,807 residents. The major employers in the Borough are the Artman Home, LTK Engineering Services, Precis, and the U.S. Post Office. The average median household income is \$110,041 compared to the national average of \$67,521 (economic statistics from the 2020 U.S. Census Bureau).

In 2022, Ambler Borough completed the replacement of the collapsing culvert on Lindenwold between Race and Butler. This project is part of a larger project of culvert replacements encompassing tanner run which the Borough hopes will move us in the right direction for storm water management and protecting the Borough residents from future storms. The Borough has submitted documentation to FEMA in the hopes of getting reimbursement from the federal government.

The Borough was also able to complete a road paving project encompassing portions of Highland Avenue and surrounding Alleyways.

In 2022, we were fully engaged in the first full season of the Community Garden with wonderful results for the community at large.

IN 2022, the Borough was successful in filling two newly created Police Department Patrol Officer positions previously approved by the Borough Council.

The Borough was able to resume our vibrant downtown events starting Summer of 2022 including our Annual Auto Show, Music Festival, Oktoberfest, and Holiday Parade.

BOROUGH OF AMBLER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Business-Type Activities:

The Borough Water Department services approximately 5,700 customers in a six square mile radius. In addition to Amber Borough residents, it also services portions of Upper Dublin, Lower Gwynedd, Whitpain and Whitemarsh Townships.

In 2022 the Water Department completed projects associated with infrastructure improvements as a result of scope of work presented and approved to be funded by a PFAS and a MIRIA grant. In 2022 the Water Department continued work on the Knights Road project and the Loch Alsh project. We were able to successfully request and were granted approval for a rate increase from the PUC to take effect on January 1, 2023, ranging from 25% to 28%. The long-awaited rate increase was requested to offset the capital expenditures the Water Department has undertaken in order to ensure the continued compliance with higher water standards.

Next Year's Budget:

The 2023 Approved Budget for the Borough presents tax increases for the residents of the Borough in the General Fund, the Fire Fund as well as the Parks and Recreation Fund. The General Fund tax rate increase was requested in preparation for anticipated capital expenditures to improve the vehicle fleet for various departments as well as anticipated increases in payroll and insurance coverage in the next 12-36 months.

The Borough also conducted numerous meetings with the Wissahickon Fire Company leadership to get a firm understanding of what the needs of the Department are and will be in the near future and as a result of these meetings we requested a tax rate increase for the Fire Fund to be able to contribute our share of what the Capital needs for the Fire Department will be in the next few years as they embark on the journey of updating some of their equipment.

While the Parks Budget includes a full-time Parks employee with an additional \$32K allocated for Capital Projects, it is being balanced using reserve funds. In 2022 Ambler Borough did an extensive Park study with engagement from the citizenry and we have narrowed down the future Parks improvements requiring the increase in the Parks and Recreation tax rate.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Borough's finances and show the Borough's accountability for the funds it receives and disburses. If you have any questions about this report or to request additional financial information, please contact the Borough Manager or Finance Manager at 131 Rosemary Avenue, Ambler, PA 19002.

BOROUGH OF AMBLER
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 4,929,599	\$ 2,596,171	\$ 7,525,770
Restricted Cash	693,702	-	693,702
Taxes Receivable	380,645	-	380,645
Leases Receivable	533,735	-	533,735
Accounts Receivable - Net	42,020	305,433	347,453
Mortgage Receivable	310,000	-	310,000
Internal Balances	(13,799)	13,799	-
Prepaid Expenses	6,405	-	6,405
Inventories	-	184,022	184,022
Due from Other Governments	47,779	-	47,779
Net Pension Asset	273,898	163,224	437,122
Capital Assets - Not Being Depreciated			
Land	2,179,081	2,328	2,181,409
Construction in Progress	125,910	-	125,910
Capital Assets - Net of Depreciation:			
Buildings and Improvements	5,072,053	212,500	5,284,553
Site Improvements	141,134	-	141,134
Machinery, Vehicles, Furniture and Equipment	674,647	450,121	1,124,768
Plant in Service	-	9,974,391	9,974,391
Infrastructure	4,004,667	113,382	4,118,049
Total Assets	19,401,476	14,015,371	33,416,847
Deferred Outflows of Resources			
Pension - Differences in Assumptions	1,025,297	162,111	1,187,408
OPEB - Differences in Experience	460,785	-	460,785
Total Deferred Outflows of Resources	1,486,082	162,111	1,648,193
Liabilities			
Accounts Payable	415,441	194,471	609,912
Accrued Expenses	16,956	6,311	23,267
Long Term Debt		-	
Due Within One Year	105,000	260,000	365,000
Due Beyond One Year	2,960,000	4,445,000	7,405,000
Unamortized Premium	132,406	298,729	431,135
Notes Payable			
Due Within One Year	25,233	30,267	55,500
Due Beyond One Year	13,822	31,407	45,229
Other Postemployment Benefits			
Due Beyond One Year	4,948,582	-	4,948,582
Escrow Funds Payable	693,702	-	693,702
Total Liabilities	9,311,142	5,266,185	14,577,327
Deferred Inflows of Resources			
Related to Leases	533,735	-	533,735
Related to Pension	152,167	20,161	172,328
Related to OPEB	1,324,321	-	1,324,321
Total Deferred Inflows of Resources	2,010,223	20,161	2,030,384
Net Position			
Net Investment in Capital Assets	9,093,437	5,687,319	14,780,756
Restricted for:			
Net Pension	1,147,028	305,174	1,452,202
Refuse Collection	446,220	-	446,220
Highway Fund	373,909	-	373,909
Fire Fund	8,347	-	8,347
Debt Service	282,823	-	282,823
Revolving Loan Fund	352,493	-	352,493
Recreation	195,227	-	195,227
Unrestricted (Deficit)	(2,333,291)	2,898,643	565,352
Total Net Position	\$ 9,566,193	\$ 8,891,136	\$ 18,457,329

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Primary Government:						
Governmental Activities						
General	\$ 1,536,687	\$ 386,133	\$ 232,658	\$ (917,896)	\$ -	\$ (917,896)
Protection to Persons and Property	4,230,085	-	47,779	(4,182,306)	-	(4,182,306)
Health and Sanitation	772,920	944,178	13,692	184,950	-	184,950
Highways	539,146	-	2,771	(536,375)	-	(536,375)
Street Lighting	55,625	-	-	(55,625)	-	(55,625)
Streets and Roads	107,238	-	-	(107,238)	-	(107,238)
Fire Protection	203,242	-	-	(203,242)	-	(203,242)
Recreation	161,490	-	42,941	(118,549)	-	(118,549)
Revitalization	28,265	-	-	(28,265)	-	(28,265)
Loss on Sale of Assets	281	-	-	(281)	-	(281)
Interest on Long Term Debt	221,932	-	-	(221,932)	-	(221,932)
Total Governmental Activities	7,856,911	1,330,311	339,841	(6,186,759)	-	(6,186,759)
Business-Type Activities:						
Water	2,726,530	2,897,232	-	-	170,702	170,702
Sewer	1,052,994	1,030,815	-	-	(22,179)	(22,179)
Total Business-Type Activities	3,779,524	3,928,047	-	-	148,523	148,523
Total Primary Government	\$ 11,636,435	\$ 5,258,358	\$ 339,841	(6,186,759)	148,523	(6,038,236)

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Property Taxes	2,259,817	-	2,259,817
Earned Income Tax	1,244,483	-	1,244,483
Business Privilege Tax	147,367	-	147,367
Local Services Tax	147,934	-	147,934
State Motor Vehicle Fuel Tax	165,266	-	165,266
Deed Transfer Tax	295,938	-	295,938
Public Utility Realty Tax	3,677	-	3,677
Interest Revenue	32,600	-	32,600
Investment Earnings and Rent	72,766	8,643	81,409
Miscellaneous	421,941	-	421,941
Total General Revenues and Other Items	4,791,789	8,643	4,800,432
Change in Net Position	(1,394,970)	157,166	(1,237,804)
Net Position - Beginning of Year	10,961,163	8,733,970	19,695,133
Net Position - End of Year	<u>\$ 9,566,193</u>	<u>\$ 8,891,136</u>	<u>\$ 18,457,329</u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	<u>Major Funds</u>		Nonmajor	Total
	General	Refuse	Governmental Funds	Governmental Funds
<u>Assets</u>				
Cash and Cash Equivalents	\$ 3,583,130	\$ 429,873	\$ 916,596	\$ 4,929,599
Restricted Cash	693,702	-	-	693,702
Taxes Receivable	376,154	-	4,491	380,645
Leases Receivable	533,735	-	-	533,735
Accounts Receivable, Net	159	41,861	-	42,020
Miscellaneous Receivables	-	-	310,000	310,000
Due from Other Funds	70,386	18,547	32,123	121,056
Prepaid Expenses	-	-	6,405	6,405
Due from Other Governments	47,779	-	-	47,779
Total Assets	<u>\$ 5,305,045</u>	<u>\$ 490,281</u>	<u>\$ 1,269,615</u>	<u>\$ 7,064,941</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts Payable	\$ 368,954	\$ 44,061	\$ 2,426	\$ 415,441
Accrued Expenses	16,956	-	-	16,956
Due to Other Funds	64,469	-	70,386	134,855
Escrow Funds Payable	693,702	-	-	693,702
Total Liabilities	<u>1,144,081</u>	<u>44,061</u>	<u>72,812</u>	<u>1,260,954</u>
Deferred Inflows of Resources				
Related to Leases	<u>533,735</u>	<u>-</u>	<u>-</u>	<u>533,735</u>
Total Deferred Inflows of Resources	<u>533,735</u>	<u>-</u>	<u>-</u>	<u>533,735</u>
Fund Balances				
Restricted	-	446,220	1,212,799	1,659,019
Assigned	95,780	-	(15,996)	79,784
Unassigned	<u>3,531,449</u>	<u>-</u>	<u>-</u>	<u>3,531,449</u>
Total Fund Balances	<u>3,627,229</u>	<u>446,220</u>	<u>1,196,803</u>	<u>5,270,252</u>
Total Liabilities and Fund Balances	<u>\$ 5,305,045</u>	<u>\$ 490,281</u>	<u>\$ 1,269,615</u>	<u>\$ 7,064,941</u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
 THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
 DECEMBER 31, 2022

Fund Balances - Total Governmental Funds	\$ 5,270,252
Amounts reported for governmental activities in the statement of net position are different because:	
Net Pension Asset and Deferrals are not financial resources and, therefore are not reported in the governmental funds	1,147,028
Net OPEB Liability and Deferrals are not financial resources and, therefore are not reported in the governmental funds	(5,812,118)
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	12,197,492
Long term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Notes Payable	(39,055)
Unamortized Premium	(132,406)
General Obligation Bonds	<u>(3,065,000)</u>
Net Position of Governmental Activities	<u><u>\$ 9,566,193</u></u>

BOROUGH OF AMBLER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	<u>Major Funds</u>		Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Refuse</u>		
Revenues				
Taxes	\$ 3,784,309	\$ -	\$ 311,230	\$ 4,095,539
Foreign Fire Relief	-	-	46,140	46,140
State Motor Vehicle Fuel Tax	-	-	165,266	165,266
Licenses and Permits	76,623	-	-	76,623
Fines, Forfeits and Costs	88,101	-	-	88,101
Interest	32,600	-	-	32,600
Interest on Investments	58,805	7,971	5,990	72,766
Grants and Revenue Sharing	296,900	-	42,941	339,841
Charges for Services	309,510	944,178	-	1,253,688
Contributions	-	-	26,795	26,795
Public Utility Realty Tax	3,677	-	-	3,677
Miscellaneous	<u>98,175</u>	<u>325</u>	<u>149</u>	<u>98,649</u>
Total Revenues	<u>4,748,700</u>	<u>952,474</u>	<u>598,511</u>	<u>6,299,685</u>
Expenditures				
General	944,542	-	-	944,542
Protection to Persons and Property	2,629,678	-	-	2,629,678
Health and Sanitation	-	772,920	-	772,920
Highways	451,788	-	87,358	539,146
Streets and Roads	107,238	-	-	107,238
Street Lighting	-	-	55,625	55,625
Fire Protection	-	-	203,242	203,242
Recreation	27,191	-	134,299	161,490
Revitalization	28,265	-	-	28,265
Debt Service	355,583	-	-	355,583
Loss on Sale of Assets	281	-	-	281
Capital Outlays	<u>846,951</u>	<u>-</u>	<u>-</u>	<u>846,951</u>
Total Expenditures	<u>5,391,517</u>	<u>772,920</u>	<u>480,524</u>	<u>6,644,961</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(642,817)</u>	<u>179,554</u>	<u>117,987</u>	<u>(345,276)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>162,256</u>	<u>-</u>	<u>-</u>	<u>162,256</u>
Total Other Financing Sources (Uses)	<u>162,256</u>	<u>-</u>	<u>-</u>	<u>162,256</u>
Net Change in Fund Balances	(480,561)	179,554	117,987	(183,020)
Fund Balances - Beginning of Year	<u>4,107,790</u>	<u>266,666</u>	<u>1,078,816</u>	<u>5,453,272</u>
Fund Balances - End of Year	<u>\$ 3,627,229</u>	<u>\$ 446,220</u>	<u>\$ 1,196,803</u>	<u>\$ 5,270,252</u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
 THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
 YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ (183,020)
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlay as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense

Expenditures less disposals for general capital assets, infrastructure, and other related capital assets adjustments	846,951
Current year depreciation	(462,785)

The change in Net Pension Asset and Deferrals are reported in the Statement of Activities but are not reported in the Governmental Funds.	(1,450,407)
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The governmental funds report debt proceeds as financing sources, while repayment
of debt principal is reported as an expenditure. In the statement of net position,
however, issuing debt increases long term liabilities and does not affect the
statement of activities and repayment of principal reduces the liability. The net
effect of these differences in the treatment of long-term debt is as follows:

Principal repayments:	
General Obligation Bonds	93,827
Notes Payable	39,824

Other postemployment benefits do not require the use of current financial resources,
therefore, are not reported as expenditures in Governmental Funds as follows:

Change in postemployment benefits	(279,360)
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Change in Net Position of Governmental Activities	\$ <u>(1,394,970)</u>
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BOROUGH OF AMBLER
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Water Fund	Sewer Fund	Total
<u>Assets</u>			
Current Assets			
Cash and Cash Equivalents	\$ 2,450,667	\$ 145,504	\$ 2,596,171
Accounts Receivable (Net of Allowance for Uncollectibles)	254,421	51,012	305,433
Due from Other Funds	32,346	18,016	50,362
Inventories	184,022	-	184,022
Total Current Assets	<u>2,921,456</u>	<u>214,532</u>	<u>3,135,988</u>
Non-Current Assets			
Net Pension Asset	<u>113,537</u>	<u>49,687</u>	<u>163,224</u>
Capital Assets			
Land	2,328	-	2,328
Infrastructure	-	128,618	128,618
Building	827,103	6,909	834,012
Machinery, Vehicles, Furniture and Equipment	1,624,586	99,445	1,724,031
Plant in Service	17,609,559	-	17,609,559
Accumulated Depreciation	<u>(9,471,116)</u>	<u>(74,710)</u>	<u>(9,545,826)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>10,592,460</u>	<u>160,262</u>	<u>10,752,722</u>
Total Non-Current Assets	<u>10,705,997</u>	<u>209,949</u>	<u>10,915,946</u>
Total Assets	<u>13,627,453</u>	<u>424,481</u>	<u>14,051,934</u>
<u>Deferred Outflows of Resources</u>			
Pension-Differences in Assumptions	<u>133,928</u>	<u>28,183</u>	<u>162,111</u>
Total Deferred Outflows of Resources	<u>133,928</u>	<u>28,183</u>	<u>162,111</u>
<u>Liabilities</u>			
Current Liabilities			
Accounts Payable	157,412	37,059	194,471
Accrued Expenses	5,275	1,036	6,311
Due to Other Funds	36,563	-	36,563
Notes Payable - Due Within One Year	30,267	-	30,267
General Obligation Bonds Payable - Due Within One Year	<u>260,000</u>	<u>-</u>	<u>260,000</u>
Total Current Liabilities	<u>489,517</u>	<u>38,095</u>	<u>527,612</u>
Non-Current Liabilities			
Notes Payable - Due in More than One Year	31,407	-	31,407
Unamortized Premium	298,729	-	298,729
General Obligation Bonds Payable - Due in More than One Year	<u>4,445,000</u>	<u>-</u>	<u>4,445,000</u>
Total Non-Current Liabilities	<u>4,775,136</u>	<u>-</u>	<u>4,775,136</u>
Total Liabilities	<u>5,264,653</u>	<u>38,095</u>	<u>5,302,748</u>
<u>Deferred Inflows of Resources</u>			
Related to Pension	<u>5,827</u>	<u>14,334</u>	<u>20,161</u>
Total Deferred Inflows of Resources	<u>5,827</u>	<u>14,334</u>	<u>20,161</u>
<u>Net Position</u>			
Net Investment in Capital Assets	5,527,057	160,262	5,687,319
Restricted for Pension	241,638	63,536	305,174
Unrestricted	<u>2,722,206</u>	<u>176,437</u>	<u>2,898,643</u>
Total Net Position	<u>\$ 8,490,901</u>	<u>\$ 400,235</u>	<u>\$ 8,891,136</u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Water Fund	Sewer Fund	Total
Operating Revenues			
Metered Water Sales	\$ 2,385,998	\$ -	\$ 2,385,998
PFAS Grant	244,193	-	244,193
Sewer Rents	-	947,494	947,494
Water Tower Rental	152,538	-	152,538
Water Line Protection	3,984	-	3,984
Miscellaneous	<u>110,519</u>	<u>83,321</u>	<u>193,840</u>
Total Operating Revenue	<u>2,897,232</u>	<u>1,030,815</u>	<u>3,928,047</u>
Operating Expenses			
Source of Supply	81,517	-	81,517
Purification	86,797	-	86,797
Pumping	282,516	-	282,516
Distribution	371,861	-	371,861
Meter Installation	30,380	-	30,380
Collection System	-	576,479	576,479
Administrative	<u>1,873,459</u>	<u>476,515</u>	<u>2,349,974</u>
Total Operating Expenses	<u>2,726,530</u>	<u>1,052,994</u>	<u>3,779,524</u>
Operating Income (Loss)	<u>170,702</u>	<u>(22,179)</u>	<u>148,523</u>
Nonoperating Revenue (Expense)			
Interest Income	<u>8,273</u>	<u>370</u>	<u>8,643</u>
Total Nonoperating Revenue (Expense)	<u>8,273</u>	<u>370</u>	<u>8,643</u>
Change in Net Position	178,975	(21,809)	157,166
Net Position - Beginning of Year	<u>8,311,926</u>	<u>422,044</u>	<u>8,733,970</u>
Net Position - End of Year	<u><u>\$ 8,490,901</u></u>	<u><u>\$ 400,235</u></u>	<u><u>\$ 8,891,136</u></u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Water Fund	Sewer Fund	Total
Cash Flows Operating Activities			
Receipts from Customers and Users	\$ 2,416,517	\$ 939,889	\$ 3,356,406
Receipts from Others	788,814	83,321	872,135
Payments to Suppliers and Vendors	(1,714,007)	(880,695)	(2,594,702)
Payments to Employees	<u>(671,986)</u>	<u>(197,232)</u>	<u>(869,218)</u>
Net Cash Provided by (Used in) Operating Activities	<u>819,338</u>	<u>(54,717)</u>	<u>764,621</u>
Cash Flows from Non-Capital Financing Activities			
Operating Interfund Advances, Net	<u>(38,338)</u>	<u>1,507</u>	<u>(36,831)</u>
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(38,338)</u>	<u>1,507</u>	<u>(36,831)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(1,417,385)	-	(1,417,385)
Repayment of Notes Payable	(30,974)	-	(30,974)
Proceeds from Notes Payable	52,603	-	52,603
Unamortized Premium on Issuance	(14,195)	-	(14,195)
Principal Paid on General Obligation Bonds	<u>(145,000)</u>	<u>-</u>	<u>(145,000)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(1,554,951)</u>	<u>-</u>	<u>(1,554,951)</u>
Cash Flows from Investing Activities			
Reinvested Interest on Investment	<u>8,273</u>	<u>370</u>	<u>8,643</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(765,678)	(52,840)	(818,518)
Cash and Cash Equivalents - Beginning of Year	<u>3,216,345</u>	<u>198,344</u>	<u>3,414,689</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 2,450,667</u></u>	<u><u>\$ 145,504</u></u>	<u><u>\$ 2,596,171</u></u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Water Fund	Sewer Fund	Total
Reconciliation of Operating Income To			
Net Cash Provided By (Used in) Operating Activities			
Operating Income (Loss)	\$ 170,702	\$ (22,179)	\$ 148,523
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	418,389	7,874	426,263
Change in Assets and Liabilities:			
Change in Accounts Receivable	30,519	(7,605)	22,914
Change in Grants Receivable	277,580	-	277,580
Change in Inventory	(99,902)	-	(99,902)
Change in Accounts Payable	(53,030)	(48,455)	(101,485)
Change in Accrued Expense	(1,305)	4	(1,301)
Change in Pension Asset and Deferrals	76,385	15,644	92,029
Total Adjustments	648,636	(32,538)	616,098
Net Cash Provided by (Used in) Operating Activities	\$ 819,338	\$ (54,717)	\$ 764,621

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
STATEMENT OF PLAN NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	<u>Component Unit</u>
Assets	
Cash and Cash Equivalents	\$ 255,986
Accrued Income	122,354
Accounts Receivable	106,636
Investments	
Stocks, at Fair Value	6,285,747
Mutual Funds, at Fair Value	<u>9,610,533</u>
 Total Assets	 <u><u>\$ 16,381,256</u></u>
 Net Position Restricted for Pensions	 <u><u>\$ 16,381,256</u></u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
SCHEDULE OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Component Unit
Additions	
Contributions:	
Plan Members	\$ 106,256
Employer	<u>220,750</u>
Total Contributions	<u>327,006</u>
Investment Earnings:	
Net Appreciation in Fair Value of Investments	(3,660,072)
Interest and Dividends	<u>682,679</u>
Total Investment Earnings	(2,977,393)
Less Investment Expense	<u>(129,219)</u>
Net Investment Earnings	<u>(3,106,612)</u>
Total Additions	<u>(2,779,606)</u>
Deductions	
Benefits	<u>826,583</u>
Total Deductions	<u>826,583</u>
Change in Net Position	(3,606,189)
Net Position Held in Trust for Pension Benefits	
Net Position - Beginning of Year	<u>19,987,445</u>
Net Position - End of Year	<u><u>\$ 16,381,256</u></u>

See accompanying Notes to Financial Statements.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Borough's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) for the year ended December 31, 2022. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations) and Implementation Guide.

A. Financial Reporting Entity

The Borough of Ambler ("Borough") was incorporated in 1888 under the laws of the Commonwealth of Pennsylvania. The Borough operates under a council-mayor form of government in accordance with the Pennsylvania Borough Code.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the primary government and its component units. Based on the criteria set forth by GASB, the Borough has determined that there are no organizations or agencies which qualify as component units which should be included in these financial statements. These statements include the financial activities of the overall Borough government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Borough's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The Borough first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the Borough's governmental activities and different business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges for services paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the Borough's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods. The principal operating revenues of the Borough's proprietary funds are charges to customers for services. Operating expenses include the cost of providing services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Borough reports the following major governmental funds:

The General Fund is the general operating fund of the Borough and accounts for all revenues and expenditures of the Borough not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and capital improvement costs not paid through other funds are paid from the General Fund. The primary sources of revenues are from property taxes and earned income taxes.

The Refuse Fund is used to account for revenues and expenses related to refuse collection.

Additionally, the Borough reports the following fund types: (special revenue funds and a debt service fund which are included as nonmajor funds in Other Governmental Funds).

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Street Lighting Fund, Recreation Fund, Fire Fund, Liquid Fuels, and the Revolving Loan Fund are classified as special revenue funds.

Debt Service Fund is used to account for the servicing of general long-term debt not being financed by proprietary funds.

Fiduciary Component Unit

The Borough's Non-Uniform and Police Pension Plans ("Plans") were established to provide retirement benefits to eligible retirees of the Borough. The Plans are included in the financial reporting entity as fiduciary funds because the Plans are (1) considered to be legally separate entities, (2) the Borough appoints a voting majority of the governing board, and (3) the Plans impose a financial burden on the Borough as it is legally obligated to make contributions to the Plans.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The Borough of Ambler considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Acquisition of capital assets is recorded as expenditures.

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

D. Budgets and Budgetary Accounting

Budgets are prepared on the same basis of accounting as the financial statements. Each fall, the Borough Council adopts an annual budget for the following year for the General, Refuse, Proprietary and certain Special Revenue Funds as set forth in the Borough code. Legal budgetary control is at the fund level. The accompanying statements of revenues, expenditures and changes in fund balance budget and actual – general fund and refuse fund are included in required supplementary information.

Interfund transfers not approved in the budget must be approved by Council motion in accordance with the Borough Code.

Budgeted amounts are reported as originally adopted, and amended, if any. Unexpended budget amounts lapse at the end of the year. The Council may take specific action to commit or assign fund equity.

E. Assets, Liabilities, and Net Position or Fund Balance

1. *Cash and Cash Equivalents*

Bank accounts, certificates of deposits and investment in the Pennsylvania Local Government Investment Trust are all highly liquid investments and are considered to be cash and cash equivalents as presented on the statement of net position, balance sheet and statement of cash flows.

2. *Receivables and Payables*

During the course of operations numerous transactions occur between funds for goods or services, which require reimbursement. Amounts unpaid at the end of the year are reflected as due to / due from other funds. Long term interfund loans expected to be paid back within a defined time period are reflected as advances to / advances from other funds.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Net Position or Equity (Continued)

Taxes receivable reflect amounts receivable for real estate, earned income, local services and transfer taxes collected by the tax collector for 2020 and remitted to the Borough after year end.

3. *Inventories*

The Borough does not maintain accounting records relating to the minor cost of materials and supplies inventories, other than those in the Water Fund. Accordingly, such items are not included in the financial statements. Water Fund inventories are recorded at fair value. The Water Fund inventory includes small parts used for repairs and maintenance.

4. *Capital Assets*

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Other Improvements	25-75
Site Improvement	25-75
Infrastructure	25-75
Machinery, Vehicles, Furniture and Equipment	3-15

5. *Deferred Outflows/Inflows of Resources*

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

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

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Net Position or Equity (Continued)

6. *Long-Term Obligation*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 the debt issues is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Net Position*

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets, net of any unspent debt proceeds. The Borough applies restricted resources when an expense is incurred for purposes for which restricted net position is available.

8. *Fund Balance*

The Borough follows GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. This statement provides defined fund balance categories to make the nature and extent of the constraints placed upon a government's fund balance more transparent. Fund balances of the government funds are classified as follows:

Nonspendable – Amounts that cannot be spent because of their form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Borough Council. The Council is the highest decision making authority of the Borough. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the Borough Council.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – Residual net resources.

The Borough typically uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Revenues, Expenditures and Expenses

Tax revenues – General Fund property taxes and earned income taxes collected within sixty days subsequent to December 31 are recognized as revenue, if material and they apply to the prior year.

Real estate property tax – Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through June 30; and a 10% penalty after June 30. The Borough elects a tax collector to collect the property tax levied. The tax collector remits Borough taxes at least monthly and is paid a salary.

Transfers and dividends – Operating transfers between governmental and nongovernmental fund types are reported as other financing sources (uses) within those funds.

G. Use of Estimates

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

NOTE 2 DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of municipal funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. The Borough may also place deposits that are insured by the Federal Deposit Insurance Corporation ("FDIC") and deposits that are collateralized on an individual or on a pooled basis in accordance with Act No. 72 of the Commonwealth of Pennsylvania, August 6, 1971.

The deposit and investment policy of the Borough adheres to state statutes and prudent business practice. Deposits of the Borough are either maintained in demand deposits, highly liquid money market funds or pooled for investment purposes in the Pennsylvania Local Government Investment Trust (PLGIT) and are captioned as "cash and cash equivalents" in the balance sheet and statement of net position. The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those of other municipal funds. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Borough.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. As of December 31, 2022, the Borough's cash balances, excluding fiduciary funds, were exposed to custodial credit risk as follows:

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Insured by FDIC	\$ 250,000
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the Government's Name	<u>8,499,348</u>
Total	<u><u>\$ 8,749,348</u></u>

Reconciliation to the Financial Statements

Uninsured Amount Above	\$ 8,499,348
Plus: Insured Amount	250,000
Less: Outstanding Checks	(560,523)
Plus: Deposits in Transit	9,084
Other Reconciling Items	<u>16,450</u>
Carrying Amount - Bank Balances	8,214,359
Plus: Petty Cash	<u>5,113</u>
Total Cash per Financial Statements	<u><u>\$ 8,219,472</u></u>

The Borough's cash balance includes \$693,702 of restricted escrow deposits. These monies are held by the Borough in a custodial capacity for developers.

NOTE 3 ACCOUNTS RECEIVABLE

Following is a summary of receivables at December 31, 2022:

	Governmental Funds				Proprietary Funds		
	General Fund	Refuse Fund	Other Governmental Funds	Total	Water Fund	Sewer Fund	Total
Refuse Fees	\$ -	\$ 43,861	\$ -	\$ 43,861	\$ -	\$ -	\$ -
Utility User Fees	159	-	-	159	276,571	56,012	332,583
Mortgage Receivable	-	-	310,000	310,000	-	-	-
Less: Allowance for Doubtful Accounts	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>	<u>(22,150)</u>	<u>(5,000)</u>	<u>(27,150)</u>
Net Accounts Receivable	<u><u>\$ 159</u></u>	<u><u>\$ 41,861</u></u>	<u><u>\$ 310,000</u></u>	<u><u>\$ 352,020</u></u>	<u><u>\$ 254,421</u></u>	<u><u>\$ 51,012</u></u>	<u><u>\$ 305,433</u></u>

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 4 PROPERTY AND EQUIPMENT

Governmental Activities capital assets consist of the following at December 31, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,179,081	\$ -	\$ -	\$ 2,179,081
Construction in Progress	125,910	-	-	125,910
Total Capital Assets, Not Being Depreciated	2,304,991	-	-	2,304,991
Capital Assets, Depreciated:				
Buildings and Other Improvements	6,699,503	-	-	6,699,503
Site Improvements	356,708	-	-	356,708
Machinery, Vehicles, Furniture and Equipment	1,485,318	103,834	-	1,589,152
Infrastructure	4,952,631	743,117	-	5,695,748
Total Capital Assets, Being Depreciated	13,494,160	846,951	-	14,341,111
Accumulated Depreciation for:				
Buildings and Other Improvements	1,470,560	156,890	-	1,627,450
Site Improvements	203,515	12,059	-	215,574
Machinery, Vehicles, Furniture and Equipment	858,478	56,027	-	914,505
Infrastructure	1,453,272	237,809	-	1,691,081
Total Accumulated Depreciation	3,985,825	462,785	-	4,448,610
Total Capital Assets, Being Depreciated, Net	9,508,335	384,166	-	9,892,501
Governmental Activities Capital Assets, Net	\$ 11,813,326	\$ 384,166	\$ -	\$ 12,197,492

Business-Type Activities capital assets consist of the following at December 31, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,328	\$ -	\$ -	\$ 2,328
Construction in Progress	1,173,794	-	1,173,794	-
Total Capital Assets, Not Being Depreciated	1,176,122	-	1,173,794	2,328
Capital Assets, Being Depreciated				
Infrastructure	128,618	-	-	128,618
Buildings and Other Improvements	825,213	8,800	-	834,013
Machinery, Vehicles, Furniture and Equipment	1,666,846	57,185	-	1,724,031
Plant in Service	15,084,362	2,525,195	-	17,609,557
Total Capital Assets, Being Depreciated	17,705,039	2,591,180	-	20,296,219
Accumulated Depreciation for:				
Infrastructure	12,664	2,572	-	15,236
Buildings and Other Improvements	600,449	21,064	-	621,513
Machinery, Vehicles, Furniture and Equipment	1,223,937	49,973	-	1,273,910
Plant in Service	7,282,512	352,654	-	7,635,166
Total Accumulated Depreciation	9,119,562	426,263	-	9,545,825
Total Capital Assets, Being Depreciated, Net	8,585,477	2,164,917	-	10,750,394
Business-Type Activities Capital Assets, Net	\$ 9,761,599	\$ 2,164,917	\$ 1,173,794	\$ 10,752,722

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 5 ADOPTION of GASB 87, LEASES

The Borough recorded the effects of applying the provisions of GASB Statement No. 87, Leases. The Borough's Cell Tower Leases were recorded as receivables and deferred inflows of resources.

Deferred Inflows of Resources will be amortized over the remaining terms of the leases and recognized in subsequent years as follows:

2023	\$	178,372
2024		158,173
2025		107,003
2026		64,821
2027		25,366
	\$	<u>533,735</u>

NOTE 6 LONG-TERM DEBT

On August 19, 2021, the Borough issued \$8,000,000 of General Obligation Bonds, Series of 2021. Proceeds of the Bond will be used to: (1) currently refund the Borough's General Obligation note, Series of 2015, currently outstanding in the principal amount of \$2,704,000, (2) currently refund the Borough's General Obligation Bonds, Series of 2016, currently outstanding in the principal amount of \$3,185,000; (3) fund various capital improvements of the Borough, and (4) pay the costs of issuing the bonds.

The General Obligation Bonds are direct obligations of the Borough.

The following is a schedule of aggregate principal and interest payments of the Borough's Governmental Activities for each of the next five years and each five-year period thereafter for the 2021 General Obligation Bonds:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 105,000	\$ 72,653	\$ 177,653
2024	115,000	67,153	182,153
2025	115,000	61,403	176,403
2026	125,000	55,403	180,403
2027	130,000	50,978	180,978
2028-2032	690,000	214,388	904,388
2033-2037	765,000	153,538	918,538
2038-2042	840,000	61,544	901,544
2043	<u>180,000</u>	<u>1,845</u>	<u>181,845</u>
Total	<u>\$ 3,065,000</u>	<u>\$ 738,905</u>	<u>\$ 3,803,905</u>

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 6 LONG-TERM DEBT (CONTINUED)

The following is a schedule of aggregate principal and interest payments of the Borough's Business-Type Activities for each of the next five years and each five-year period thereafter for the 2021 General Obligation Bonds:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 260,000	\$ 121,200	\$ 381,200
2024	275,000	107,825	382,825
2025	290,000	93,700	383,700
2026	295,000	79,075	374,075
2027	315,000	68,550	383,550
2028-2032	1,665,000	245,050	1,910,050
2033-2037	<u>1,605,000</u>	<u>73,050</u>	<u>1,678,050</u>
Total	<u>\$ 4,705,000</u>	<u>\$ 788,450</u>	<u>\$ 5,493,450</u>

Notes Payable

The Borough has financed the purchase of equipment. Principal payments due are \$55,500 in 2023 and \$45,229 in 2024.

Changes in Long-Term Debt:

Long-term debt activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Series 2021 Bonds	\$ 3,150,000	\$ -	\$ 85,000	\$ 3,065,000	\$ 105,000
Unamortized Premium	141,233	-	8,827	132,406	-
Notes Payable	<u>78,879</u>	<u>-</u>	<u>39,824</u>	<u>39,055</u>	<u>25,233</u>
Governmental Activity Long-Term Debt	<u>\$ 3,370,112</u>	<u>\$ -</u>	<u>\$ 133,651</u>	<u>\$ 3,236,461</u>	<u>\$ 130,233</u>
Business-Type Activities:					
Series 2021 Bonds	\$ 4,850,000	\$ -	\$ 145,000	\$ 4,705,000	\$ 260,000
Unamortized Premiums	312,924	-	14,195	298,729	-
Notes Payable	<u>40,045</u>	<u>52,603</u>	<u>30,974</u>	<u>61,674</u>	<u>30,267</u>
Business -Type Activity Long-Term Debt	<u>\$ 5,202,969</u>	<u>\$ 52,603</u>	<u>\$ 190,169</u>	<u>\$ 5,065,403</u>	<u>\$ 290,267</u>

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 7 JOINT VENTURE

The Borough is one of five participating municipalities in the Ambler Waste Water Treatment Plant, which provides sewage treatment services to its members. The Borough of Ambler is the plant administrator.

The cost of operating and maintaining the Treatment Plant including the costs of administrative expenses and record keeping are shared by each municipality in proportion to the resident population equivalents of the units connected to the representative collection system. The annual operating fee varies each year based on the budget and usage. The Borough's operating fee paid to the Treatment Plant by the Sewer Fund amounted to \$497,487 in 2022.

The participant's share of capital improvements and additions is based on each municipality's purchased capacity as per a 1959 agreement and its subsequent amendments. The current rates in effect were fixed as of 1978. The Borough's capital contribution paid by the Sewer Fund to the Treatment Plant amounted to \$50,167 in 2022.

The Treatment Plant reimburses the Borough of Ambler for administrative costs related to plant operations. An administrative fee of \$232,395 was recognized as revenue for the year ended December 31, 2022.

Separate financial statements for the Treatment Plant are prepared and available.

NOTE 8 INTERFUND PAYABLE AND RECEIVABLE

The composition of interfund balances for the fund financial statements as of December 31, 2022, is as follows:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$ 70,386	\$ (64,469)
Street Light	-	(48,534)
Fire Fund	-	(21,852)
Refuse Fund	18,547	-
Parks and Recreation	32,123	-
Water Fund	32,346	(36,563)
Sewer Fund	<u>18,016</u>	<u>-</u>
Total	<u>\$ 171,418</u>	<u>\$ (171,418)</u>

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 9 EARNED INCOME TAX

Earned income tax was levied at a rate of one percent of gross wages for all individuals living or working in the Borough of Ambler in 2022. The Borough is entitled to 50% of the tax collected and the Wissahickon School District is entitled to the other 50% of the tax receipts. Earned income tax revenue recognized by the Borough for the year ended December 31, 2022 amounted to \$1,244,483.

NOTE 10 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Accordingly, the Borough has entered into a participation agreement with certain surrounding municipalities in Montgomery and Bucks Counties, Pennsylvania to form the Delaware Valley Insurance Trust (Trust). The Trust has created a self insurance pool to offer coverage to eligible municipalities. The Borough is participating in the Trust insurance coverage.

For the pool coverage there is a total risk and cost sharing for all participants. Liabilities in excess of assets of the Trust may be assessed to participating members. Specific excess insurance is provided to protect against catastrophic losses.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the previous year in the Borough's insurance policies.

NOTE 11 COMMITMENTS

In September 2020, the Borough entered into a contract for refuse, dumpster, and yard waste services over a five-year period. The contract was extended until December 31, 2025, at a cost of approximately \$44,568 per month.

NOTE 12 CONTINGENT LIABILITIES

The Borough is involved in certain legal matters through the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters. Management believes that any liability that may result from the resolution of these matters will not have a material adverse effect on the accompanying financial statements and, accordingly, no provision has been recorded.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 13 PENSION PLANS

MUNICIPAL EMPLOYEES (NON-UNIFORMED) DEFINED BENEFIT PENSION PLAN

A. Plan Description:

The plan is a single employer defined benefit plan administered by the Borough of Ambler. The authority to establish and amend benefit provisions rests with the Borough of Ambler Council. Covered employees are full-time non-uniform employees who were hired prior to January 1, 2014. The normal retirement benefit is the greater of 25% of average monthly salary paid to such employee during three calendar years of highest earnings ending with December 31st on or next preceding his or her 65th birthday, reduced by 1/15 for each full year of service by which the employee's service at retirement is less than fifteen years, and is 40% of the average monthly salary paid to such employee during the three calendar years of highest earnings ending with the December 31st on or next preceding his or her 65th birthday, reduced by 1/25 for each full year of service by which the employee's service at retirement is less than twenty five years. A member is eligible for normal retirement on the last day of the month in which the member's 65th birthday occurs. There are 14 active employees currently covered. There are 17 persons receiving benefits.

Early retirement is provided for upon the attainment of age 55 and at least 25 years of service. Ten years of service are required for vesting. If a member dies before the 60 monthly payments have been received, the remainder of the 60 months will automatically continue to the member's beneficiary. The funds are invested primarily in stocks and mutual funds.

All full time non-uniform employees hired after January 1, 2014 will be enrolled in a defined contribution plan as described in Note 14.

B. Summary of Significant Accounting Policies:

Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Use of Estimates

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

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL EMPLOYEES (NON-UNIFORMED) DEFINED BENEFIT PENSION PLAN (CONTINUED)

Valuation of Investments

Investments are reported at fair value. Quoted market prices are used to value investments. Shares of mutual funds are valued at the net asset value of shares held by the plan at year end. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Risks and Uncertainties

The plan provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of plan net position.

C. Funding Policy and Contributions

The plan is funded by member contributions, funds paid by the Commonwealth of Pennsylvania and by Borough contributions, if required.

Employees are required to contribute 3% of compensation to the plan. Employee contributions amounted to \$31,964 for the year ended December 31, 2022.

D. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. The law provides that the Borough's Pension Trust funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Borough to be prudent. As of December 31, 2022, the Borough's pension cash and cash equivalents were not exposed to custodial credit risk since the balance is covered by FDIC insurance.

E. Investments

As of December 31, 2022, the Borough had the following pension plan investments:

	Fair Value
Money Market Fund	\$ 131,993
Accrued Income	41,882
Corporate Debt and Equities	2,128,486
Other Investments	<u>3,250,729</u>
Total Investments	<u>\$ 5,553,090</u>

As of December 31, 2022, none of the Borough's pension plan investments are rated.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL EMPLOYEES (NON-UNIFORMED) DEFINED BENEFIT PENSION PLAN (CONTINUED)

F. Investment Concentration

Total plan net position as of December 31, 2022 amounted to \$5,553,090. Five percent of total plan assets amounted to \$277,655 as of December 31, 2022. The following funds represent 5% or more of the total net plan assets at December 31:

Investments	Amount	Percent of Total
AB Internal Strats Eqs Advisor	\$ 793,197	14.28%
Sanford C. Bernstein Inter Duration Intstl	\$ 1,894,635	34.12%

G. Actuarial Assumptions

The information presented in the required supplementary schedules was determined as part of the biennial actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2021 projected to December 31, 2022
Actuarial cost method	Normal Entry Age actuarial cost method (a)
Asset Valuation method	Fair Value
Actuarial assumptions	
Investment rate of return	6.50% per annum
Projected salary increases	3.75% average, including inflation
Mortality	RP-2000 Mortality Table (Blue Collar) with Scale AA

- (a) Under the normal entry age actuarial cost method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the compensation of the individual between entry age and assumed exit age.

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN

A. Plan Description

The plan is a single employer defined benefit plan administered by the Borough of Ambler. The plan provides retirement disability and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the Borough of Ambler Council.

The plan's normal retirement is age 50 with 25 years of service. Twelve years of service is required for vesting. The normal retirement benefit is life income consisting of one-half of the member's average salary for the last 36 months plus \$100 per month for each year of service in excess of 25 years up to a maximum of 30 years of service, or \$500 per month including any social security from police service and any pension from a previous fund. Retirement is mandatory at age 70. The plan allows members to retire with a reduced benefit after 20 years of service. The amount of early retirement pension is the actuarial equivalent of the normal retirement benefit reduced by service at retirement over expected service at normal retirement.

If an officer is killed in the line of duty, then 100% of the salary is payable to the surviving spouse or children, if no spouse.

A survivor benefit of 50% of the member's pension is provided to the survivor spouse or children under 18.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN

A. Plan Description (Continued)

The plan also provides a disability benefit. Upon total and permanent disability, a member will receive 75 percent of the monthly salary rate effective at the time of applying for disability benefits, offset by benefits under workers compensation, until normal retirement, at which time the employee receives their retirement benefit.

After each anniversary of retirement, the retirement benefit is adjusted annually to reflect the cost of living change in the preceding calendar year, based upon the increase in the Consumer Price Index of the U.S. Department of Labor for the Philadelphia area.

Covered employees are full-time police officers.

Number of covered active employees	14
Number of persons receiving benefits	10
Terminated employees vested, but not receiving benefits	1

B. Summary of Significant Accounting Policies:

Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Use of Estimates

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

Valuation of Investments

Investments, which consist primarily of common stock and mutual funds, are reported at fair value. Quoted market prices are used to value investments. Shares of mutual funds are valued at the net asset value of shares held by the plan at year end.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Administrative Expenses

The plan pays the administrative expenses.

Risks and Uncertainties

The plan provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of plan net position.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Funding Policy and Contributions

The plan is funded from contributions by all full time police officers, funds paid by the Commonwealth of Pennsylvania and by Borough contributions, if required.

Members were required to contribute at least five percent of compensation to the plan, but not more than 8%. Effective September 20, 2000 for any year in which it is determined by an actuarial valuation report prepared in accordance with the Municipal Plan Funding Standard and Recovery Act (Act 205) that the plan has a balance that is twenty-five percent (25%) in excess of the minimum amount needed to declare it actuarially sound, then the Borough Council could, on an annual basis by ordinance or resolution, reduce or eliminate payments into the pension fund by plan members. When required by the actuary in accordance with any such report, funding must resume as necessary to keep the balance at or over 25% in excess of the minimum needed for actuarial soundness, but member contributions will in such event remain within the parameters set forth above.

Employees contributed 5% for the year ended December 31, 2022. Amount contributed was \$78,174.

D. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. The law provides that the Borough's Pension Trust funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Borough to be prudent. As of December 31, 2022, the Borough's pension plan cash and cash equivalents were not exposed to custodial credit risk since the balance is covered by FDIC insurance.

E. Investments

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

	Fair Value
Money Market Fund	\$ 123,993
Accrued Income	80,471
Domestic Equities	4,157,261
Mutual Funds	6,359,804
Total Investments	<u>\$ 10,721,529</u>

F. Investment Concentration

Total plan net position as of December 31, 2022 amounted to \$10,721,529. Five percent of total plan assets amounted to \$536,076.

The following funds represent 5% or more of the total plan assets at December 31, 2022:

Investments	Amount	Percent of Total
AB Internal Strats Eqs Advisor	\$ 1,583,044	14.77%
Sanford C. Bernstein Inter Duration Intstl	\$ 3,691,960	34.44%

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 13 PENSION PLANS (CONTINUED)

MUNICIPAL POLICE DEFINED BENEFIT PENSION PLAN (CONTINUED)

G. Actuarial Assumptions

The information presented in the required supplementary schedules was determined as part of the biennial actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	January 1, 2021 projected to December 31, 2022
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value
Actuarial assumptions	
Investment rate of return	6.50% per annum
Projected salary increases	4.25% average, including inflation
Inflation	3%
Mortality	RP-2000 Mortality Table (Blue Collar) with Scale AA

GASB STATEMENTS NO. 67 and NO. 68 – FINANCIAL REPORTING FOR PENSION PLANS

The Borough has adopted GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in 2014 and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* in 2015. These Statements enhance the Borough's accounting and footnote disclosures and expand the Required Supplemental Information (RSI) data with new schedules. The Statements were issued to improve financial reporting by state and local government pension plans. The following provides information required to be disclosed under Statements No. 67 and 68 for both plans.

Plan Administration

Management of the Police Pension and Non-Uniform Plans is overseen by a Pension Committee under Ordinance 851. Per the Plan Document, the Pension Committee is comprised of nine members of Borough Council and a full time member of the Ambler Borough Police department. The duly appointed Borough Manager is designated as the chief administrative officer who has the discretion and authority to interpret the plan and to determine the eligibility and benefits of Participants and beneficiaries pursuant to the provisions of the plans. The Committee meets annually with the investment advisor to review the plan earning and investment policies. Management of the plan is overseen by Ambler Borough Council; however, Borough Council may delegate the following responsibilities:

- A) Council may appoint a subcommittee to review the performance of the investment manager and to review the Funds' compliance with Act 205.
- B) Council may assign the daily administrative operations of the Fund to the Borough Manager.
- C) Council may appoint a corporate trustee.
- D) Council may delegate other responsibilities as it deems appropriate.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 13 PENSION PLANS (CONTINUED)

GASB STATEMENTS NO. 67 and NO. 68 – FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)

Investment Policy

The Pension Fund Board is responsible for administering the investment policies of the plans and providing oversight for the management of the plans' assets. The investment strategy of the plans is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy requires that all plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the plan, with minimal impact on market price. The following was the plans' adopted asset allocation policy as of December 31, 2022:

<u>Asset Category</u>	<u>Target Asset Allocation</u>
Return-Seeking Assets	60%
Risk-Mitigating Assets	40%
Diversifying Assets	0%
	<u>100%</u>

Net Pension (Asset) Liability

The net pension (asset) liability of the plans for measurement date December 31, 2022, were as follows:

	<u>Non-Uniform Pension Plan</u>	<u>Police Pension Plan</u>
Total Pension Liability	\$ 5,257,294	\$ 10,686,840
Plan Fiduciary Net Position	<u>(5,659,726)</u>	<u>(10,721,530)</u>
Net Pension Liability (Asset)	<u>\$ (402,432)</u>	<u>\$ (34,690)</u>

NON-UNIFORM PENSION PLAN

Changes in Net Pension Liability

	<u>Total Pension Liability</u>	<u>Increase (Decrease) Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 12/31/21	\$ 5,157,556	\$ 6,952,486	\$ (1,794,930)
Changes for the Year			
Service Cost	91,619	-	91,619
Interest on Total Pension Liability	329,408	-	329,408
Changes in benefits	-	-	-
Difference between expected and actual experience	41,421	-	41,421
Changes in assumptions	-	-	-
Employer Contributions	-	120,750	(120,750)
Employee Contributions	-	28,082	(28,082)
Net investment income	-	(1,034,296)	1,034,296
Benefit payments, including employee refunds	(362,710)	(362,710)	-
Administrative expense	-	(44,586)	44,586
Other changes	-	-	-
Net Changes	<u>99,738</u>	<u>(1,292,760)</u>	<u>1,392,498</u>
Balances at 12/31/22	<u>\$ 5,257,294</u>	<u>\$ 5,659,726</u>	<u>\$ (402,432)</u>

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 13 PENSION PLANS (CONTINUED)

GASB STATEMENTS NO. 67 and NO. 68 – FINANCIAL REPORTING FOR PENSION PLANS
(CONTINUED)

<u>POLICE PENSION PLAN</u> <u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension</u> <u>Liability</u>	<u>Plan Fiduciary</u> <u>Net Position</u>	<u>Net Pension</u> <u>Liability</u>
Balances at 12/31/21	\$ 10,266,808	\$ 13,034,959	\$ (2,768,151)
Changes for the Year			
Service Cost	262,743	-	262,743
Interest on Total Pension Liability	617,857	-	617,857
Changes in benefits	-	-	-
Difference between expected and actual experience	3,305	-	3,305
Changes in assumptions	-	-	-
Employer Contributions	-	100,000	(100,000)
Employee Contributions	-	78,174	(78,174)
Net investment income	-	(1,943,097)	1,943,097
Benefit payments, including employee refunds	(463,873)	(463,873)	-
Administrative expense	-	(84,633)	84,633
Other changes	-	-	-
Net Changes	420,032	(2,313,429)	2,733,461
Balances at 12/31/22	\$ 10,686,840	\$ 10,721,530	\$ (34,690)

Method and assumptions used to determine Net Pension Liability (Asset) of the plans were as follows:

Police:

Valuation Date	January 1, 2021, projected to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, closed
Remaining Amortization	Zero
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	6.50%
Projected Salary Increases	4.25%, average, including inflation
Retirement age	Normal retirement age
General Inflation	3.00% per year
Mortality Rate	RP-2000 Mortality Table (Blue Collar) with Scale AA

Non-Uniformed:

Valuation Date	January 1, 2021, projected to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, closed
Remaining Amortization	Zero
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	6.50% per year compounded annually, net of investment expenses
Projected Salary Increases	3.75%, average, including inflation
Retirement age	Age 65 and 5 years of service, age 62 and 25 years of service, or attained age plus one year, if later.
General Inflation	3.00% per year
Mortality Rate	RP-2000 Mortality Table (Blue Collar) with Scale AA

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 13 PENSION PLANS (CONTINUED)

GASB STATEMENTS NO. 67 and NO. 68 – FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class are included in the pension plan's target asset allocation of December 31, 2022.

The plans have not had an experience study completed.

Asset Class	Estimated Long-Term Rates of Return
Cash and Cash Equivalents	2.0%
Domestic Equities	7.2%
Emerging Markets	6.0%
International Equities	7.9%
Fixed Income	4.1%

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flow to determine the discount rate assumed the contributions will be made at contractually required rates specified under Act 205. Act 205 requires full funding of the entry age normal cost plus plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) 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 1-percentage-point lower (5.50%), or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset) - Non-Uniform Pension Plan	\$ 153,717	\$ (402,432)	\$ (814,460)
Net Pension Liability (Asset) - Police Pension Plan	\$ 1,442,660	\$ (34,690)	\$ (1,247,185)

Rate of Return on Investments

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for plan year 2022 was (17.13%) for the Non-Uniform Pension Plan and (17.13%) for the Police Pension Plan. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 13 PENSION PLANS (CONTINUED)

GASB STATEMENTS NO. 67 and NO. 68 – FINANCIAL REPORTING FOR PENSION PLANS (CONTINUED)

Deferred Outflows and Inflows of Resources

At December 31, 2022, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 1,014,254	\$ -
Differences in assumptions	173,154	-
Differences in experience	-	(172,328)
	<u>\$ 1,187,408</u>	<u>\$ (172,328)</u>

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

2023	\$ (6,088)
2024	424,483
2025	595,600
2026	554
2027	531
Thereafter	-
	<u>\$ 1,015,080</u>

NOTE 14 NON-UNIFORMED DEFINED CONTRIBUTION PENSION PLAN

The Borough has a defined contribution plan covering all eligible employees hired subsequent to January 1, 2014. Employees may contribute to the plan between 3% and 5% of annual compensation. The Borough may contribute at a rate determined by the Borough Council at the beginning of each year. Borough employee members of the plan contributed \$46,550 in 2022. Plan contributions totaled \$255,722 from the Borough in 2022. These amounts are classified as payroll taxes and benefits within the functional expenses on the financial statements.

NOTE 15 POSTEMPLOYMENT BENEFITS

Plan Description

The Borough provides postemployment healthcare benefits, in accordance with Borough policies and collective bargaining agreements, for Police and Non-Uniform employees. The plan is a single-employer defined benefit plan. Separate financial statements are not issued for the plan.

For police, the Borough will provide medical coverage to retired officers and their spouses at age fifty and ending at sixty-five years of age for all full time police officers employed by the Borough as of December 31, 2008. For retired officers hired on or after January 1, 2009, the Borough shall provide only single coverage from age fifty to sixty-five years of age. Subsequent to January 1, 2009, if an officer remarries after divorce or the spouse's death, the new spouse shall not be provided with post-retirement medical benefits.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 15 POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

All full-time non-uniformed employees, who retire under the terms of the Non-Uniform Pension Plan, are not offered coverage in the Borough's group health plan; therefore, the Borough has no postemployment healthcare liability for these individuals.

The net OPEB liability of the plan for measurement date December 31, 2022, was as follows:

<u>Changes in Net OPEB Liability</u>	<u>Total OPEB Liability</u>	<u>Increase (Decrease) Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at 12/31/21	\$ 5,895,387	\$ -	\$ 5,895,387
Changes for the Year			
Service Cost	286,049	-	286,049
Interest on Total Pension Liability	126,797	-	126,797
Changes in benefits	-	-	-
Difference between expected and actual experience	(1,307,151)	-	(1,307,151)
Changes in assumptions	-	-	-
Employer Contributions	-	52,500	(52,500)
Net investment income	-	-	-
Benefit payments, including employee refunds	(52,500)	(52,500)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	(946,805)	-	(946,805)
Balances at 12/31/22	\$ 4,948,582	\$ -	\$ 4,948,582

Employer Contributions

The Borough's contractually required contribution rate for fiscal year ended December 31, 2022 was 3.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the Borough were \$52,500 for the year ended December 31, 2022.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB:

At December 31, 2022, the Borough reported a net OPEB liability of \$4,948,582. The net OPEB liability was measured as of January 1, 2022, and the total OPEB liability used to determine the net OPEB liability was determined by rolling forward the total OPEB liability as of January 1, 2022 to December 31, 2022.

For the year ended December 31, 2022, the Borough recognized OPEB expense of \$331,860. At December 31, 2022, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 460,785	\$ (1,324,321)

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 15 POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB (Continued):

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

2022	\$	(80,896)
2023		(80,896)
2024		(80,896)
2025		(69,653)
2026		(114,284)
Thereafter		(436,641)
	\$	<u>(863,266)</u>

Actuarial Assumptions

A summary of the actuarial assumptions used in the valuation is presented below:

- Investment Return – The assumed rates used to discount obligations are as follows: 3.72% as of December 31, 2022 and 2.06% as of 12/31/2021. These rates are reflective of Bond Buyer Municipal Bond Index AA.
- Salary scale – 4.25% per annum, was assumed.
- Retirement Rates – Age 50 and 25 years of service for the police.
- Termination – Sarason T-1.
- Pre-retirement and Post-retirement Mortality – RP-2000 Healthy Annuitant Mortality Table (Blue Collar) for males and females with generational mortality using Scale BB.
- Rates of Disablement – None assumed.
- Post-Disablement Mortality – Ten year set forward from the standard mortality rates were used.
- Administrative Expenses – None assumed.
- Medical Inflation – 8% in the first year gradually decreasing by 1% per year, to an ultimate rate of 5%.

Actuarial Methods

- Valuation of Obligations – The Entry Age Normal Method (level percentage of pay) was used.
- Valuation of Assets – Market Value of assets was used.

Covered employees at January 1, 2022:

Active	12
Retirees	2
	<u>14</u>

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 15 POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The following presents the net OPEB liability of the Borough, calculated using the discount rate of 2.06%, as well as what the Borough's net OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower (2.72 percent) or 1-percent-point higher (4.72 percent) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(2.72%)</u>	<u>(3.72%)</u>	<u>(4.72%)</u>
Net OPEB Liability	\$ 5,515,163	\$ 4,948,582	\$ 4,450,480

Medical Inflation Rate

The following presents the net OPEB liability of the Borough, calculated using current medical inflation rate as well as what the Borough's net OPEB liability would be if it were calculated using an inflation rate that is 1-percent-point lower or 1-percent-point higher than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Medical Inflation Rate			
	1%	Current	1%
	Decrease	Medical	Increase
	<u></u>	<u>Inflation Rate</u>	<u></u>
Net OPEB Liability	\$ 4,323,228	\$ 4,948,582	\$ 5,686,580

NOTE 16 NEW ACCOUNTING PRONOUNCEMENTS

Adoption of Governmental Accounting Standards Board (GASB) Statements

In June 2017, the GASB issued Statement No. 87, Leases, which is effective for fiscal years beginning after June 15, 2021 (GASB No. 95 postponed the effective date 18 months from December 15, 2019 to June 15, 2021). Adoption of this Statement had no effect on the Borough's financial statements.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations, which is effective for fiscal years beginning after December 15, 2021 (GASB No. 95 postponed the effective date one year from December 15, 2020 to 2021). Adoption of this Statement had no effect on the Borough's financial statements.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020, which is effective for fiscal years beginning after December 15, 2021 (GASB No. 95 postponed the effective dates on certain portions of this Statement). Adoption of this Statement had no effect on the Borough's financial statements.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 16 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

As discussed above, in March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for fiscal years beginning after June 15, 2021, except for paragraphs 11b, 13, and 14 which are effective at later dates (GASB No. 95 postponed the effective date by one year from June 15, 2020, to 2021). This Statement relates to governments that have entered into agreements in which variable payments made or received depend on an interbank offer rate (IBOR) — most notable the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The Borough adopted Statement No. 93 for its 2022 financial statements, without any effect.

Pending Changes in Accounting Principles

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is effective for fiscal years beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which is defined as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The Borough is required to adopt Statement No. 94 for its 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction; (2) establishes that a SBITA results in a right-to-use subscription asset — an intangible asset — and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Borough is required to adopt Statement No. 96 for its 2023 financial statements.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 16 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Pending Changes in Accounting Principles (Continued)

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, which is effective immediately for paragraphs 4 and 5 of the Statement, and effective for fiscal years beginning after June 15, 2021 for paragraphs 6-9 of the Statement and for all other requirements. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Borough adopted a portion of Statement No. 97 immediately, with the balance adopted for its 2022 financial statements. Adoption of the Statement had no effect on the Borough's financial statement.

In April 2022, the GASB issued Statement No. 99, Omnibus 2022, which is effective on the dates identified below. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Statement addresses a variety of topics and includes specific provisions about the following:

- The requirements related to LIBOR, SNAP distributions, nonmonetary transactions, pledges of future revenues, clarification of certain provisions in Statement 34, and terminology updates related to Statements 53 and 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement is required to be adopted for the Borough's 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement is required to be adopted for the Borough's 2024 financial statements.

Borough management is in the process of analyzing these pending changes in accounting principles and the impact, if any, they will have on the Borough's financial statements.

BOROUGH OF AMBLER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 17 SUBSEQUENT EVENTS

The Borough has evaluated subsequent events for disclosure or recording through July 13, 2023, the date the audit was ready for release.

Required Supplementary Information

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION –
PENSION PLANS – SCHEDULES OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS CALCULATED IN ACCORDANCE
WITH GASB 68
LAST 10 FISCAL YEARS*
DECEMBER 31, 2022
(UNAUDITED)

	Non-Uniform Pension Plan 2022	Police Pension Plan 2022	Non-Uniform Pension Plan 2021	Police Pension Plan 2021	Non-Uniform Pension Plan 2020	Police Pension Plan 2020	Non-Uniform Pension Plan 2019	Police Pension Plan 2019
Total Pension Liability								
Service Cost	\$ 91,619	\$ 262,743	\$ 89,609	\$ 284,619	\$ 86,489	\$ 240,828	\$ 96,462	\$ 263,891
Interest	329,408	617,857	337,406	656,115	329,567	622,275	341,409	592,457
Benefit Payments	(362,710)	(463,873)	(306,493)	(448,808)	(341,345)	(396,181)	(251,533)	(322,904)
Difference Between Actual and Expected Assumption Changes	41,421	3,305	(141,946)	(184,772)	20,881	16,933	(306,896)	(31,990)
Net Change in Total Pension Liability	-	-	116,734	299,645	-	-	-	-
Total Pension Liability - Beginning	99,738	420,032	95,310	606,799	95,592	483,855	(120,558)	501,454
Total Pension Liability - Ending (a)	<u>5,157,556</u>	<u>10,266,808</u>	<u>5,062,246</u>	<u>9,660,009</u>	<u>4,966,654</u>	<u>9,176,154</u>	<u>5,087,212</u>	<u>8,674,700</u>
Total Pension Liability - Ending (a)	<u>\$ 5,257,294</u>	<u>\$ 10,686,840</u>	<u>\$ 5,157,556</u>	<u>\$ 10,266,808</u>	<u>\$ 5,062,246</u>	<u>\$ 9,660,009</u>	<u>\$ 4,966,654</u>	<u>\$ 9,176,154</u>
Plan Fiduciary Net Position								
Contribution - Employer and State Aid	\$ 120,750	\$ 100,000	\$ 69,210	\$ 215,200	\$ 32,205	\$ 288,290	\$ 34,297	\$ 116,622
Contribution - Member	28,082	78,174	31,964	69,880	60,880	70,168	32,155	71,851
Net Investment Income (Loss)	(1,034,296)	(1,943,097)	856,387	1,634,365	704,577	1,293,419	1,010,941	1,757,347
Benefit Payments	(362,710)	(463,873)	(306,493)	(448,808)	(341,345)	(396,181)	(251,533)	(322,904)
Administrative Expense	(44,586)	(84,633)	(61,826)	(97,923)	(48,605)	(72,969)	-	-
Net Change in Plan Fiduciary Net Position	(1,292,760)	(2,313,429)	589,242	1,372,714	407,712	1,182,727	825,860	1,622,916
Plan Fiduciary Net Position - Beginning	6,952,486	13,034,959	6,363,244	11,662,245	5,955,532	10,479,518	5,129,672	8,856,602
Plan Fiduciary Net Position - End (b)	<u>\$ 5,659,726</u>	<u>\$ 10,721,530</u>	<u>\$ 6,952,486</u>	<u>\$ 13,034,959</u>	<u>\$ 6,363,244</u>	<u>\$ 11,662,245</u>	<u>\$ 5,955,532</u>	<u>\$ 10,479,518</u>
Net Pension Liability (Asset) (a-b)	<u>\$ (402,432)</u>	<u>\$ (34,690)</u>	<u>\$ (1,794,930)</u>	<u>\$ (2,768,151)</u>	<u>\$ (1,300,998)</u>	<u>\$ (2,002,236)</u>	<u>\$ (988,878)</u>	<u>\$ (1,303,364)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.65%	100.32%	134.80%	126.96%	125.70%	120.73%	119.91%	114.20%
Covered Payroll	\$ 913,082	\$ 1,560,760	\$ 1,059,790	\$ 1,431,614	\$ 1,107,801	\$ 1,426,446	\$ 1,022,504	\$ 1,438,308
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-44.07%	-2.22%	-169.37%	-193.36%	-117.44%	-140.37%	-96.71%	-90.62%

(Continued)

*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION –
PENSION PLANS – SCHEDULES OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS CALCULATED IN ACCORDANCE
WITH GASB 68
LAST 10 FISCAL YEARS*
DECEMBER 31, 2022
(UNAUDITED)

	Non-Uniform Pension Plan 2018	Police Pension Plan 2018	Non-Uniform Pension Plan 2017	Police Pension Plan 2017	Non-Uniform Pension Plan 2016	Police Pension Plan 2016	Non-Uniform Pension Plan 2015	Police Pension Plan 2015
Total Pension Liability								
Service Cost	\$ 89,404	\$ 219,250	\$ 112,308	\$ 215,986	\$ 96,856	\$ 193,189	\$ 141,552	\$ 189,639
Interest	336,708	568,614	327,801	567,664	316,301	541,021	280,003	476,105
Benefit Payments	(226,881)	(622,523)	(221,842)	(263,271)	(221,658)	(348,029)	(80,689)	(238,114)
Difference Between Actual and Expected	(124,327)	(6,559)	(60,890)	(329,953)	(36,479)	(18,823)	(31,150)	(8,523)
Assumption Changes	-	-	-	-	-	203,617	272,441	537,035
Net Change in Total Pension Liability	74,904	158,782	157,377	190,426	155,020	570,975	582,157	956,142
Total Pension Liability - Beginning	5,012,308	8,515,918	4,854,931	8,325,492	4,699,911	7,754,517	4,117,754	6,798,375
Total Pension Liability - Ending (a)	<u>\$ 5,087,212</u>	<u>\$ 8,674,700</u>	<u>\$ 5,012,308</u>	<u>\$ 8,515,918</u>	<u>\$ 4,854,931</u>	<u>\$ 8,325,492</u>	<u>\$ 4,699,911</u>	<u>\$ 7,754,517</u>
Plan Fiduciary Net Position								
Contribution - Employer and State Aid	\$ 34,543	\$ 125,434	\$ -	\$ -	\$ 17,213	\$ -	\$ 50,699	\$ 31,499
Contribution - Member	29,271	57,290	37,765	-	43,835	-	46,764	-
Other Income	-	-	-	-	-	-	-	-
Net Investment Income (Loss)	(293,403)	(531,124)	615,455	1,263,839	385,800	648,519	(109,802)	(609,254)
Benefit Payments	(226,881)	(622,523)	(221,842)	(263,271)	(221,658)	(348,029)	(80,689)	(238,114)
Administrative Expense	(20,285)	(24,252)	(41,038)	(87,900)	(25,651)	(64,075)	(27,492)	(72,210)
Other	-	-	-	-	-	14,826	7,634	(7,634)
Net Change in Plan Fiduciary Net Position	(476,755)	(995,175)	390,340	912,668	199,539	251,241	(112,886)	(895,713)
Plan Fiduciary Net Position - Beginning	5,606,427	9,851,777	5,216,087	8,939,109	5,016,548	8,687,868	5,129,434	9,583,581
Plan Fiduciary Net Position - End (b)	<u>\$ 5,129,672</u>	<u>\$ 8,856,602</u>	<u>\$ 5,606,427</u>	<u>\$ 9,851,777</u>	<u>\$ 5,216,087</u>	<u>\$ 8,939,109</u>	<u>\$ 5,016,548</u>	<u>\$ 8,687,868</u>
Net Pension Liability (Asset) (a-b)	<u>\$ (42,460)</u>	<u>\$ (181,902)</u>	<u>\$ (594,119)</u>	<u>\$ (1,335,859)</u>	<u>\$ (361,156)</u>	<u>\$ (613,617)</u>	<u>\$ (316,637)</u>	<u>\$ (933,351)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension	100.83%	102.10%	111.85%	115.69%	107.44%	107.37%	106.74%	112.04%
Covered Payroll	\$ 1,172,396	\$ 1,169,711	\$ 1,448,998	\$ 1,084,947	\$ 1,432,148	\$ 1,040,716	\$ 1,793,834	\$ 968,450
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-3.62%	-15.55%	-41.00%	-123.13%	-25.22%	-58.96%	-17.65%	-96.38%

*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION –
PENSION PLANS – SCHEDULES OF EMPLOYER CONTRIBUTIONS, INVESTMENT
RETURNS AND EMPLOYER'S NET PENSION LIABILITY
LAST 10 FISCAL YEARS*
DECEMBER 31, 2022
(UNAUDITED)

Schedule of Employer Contributions*						
	Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
Non-Uniform Pension Plan	2014	\$ 89,819	\$ 106,693	\$ (16,874)	\$ 1,845,636	5.78%
Non-Uniform Pension Plan	2015	50,699	50,699	-	1,695,313	2.99%
Non-Uniform Pension Plan	2016	17,213	17,213	-	1,432,148	1.20%
Non-Uniform Pension Plan	2017	-	-	-	1,448,998	-
Non-Uniform Pension Plan	2018	-	29,271	-	1,172,396	2.50%
Non-Uniform Pension Plan	2019	-	34,297	-	1,022,504	3.35%
Non-Uniform Pension Plan	2020	-	32,205	-	1,107,801	2.91%
Non-Uniform Pension Plan	2021	-	69,210	-	1,059,790	6.53%
Non-Uniform Pension Plan	2022	-	120,750	-	913,082	13.22%
Police Pension Plan	2014	-	28,315	(28,315)	1,030,020	2.75%
Police Pension Plan	2015	31,094	31,094	-	1,010,427	3.08%
Police Pension Plan	2016	-	-	-	1,040,716	0.00%
Police Pension Plan	2017	-	-	-	1,084,947	-
Police Pension Plan	2018	-	125,434	-	1,169,711	10.72%
Police Pension Plan	2019	-	116,622	-	1,438,308	8.11%
Police Pension Plan	2020	-	288,290	-	1,426,446	20.21%
Police Pension Plan	2021	-	448,808	-	1,431,614	31.35%
Police Pension Plan	2022	-	100,000	-	1,560,760	6.41%

Schedule of Investment Returns*					
	2022	2021	2020	2019	2018
Actual Money Weighted Rate of Return, Net of Investment Expense	-17.13%	14.20%	10.89%	18.20%	-6.10%
	2017	2016	2015	2014	
	11.70%	7.69%	-6.27%	6.20%	

Schedule of the Employer's Net Pension Liability*							
	Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
Non-Uniform Pension Plan	2014	\$ 4,117,764	\$ 5,129,434	\$ (1,011,670)	124.57%	\$ 1,845,636	-54.81%
Non-Uniform Pension Plan	2015	4,699,911	5,016,547	(316,636)	106.74%	1,695,313	-18.68%
Non-Uniform Pension Plan	2016	4,854,930	5,216,087	(361,157)	107.44%	1,432,148	-25.22%
Non-Uniform Pension Plan	2017	5,012,308	5,606,427	(594,119)	111.85%	1,448,998	-41.00%
Non-Uniform Pension Plan	2018	5,087,212	5,129,672	(42,460)	100.83%	1,172,396	-3.62%
Non-Uniform Pension Plan	2019	4,966,654	5,955,532	(988,878)	119.91%	1,022,504	-96.71%
Non-Uniform Pension Plan	2020	5,062,246	6,363,244	(1,300,998)	125.70%	1,107,801	-117.44%
Non-Uniform Pension Plan	2021	5,157,556	6,952,486	(1,794,930)	134.80%	1,059,790	-169.37%
Non-Uniform Pension Plan	2022	5,257,294	5,659,726	(402,432)	107.65%	913,082	-44.07%
Police Pension Plan	2014	7,077,640	9,583,581	(2,505,941)	135.41%	1,030,020	-243.29%
Police Pension Plan	2015	8,033,782	8,963,997	(930,215)	111.58%	1,010,427	-92.06%
Police Pension Plan	2016	8,325,492	9,142,726	(817,234)	109.82%	1,040,716	-78.53%
Police Pension Plan	2017	8,515,918	9,851,777	(1,335,859)	115.69%	1,084,947	-123.13%
Police Pension Plan	2018	8,674,700	8,856,602	(181,902)	102.10%	1,169,711	-15.55%
Police Pension Plan	2019	9,176,154	10,479,518	(1,303,364)	114.20%	1,438,308	-90.62%
Police Pension Plan	2020	9,660,009	11,662,245	(2,002,236)	120.73%	1,426,446	-140.37%
Police Pension Plan	2021	10,266,808	13,034,959	(2,768,151)	126.96%	1,431,614	-193.36%
Police Pension Plan	2022	10,686,840	10,721,530	(34,690)	100.32%	1,560,760	-2.22%

* Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION –
OPEB – SCHEDULE OF CHANGES IN PLAN'S NET OPEB LIABILITY
LAST 10 FISCAL YEARS*
DECEMBER 31, 2022
(UNAUDITED)

	2022	2021	2020	2019
Service Cost	\$ 286,049	\$ 306,098	\$ 262,202	\$ 217,726
Interest	126,797	122,817	141,108	143,959
Differences (Expected vs Actual)	(1,307,151)	(1,157)	230,409	595,945
Benefit Payments	(52,500)	(39,016)	(29,564)	(44,546)
Net Change in Total OPEB Liability	(946,805)	388,742	604,155	913,084
Net OPEB Obligation, Beginning of Year	5,895,387	5,506,645	4,902,490	3,989,406
Net OPEB Obligation, End of Year	<u>\$ 4,948,582</u>	<u>\$ 5,895,387</u>	<u>\$ 5,506,645</u>	<u>\$ 4,902,490</u>

Notes to Schedule:

Valuation Date: January 1, 2022 projected to December 31, 2022.

Methods and Assumptions:

Actuarial cost method	Entry Age Normal Percentage of Pay
Medical inflation rate	8% increase in the first year, decreasing by 1% per year to an ultimate rate of 5%
Asset valuation method	Market Value
Inflation	3%
Wage inflation	3.50%
Salary Increases	4.25%, average, including inflation
Long-term investment rate of return	4.10% (12/31/2018 Bond Buyer Municipal Bond Index AA) 2.74% (12/31/2019 Bond Buyer Municipal Bond Index AA) 2.12% (12/31/2020 Bond Buyer Municipal Bond Index AA) 2.06% (12/31/2021 Bond Buyer Municipal Bond Index AA) 3.72% (12/31/2022 Bond Buyer Municipal Bond Index AA)
Retirement age	Age 50 and 25 years of service
Mortality	RP-2000 Mortality Table (Blue Collar) with generational mortality using Scale BB

* Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION –
OPEB – SCHEDULE OF BOROUGH'S CONTRIBUTIONS
LAST 10 FISCAL YEARS*
YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

	2022	2021	2020	2019	2018
Contractually required contribution	\$ 545,213	\$ 506,874	\$ 506,874	\$ 438,125	\$ 438,125
Contributions in relation to the contractually required contribution	52,500	39,016	29,564	44,546	47,308
Contribution deficiency (excess)	<u>\$ 492,713</u>	<u>\$ 467,858</u>	<u>\$ 477,310</u>	<u>\$ 393,579</u>	<u>\$ 390,817</u>
Borough's covered payroll	\$ 1,446,143	\$ 1,431,614	\$ 1,519,742	\$ 1,438,308	\$ 1,305,028
Contributions as a percentage of covered payroll	3.63%	2.73%	1.95%	3.10%	3.63%

* Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

	Original	Final	Actual	Variance with Final Budget Pos (Neg)
Revenues				
Taxes	\$ 3,478,974	\$ 3,478,974	\$ 3,784,309	\$ 305,335
Licenses and Permits	173,450	173,450	76,623	(96,827)
Fines, Forfeits and Costs	51,000	51,000	88,101	37,101
Interest on Investments and Rent	68,000	68,000	91,405	23,405
Grants and Revenue Sharing	339,670	339,670	296,900	(42,770)
Charges for Services	259,500	259,500	309,510	50,010
Public Utility Realty Tax	3,000	3,000	3,677	677
Miscellaneous	107,465	107,465	98,175	(9,290)
Sale of Assets	50	50	-	(50)
Total Revenues	4,481,109	4,481,109	4,748,700	267,591
Expenditures				
General	653,302	653,302	944,542	(291,240)
Protection to Persons and Property	2,728,311	2,728,311	2,629,678	98,633
Public Works - Highways, Streets & Parking	925,713	925,713	559,026	366,687
Recreation	29,714	29,714	27,191	2,523
Revitalization	30,100	30,100	28,265	1,835
Debt Service	83,109	83,109	355,583	(272,474)
Loss on Sale of Assets	-	-	281	
Capital Outlays	30,860	30,860	846,951	(816,091)
Total Expenditures	4,481,109	4,481,109	5,391,517	(910,127)
Excess (Deficit) of Revenues Over Expenditures	-	-	(642,817)	(642,536)
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	162,256	162,256
Total Other Financing Sources (Uses)	-	-	162,256	162,256
Net Change in Fund Balances	\$ -	\$ -	(480,561)	\$ (480,280)
Fund Balance - Beginning of Year			4,107,790	
Fund Balance - End of Year			\$ 3,627,229	

Notes to Budgetary Comparison Schedule:

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

General	(291,240)
Debt Service	(272,474)
Capital Outlays	(816,091)

The excess General, Debt Service and Capital Outlay expenditures were funded by the Township's available fund balance.

BOROUGH OF AMBLER
REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REFUSE FUND
YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

	Original	Final	Actual	Variance with Final Budget Pos (Neg)
Revenues				
Interest on Investments	\$ 5,120	\$ 5,120	\$ 7,971	\$ 2,851
Charges for Services	924,000	924,000	944,178	20,178
Miscellaneous	<u>1,100</u>	<u>1,100</u>	<u>325</u>	<u>(775)</u>
Total Revenues	<u>930,220</u>	<u>930,220</u>	<u>952,474</u>	<u>22,254</u>
Expenditures				
Health and Sanitation	<u>782,935</u>	<u>782,935</u>	<u>772,920</u>	<u>10,015</u>
Total Expenditures	<u>782,935</u>	<u>782,935</u>	<u>772,920</u>	<u>10,015</u>
Excess (Deficit) of Revenues Over Expenditures	<u>147,285</u>	<u>147,285</u>	<u>179,554</u>	<u>32,269</u>
Other Financing Sources (Uses)				
Transferred In (Out)	<u>(147,285)</u>	<u>(147,285)</u>	<u>-</u>	<u>147,285</u>
Total Other Financing Sources (Uses)	<u>(147,285)</u>	<u>(147,285)</u>	<u>-</u>	<u>147,285</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	179,554	<u>\$ 179,554</u>
Fund Balance - Beginning of Year			<u>266,666</u>	
Fund Balance - End of Year			<u>\$ 446,220</u>	

Other Supplementary Information

BOROUGH OF AMBLER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITOR'S REPORT)

		Nonmajor Special Revenue Funds						Total Nonmajor Funds
		Street Lighting Fund	Fire Fund	Recreation Fund	Revolving Loan Fund	Highway	Total	
<u>Assets</u>								
Cash and Cash Equivalents		\$ 31,776	\$ 21,797	\$ 163,110	\$ 42,493	\$ 374,597	\$ 633,773	\$ 916,596
Taxes Receivable		873	1,997	1,621	-	-	4,491	4,491
Due From Other Funds		-	-	32,123	-	-	32,123	32,123
Prepaid Expenses		-	6,405	-	-	-	6,405	6,405
Mortgage Receivable		-	-	-	310,000	-	310,000	310,000
Total Assets		<u>\$ 32,649</u>	<u>\$ 30,199</u>	<u>\$ 196,854</u>	<u>\$ 352,493</u>	<u>\$ 374,597</u>	<u>\$ 986,792</u>	<u>\$ 1,269,615</u>
<u>Liabilities and Fund Balance</u>								
Liabilities								
Accounts Payable		\$ 111	\$ -	\$ 1,627	\$ -	\$ 688	\$ 2,426	\$ 2,426
Due to Other Funds		48,534	21,852	-	-	-	70,386	70,386
Total Liabilities		<u>48,645</u>	<u>21,852</u>	<u>1,627</u>	<u>-</u>	<u>688</u>	<u>72,812</u>	<u>72,812</u>
Fund Balances								
Restricted		-	8,347	195,227	352,493	373,909	929,976	1,212,799
Unassigned (Deficit)		(15,996)	-	-	-	-	(15,996)	(15,996)
Total Fund Balances		<u>(15,996)</u>	<u>8,347</u>	<u>195,227</u>	<u>352,493</u>	<u>373,909</u>	<u>913,980</u>	<u>1,196,803</u>
Total Liabilities and Fund Balances		<u>\$ 32,649</u>	<u>\$ 30,199</u>	<u>\$ 196,854</u>	<u>\$ 352,493</u>	<u>\$ 374,597</u>	<u>\$ 986,792</u>	<u>\$ 1,269,615</u>

BOROUGH OF AMBLER
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2022
 (SEE INDEPENDENT AUDITOR'S REPORT)

	Nonmajor Special Revenue Funds							Total Nonmajor Funds
	Street Lighting Fund	Fire Fund	Recreation Fund	Revolving Loan Fund	Highway	Total	Debt Service	
Revenues								
Taxes	\$ 60,479	\$ 138,400	\$ 112,351	\$ -	\$ -	\$ 311,230	\$ -	\$ 311,230
Foreign Fire Relief	-	46,140	-	-	-	46,140	-	46,140
Contributions	-	26,795	-	-	-	26,795	-	26,795
Interest Income	163	254	918	2,475	1,270	5,080	910	5,990
State Motor Vehicle Fuel Tax	-	-	-	-	165,266	165,266	-	165,266
Grant Revenue	-	-	42,941	-	-	42,941	-	42,941
Miscellaneous	-	-	149	-	-	149	-	149
Total Revenues	<u>60,642</u>	<u>211,589</u>	<u>156,359</u>	<u>2,475</u>	<u>166,536</u>	<u>597,601</u>	<u>910</u>	<u>598,511</u>
Expenditures								
Street Lighting	55,625	-	-	-	-	55,625	-	55,625
Fire	-	203,242	-	-	-	203,242	-	203,242
Recreation	-	-	134,299	-	-	134,299	-	134,299
Highways and Streets	-	-	-	-	87,358	87,358	-	87,358
Total Expenditures	<u>55,625</u>	<u>203,242</u>	<u>134,299</u>	<u>-</u>	<u>87,358</u>	<u>480,524</u>	<u>-</u>	<u>480,524</u>
Excess (Deficit) of Revenues Over Expenditures	5,017	8,347	22,060	2,475	79,178	117,077	910	117,987
Other Financing Sources (Uses)								
Transfers In (Out)	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	5,017	8,347	22,060	2,475	79,178	117,077	910	117,987
Fund Balances (Deficit) - Beginning of Year	<u>(21,013)</u>	<u>-</u>	<u>173,167</u>	<u>350,018</u>	<u>294,731</u>	<u>796,903</u>	<u>281,913</u>	<u>1,078,816</u>
Fund Balances - End of Year	<u>\$ (15,996)</u>	<u>\$ 8,347</u>	<u>\$ 195,227</u>	<u>\$ 352,493</u>	<u>\$ 373,909</u>	<u>\$ 913,980</u>	<u>\$ 282,823</u>	<u>\$ 1,196,803</u>

BOROUGH OF AMBLER
 COMBINING STATEMENT OF PLAN NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2022
 (SEE INDEPENDENT AUDITOR'S REPORT)

	Component Unit - Pension Trust Funds		Total
	Police	Non-Uniformed Employees	
Assets			
Cash and Cash Equivalents	\$ 123,993	\$ 131,993	\$ 255,986
Accrued Income	80,472	41,882	122,354
Accounts Receivable	-	106,636	106,636
Investments:			
Corporate Debt and Equity, at Fair Value	4,157,261	2,128,486	6,285,747
Other Investments, at Fair Value	6,359,804	3,250,729	9,610,533
Total Assets	<u>\$ 10,721,530</u>	<u>\$ 5,659,726</u>	<u>\$ 16,381,256</u>
Net Position Restricted for Pensions	<u>\$ 10,721,530</u>	<u>\$ 5,659,726</u>	<u>\$ 16,381,256</u>

BOROUGH OF AMBLER
 COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED DECEMBER 31, 2022
 (SEE INDEPENDENT AUDITOR'S REPORT)

	Component Unit - Pension Trust Funds		Total
	Police	Non-Uniformed Employees	
Additions			
Contributions:			
Plan Members	\$ 78,174	\$ 28,082	\$ 106,256
Employer	100,000	120,750	220,750
Total Contributions	178,174	148,832	327,006
Investment Earnings			
Net Depreciation in Fair Value of Investments	(2,395,458)	(1,264,614)	(3,660,072)
Interest and Dividends	452,361	230,318	682,679
Total Investment Earnings	(1,943,097)	(1,034,296)	(2,977,393)
Less Investment Expense	(84,633)	(44,586)	(129,219)
Net Investment Earnings	(2,027,730)	(1,078,882)	(3,106,612)
Total Additions	(1,849,556)	(930,050)	(2,779,606)
Deductions			
Benefits	463,873	362,710	826,583
Total Deductions	463,873	362,710	826,583
Changes in Net Position	(2,313,429)	(1,292,760)	(3,606,189)
Net Position - Beginning of Year	13,034,959	6,952,486	19,987,445
Net Position - End of Year	\$ 10,721,530	\$ 5,659,726	\$ 16,381,256