



**Borough of Lansdale, Pennsylvania  
Comprehensive Annual Financial Report  
Fiscal Year Ended, December 31, 2017**



*Certified Public Accountants and Business Consultants*

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*Year Ended December 31, 2017*

**Prepared by:**

**The Office of the Director of Finance**

## **INTRODUCTORY SECTION**

# BOROUGH OF LANSDALE, PENNSYLVANIA

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## BOROUGH OF LANSDALE

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One Vine Street ■ Lansdale, Pennsylvania 19446-3601

■ FAX 215-361-8399

■ 215-368-1691

June 18, 2018

To the Honorable Mayor, Members of Borough Council, and Citizens of the Borough of Lansdale, Pennsylvania:

The Borough is required to publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Comprehensive Annual Financial Report of the Borough of Lansdale, Pennsylvania for the fiscal year ended December 31, 2017 is hereby submitted.

This report consists of management's representations concerning the finances of the Borough of Lansdale. Consequently, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Borough management. To provide a reasonable basis for making these representations, management of the Borough of Lansdale has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Borough of Lansdale's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Borough of Lansdale's comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. To the best of my knowledge and belief, the enclosed data is presented fairly in all material respects and is reported in a manner designed to present fairly the financial position and the results of operations of the Borough in accordance with generally accepted accounting principles. All disclosures necessary to enable the reader to gain an understanding of the Borough's financial activities have been included.

The Borough of Lansdale's financial statements have been audited by Maillie LLP. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Borough of Lansdale for the fiscal year ending December 31, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures of the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Borough of Lansdale's financial statements for the fiscal year ended December 31, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the document. The Borough of Lansdale's MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the Borough's organizational chart and a list of the Borough's principal officials. The financial section includes the independent auditors' report, Management's Discussion and Analysis, basic financial statements and notes to those financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

#### Profile of the Borough of Lansdale

The Borough of Lansdale was incorporated in 1872 and is located twenty-five miles north of the city of Philadelphia. It has public transportation to the city and to other communities via SEPTA train and bus lines. The Borough has a below average crime rate, its own electric distribution system, excellent parks and recreation programs and facilities which include two municipal swimming pools and a public library. As part of the North Penn School District, Lansdale houses two elementary schools and a junior high school.

The Borough provides a full range of municipal services, which include a twenty-four hour Police Department; a Parks Department offering recreational activities and cultural events along with an extensive park system consisting of twenty-one parks, two swimming pools and 152 acres of open space; the Borough's Public Works Department is responsible for the maintenance and construction of roadways and other critical infrastructure. The Borough also supports the Fairmount Volunteer Fire Company. The Borough operates electric and sewer utilities to provide these services to Borough residents and businesses. In addition, the Lansdale Parking Authority and the Lansdale Public Library are included as component units in the reporting entity. Certain other entities have not met the criteria for inclusion in the reporting entity, and accordingly, are excluded from this report (see note A to the combined financial statements).

The Borough of Lansdale operates under the council-manager form of government with Borough Council holding the responsibility of passing ordinances, adopting the annual budget and appointing members to Borough committees. The Borough Manager is responsible for carrying out the policies and ordinances enacted by Borough Council, overseeing the day-to-day operations of the Borough and appointing managers to the various Borough departments. Borough Council members serve four year terms, with five members elected in one year and then four members elected in an alternate year.

The annual budget serves as the foundation for the Borough of Lansdale's financial planning and control. All departments of the Borough are required to submit their individual budgets to the Finance Director for preliminary review and discussion. The Finance Director uses these documents to develop the Borough budget. Capital items must be presented separately to the Borough Manager, who evaluates and determines the priorities for the new fiscal year. Once a balanced budget has been prepared, it is presented by the Finance Director to the Borough Manager for final review. The budget includes proposed expenditures and the means of financing them. The Borough Manager presents the proposed budget to Borough Council, allowing enough time for discussion and for changes to be made while meeting the legal advertising requirements set forth by the Commonwealth of Pennsylvania. Borough Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the Borough of Lansdale's fiscal year. Department Heads may make transfers of appropriations within a department; transfers of appropriations between departments require the special approval of Borough Council. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated budget has been adopted. For the General Fund, this comparison is presented on pages 74 and 75. Governmental funds, other than the General Fund, with appropriated annual budgets, are presented on page 86.

## Major Initiatives

2017 began with Borough management identifying the need for and the crafting of a Borough Mission Statement. After careful consideration and research our mission reads, "To provide our residents and businesses with the highest quality of living by promoting public safety, maintaining infrastructure, fostering education and providing recreational opportunities while offering quality customer service through the practice of fiscally responsible and transparent governance." Each component of the statement was carefully reviewed in order to facilitate improvement while shaping strategy and focusing on our future.

With our newly crafted mission in mind, Lansdale Borough worked in cooperation with Southeastern Pennsylvania Transportation Authority (SEPTA) and EQUUS Capital Partners to foster new solutions for longstanding issues. Specifically, through the construction and opening of a SEPTA parking structure with pedestrian overpass and development of EQUUS's Lansdale Station Apartment Homes, the Borough is able to complement our long-range development plans while enhancing Regional Rail service for those living and working in Montgomery County. New infrastructure and access to transportation is a catalyst for economic development and improved quality of life and through combined efforts and resources, this Public Private Partnership has resulted in one of the first construction projects in an overall Transportation Oriented Development (TOD) plan. SEPTA's improvements in Lansdale Borough will provide a direct connection to EQUUS's Lansdale Station project, which broke ground in October 2017, in turn offering new economic opportunities for Borough residents, business owners and visitors all while facilitating the broader coordinated enhancements within the Borough. While it may be ironic to think of a place to park as an amenity that fosters forward momentum, the SEPTA Parking Garage is just that for Lansdale ... an asset that works well with everything around it. The Borough has seen significant momentum in the past few years and the addition of a parking garage and mixed-use development project in the heart of downtown are important pieces of the puzzle.

Another key piece of the mission is a focus on the quality of life for our residents through recreational activities. In early 2017 Borough Council approved the location and creation of a skatepark ... "Life in Motion" is the Borough's tagline and nothing says motion like a skatepark! By arranging a safe environment for skateboarding and promoting an active lifestyle for youth, the Borough will now provide an alternative to the negatives kids face each day. The community realized that skateboarding is going to happen whether a skatepark exists or not so Council acted to keep our youth safe by providing a safe, designated space for them to pursue their activity. And while the skatepark is not intended to be an economic development tool, it has been for surrounding communities as skateboarders are tenacious and will seek out the compelling terrain our design features so local businesses will benefit from the draw.

An additional intergenerational recreation project the Borough entered into in 2017 was construction of the Liberty Bell Trail. Named for the former route of the Liberty Bell Trolley, this start to finish twenty- five-mile, multi-use trail makes connections to numerous local trails and will eventually form a long- distance greenway connecting Philadelphia and Allentown-Bethlehem metro areas. Specifically, in Lansdale, the trail provides appealing and practical physical activity for our residents with access to safe and serene ways to travel regionally as well as through our Lansdale neighborhoods. And to be able to deliver these benefits all while preserving and restoring open space makes this portion of the trail a definite component of a healthy community.

The past twelve months have certainly been exciting and productive for Lansdale Borough. Above are only a few of the initiatives that will enhance our ability to provide services and complete projects, so we take pride as a community in what we have accomplished and look forward to working to fulfil our purpose and meet our mission in 2018.

## Factors Affecting Financial Condition

Local Economy. Like other older communities within Pennsylvania, the Borough has felt the effect of the loss of industries within it. Lansdale Borough is surrounded by what are commonly called "bedroom communities", which have experienced tremendous growth in the last twenty years. The Borough has not experienced this growth, as it is built out, and as such the only room for growth is to find new uses for its industrial sites while maintaining the quality of its existing neighborhoods. It is with this in mind that the Borough has aggressively sought grant funding from Montgomery County, which also recognizes the need to improve and in some cases stabilize its older communities. The Borough's Economic Development Committee (EDC) is again active, with its main purpose being to identify alternative uses for existing vacant sites within the Borough and bring new development to those areas. It is the Borough's desire that these uses will be such that their long-term viability will assist the Borough with its revitalization efforts, as well as enhance the quality of life for all citizens. Alternative uses for former industrial sites will increase the Borough's real estate tax valuation, creating greater property tax revenue without increasing the tax rate. It can also create jobs, resulting in greater earned income tax revenue; both of these taxes are important sources of funding for the General Fund. Lansdale continues to invite and welcome new development, both commercial and residential. Construction, and in some cases completion, of projects such as Andale Green (Hancock Street), North Penn Commons (E. Main Street), and Elm Terrace Gardens (Broad Street) illustrate the available opportunities for development within Lansdale Borough. A transit oriented development is under construction with the residential component in a neighboring community, while the commercial buildings will be built within the Borough. Substantial completion of a pedestrian friendly shopping center and retail stores with their own unique facades now enhance the Borough's Broad Street corridor. This is in direct contrast to the commercial strip shopping center models already built in many of the surrounding communities.

Long-Term Financial Planning. The Borough recognizes that its roads and storm sewers are aging. Since improvements to infrastructure will benefit current and future residents, the Borough will continue to utilize borrowing as a means of funding this work. At the present time the Borough is not aware of any pending Federal or State regulations that would cause an additional commitment of its financial resources.

The Borough of Lansdale also provides pension benefits to its full-time nonuniform employees; however, these are defined contribution plans and as such, no independent calculation is needed. The nature of this type of plan involves monthly contributions by the Borough based on specific percentages and the resulting benefit to the retiree is based on what they have accumulated in their individual accounts. Additional information regarding these plans may be found in the Notes F and G in the notes to the financial statements.

The Borough provides a maximum of thirty-six months health insurance coverage to its nonuniform full-time employees who choose early retirement. No other postretirement health benefits are offered.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Borough of Lansdale for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016. This was the twenty-third consecutive year that the Borough of Lansdale has achieved and received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Borough believes that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of many Borough employees, particularly those in Administration and Finance departments. All of these employees have my sincere appreciation for contributions made during the year, which assist in making the preparation of this report more streamlined. I also wish to thank our auditors, Maillie LLP, for their expertise and assistance throughout the process.

In closing, without the leadership of the Mayor and Borough Council and the unwavering support and encouragement of the Borough Manager, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in blue ink, reading "John Ramey", is written over a solid horizontal line.

John Ramey  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Borough of Lansdale  
Pennsylvania**

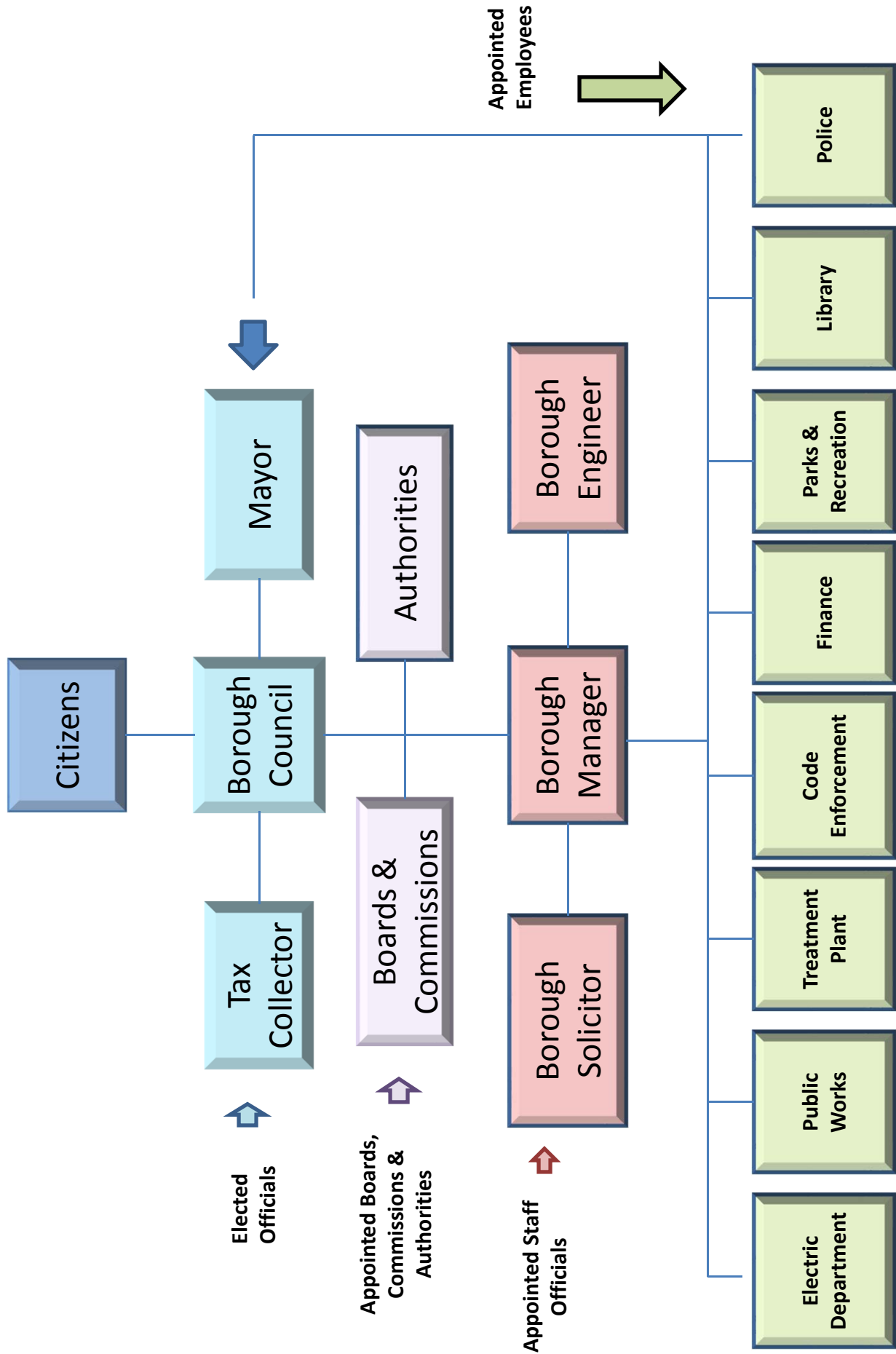
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morrill*

Executive Director/CEO

# Lansdale Borough Organizational Chart



**BOROUGH OF LANSDALE**  
**LIST OF OFFICIALS**  
**December 31, 2017**

Mayor	G. Andrew Szekely
Council President	Denton Burnell
Council Vice-President	Mary Fuller
Council Member-Ward I	Steven Malagari
Council Member-Ward I	Jason Van Dame
Council Member-Ward II	Thomas Work
Council Member-Ward II	Jack Hansen
Council Member-Ward II	Richard DiGregorio
Council Member-Ward III	Leon Angelichio
Council Member-Ward III	Carrie Hawkins Charlton
Borough Manager/Secretary	Jacob Ziegler
Director of Utilities	Rick Delong
Director of Finance	John Ramey
Director of Parks and Recreation	Carl W. Saldutti, Jr.
Superintendent-Wastewater Treatment Plant	Daniel Shinskie
Superintendent-Electric Plant	Andrew Krauss
Chief of Police	Michael Trail
Fire Marshall	Jay Daveler
Tax Collector	Christine A. Calhoun
Treasurer	Geraldine Siegler
Borough Solicitor	Sean Kilkenny, Esq.
Borough Engineer	Remington, Vernick and Beach
Zoning Solicitor	Gregory R. Gifford, Esq.

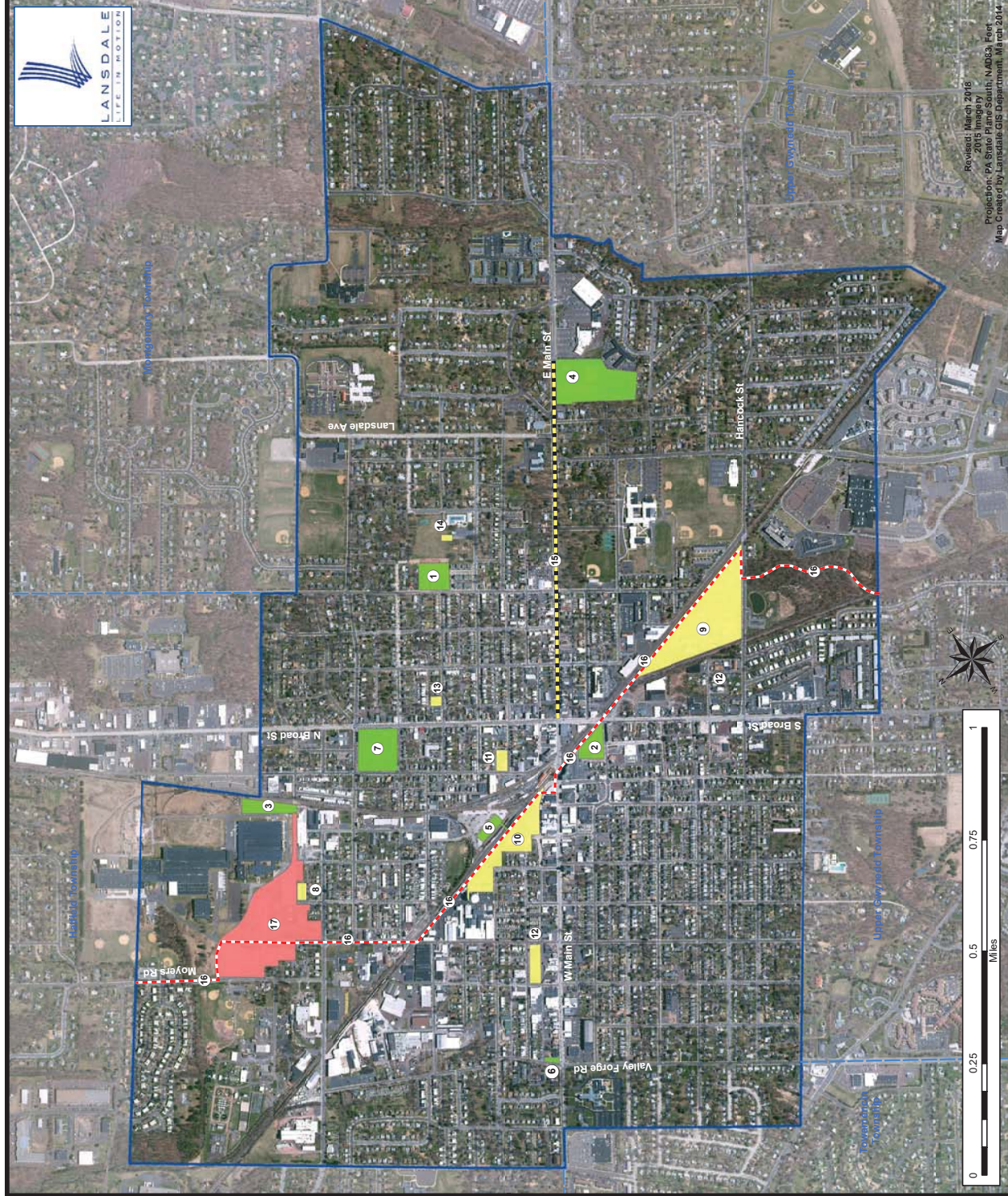
# Borough of Lansdale

## Land Development 2018

- Completed Projects**
- Williamson Square II: 437 N Line St**  
Developer: W.B. Homes  
Approved: 2014  
Product: 30 Twin Homes
  - Lansdale Borough Hall: 1 Vine St**  
Developer: Borough of Lansdale  
Approved: 2013  
Product: Municipal Complex
  - Septia 9th St Station: 141 W 9th St**  
Developer: Septia  
Approved: 2014  
Product: Platform Station
  - North Penn Commons: 606-608 E Main St**  
Developer: North Penn YMCA  
Approved: 2012  
Product: Mixed Use - 60 Apartments / 23,000 SF Commercial
  - Septia Parking Garage: Lansdale Station**  
Developer: Septia  
Approved: 2014  
Product: Parking Garage: 681 Spaces
  - Unique Aid: 889-861 W Main St**  
Developer: Andia L.L.C.  
Approved: 2012  
Product: Mixed Use - 3 Apartments / 13,000 SF Commercial
  - Elm Terrace Gardens: 660 N Broad St**  
Developer: Elm Terrace Gardens  
Approved: 2015  
Product: 44 Units

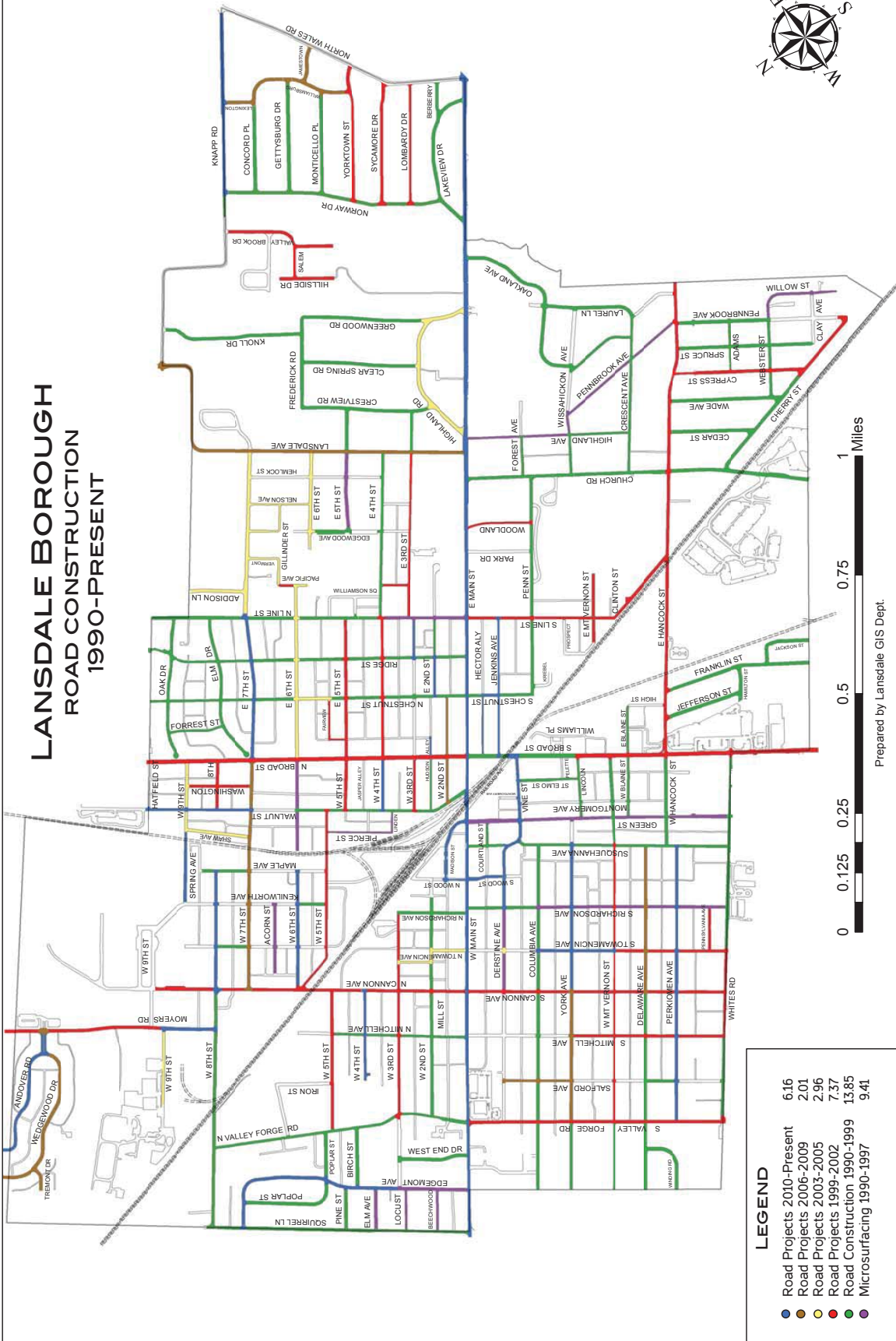
- Ongoing Projects**
- Temple Equity Partners, LLC: 815 N Towamencin Ave**  
Developer: TBD  
Approved: 2012  
Product: 5 Townhomes / 1 Twin Home
  - Andale Greent: 135 E Hancock St**  
Developer: Jim Moulton/ Ryan Homes  
Approved: 2017  
Product: 174 Townhomes (total) / 4 Phases
  - Madison Parking Lot: Madison St**  
Developer: Equus Partners  
Approved: 2017  
Product: TBD
  - Walnt St Apartments: 43 W Third St**  
Developer: Bennett Properties LLC  
Approved: TBD  
Product: New Construction
  - Penn Square: 20 N Cannon Ave**  
Developer: TBD  
Approved: TBD  
Product: 40 Townhomes
  - Timinski Subdivision: 22-24 Fairview Ave**  
Developer: Mark Timinski  
Approved: 2016  
Product: 5 Townhomes
  - Fourth St Skatepark: Fourth St Park**  
Developer: Borough of Lansdale  
Approved: 2017  
Product: Skatepark
  - Streetscape Project: ---**
  - Liberty Bell Trail: - - - - -**

- Future Projects**
- North Penn Park View: 1000 N Cannon Ave**  
Developer: TBD  
Approved: 2008/ Needs Current Review  
Product: 175 Townhomes



Revised: March 2016  
2015 Imagery  
Projection: PA State Plane South, NAD83, Feet  
Map Created by Lansdale GIS Department, March 2014

# LANSDALE BOROUGH ROAD CONSTRUCTION 1990-PRESENT



**LEGEND**

●	Road Projects 2010-Present	6.16
●	Road Projects 2006-2009	2.01
●	Road Projects 2003-2005	2.96
●	Road Projects 1999-2002	7.37
●	Road Construction 1990-1999	13.85
●	Microsurfacing 1990-1997	9.41

Prepared by Lansdale GIS Dept.

## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

To the Borough Council  
Borough of Lansdale, Pennsylvania  
Lansdale, Pennsylvania

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Lansdale, Pennsylvania, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough of Lansdale, Pennsylvania's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Borough Council  
Borough of Lansdale, Pennsylvania  
Lansdale, Pennsylvania

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Lansdale, Pennsylvania, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 30, budgetary comparison information on pages 74 and 75, pension plan information on pages 76 through 78 and the postemployment benefits other than pension funding progress on page 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Borough Council  
Borough of Lansdale, Pennsylvania  
Lansdale, Pennsylvania

The schedule of revenues and other financing sources - General Fund, schedule of functional expenditures by activity and other financing uses - General Fund, combining and individual nonmajor fund financial statements, individual budget to actual comparison schedules for the nonmajor funds, schedule of general capital assets by function, schedule of capital assets used in operation of governmental funds, schedule of operating expenses - Electric Fund, schedule of utility plant in service - Electric Fund, schedule of operating expenses - Sewer Fund, schedule of utility plant in service - Sewer Fund, schedule of operating expenses - 421 West Main Street Fund and the schedule of building and building improvements - 421 West Main Street Fund 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 and individual nonmajor fund financial statements, individual budget to actual comparison schedules for the nonmajor funds, schedule of general capital assets by function, schedule of capital assets used in operation of governmental funds, schedule of operating expenses - Electric Fund, schedule of utility plant in service - Electric Fund, schedule of operating expenses - Sewer Fund, schedule of utility plant in service - Sewer Fund, schedule of operating expenses - 421 West Main Street Fund and the schedule of building and building improvements - 421 West Main Street Fund are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Maillie LLP".

Oaks, Pennsylvania  
June 18, 2018

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2017

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As management of the Borough of Lansdale, we present readers of the Borough of Lansdale's financial statements this narrative overview and analysis of the financial activities for the Borough of Lansdale during fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found on pages 6 to 10 of this report.

**FINANCIAL HIGHLIGHTS**

- The assets of the Borough of Lansdale exceeded its liabilities at the close of the most recent fiscal year by \$73,870,364 (net position). Of this amount, \$25,285,795 may be used to meet the government's ongoing obligations to citizens and creditors.
- The Borough's total net position decreased by \$275,124. As of the close of the current fiscal year, the Borough of Lansdale's Governmental Funds reported combined ending fund balances of \$28,137,782. Approximately \$2,611,236 of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,735,557 or 22.54% of total General Fund expenditures.
- The Borough of Lansdale formally adopted a Fund Balance Policy to establish the appropriate level of reserves of fund balance for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Fund.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Borough of Lansdale's basic financial statements. The Borough of Lansdale's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

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

The *statement of net position* presents information on all of the Borough of Lansdale's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the Borough of Lansdale's financial position is improving or deteriorating.

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

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2017

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Both of the government-wide financial statements distinguish functions of the Borough of Lansdale that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Borough of Lansdale include Administration, Police, Highways and Public Works, Community Development and Land Planning, Library and Parks and Recreation departments. The business-type activities of the Borough include an electric distribution operation, wastewater treatment operation and rental activity of Borough owned property.

The government-wide financial statements include not only the Borough of Lansdale itself (known as the *primary government*), but also a legally separate Parking Authority and Library for which the Borough of Lansdale is financially accountable. Financial information for these blended component units is reported within the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 31 and 32 of this report.

**Fund Financial Statements**

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough of Lansdale, like other State and Local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Borough of Lansdale can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

**Governmental Funds.** *Governmental Funds* are used to account for essentially identical functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Funds financial statements focus on *near-term inflows* and *outflows of spendable resources* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial reporting requirements.

Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *Governmental Funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds balance sheet and the Governmental Funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *Governmental Funds* and *governmental activities*.

The Borough of Lansdale maintains seven individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund Lansdale Parking Authority Revenue Fund and Debt Service Fund, all of which are considered major funds. Individual fund data for each of the non-major Governmental Funds is provided in the form of *combining statements* elsewhere in this report.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2017

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The Borough of Lansdale adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic Governmental Funds financial statements can be found on pages 33 to 36 of this report.

**Proprietary Funds.** The Borough of Lansdale maintains three different types of Proprietary Funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Borough of Lansdale used Enterprise Funds to account for its electric distribution operation, wastewater treatment operation and rental activities at Borough owned property.

Proprietary Funds provide the same type of information as the government-wide financial statements only in more detail. The Proprietary Funds financial statements provide separate information for the electric distribution system and the wastewater treatment operation, both of which are considered to be major funds of the Borough of Lansdale.

The basic Proprietary Funds financial statements can be found on pages 37 to 40 of this report.

**Fiduciary Funds.** Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are *not* reflected in the government-wide financial statements because the resources of these funds are *not* available to support the Borough of Lansdale's own programs. The accounting used for the Fiduciary Funds is much like that used for Proprietary Funds.

The basic Fiduciary Funds financial statements can be found on pages 41 and 42 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 to 73 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Borough of Lansdale's major fund budget to actual and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 74 to 79 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 80 to 95 of this report.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough of Lansdale, assets exceeded liabilities by \$73,870,364 at the close of the most recent fiscal year.

The largest portion of the Borough of Lansdale's net position (52%) is the net investment in capital assets.

**Borough of Lansdale's Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>ASSETS</b>						
Current and other assets	\$ 29,872,991	\$ 22,774,108	\$ 14,270,376	\$ 15,629,202	\$ 44,143,367	\$ 38,403,310
Capital assets						
Depreciable	43,605,047	48,482,973	12,896,488	12,654,671	56,501,535	61,137,644
Nondepreciable	15,343,655	14,578,875	657,690	509,976	16,001,345	15,088,851
<b>TOTAL ASSETS</b>	<b>88,821,693</b>	<b>85,835,956</b>	<b>27,824,554</b>	<b>28,793,849</b>	<b>116,646,247</b>	<b>114,629,805</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred amount on refunding, net	171,188	190,752	-	-	171,188	190,752
Pension activity	836,359	1,081,904	-	-	836,359	1,081,904
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,007,547</b>	<b>1,272,656</b>	<b>-</b>	<b>-</b>	<b>1,007,547</b>	<b>1,272,656</b>
<b>LIABILITIES</b>						
Long-term liabilities outstanding	41,066,091	38,907,903	-	-	41,066,091	38,907,903
Other liabilities	1,744,474	1,796,406	735,054	917,615	2,479,528	2,714,021
<b>TOTAL LIABILITIES</b>	<b>42,810,565</b>	<b>40,704,309</b>	<b>735,054</b>	<b>917,615</b>	<b>43,545,619</b>	<b>41,621,924</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension activity	237,811	135,049	-	-	237,811	135,049
<b>NET POSITION</b>						
Net investment in capital assets	25,034,485	31,197,153	13,554,178	13,164,647	38,588,663	44,361,800
Restricted	8,315,431	3,909,552	1,680,475	1,675,692	9,995,906	5,585,244
Unrestricted	13,430,948	11,162,549	11,854,847	13,035,895	25,285,795	24,198,444
<b>TOTAL NET POSITION</b>	<b>\$ 46,780,864</b>	<b>\$ 46,269,254</b>	<b>\$ 27,089,500</b>	<b>\$ 27,876,234</b>	<b>\$ 73,870,364</b>	<b>\$ 74,145,488</b>

13.5% of the Borough of Lansdale's net position represents resources that are subject to external restrictions on how they may be used to meet the government's ongoing obligations to citizens and creditors.

The Borough's total net position decreased by \$275,124 during the current fiscal year. This decrease is primarily due to the utilization of General Obligation Bond funds (restricted asset).

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2017**

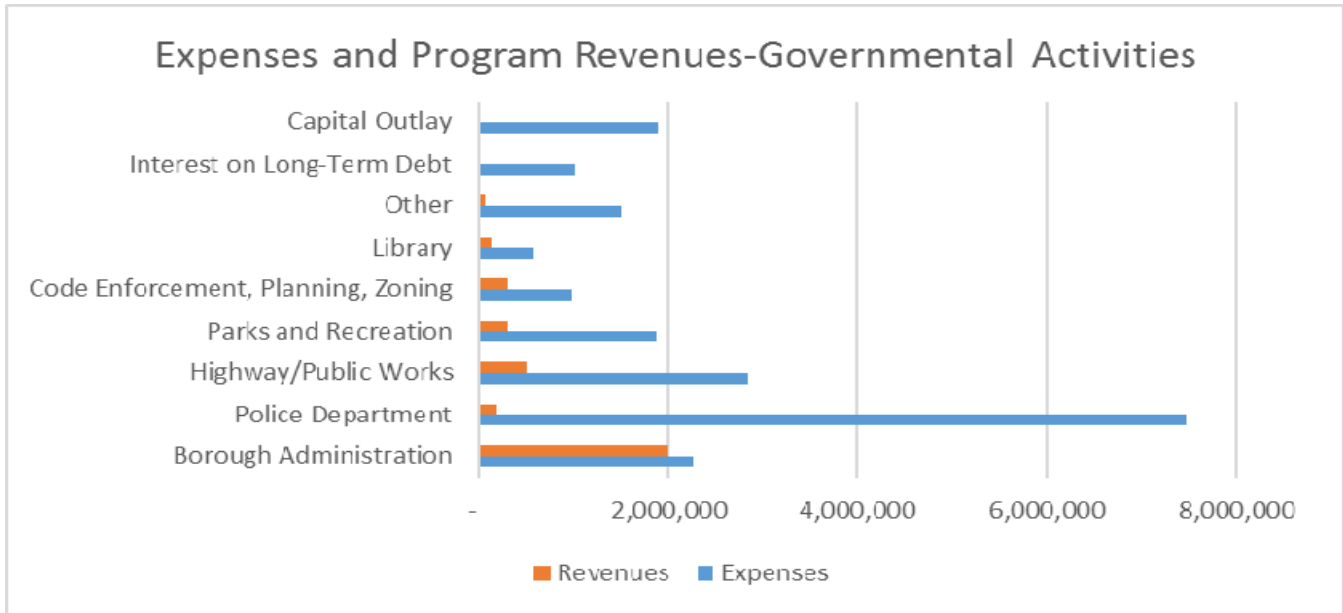
**Governmental Activities**

Governmental activities increased the Borough of Lansdale's net position by \$511,610.

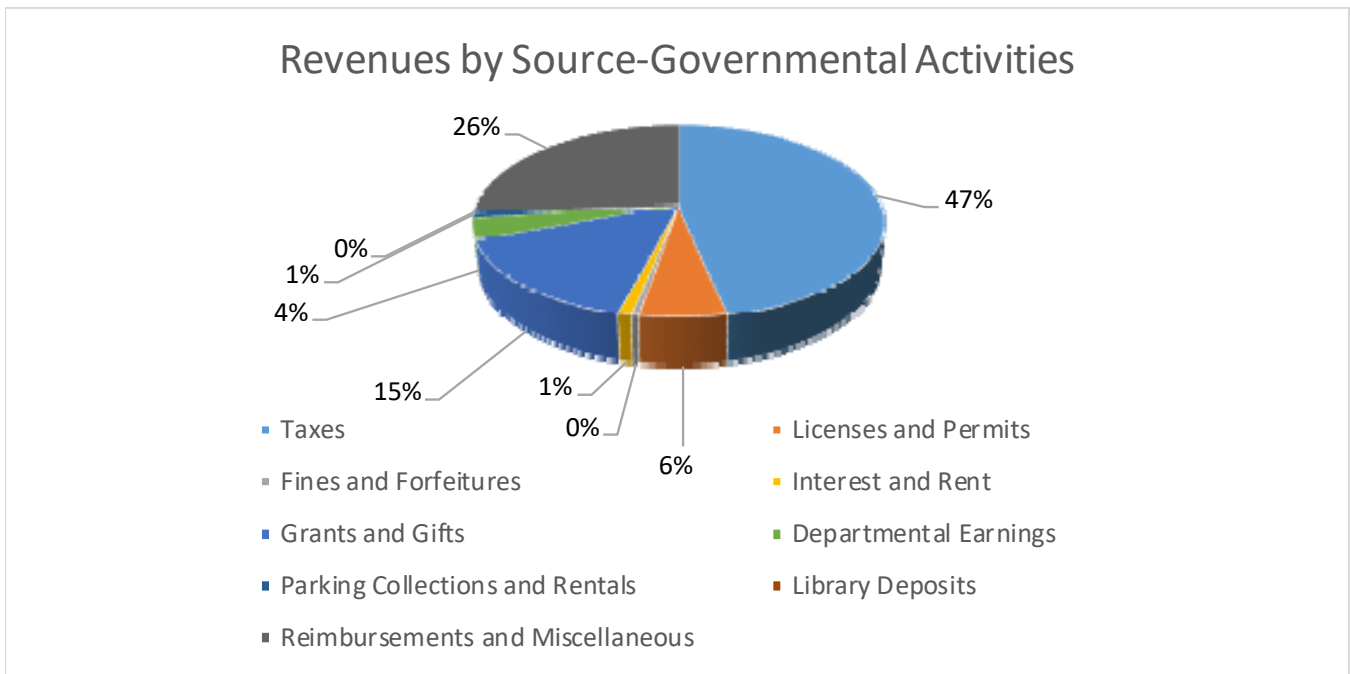
	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 5,711,021	\$ 2,259,777	\$ 25,420,933	\$ 25,697,364	\$ 31,131,954	\$ 27,957,141
Operating grants and contributions	1,209,062	1,257,323	-	-	1,209,062	1,257,323
Capital grants and contributions	227,959	13,061	-	-	227,959	13,061
General revenues						
Taxes	6,354,079	6,291,040	-	-	6,354,079	6,291,040
Unrestricted investment earnings	119,209	45,505	24,586	25,019	143,795	70,524
<b>TOTAL REVENUES</b>	<b>13,621,330</b>	<b>9,866,706</b>	<b>25,445,519</b>	<b>25,722,383</b>	<b>39,066,849</b>	<b>35,589,089</b>
<b>EXPENSES</b>						
Administration	2,517,561	2,270,574	-	-	2,517,561	2,270,574
Police department	6,267,588	7,169,563	-	-	6,267,588	7,169,563
Highway/public works	2,918,060	2,848,081	-	-	2,918,060	2,848,081
Culture and recreation	1,632,654	1,881,084	-	-	1,632,654	1,881,084
Code enforcement/planning/zoning	967,701	985,724	-	-	967,701	985,724
Library	586,782	577,915	-	-	586,782	577,915
Other	1,197,410	1,499,735	-	-	1,197,410	1,499,735
Interest on long-term debt	1,005,688	1,023,923	-	-	1,005,688	1,023,923
Electric	-	-	13,874,041	13,951,054	13,874,041	13,951,054
Sewer	-	-	4,170,435	4,223,618	4,170,435	4,223,618
421 West Main Street	-	-	67,377	61,852	67,377	61,852
<b>TOTAL EXPENSES</b>	<b>17,093,444</b>	<b>18,256,599</b>	<b>18,111,853</b>	<b>18,236,524</b>	<b>35,205,297</b>	<b>36,493,123</b>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS AND SPECIAL ITEMS</b>	<b>(3,472,114)</b>	<b>(8,389,893)</b>	<b>7,333,666</b>	<b>7,485,859</b>	<b>3,861,552</b>	<b>(904,034)</b>
<b>TRANSFERS AND SPECIAL ITEMS</b>						
Transfers	8,120,400	5,408,272	(8,120,400)	(5,408,272)	-	-
Special item - loss on sale of capital assets	(4,136,676)	-	-	-	(4,136,676)	-
<b>TOTAL TRANSFERS AND SPECIAL ITEMS</b>	<b>3,983,724</b>	<b>5,408,272</b>	<b>(8,120,400)</b>	<b>(5,408,272)</b>	<b>(4,136,676)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>511,610</b>	<b>(2,981,621)</b>	<b>(786,734)</b>	<b>2,077,587</b>	<b>(275,124)</b>	<b>(904,034)</b>
<b>NET POSITION AT BEGINNING OF YEAR, governmental activities restated</b>	<b>46,269,254</b>	<b>49,250,875</b>	<b>27,876,234</b>	<b>25,798,647</b>	<b>74,145,488</b>	<b>75,049,522</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 46,780,864</b>	<b>\$ 46,269,254</b>	<b>\$ 27,089,500</b>	<b>\$ 27,876,234</b>	<b>\$ 73,870,364</b>	<b>\$ 74,145,488</b>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2017**

The Police Department expenditures decreased by \$1,201,975 (16.1%) due to the department not being at full staff for half the year. The Public Services expenditures decrease by \$302,325 (20.2%) due to a purchase of property in 2016.



Fifty percent (50%) of the total program revenue for Public Works consisted of Charges for Services; these monies were used for infrasture improvements. Capital outlay in 2017 was \$2,187,089 dollars which was funded mainly through the 2012 and 2014 General Obligation Bonds.

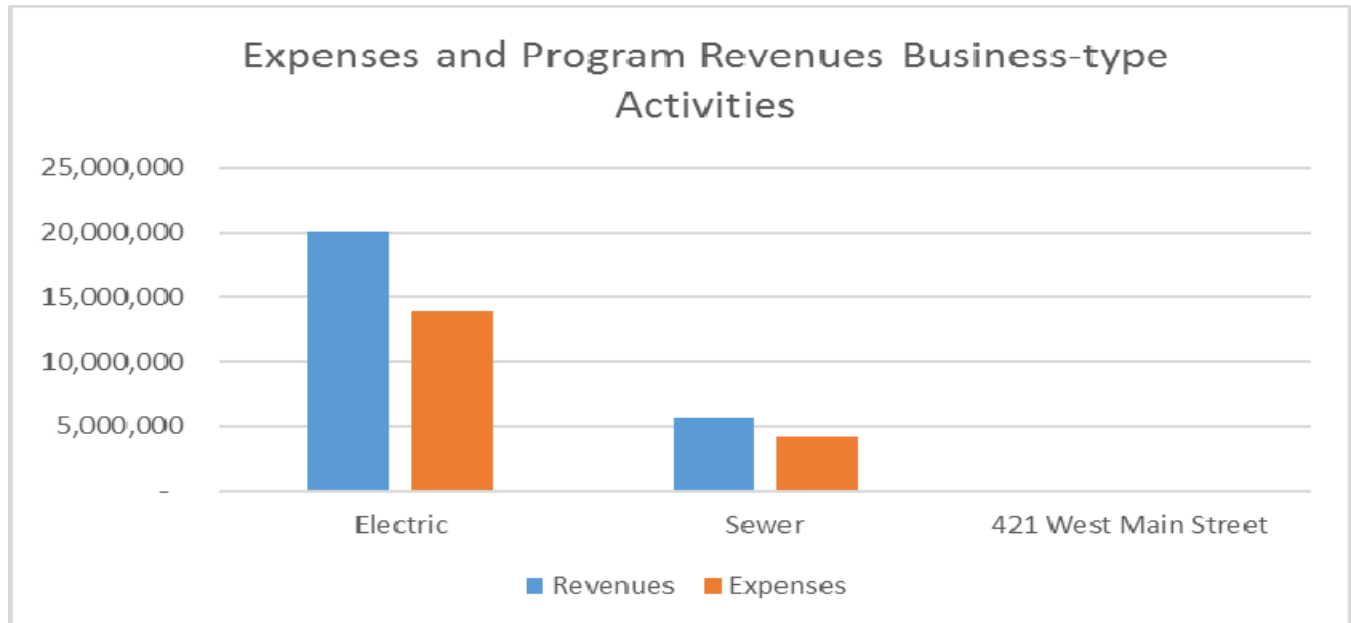


**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2017**

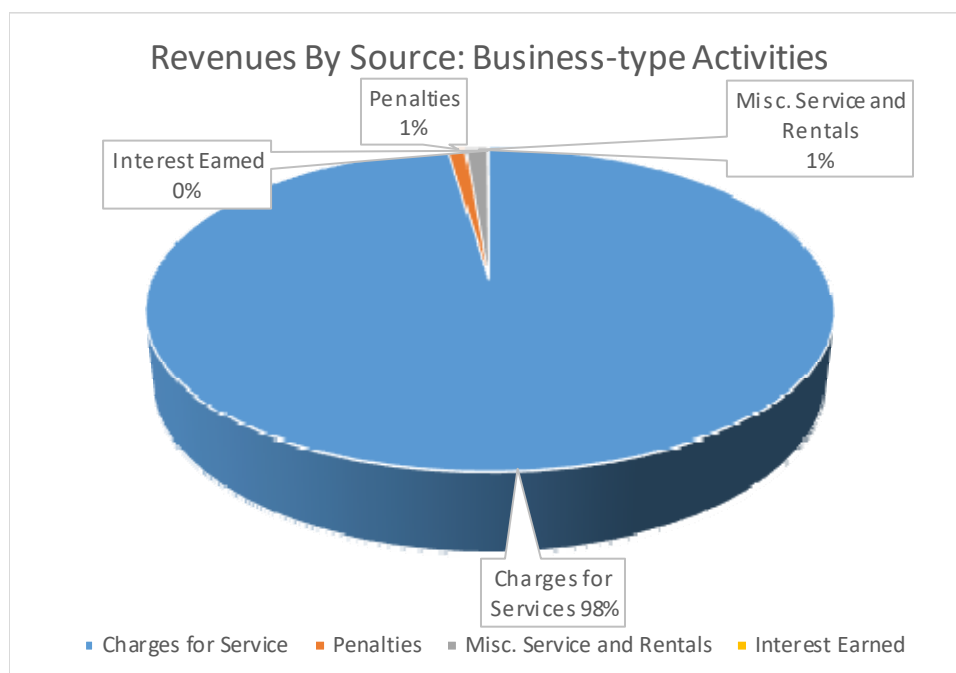
In 2017, the Borough received \$1,437,021 in Grants and Gifts which represents eight percent (8%) of revenues for Governmental Activities. Total tax collection for 2017 totaled \$6,354,079 comprising of thirty-six percent (36%) of the revenues for Governmental Activities. Of the total tax collection, fifty-four percent (54%) or \$3,452,002 is real estate tax collection.

**Business-Type Activities**

Business-type activities decreases the Borough of Lansdale's net position by \$786,734.



Program Revenue for the Electric Fund amounted to \$19,983,115; those for the Sewer Fund totaled \$5,324,300; and those for the 421 West Main Street Fund equal \$113,518. Net (expenses) revenue and changes in net position were -\$362,287, -\$511,033 and \$86,586 respectively.



**BOROUGH OF LANSDALE, PENNSYLVANIA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2017

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Charges for service generated \$24,859,913 in revenue during 2017, representing one hundred percent (100%) of total revenue for Business-type Activities. Seventy-nine percent (79%) of this revenue was sale of electricity totaling \$19,599,409 and twenty-two percent (21%) was sewer rents in the amount of \$5,260,504.

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

As noted earlier, the Borough of Lansdale uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the Borough of Lansdale's *Governmental Funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Borough of Lansdale's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Borough of Lansdale's Governmental Funds reported combined ending fund balances of \$28,137,782, an increase of \$7,187,312 in comparison with the prior year. Approximately 9% of this total amount (\$2,611,236) constitutes unassigned fund balance, which is available for spending at the Borough's discretion. The remainder of fund balance is nonspendable, restricted, committed, or assigned indicating that it is not available for new spending because it has already been restricted or committed to capital projects (\$16,189,557), is restricted for the Library (\$222,414), is committed to parking projects (\$5,794,431), is committed to other post-employment benefits (\$3,319,984), or to pay for prepaid expenses incurred at the end of the year (\$160).

**General Fund**

The General Fund is the chief operating fund of the Borough of Lansdale. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,735,557. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned and total fund balance to total fund expenditures. Unassigned and total fund balance represents 22.54% and 116.59% of total General Fund expenditures, respectively.

The fund balance of the Borough of Lansdale's General Fund increased by \$1,252,678 during the current fiscal year. This increase was due to decreased transfers to other funds in 2017. The Borough Budget for expenditures in 2017 was \$13,007,627 and the actual expenditures were \$12,138,137, a difference of (\$869,490). The Borough Budget for revenues was \$8,840,500 and the actual revenues were \$9,223,688 generating \$383,188 more than anticipated. This majority of this revenue was from licenses and permits (\$260,644).

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2017

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**Capital Projects Fund**

The Capital Projects Fund accounts for the majority of capital projects and purchases for the Borough of Lansdale. In 2017, \$1,698,866 was spent on various projects. Street and storm water projects continue to be the main expenditures, with \$1,256,491 of the total expenditures of the fund spent on these projects. Other expenditures included park improvements, public works equipment, police, building improvements and equipment purchases.

The fund balance of the Borough of Lansdale's Capital Project Fund increased by \$4,560,022 during the current fiscal year. This increase was due to new borrowings, transfers from other funds, and sales of assets.

**Lansdale Parking Authority Fund**

The Lansdale Parking Authority Fund accounts for the activity of the Lansdale Parking Authority. In 2017, \$462,343 was spent on administration and projects of the Lansdale Parking Authority. Engineering on construction projects continues to be the main expenditures, with \$222,678 of the total expenditures of the fund. Other expenditures included legal fees, grounds maintenance, and administrative cost.

The fund balance of the Borough of Lansdale's Parking Authority Fund increased by \$1,538,389 during the current fiscal year. This increase was mostly due to the sale of property \$1,925,900 and a grant \$61,850.

**Debt Service Fund**

The Debt Service Fund accounts for the debt payments for the Borough of Lansdale. In 2017, \$2,449,872 was spent on debt service between principal \$1,450,904 and interest \$998,968.

The fund balance of the Borough of Lansdale's Debt Service Fund decreased by \$138,806 during the current fiscal year. This decrease was due to transfers from other funds not matching the debt service payments.

**Proprietary Funds**

The Borough of Lansdale's Proprietary Funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the Electric Fund at the end of the year amounted to \$5,875,278; those for the Sewer Fund amounted to \$5,301,166; and those for the West Main Street Fund amounted to \$678,403. The activity in net position for all three funds was a decrease of \$362,287, an decrease of \$511,033 and an increase of \$86,586, respectively. Other factors concerning the finances of these three funds have been addressed in the discussion of the Borough of Lansdale's business-type activities.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2017

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**General Fund Budgetary Highlights**

Differences between the final budget and the actual budget can be briefly summarized as follows:

- **Revenues** - Total difference from budgeted to actual was \$383,188.
  - An actual overage of \$70,656 in Total Taxes.
    - Real Estate Transfer Taxes was \$119,796 greater than anticipated
    - Earned Income Taxes was \$55,826 less than anticipated
  - An actual overage of \$260,644 in licenses and permits.
    - An increase in permits during 2017 compared to 2016
    - Reimbursement of prior year expenses
  - An actual overage of \$51,820 in departmental earnings.
    - Public Works was \$27,023 greater than anticipated due to land development fees and street, sidewalk and curb replacement permits
- **Expenditures** - Total difference from budgeted to actual was (\$826,078).
  - An actual overage of \$301,894 in General/Public Works. This was mainly due to road paving

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Borough of Lansdale's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$72,502,880 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, parks facilities, roads, highways, as well as bridges vehicles, machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- Capacity upgrades at the waste water treatment plant.
- Capital roadway improvements.
- Parks and recreation infrastructure enhancements.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2017**

***Borough of Lansdale's Capital Assets  
(Net of Depreciation)***

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Infrastructure	\$ 28,170,033	\$ 28,201,068	\$ -	\$ -	\$ 28,170,033	\$ 28,201,068
Land and land improvements	3,618,496	3,618,496	509,976	509,976	4,128,472	4,128,472
Construction in progress	764,780	-	147,714	-	912,494	-
Buildings and facilities	23,569,094	28,426,969	2,151,581	2,235,031	25,720,675	30,662,000
Furniture and fixtures	2,587,676	2,587,230	10,744,907	10,419,640	13,332,583	13,006,870
Books	238,623	228,085	-	-	238,623	228,085
	<u>\$ 58,948,702</u>	<u>\$ 63,061,848</u>	<u>\$ 13,554,178</u>	<u>\$ 13,164,647</u>	<u>\$ 72,502,880</u>	<u>\$ 76,226,495</u>

Additional information on the Borough of Lansdale's capital assets can be found in Note C on pages 51 to 53 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the Borough of Lansdale had total bonded debt outstanding in the amount of \$34,249,449. This amount comprises debt that is backed by the full faith and credit of the Borough. The remainder of the outstanding debt is capital leases.

***Borough of Lansdale's Outstanding Debt  
General Obligation and Revenue Bonds***

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds and notes	<u>\$ 34,249,449</u>	<u>\$ 32,135,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,249,449</u>	<u>\$ 32,135,000</u>

The Borough of Lansdale maintains an Aa2 rating from Moody's for general obligation debt.

The Commonwealth of Pennsylvania statutes limit the amount of general obligation debt a governmental entity may issue.

Additional information on the Borough of Lansdale's long-term debt can be found in Note E on pages 55 to 62 of this report.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2017

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

The elected officials for the Borough of Lansdale considered many factors when setting the 2018 calendar year's budget, tax rates, and fees that will be charged for government-wide and business-type activities (electric and sewer rates.) One of those factors is the economy. Overall employment data is not compiled for municipalities, but such data is compiled for the Philadelphia Labor Market Area which includes Montgomery County. Unemployment in Montgomery County is typically below that of the state. For 2016, the county unemployment rate was 3.4 percent, 1.2 percent below the state level of 4.6 percent. This statistic reflects a decrease at the county level over 2017 of 0.1 percent.

The Borough of Lansdale property tax rate of 5.5 mills was raised from 4.5 beginning in 2018. The increase in taxes provides an operating budget that has not been dependent on reserves to balance the budget. Future budgets are always being forecasted to ensure the long term financial stability of the Borough.

Based on a 5-year forecast and utility rate studies, the Borough's budget for 2018 did not have increases for electric and sewer rates. The last increase in rates was the beginning of 2015. The Borough will be able to maintain its electric rates for future years. This is especially important at a time when overall energy costs are rising in all sectors of the economy.

The overall outlook of the Borough looks positive with increases in development and population. These increases will help the budget with both real estate tax and earned income revenue. Although these factors will help with future budgets, tax increases in the future will be needed to help with aging infrastructure.

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Lansdale's finances and to show the Borough's accountability for the money we receive.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Borough of Lansdale's finances for all those with an interest in the Borough's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, One Vine Street, Borough of Lansdale, Pennsylvania, 19446-3601.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>ASSETS</b>			
Cash and cash equivalents	\$ 29,060,943	\$ 6,435,910	\$ 35,496,853
Investments	-	3,332,222	3,332,222
Receivables, net of allowance for uncollectibles			
Taxes, real estate	170,850	-	170,850
Electric and sewer	-	3,116,449	3,116,449
Other	641,038	371,305	1,012,343
Intergovernmental receivable	-	226,767	226,767
Prepaid items	160	22,951	23,111
Inventory of materials and supplies at lower of first-in, first-out cost or market	-	764,772	764,772
Capital assets			
Depreciable capital assets, net	43,605,047	12,896,488	56,501,535
Nondepreciable capital assets	15,343,655	657,690	16,001,345
<b>TOTAL ASSETS</b>	<u>88,821,693</u>	<u>27,824,554</u>	<u>116,646,247</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding, net of accumulated amortization	171,188	-	171,188
Deferred outflows of resources, pension activity	836,359	-	836,359
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,007,547</u>	<u>-</u>	<u>1,007,547</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 89,829,240</u>	<u>\$ 27,824,554</u>	<u>\$ 117,653,794</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 267,001	\$ 45,411	\$ 312,412
Accrued payroll	219,430	116,997	336,427
Accrued interest	146,693	-	146,693
Other current liabilities	668,662	-	668,662
Liabilities payable for customer deposits	-	572,646	572,646
Unearned revenue	442,688	-	442,688
Bonds and notes payable			
Due within one year	1,641,747	-	1,641,747
Due in more than one year	32,526,936	-	32,526,936
Net pension liability	4,233,824	-	4,233,824
Net OPEB obligation, due in more than one year	2,663,584	-	2,663,584
<b>TOTAL LIABILITIES</b>	<u>42,810,565</u>	<u>735,054</u>	<u>43,545,619</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources, pension activity	237,811	-	237,811
<b>NET POSITION</b>			
Net investment in capital assets	25,034,485	13,554,178	38,588,663
Restricted			
Electric utility activities	-	1,680,475	1,680,475
Highways and street projects	6,517,314	-	6,517,314
Building and infrastructure projects	1,575,703	-	1,575,703
Library	222,414	-	222,414
Unrestricted	13,430,948	11,854,847	25,285,795
<b>TOTAL NET POSITION</b>	<u>46,780,864</u>	<u>27,089,500</u>	<u>73,870,364</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 89,829,240</u>	<u>\$ 27,824,554</u>	<u>\$ 117,653,794</u>

See accompanying notes to the basic financial statements.

# BOROUGH OF LANSDALE, PENNSYLVANIA

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
Borough administration	\$ 2,517,561	\$ 2,098,837	\$ 662,762	\$ -
Police department	6,267,588	109,206	-	-
Public works	2,918,060	615,667	448,725	166,109
Culture and recreation	1,632,654	325,582	150	-
Code enforcement	967,701	344,729	-	-
Library	586,782	43,884	97,425	-
Public services	1,197,410	2,173,116	-	61,850
Interest on long-term debt	1,005,688	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>17,093,444</b>	<b>5,711,021</b>	<b>1,209,062</b>	<b>227,959</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Electric	13,874,041	19,983,115	-	-
Sewer	4,170,435	5,324,300	-	-
421 West Main Street	67,377	113,518	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>18,111,853</b>	<b>25,420,933</b>	<b>-</b>	<b>-</b>
<b>TOTAL BOROUGH ACTIVITIES</b>	<b>\$ 35,205,297</b>	<b>\$ 31,131,954</b>	<b>\$ 1,209,062</b>	<b>\$ 227,959</b>

### GENERAL REVENUES

#### Taxes

Earned income tax

Real property tax

Real estate transfer taxes

Unrestricted investment earnings

*Special item* - loss on sale of capital assets

#### TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR, governmental activities restated

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ 244,038	\$ -	\$ 244,038
(6,158,382)	-	(6,158,382)
(1,687,559)	-	(1,687,559)
(1,306,922)	-	(1,306,922)
(622,972)	-	(622,972)
(445,473)	-	(445,473)
1,037,556	-	1,037,556
(1,005,688)	-	(1,005,688)
(9,945,402)	-	(9,945,402)
-	6,109,074	6,109,074
-	1,153,865	1,153,865
-	46,141	46,141
-	7,309,080	7,309,080
(9,945,402)	7,309,080	(2,636,322)
2,452,281	-	2,452,281
3,452,002	-	3,452,002
449,796	-	449,796
119,209	24,586	143,795
(4,136,676)	-	(4,136,676)
8,120,400	(8,120,400)	-
10,457,012	(8,095,814)	2,361,198
511,610	(786,734)	(275,124)
46,269,254	27,876,234	74,145,488
\$ 46,780,864	\$ 27,089,500	\$ 73,870,364

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	General Fund	Capital Projects Fund	Lansdale Parking Authority Revenue Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 14,807,551	\$ 7,394,486	\$ 5,786,825	\$ -	\$ 1,196,402	\$ 29,185,264
Receivables, net of allowance for uncollectible accounts						
Taxes, real estate	170,850	-	-	-	-	170,850
Other	424,873	216,165	-	-	-	641,038
Prepaid items	-	-	-	-	160	160
<b>TOTAL ASSETS</b>	<b><u>\$ 15,403,274</u></b>	<b><u>\$ 7,610,651</u></b>	<b><u>\$ 5,786,825</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,196,562</u></b>	<b><u>\$ 29,997,312</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 229,587	\$ 23,854	\$ -	\$ 124,321	\$ 13,560	\$ 391,322
Accrued payroll	215,596	-	-	-	3,834	219,430
Other current liabilities	668,662	-	-	-	-	668,662
Unearned revenues	-	-	440,531	-	2,157	442,688
<b>TOTAL LIABILITIES</b>	<b><u>1,113,845</u></b>	<b><u>23,854</u></b>	<b><u>440,531</u></b>	<b><u>124,321</u></b>	<b><u>19,551</u></b>	<b><u>1,722,102</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue, property taxes	137,428	-	-	-	-	137,428
<b>FUND BALANCES</b>						
Nonspendable, prepaid items	-	-	-	-	160	160
Restricted						
Highway and street projects	-	6,011,094	-	-	506,300	6,517,394
Building and infrastructure projects	-	1,575,703	-	-	-	1,575,703
Library	-	-	-	-	222,414	222,414
Committed						
Capital projects	8,096,460	-	-	-	-	8,096,460
Parking projects	-	-	5,346,294	-	448,137	5,794,431
Other post employment benefits	3,319,984	-	-	-	-	3,319,984
Unassigned	2,735,557	-	-	(124,321)	-	2,611,236
<b>TOTAL FUND BALANCES</b>	<b><u>14,152,001</u></b>	<b><u>7,586,797</u></b>	<b><u>5,346,294</u></b>	<b><u>(124,321)</u></b>	<b><u>1,177,011</u></b>	<b><u>28,137,782</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 15,403,274</u></b>	<b><u>\$ 7,610,651</u></b>	<b><u>\$ 5,786,825</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,196,562</u></b>	<b><u>\$ 29,997,312</u></b>

See accompanying notes to the basic financial statements.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2017**

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TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 28,137,782
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>	
Land and land improvements	3,618,496
Construction in progress	764,780
Infrastructure	33,358,364
Building, structures and facilities	27,978,685
Furniture, fixtures, equipment and related assets	5,802,899
Library books	1,443,356
Accumulated depreciation	(14,017,878)
<p>Other long-term assets are not available to pay current period expenditures and are deferred in the funds.</p>	
	137,428
<p>Bond discounts are not recorded as assets in the Governmental Funds; however, these items are capitalized and amortized in the government-wide financial statements.</p>	
	259,515
<p>Bond premiums are not recorded as liabilities in the Governmental Funds; however, these items are capitalized and amortized in the government-wide financial statements.</p>	
	(178,749)
<p>Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Deferred amount on refunding, net of amortization	171,188
<p>Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.</p>	
	598,548
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>	
Accrued interest	(146,693)
Bonds and notes payable	(34,249,449)
Net pension liability	(4,233,824)
Net OPEB obligation	(2,663,584)
	<u>(31,293,550)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 46,780,864</u>

*See accompanying notes to the basic financial statements.*

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	General Fund	Capital Projects Fund	Lansdale Parking Authority Revenue Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 6,383,856	\$ -	\$ -	\$ -	\$ -	\$ 6,383,856
Licenses and permits	796,362	-	-	-	-	796,362
Fines and forfeitures	62,261	-	-	-	-	62,261
Interest and rent	77,945	8,869	12,982	3,116	19,474	122,386
Grants and gifts	662,762	818,676	61,850	-	546,150	2,089,438
Departmental earnings	482,620	-	-	-	-	482,620
Parking collections and rentals	-	-	-	-	121,543	121,543
Library deposits	-	-	-	-	43,855	43,855
Miscellaneous	757,882	615,667	1,925,900	-	249,337	3,548,786
<b>TOTAL REVENUES</b>	<b>9,223,688</b>	<b>1,443,212</b>	<b>2,000,732</b>	<b>3,116</b>	<b>980,359</b>	<b>13,651,107</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
Borough administration	2,198,595	-	-	-	-	2,198,595
Public safety	5,375,208	312,378	-	-	-	5,687,586
Highways/public works	1,659,478	1,256,491	-	-	564,198	3,480,167
Code enforcement, planning and zoning	967,701	-	-	-	-	967,701
Parks and recreation	1,448,601	129,997	-	-	-	1,578,598
Library	-	-	-	-	589,619	589,619
Public services	488,554	-	462,343	-	246,513	1,197,410
<b>Debt service</b>						
Principal	-	-	-	1,450,904	-	1,450,904
Interest and other charges	-	-	-	998,968	-	998,968
<b>TOTAL EXPENDITURES</b>	<b>12,138,137</b>	<b>1,698,866</b>	<b>462,343</b>	<b>2,449,872</b>	<b>1,400,330</b>	<b>18,149,548</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,914,449)</b>	<b>(255,654)</b>	<b>1,538,389</b>	<b>(2,446,756)</b>	<b>(419,971)</b>	<b>(4,498,441)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Notes payable issued	-	3,565,353	-	-	-	3,565,353
Transfers in	6,000,000	1,250,323	-	2,307,950	395,000	9,953,273
Transfers out	(1,832,873)	-	-	-	-	(1,832,873)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,167,127</b>	<b>4,815,676</b>	<b>-</b>	<b>2,307,950</b>	<b>395,000</b>	<b>11,685,753</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,252,678</b>	<b>4,560,022</b>	<b>1,538,389</b>	<b>(138,806)</b>	<b>(24,971)</b>	<b>7,187,312</b>
<b>FUND BALANCES AT BEGINNING OF YEAR, general fund restated</b>	<b>12,899,323</b>	<b>3,026,775</b>	<b>3,807,905</b>	<b>14,485</b>	<b>1,201,982</b>	<b>20,950,470</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 14,152,001</b>	<b>\$ 7,586,797</b>	<b>\$ 5,346,294</b>	<b>\$ (124,321)</b>	<b>\$ 1,177,011</b>	<b>\$ 28,137,782</b>

See accompanying notes to the basic financial statements.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 7,187,312
 Purchases of capital assets are considered expenditures in the Governmental Funds but are capitalized as assets in the statement of net position. Further, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays (\$2,187,089) exceeds depreciation (\$2,163,559) in the current period.	 23,530
 The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) decreased net position in the current period.	 (4,136,676)
 Because some property taxes will not be collected for several months after the Borough's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Total taxes deferred increased by the following in the current period.	 (29,777)
 The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of general obligation notes	(3,565,353)
Repayment of bond principal	1,450,904
Amortization of bond discounts and premiums	3,715
Amortization of deferred amount on refunding	(19,564)
	<u>(2,130,298)</u>
 Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds:	
Accrued interest	(6,720)
Pension plan expense	(142,728)
	<u>(149,448)</u>
 The net change in the liability for the net OPEB obligation is reported in the government-wide statements but not in the Governmental Funds statements.	 <u>(253,033)</u>
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	 \$ <u><u>511,610</u></u>

*See accompanying notes to the basic financial statements.*

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

	Enterprise Funds			Total Proprietary Funds
	Electric Fund	Sewer Fund	421 West Main Street Fund	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,757,559	\$ 1,875,110	\$ 622,766	\$ 5,255,435
Investments	1,199,600	2,132,622	-	3,332,222
Accounts receivable for utility service, less allowances for uncollectible accounts of \$2,650 (electric) and \$11,003 (sewer)	2,275,235	841,214	-	3,116,449
Receivable liened	22,135	292,892	-	315,027
Other receivables	-	-	56,278	56,278
Intergovernmental receivables	-	226,767	-	226,767
Inventory of materials and supplies at the lower of first-in, first-out cost or market	764,772	-	-	764,772
Prepaid expenses	743	22,208	-	22,951
<b>TOTAL CURRENT ASSETS</b>	<b>7,020,044</b>	<b>5,390,813</b>	<b>679,044</b>	<b>13,089,901</b>
<b>NONCURRENT ASSETS</b>				
Cash and cash equivalents	1,180,475	-	-	1,180,475
Property, plant and equipment				
Construction in progress	24,318	123,396	-	147,714
Building and building improvements at depreciated cost	-	-	628,903	628,903
Utility plant in service at depreciated cost	4,947,418	7,830,143	-	12,777,561
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>4,971,736</b>	<b>7,953,539</b>	<b>628,903</b>	<b>13,554,178</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>6,152,211</b>	<b>7,953,539</b>	<b>628,903</b>	<b>14,734,653</b>
<b>TOTAL ASSETS</b>	<b>13,172,255</b>	<b>13,344,352</b>	<b>1,307,947</b>	<b>27,824,554</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payable from nonrestricted assets				
Accounts payable	9,135	35,635	641	45,411
Accrued payroll	62,985	54,012	-	116,997
Due to other funds	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>72,120</b>	<b>89,647</b>	<b>641</b>	<b>162,408</b>
<b>NONCURRENT LIABILITIES</b>				
Customers' deposits	572,646	-	-	572,646
<b>TOTAL LIABILITIES</b>	<b>644,766</b>	<b>89,647</b>	<b>641</b>	<b>735,054</b>
<b>NET POSITION</b>				
Net investment in capital assets	4,971,736	7,953,539	628,903	13,554,178
Restricted for electric utility activities	1,680,475	-	-	1,680,475
Unrestricted	5,875,278	5,301,166	678,403	11,854,847
<b>TOTAL NET POSITION</b>	<b>\$ 12,527,489</b>	<b>\$ 13,254,705</b>	<b>\$ 1,307,306</b>	<b>\$ 27,089,500</b>

See accompanying notes to the basic financial statements.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Enterprise Funds			Total Proprietary Funds
	Electric Fund	Sewer Fund	421 West Main Street Fund	
<b>OPERATING REVENUES</b>				
Charges for services				
Sales of electricity				
Residential	\$ 8,970,537	\$ -	\$ -	\$ 8,970,537
General services	5,776,305	-	-	5,776,305
Primary	4,852,567	-	-	4,852,567
Sewer rents	-	5,260,504	-	5,260,504
<b>TOTAL CHARGES FOR SERVICES</b>	<b>19,599,409</b>	<b>5,260,504</b>	<b>-</b>	<b>24,859,913</b>
Penalties	202,948	46,897	-	249,845
Miscellaneous services and rentals	180,758	16,899	113,518	311,175
<b>TOTAL OPERATING REVENUES</b>	<b>19,983,115</b>	<b>5,324,300</b>	<b>113,518</b>	<b>25,420,933</b>
<b>OPERATING EXPENSES</b>				
Cost of providing electrical service				
Purchased power	9,958,099	-	-	9,958,099
Transmission	36,140	-	-	36,140
Distribution	1,282,440	-	-	1,282,440
Customer accounts	621,945	-	-	621,945
Administrative and general	1,620,541	-	-	1,620,541
Cost of providing sewer service				
Sanitary sewers	-	305,744	-	305,744
Disposal plant	-	1,981,387	-	1,981,387
Administrative and general	-	1,060,494	-	1,060,494
Cost of maintaining rental property	-	-	36,456	36,456
Depreciation	354,876	822,810	30,921	1,208,607
<b>TOTAL OPERATING EXPENSES</b>	<b>13,874,041</b>	<b>4,170,435</b>	<b>67,377</b>	<b>18,111,853</b>
OPERATING INCOME	6,109,074	1,153,865	46,141	7,309,080
<b>NONOPERATING REVENUES</b>				
Interest earned	8,639	10,102	5,845	24,586
<b>INCOME BEFORE INTERFUND TRANSFERS</b>	<b>6,117,713</b>	<b>1,163,967</b>	<b>51,986</b>	<b>7,333,666</b>
<b>INTERFUND TRANSFERS</b>				
Transfers in	-	-	34,600	34,600
Transfers out	(6,480,000)	(1,675,000)	-	(8,155,000)
<b>TOTAL INTERFUND TRANSFERS</b>	<b>(6,480,000)</b>	<b>(1,675,000)</b>	<b>34,600</b>	<b>(8,120,400)</b>
CHANGE IN NET POSITION	(362,287)	(511,033)	86,586	(786,734)
NET POSITION AT BEGINNING OF YEAR	12,889,776	13,765,738	1,220,720	27,876,234
NET POSITION AT END OF YEAR	\$ 12,527,489	\$ 13,254,705	\$ 1,307,306	\$ 27,089,500

See accompanying notes to the basic financial statements.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Enterprise Funds			Total Proprietary Funds
	Electric Fund	Sewer Fund	421 West Main Street Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 19,904,530	\$ 5,429,654	\$ (56,278)	\$ 25,277,906
Cash paid to vendors	(12,279,705)	(2,295,267)	(93,876)	(14,668,848)
Cash paid to employees	(1,564,096)	(1,121,920)	-	(2,686,016)
Cash received for rentals	-	-	113,518	113,518
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>6,060,729</u>	<u>2,012,467</u>	<u>(36,636)</u>	<u>8,036,560</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from General Fund	-	-	34,600	34,600
Transfers to General Fund	(5,000,000)	(1,000,000)	-	(6,000,000)
Transfers to Debt Service Fund	(580,000)	(500,000)	-	(1,080,000)
Transfers to Capital Projects Fund	(900,000)	(175,000)	-	(1,075,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(6,480,000)</u>	<u>(1,675,000)</u>	<u>34,600</u>	<u>(8,120,400)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,286,431)	(311,707)	-	(1,598,138)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(6,972)	(3,891)	-	(10,863)
Interest received	13,422	10,102	5,845	29,369
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>6,450</u>	<u>6,211</u>	<u>5,845</u>	<u>18,506</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(1,699,252)</u>	<u>31,971</u>	<u>3,809</u>	<u>(1,663,472)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>5,637,286</u>	<u>1,843,139</u>	<u>618,957</u>	<u>8,099,382</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 3,938,034</u>	<u>\$ 1,875,110</u>	<u>\$ 622,766</u>	<u>\$ 6,435,910</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Enterprise Funds			Total Proprietary Funds
	Electric Fund	Sewer Fund	421 West Main Street Fund	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	\$ 6,109,074	\$ 1,153,865	\$ 46,141	\$ 7,309,080
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	354,876	822,810	30,921	1,208,607
(Increase) decrease in				
Accounts receivable	(122,014)	332,505	(56,278)	154,213
Other receivables	-	(384)	-	(384)
Due from other funds	64,292	-	-	64,292
Intergovernmental receivables	-	(226,767)	-	(226,767)
Inventory	(232,365)	-	-	(232,365)
Increase (decrease) in				
Accounts payable	(149,185)	(55,457)	(1,128)	(205,770)
Accrued payroll	(7,378)	(12,842)	-	(20,220)
Customers' deposits	43,429	-	-	43,429
Due to other funds	-	(1,263)	(56,292)	(57,555)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 6,060,729</u>	<u>\$ 2,012,467</u>	<u>\$ (36,636)</u>	<u>\$ 8,036,560</u>

*See accompanying notes to the basic financial statements.*

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2017**

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	<u>Police Pension Trust Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,953
Investments	
Mutual funds	6,965,973
Common stocks	10,265,149
Prepaid benefits	<u>74,875</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>17,312,950</u></b>
<b>NET POSITION</b>	
Net position restricted for pensions	<b>\$ <u>17,312,950</u></b>

*See accompanying notes to the basic financial statements.*

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

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	<u>Police Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 881,678
Plan members	88,372
TOTAL CONTRIBUTIONS	<u>970,050</u>
Investment earnings	
Net increase in fair value of investments	1,611,756
Interest	1,578
Dividends	251,762
Investment expenses	<u>(111,760)</u>
TOTAL INVESTMENT EARNINGS	<u>1,753,336</u>
TOTAL ADDITIONS	<u>2,723,386</u>
DEDUCTIONS	
Benefits	1,182,204
Administrative expenses	<u>10,300</u>
TOTAL DEDUCTIONS	<u>1,192,504</u>
CHANGE IN NET POSITION	1,530,882
NET POSITION AT BEGINNING OF YEAR	<u>15,782,068</u>
NET POSITION AT END OF YEAR	<u>\$ 17,312,950</u>

*See accompanying notes to the basic financial statements.*

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The accompanying financial statements of the Borough of Lansdale, Pennsylvania (the "Borough"), include the Borough and its component units in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus--An Amendment of GASB Statements No. 14 and No. 34*. The Lansdale Parking Authority (the "Authority") and the Lansdale Library Association (the "Library") are considered to be component units because of their operational and financial relationship with the Borough as explained below.

**Blended Component Units**

The Authority was formed under the Municipal Authorities Act of 1945, as amended, and was incorporated in the Commonwealth of Pennsylvania on January 7, 1951. The Articles of Incorporation were amended on August 5, 1986, to extend the life of the Authority for the purpose of constructing and maintaining facilities for the provision of parking spaces and uses within the Borough. The Authority is governed by a five-member board, which is appointed by the Borough Council. Although it is legally separate from the Borough, the Authority is reported as if it were part of the primary government because it conducts business solely with the Borough through a lease rental agreement related to parking facilities in the Borough. Financial information from the Authority's audited financial statements for the year ended December 31, 2017, is combined in the accompanying financial statements by including financial information from the Authority in the Borough's various fund types (blending). Separately issued financial statements of the Authority may be obtained at the Borough's administration office.

The Library was organized on March 22, 1928, and incorporated in 1948 as a nonprofit corporation to maintain a free, public, non-sectarian library for the benefit of residents of Lansdale. In April 1971, the Borough Council approved a resolution designating the Library as an agent of the Borough, where the Library was to provide public library services to the residents of the Borough and the Borough would assist in the maintenance of the Library. The By-Laws of the Library were most recently amended to require that the governing Board of Trustees of the Library consist solely of the members of the Borough Council, effective January 1, 2001. Although the Library is legally separate from the Borough, it is under the control of the Borough Council and receives much of its support from the Borough. Financial information from the Library for the year ended December 31, 2017, is combined in the accompanying financial statements by including such financial information in the Borough's various fund types (blending). Separately issued financial statements of the Library may be obtained at the Borough's administration office.

**Related Organizations**

The Borough Council is also responsible for appointing the members of the boards of their organizations, but the Borough's accountability for these organizations does not extend beyond making the appointments.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-Wide and Fund Financial Statements**

The accompanying financial statements of the Borough are in accordance with the provisions of GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments--Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Statement No. 41, *Budgetary Comparison Schedule--Perspective Differences*. The requirements of this new reporting model are described below.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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

Separate financial statements are provided for Governmental Funds, Proprietary Funds and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide 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. 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 Funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. For this purpose, the Borough considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Under this basis, certain revenues (those susceptible to accrual, readily measurable and available as to amount and anticipated as being readily collectible) are recorded on the accrual basis. All other revenues are recognized only when received in cash. Major revenues susceptible to accrual are taxes. Expenditures, with the exception of interest requirements on long-term debt, are accounted for on the accrual basis of accounting.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Borough reports the following major Governmental Funds:

- The *General Fund* is the Borough's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital Projects Fund* is used to account for capital acquisitions and projects, which are not funded by the various bond issues.
- The *Debt Service Fund* is used to account for the accumulation of resources that are assigned for the payment of principal and interest on long-term obligations of governmental funds.
- The *Lansdale Parking Authority Revenue Fund* is used to account for expenditures related to the Authority.

The Borough reports the following major Proprietary Funds:

- The *Electric Fund* is used to account for the operation of the Borough's electric utility, which provides electric service to residents and businesses in the Borough.
- The *Sewer Fund* is used to account for the operation of the Borough's Wastewater Treatment Plant, which provides sewer service to residents and businesses in the Borough.
- The *421 West Main Street Fund* is used to account for the operation of the building at 421 West Main Street, which is owned by the Borough and rented to County agencies.

Additionally, the Borough reports the following Fiduciary Fund Type:

- The *Police Pension Trust Fund* is used to account for assets held by the Borough in trust in the employees' retirement system.

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

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Electric Fund, the Sewer Fund and the 421 West Main Street Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Stewardship, Compliance and Accountability**

***Budgets and Budgetary Accounting*** - The Borough follows the procedures outlined below, which comply with legal requirements in establishing the budgetary data reflected in the financial statements:

1. Budgets are legally adopted on an annual basis for the General, Parking and Highway Aid Funds. On or before December 1, the Borough Manager submits a proposed operating budget for the following year to Borough Council. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally adopted through the passage of an ordinance.
4. Budget transfers at the activity level must be approved by Borough Council. Professional management may make budget transfers at the object level without approval of Borough Council.
5. Budgets for the General, Parking and Highway Aid Funds are prepared on the modified accrual basis of accounting.

All appropriations lapse at year-end. Supplemental appropriations can be made at any time.

Based on the level at which budgets are legally adopted, expenditures may not exceed appropriations at the activity level in the General Fund and in total in the Parking and Highway Aid Funds. As a matter of state law, expenditures cannot exceed total appropriations by fund.

***Encumbrance Accounting*** - Encumbrance accounting, under which purchase orders and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds for which budgets are prepared. Encumbrances outstanding at year-end lapse. Encumbrances do not constitute expenditures or liabilities under accounting principles generally accepted in the United States of America.

**Assets, Liabilities and Equity**

***Deposits and Investments*** - The Borough's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Borough to invest in certificates of deposit, obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool. Investments are stated at fair value.

***Inventories*** - Inventories in the Enterprise Funds are valued at cost using the first-in, first-out (FIFO) method. The costs of these inventories are recorded as expenses when consumed.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Real Estate Taxes** - Real estate taxes are recorded as revenues when the taxes are levied.

Real estate taxes are levied on March 1 and are due on June 30 of each year. A 2% discount is provided for taxes paid prior to May 1. A 10% penalty is applied to taxes paid after June 30. Unpaid taxes are liened with the Borough on January 15 of the subsequent year.

**Earned Income Taxes** - A 1% earned income tax is imposed on all residents and on nonresidents who work within the Borough limits. This tax is recorded as revenue when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first.

**Provision for Estimated Uncollectible Receivables** - The Borough has made provisions for estimated uncollectible sewer rental receivables of \$11,003 and estimated uncollectible electric billings of \$2,650. No provision is considered necessary for other receivables.

**Restricted Assets** - The Borough maintains cash and investments within the restricted assets held by its Electric Fund for various purposes as determined by Borough Council or Borough ordinances. A schedule of the purpose for which investments are held in the restricted assets of the Electric Fund as of December 31, 2017, is shown below:

Emergency Utility Fund	\$ 500,000
Construction Fund	<u>1,180,475</u>
	<u>\$ 1,680,475</u>

**Capital Assets** - Capital assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Borough defines a capital asset as an asset with an initial, individual cost equal to or greater than \$5,000 or purchased with debt proceeds and must have an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by gift or bequest are recorded at their acquisition value.

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

Depreciation has been provided over the estimated useful lives of property, plant and equipment using the straight-line method as follows:

	<u>Years</u>
Buildings and building improvements	10-40
Furniture, fixtures and equipment	5-20
Infrastructure	20-30
Library books	10

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Borough has two items that qualify for reporting in this category. The deferred amount on refunding is reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan, changes in plan assumptions and the net difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Borough has two items that qualify for reporting in this category. Unavailable revenues, which arise only under a modified accrual basis of accounting, are reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan and changes in plan assumptions.

***Long-Term Obligations*** - In the government-wide financial statements and the 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 deferred and amortized over the life of the bonds. Bond premiums or discounts and issuance costs are reported as deferred charges. Bonds payable are reported net of deferred amounts on refunding, which represent the difference between the reacquisition price and the net carrying amount of old debt that has been defeased in refunding transactions since 1993. This deferred amount is amortized as a component of interest expense over the lesser of the remaining life of the old debt or the life of the new debt.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as issuance costs, during the current period. Bond proceeds are reported as other financing sources. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

***Cash and Cash Equivalents*** - For purposes of reporting cash flows for the Proprietary Funds, all highly liquid investments with original maturities of three months or less are considered short-term investments.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Concentrations of Credit Risk*** - The Borough's revenues and receivables for taxes and utility service are mostly derived from residents and businesses located in the Borough and are, therefore, subject to the economic conditions of the area.

***Net Position Flow Assumption***

Sometimes the Borough will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Borough's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance***

The Borough has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Borough's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable Fund Balance*** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- ***Restricted Fund Balance*** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- ***Committed Fund Balance*** - Amounts constrained to specific purposes by the Borough itself, using its highest level of decision-making authority (Borough Council). To be reported as committed, amounts cannot be used for any other purpose unless the Borough takes the same highest level action to remove or change the constraint. The Borough Council passes a resolution in order to commit fund balance.
- ***Assigned Fund Balance*** - Amounts the Borough intends to use for a specific purpose. Intent can be expressed by Borough Council or by an official or body to which Borough Council delegates the authority. As of December 31, 2017, Borough Council has not delegated the authority to assign fund balance.
- ***Unassigned Fund Balance*** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Borough Council establishes (and modifies or rescinds) fund balance commitments by passage of a motion. Assigned fund balance is intended to be used by the Borough for specific purposes but does not meet the criteria to be classified as restricted or committed.

The Borough will typically use 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.

**NOTE B - DEPOSITS AND INVESTMENTS**

**Deposits**

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned to it. As of December 31, 2017, \$1,766,911 of the total Borough's bank balance of \$35,575,592 was insured by the Federal Depository Insurance Corporation. Of the remaining bank balance of \$34,088,849, \$34,088,095 was exposed to credit risk because it was uninsured and collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania Legislature, which permits the institution to pool collateral for all governmental deposits and has the collateral held by a custodian in the institution's name, and \$754 was invested in state investment pools, which is uninsured and uncollateralized.

**Investments**

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. As of December 31, 2017, the Borough had the following investments:

Investment Type	Moody's Rating	Fair Value	Investment Maturities	
			Less Than 1 Year	1 to 5 Years
<b>PROPRIETARY ACTIVITIES</b>				
Federal Home Loan Bank	AAA	\$ 297,456	\$ -	\$ 297,456
Federal Home Loan Mortgage	AAA	592,201	-	592,201
Federal Farm Credit Bank	AAA	274,787	-	274,787
Federal National Mortgage Association	AAA	698,602	350,427	348,175
Corporate bonds	unrated	1,469,176	225,645	1,243,531
		<u>\$ 3,332,222</u>	<u>\$ 576,072</u>	<u>\$ 2,756,150</u>
<b>PENSION ACTIVITIES</b>				
Common stock	unrated	\$ 10,265,149	\$ 10,265,149	\$ -
Mutual funds	unrated	6,965,973	6,965,973	-
		<u>\$ 17,231,122</u>	<u>\$ 17,231,122</u>	<u>\$ -</u>

All investments were valued using Level 1 inputs (quoted prices in active markets).

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE B - DEPOSITS AND INVESTMENTS (Continued)**

**Interest Rate Risk** - The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State statutes authorize the Borough to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool. The Borough's investment policy does not further limit its investment choices.

**Concentration of Credit Risk** - More than 5% of the Borough's investments are in mutual fund, common stock and corporate bonds. These investments are 34%, 50% and 7%, respectively, of the Borough's total investments.

**NOTE C - CAPITAL ASSETS**

Changes in capital asset activity for the year ended December 31, 2017, were as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land and land improvements	\$ 3,618,496	\$ -	\$ -	\$ 3,618,496
Infrastructure	10,960,379	-	-	10,960,379
Construction in progress	-	764,780	-	764,780
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<b>14,578,875</b>	<b>764,780</b>	<b>-</b>	<b>15,343,655</b>
Capital assets being depreciated				
Buildings, structures and facilities	32,144,975	50,279	(4,216,569)	27,978,685
Furniture, fixtures, equipment and related assets	5,644,479	384,108	(225,688)	5,802,899
Library books	1,446,952	59,640	(63,236)	1,443,356
Infrastructure	21,469,703	928,282	-	22,397,985
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>60,706,109</b>	<b>1,422,309</b>	<b>(4,505,493)</b>	<b>57,622,925</b>
Accumulated depreciation				
Buildings, structures and facilities	(3,718,006)	(796,335)	104,750	(4,409,591)
Furniture, fixtures, equipment and related assets	(3,057,249)	(358,805)	200,831	(3,215,223)
Library books	(1,218,867)	(49,102)	63,236	(1,204,733)
Infrastructure	(4,229,014)	(959,317)	-	(5,188,331)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>(12,223,136)</b>	<b>(2,163,559)</b>	<b>368,817</b>	<b>(14,017,878)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, net</b>	<b>48,482,973</b>	<b>(741,250)</b>	<b>(4,136,676)</b>	<b>43,605,047</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net</b>	<b>\$ 63,061,848</b>	<b>\$ 23,530</b>	<b>\$ (4,136,676)</b>	<b>\$ 58,948,702</b>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE C - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Borough administration	\$ 312,258
Police department	477,240
Public works	895,364
Culture and recreation	390,824
Library	<u>87,873</u>
	<u>\$ 2,163,559</u>

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
ELECTRIC FUND CAPITAL ASSETS NOT BEING DEPRECIATED				
Construction in progress	\$ -	\$ 24,318	\$ -	\$ 24,318
ELECTRIC FUND CAPITAL ASSETS BEING DEPRECIATED				
Transmission system	3,405,535	-	-	3,405,535
Distribution system	8,798,275	1,037,203	-	9,835,478
General equipment	1,780,859	224,910	(18,171)	1,987,598
Service building	534,447	-	-	534,447
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>14,519,116</u>	<u>1,262,113</u>	<u>(18,171)</u>	<u>15,763,058</u>
Accumulated depreciation				
Transmission system	(2,780,687)	(16,785)	-	(2,797,472)
Distribution system	(5,884,457)	(240,446)	-	(6,124,903)
General equipment	(1,306,053)	(80,280)	18,171	(1,368,162)
Service building	(507,738)	(17,365)	-	(525,103)
TOTAL ACCUMULATED DEPRECIATION	<u>(10,478,935)</u>	<u>(354,876)</u>	<u>18,171</u>	<u>(10,815,640)</u>
ELECTRIC FUND CAPITAL ASSETS, net	<u>\$ 4,040,181</u>	<u>\$ 931,555</u>	<u>\$ -</u>	<u>\$ 4,971,736</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE C - CAPITAL ASSETS (Continued)**

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
<b>SEWER FUND CAPITAL ASSETS</b>				
<b>NOT BEING DEPRECIATED</b>				
Construction in progress	\$ -	\$ 123,396	\$ -	\$ 123,396
<b>SEWER FUND CAPITAL ASSETS</b>				
<b>BEING DEPRECIATED</b>				
Collection system	8,028,407	53,912	-	8,082,319
Pumping plant	4,149,776	12,533	-	4,162,309
Treatment and disposal plant	20,688,960	31,618	-	20,720,578
General plant	915,199	90,248	-	1,005,447
<b>TOTAL CAPITAL ASSETS</b>				
<b>BEING DEPRECIATED</b>	<u>33,782,342</u>	<u>188,311</u>	<u>-</u>	<u>33,970,653</u>
Accumulated depreciation				
Collection system	(5,611,564)	(266,172)	-	(5,877,736)
Pumping plant	(2,956,055)	(75,957)	-	(3,032,012)
Treatment and disposal plant	(16,104,050)	(435,693)	-	(16,539,743)
General plant	(646,031)	(44,988)	-	(691,019)
<b>TOTAL ACCUMULATED</b>				
<b>DEPRECIATION</b>	<u>(25,317,700)</u>	<u>(822,810)</u>	<u>-</u>	<u>(26,140,510)</u>
<b>SEWER FUND CAPITAL</b>				
<b>ASSETS, net</b>	<u>\$ 8,464,642</u>	<u>\$ (511,103)</u>	<u>\$ -</u>	<u>\$ 7,953,539</u>
<b>421 WEST MAIN STREET CAPITAL</b>				
<b>ASSETS BEING DEPRECIATED</b>				
Building	\$ 166,451	\$ -	\$ -	\$ 166,451
Building improvements	1,155,577	-	-	1,155,577
<b>TOTAL CAPITAL ASSETS</b>				
<b>BEING DEPRECIATED</b>	<u>1,322,028</u>	<u>-</u>	<u>-</u>	<u>1,322,028</u>
Accumulated depreciation				
Building	(118,013)	(6,415)	-	(124,428)
Building improvements	(544,191)	(24,506)	-	(568,697)
<b>TOTAL ACCUMULATED</b>				
<b>DEPRECIATION</b>	<u>(662,204)</u>	<u>(30,921)</u>	<u>-</u>	<u>(693,125)</u>
<b>421 WEST MAIN STREET</b>				
<b>CAPITAL ASSETS, net</b>	<u>\$ 659,824</u>	<u>\$ (30,921)</u>	<u>\$ -</u>	<u>\$ 628,903</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE D - INTERFUND TRANSFERS**

Interfund transfers at December 31, 2017, are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
<b>GOVERNMENTAL FUNDS</b>		
General Fund	\$ 6,000,000	\$ 1,832,873
Capital Projects Fund	1,250,323	-
Debt Service Fund	2,307,950	-
Other Governmental Funds	395,000	-
<b>PROPRIETARY FUNDS</b>		
Electric Fund	-	6,480,000
Sewer Fund	-	1,675,000
421 West Main Street Fund	<u>34,600</u>	<u>-</u>
	<u>\$ 9,987,873</u>	<u>\$ 9,987,873</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Funds as debt service payments become due and (3) use unrestricted revenues collected in the General Fund and/or Electric Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE E - LONG-TERM DEBT**

**Summary of Activity**

A summary of activity in the Borough's debt payable accounts during 2017 is as follows:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Amount Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Radio Replacement					
Loan of 2015	\$ -	\$ 128,597	\$ (32,149)	\$ 96,448	\$ 32,149
Energy Conservation					
Loan of 2017	-	861,756	(88,755)	773,001	99,598
Note Payable of 2017	-	2,575,000	-	2,575,000	135,000
General Obligation Bonds					
Series of 2010	2,820,000	-	(1,065,000)	1,755,000	710,000
Series of 2012	9,705,000	-	(235,000)	9,470,000	250,000
Series of 2014	9,990,000	-	(5,000)	9,985,000	5,000
Series of 2015	9,620,000	-	(25,000)	9,595,000	410,000
<b>TOTAL BONDS AND LOANS PAYABLE</b>	<b>32,135,000</b>	<b>3,565,353</b>	<b>(1,450,904)</b>	<b>34,249,449</b>	<b>1,641,747</b>
Deferred bond discount	(276,228)	-	16,713	(259,515)	-
Deferred bond premium	199,177	-	(20,428)	178,749	-
Net pension liability	4,439,403	-	(205,579)	4,233,824	-
Net OPEB obligation	2,410,551	253,033	-	2,663,584	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$ 38,907,903</b>	<b>\$ 3,818,386</b>	<b>\$ (1,660,198)</b>	<b>\$ 41,066,091</b>	<b>\$ 1,641,747</b>

Payments on the bonds and loans payable pertaining to the Borough's governmental activities are made by the Debt Service Funds. Net pension obligations and any net other postemployment benefit obligations are liquidated by the General Fund.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE E - LONG-TERM DEBT (Continued)**

**Governmental Activities Debt**

General long-term debt (debt for general Borough purposes to which its full faith, credit and taxing power has been pledged) at December 31, 2017, is as follows:

**General Obligation Note, Series of 2017** - The General Obligation Note, Series of 2017, was issued on November 30, 2017, in the amount of \$2,575,000 to pay a portion of various capital projects, improving Borough roads and to pay the costs of issuing the Note.

<u>Interest Rate</u>	<u>Maturing October 1,</u>	<u>Amount</u>	<u>Interest</u>
2.590%	2018	\$ 135,000	\$ 63,358
2.590%	2019	135,000	63,196
2.590%	2020	139,000	59,699
2.590%	2021	142,000	56,099
2.590%	2022	146,000	52,422
2.590%	2023	150,000	48,640
2.590%	2024	154,000	44,755
2.590%	2025	158,000	40,767
2.590%	2026	162,000	36,674
2.590%	2027	166,000	32,479
2.590%	2028	170,000	28,179
2.590%	2029	174,000	23,776
2.590%	2030	179,000	19,270
2.590%	2031	184,000	14,633
2.590%	2032	188,000	9,868
2.590%	2033	193,000	4,999
		<u>\$ 2,575,000</u>	<u>\$ 598,814</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE E - LONG-TERM DEBT (Continued)**

**Energy Conservation Loan of 2017** - The Energy Conservation Loan of 2017, was issued on January 26, 2017, in the amount of \$861,756 in order to fund a project to replace the street lights in the Borough with energy efficient LED lights.

<u>Interest Rate</u>	<u>Year Ended December 31,</u>	<u>Amount</u>	<u>Interest</u>
2.950%	2018	\$ 99,598	\$ 21,464
2.950%	2019	102,576	18,486
2.950%	2020	105,643	15,419
2.950%	2021	108,802	12,260
2.950%	2022	112,055	9,006
2.950%	2023	115,406	5,656
2.950%	2024	118,857	2,205
2.950%	2025	<u>10,064</u>	<u>25</u>
		<u>\$ 773,001</u>	<u>\$ 84,521</u>

**Radio Replacement Loan of 2015** - The Radio Replacement Loan of 2015, was issued on November 25, 2015, in the amount of \$160,747 in order to replace the Borough's emergency services radios.

<u>Interest Rate</u>	<u>Maturing January 25,</u>	<u>Amount</u>	<u>Interest</u>
0.000%	2018	\$ 32,149	\$ -
0.000%	2019	32,149	-
0.000%	2020	<u>32,150</u>	<u>-</u>
		<u>\$ 96,448</u>	<u>\$ -</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE E - LONG-TERM DEBT (Continued)**

**General Obligation Bonds, Series of 2015** - The General Obligation Bonds, Series of 2015, were issued on March 31, 2015, in the amount of \$9,650,000 to advance refund a portion of the Borough's General Obligation Bonds, Series of 2010 and pay the costs of issuing the bonds. The refunding resulted in an economic gain of \$617,087, and a decrease in future cash flows of \$705,563.

<u>Interest Rate</u>	<u>Maturing October 15,</u>	<u>Amount</u>	<u>Interest</u>
2.000%	2018	\$ 410,000	\$ 262,905
3.000%	2019	815,000	254,705
3.000%	2020	835,000	230,255
3.000%	2021	860,000	205,205
3.000%	2022	1,260,000	179,405
3.000%	2023	1,300,000	141,605
2.375%	2024	1,340,000	102,605
2.500%	2025	1,370,000	70,780
2.600%	2026	<u>1,405,000</u>	<u>36,530</u>
		<u>\$ 9,595,000</u>	<u>\$ 1,483,995</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE E - LONG-TERM DEBT (Continued)**

**General Obligation Bonds, Series of 2014** - The General Obligation Bonds, Series of 2014, were issued on July 24, 2014, in the amount of \$10,000,000 for the purpose of general improvements to the Electric Department infrastructure and the Wastewater Collection and Treatment infrastructure, the planning, constructing, renovation, equipping and furnishing of a new Police Service Building, certain general improvements to General Public Works Buildings, including roofs, mechanical systems and HVAC systems, general improvements to the Electric Department infrastructure and the Wastewater Collection and Treatment infrastructure and general improvements to parks and recreation buildings and infrastructure.

<u>Interest Rate</u>	<u>Maturing October 15,</u>	<u>Amount</u>	<u>Interest</u>
2.000%	2018	\$ 5,000	\$ 366,295
2.000%	2019	5,000	366,195
2.000%	2020	5,000	366,095
3.000%	2021	5,000	365,995
3.000%	2022	5,000	365,845
3.000%	2023	5,000	365,695
3.000%	2024	5,000	365,545
3.000%	2025	5,000	365,395
3.000%	2026	5,000	365,245
3.000%	2027	680,000	365,095
3.100%	2028	700,000	344,695
3.250%	2029	720,000	322,995
3.350%	2030	740,000	299,595
3.450%	2031	770,000	274,805
3.800%	2032	800,000	248,240
3.800%	2033	825,000	217,840
3.800%	2034	855,000	186,490
4.000%	2035	1,885,000	154,000
4.000%	2036	<u>1,965,000</u>	<u>78,600</u>
		<u>\$ 9,985,000</u>	<u>\$ 5,784,660</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE E - LONG-TERM DEBT (Continued)**

**General Obligation Bonds, Series of 2012** - The General Obligation Bonds, Series of 2012, were issued on December 27, 2012, in the amount of \$10,000,000 for the purpose of providing moneys for the planning, constructing, renovation, equipping and furnishing of a Borough Administration Building and new Police Service Building, certain general improvements to General Public Works Buildings, including roofs, mechanical systems and HVAC systems, general improvements to the Electric Department infrastructure and the Wastewater Collection and Treatment infrastructure and general improvements to parks and recreation buildings and infrastructure.

<u>Interest Rate</u>	<u>Maturing October 15,</u>	<u>Amount</u>	<u>Interest</u>
2.000%	2018	\$ 250,000	\$ 249,240
2.000%	2019	255,000	244,240
2.000%	2020	260,000	239,140
2.125%	2021	265,000	233,940
2.125%	2022	270,000	228,309
2.125%	2023	275,000	222,571
2.300%	2024	280,000	216,728
2.300%	2025	290,000	210,288
2.300%	2026	295,000	203,618
2.500%	2027	800,000	196,833
2.500%	2028	820,000	176,833
2.650%	2029	840,000	156,333
2.650%	2030	865,000	134,073
3.000%	2031	885,000	111,150
3.000%	2032	910,000	84,600
3.000%	2033	940,000	57,300
3.000%	2034	<u>970,000</u>	<u>29,100</u>
		<u>\$ 9,470,000</u>	<u>\$ 2,994,296</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE E - LONG-TERM DEBT (Continued)**

**General Obligation Bonds, Series of 2010** - The General Obligation Bonds, Series of 2010, were issued on June 17, 2010, in the amount of \$18,070,000 for the purpose of providing moneys for the refunding of the General Obligation Bonds, Series of 2003 and 2004, and for constructing capital improvements, purchasing capital equipment and paying the cost of issuing and insuring the bonds.

<u>Interest Rate</u>	<u>Maturing October 15,</u>	<u>Amount</u>	<u>Interest</u>
3.100%	2018	\$ 710,000	\$ 57,760
3.200%	2019	335,000	35,750
3.500%	2020	350,000	25,030
3.550%	2021	<u>360,000</u>	<u>12,780</u>
		<u>\$ 1,755,000</u>	<u>\$ 131,320</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**NOTE E - LONG-TERM DEBT (Continued)**

**Total Scheduled Annual Debt Service**

The Borough's total scheduled annual debt service on all long-term debt is as follows:

<u>Year Ending</u> <u>December 31,</u>	
2018	\$ 2,662,769
2019	2,662,297
2020	2,662,431
2021	2,627,081
2022	2,628,042
2023	2,629,573
2024	2,629,695
2025	2,520,319
2026	2,509,067
2027	2,240,407
2028	2,239,707
2029	2,237,104
2030	2,236,938
2031	2,239,588
2032	2,240,708
2033	2,238,139
2034	2,040,590
2035	2,039,000
2036	<u>2,043,600</u>
	\$ <u>45,327,055</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE F - DEFINED CONTRIBUTION PENSION PLANS**

The Borough has established five different single-employer, defined contribution pension plans to provide pension benefits for its regular, full-time, non-police employees. Under each plan, an individual receives his own account to which all contributions are made. The employee determines how his account is invested. The accounts are maintained with ICMA-RC, which administer the assets of the employees' accounts. The provisions of the defined contribution plans are established by Borough Council and agreements with bargaining units.

Contributions made by the Borough equal the Borough's annual pension cost (APC) for these plans and have been charged to expense/expenditures as appropriate. The Borough made all its required contributions under these plans. There was no net pension obligation (NPO) for the year ended December 31, 2017.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE F - DEFINED CONTRIBUTION PENSION PLANS (Continued)**

The following table describes the provisions of and the details on the amounts and types of contributions to the various plans:

Covered Employees	Primary Plans	
	Administrative	Union
Obligation to contribute		
Employer	3% of compensation up to \$18,000, 7% of compensation in excess of \$18,000	1.5% of compensation if under age 45, 3.5% if between ages 45 and 55 and 10% if older than age 55
Employee	None	None
Vesting in employer contributions	100% after 5 years of service	10% after 6 years, increasing to 100% after 12 years of service
Current annual covered payroll (2017)	\$1,652,054	\$3,790,614
Total Borough payroll (\$8,813,813)		
Contributions made (2017)		
Employer	\$102,941	\$264,585
Employer contribution as a percentage of current annual covered payroll	6.2%	7.0%
Employees	Not applicable	Not applicable
Expenses paid by the Borough	None	None
Amount of state-provided funds used by employer to make contributions and pay plan expenses	None	None

The Borough also maintains a defined benefit pension plan for its uniformed employees (the Police Pension Plan). See Note G for information on this plan.

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Administrative	Secondary Plans	
	Union (Office)	Union (Public Works)
6% of base compensation	4% of base compensation	None
1% mandatory with optional up to a maximum of 10% of base compensation		
Immediate	10% after 6 years, increasing to 100% after 15 years of service, except 100% after 10 years if participant is at age 55	Not applicable
\$1,652,054	\$1,089,937	\$0
\$110,445	\$88,626	None
6.7%	8.1%	Not applicable
\$21,037	\$0	\$0
None	None	None
None	None	None

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE G - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

**Summary of Significant Accounting Policies**

Police Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Borough's Police Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Plan Description**

**Plan Administration** - The Borough administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. The plan is part of the Borough's financial reporting entity and is included in the Borough's financial statements as a Pension Trust Fund. The plan does not issue separate, stand-alone financial statements.

Management of the Police Pension Plan is vested in the Police Pension Board of Trustees, which consists of up to seven members--one Borough Council member, the Director of Finance, two police officers and three members of the public appointed by Borough Council. The Police Pension Board of Trustees is responsible for advising, reviewing, monitoring and making recommendations to Borough Council as to the administrative, operation and investment of the Police Pension Plan.

**Plan Membership** - At December 31, 2017, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>22</u>
	<u>48</u>

**Benefits Provided** - The Police Pension Plan provides retirement benefits as well as death and disability benefits under Pennsylvania Act 600. A member is eligible for normal retirement after attainment of age 50 and completion of 25 years of vesting service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, or eligible child, equal to 50% of the amount payable to the member at the time of the member's death. The amount of monthly pension is equal to 50% of average monthly compensation, plus a service increment equal to \$100 per month, per year of benefit service completed in excess of 25 years up to a maximum of \$500 additional per month. Average monthly compensation is based upon the last 36 months of employment.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**NOTE G - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.

If an active member suffers a service related disability, a monthly disability pension is payable equal to 50% of the member's monthly salary at the time of disability, reduced by any Social Security disability benefits received by the member for the same injuries.

If an active member is killed in the line of duty, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 100% of the member's monthly salary at the time of death. If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had he been retired at the time of his death.

A member's benefits vest upon completion of 12 years of vesting service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

The benefit provisions of the Borough's Police Pension Plan are established by Borough ordinances.

**Contributions** - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

As a condition of participation, participants are required to make contributions to the plan. The amount of the contribution is equal to 3.5% of the participant's pay.

In 2017, the MMO obligation for the Police Pension Plan was \$881,678. For the year 2017 contributions of \$881,678 were made by the Borough.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Borough's employees were recognized as revenues and expenditures during the year.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE G - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

**Investments**

**Investment Policy** - The plan's policy in regard to the allocation of invested assets is established and may be amended by Borough Council. It is policy to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the adopted asset allocation policy as of December 31, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	35%
International equity	10%
Fixed income	40%
Cash	<u>15%</u>
	<u>100%</u>

**Concentrations** - More than 5% of the Borough's investments are in mutual funds and common stocks. These investments are 40% and 60%, respectively, of the plan's total investments.

**Rate of Return** - For the year ended December 31, 2017, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 11.58%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the Borough**

The components of the net pension liability of the Borough at December 31, 2017, were as follows:

Total pension liability	\$ 21,546,774
Plan fiduciary net position	<u>(17,312,950)</u>
NET PENSION LIABILITY	<u>\$ 4,233,824</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>80.35%</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE G - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	5% annual increase
Investment rate of return	7%

Mortality rates were based on the IRS 2017 Static Combined Table for Small Plans. Mortality rates were based on the RP-2000 Table in 2016.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on 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 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 rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2017 (see the plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	5.5% - 7.5%
International equity	4.5% - 6.5%
Fixed income	1.0% - 3.0%
Cash	0.0% - 1.0%

**Discount Rate** - The discount rate is based on the long-term expected rate of return on plan investments that expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100% funded status.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE G - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	\$ 20,221,471	\$ 15,782,068	\$ 4,439,403
Changes for the year			
Service cost	501,861	-	501,861
Interest cost	1,444,312	-	1,444,312
Changes of benefit terms	-	-	-
Changes for experience	(177,335)	-	(177,335)
Changes of assumptions	738,669	-	738,669
Contributions			
Employer	-	881,678	(881,678)
Member	-	88,372	(88,372)
Net investment income	-	1,753,336	(1,753,336)
Benefit payments	(1,182,204)	(1,182,204)	-
Administrative expenses	-	(10,300)	10,300
Net Changes	<u>1,325,303</u>	<u>1,530,882</u>	<u>(205,579)</u>
Balances at December 31, 2017	<u>\$ 21,546,774</u>	<u>\$ 17,312,950</u>	<u>\$ 4,233,824</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Borough, calculated using the discount rate of 7%, as well as what the Borough's net pension would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ <u>6,908,491</u>	\$ <u>4,233,824</u>	\$ <u>1,999,276</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE G - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended December 31, 2017, the Borough recognized pension expense of \$1,024,406. At December 31, 2017, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 29,164	\$ 147,779
Changes of assumptions	615,557	90,032
Net difference between projected and actual earnings on pension plan investments	<u>191,638</u>	<u>-</u>
Total	<u>\$ 836,359</u>	<u>\$ 237,811</u>

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

<u>Year Ending December 31,</u>	
2018	\$ 253,264
2019	253,264
2020	36,182
2021	(37,719)
2022	93,557

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE H - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**Plan Description**

The Borough provides health benefits to eligible retired police officers and spouses through a single-employer defined benefit plan. The objective of the plan is to provide members with continued coverage in the Borough's medical plan after attainment of age 50 and completion of 25 years of service. There is no separate benefit plan report available.

**Funding Policy**

To receive coverage upon retirement, the retiree is required to pay 25% of the premium cost for coverage. The Borough is required to pay an actuarially determined amount to support its payment of the remaining 75% of the premium cost for coverage for each member. The costs of administering the plan are paid by the Borough.

**Annual OPEB Cost and Net OPEB Obligation**

The Borough's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The components of the Borough's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Borough's net OPEB obligation to the plan are as follows:

Normal cost	\$ 190,651
Amortization of unfunded actuarial liability	<u>190,475</u>
ANNUAL REQUIRED CONTRIBUTION (ARC)	381,126
Interest on net OPEB obligation	108,475
Adjustment to ARC	<u>(147,987)</u>
ANNUAL OPEB EXPENSE	341,614
Estimated pay-as-you-go contributions	<u>(88,581)</u>
INCREASE IN NET OPEB OBLIGATION	253,033
Net OPEB obligation at beginning of year	<u>2,410,551</u>
NET OPEB OBLIGATION AT END OF YEAR	<u>\$ 2,663,584</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**NOTE H - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Three-Year Trend**

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 318,124	17%	\$ 2,170,569
2016	313,814	24%	2,410,551
2017	341,614	26%	2,663,584

**Funded Status and Funding Progress**

As of January 1, 2017, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$3,102,629 and the actuarial value of assets was \$0, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,745,728, and the ratio of the UAAL to the covered payroll was 113.00%. The contributions made in relation to the annual required contribution are not paid directly to or on behalf of a retiree or beneficiary, are not premium payments to an insurer and are not irrevocably transferred into a dedicated trust, which is why the actuarial value of assets is \$0.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**NOTE H - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

In the January 1, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets. Annual salary increases are assumed to be 5.0%. The healthcare cost trend rate is assumed to be 6.0% in 2017, and 5.5% in 2018 through 2023 gradually decreasing from 5.4% in 2024 to 3.9% in 2075. The UAAL is being amortized based on a level dollar, 30-year open period over future years as part of the annual contribution requirement.

**NOTE I - RISK RETENTION**

The Borough has purchased commercial insurance policies for potential losses due to workers' compensation, automobile, property damage and other liabilities. The insurance policies have various amounts of deductibles. There are no exposures that are not at least partially mitigated by commercial insurance.

There has been no significant reduction in insurance coverage. No settlements have exceeded insurance coverage for any of the past three fiscal years.

**NOTE J - PRIOR PERIOD ADJUSTMENT**

Prior to 2017 Borough assets set aside for other post-employment benefits were recorded in a fiduciary capacity without being held in a trust. In 2017 the Borough moved the assets into the General Fund and committed the fund balance for other post-employment benefits.

For the General Fund and the government wide governmental activities, the Borough has treated the beginning balance of assets set aside for other post-employment benefits of \$3,017,569 as having been recorded in the general fund in the period set aside. The Borough has adjusted beginning net position for the General Fund and for the government wide governmental activities from \$9,881,754 to \$12,899,323 and from \$43,251,685 to \$46,269,254, respectively.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts (GAAP)		Actual	Over (Under) Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,313,200	\$ 6,313,200	\$ 6,383,856	\$ 70,656
Licenses and permits	653,600	653,600	796,362	142,762
Fines and forfeitures	90,000	90,000	62,261	(27,739)
Interest and rent	30,900	30,900	77,945	47,045
Grants and gifts	682,000	682,000	662,762	(19,238)
Departmental earnings	430,800	430,800	482,620	51,820
Miscellaneous	640,000	640,000	757,882	117,882
<b>TOTAL REVENUES</b>	<u>8,840,500</u>	<u>8,840,500</u>	<u>9,223,688</u>	<u>383,188</u>
<b>EXPENDITURES</b>				
Current				
Borough administration	2,296,025	2,296,025	2,198,595	(97,430)
Public safety	6,112,399	6,112,399	5,375,208	(737,191)
Highways/public works	1,439,221	1,439,221	1,659,478	220,257
Code enforcement, planning and zoning	1,050,996	1,050,996	967,701	(83,295)
Parks and recreation	1,552,020	1,552,020	1,448,601	(103,419)
Community development	25,000	25,000	-	(25,000)
Public services	531,966	531,966	488,554	(43,412)
<b>TOTAL EXPENDITURES</b>	<u>13,007,627</u>	<u>13,007,627</u>	<u>12,138,137</u>	<u>(869,490)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(4,167,127)</u>	<u>(4,167,127)</u>	<u>(2,914,449)</u>	<u>1,252,678</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,000,000	6,000,000	6,000,000	-
Transfers out				
Debt Service Funds	(1,269,950)	(1,269,950)	(1,269,950)	-
Other	(562,923)	(562,923)	(562,923)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>4,167,127</u>	<u>4,167,127</u>	<u>4,167,127</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,252,678</u>	<u>\$ 1,252,678</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**NOTE TO THE BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED DECEMBER 31, 2017**

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**NOTE A - BUDGETARY INFORMATION**

Commonwealth of Pennsylvania statutes require borough governments establish budgetary systems and adopt annual operating budgets. The Borough's annual budget includes the General Fund and is based on estimates of revenues and expenditures approved by Borough Council. The Borough adopts the budget on the same basis of accounting as reported in the fund financial statements. The Borough follows these procedures in establishing the budgetary data reflected in the financial statements:

**Borough Budget Process**

- Starting in September, the Borough holds public budget hearings for the purpose of receiving oral and written comments from the public in regards to the proposed budget for the following year.
- Public meetings are conducted on the proposed budget. The proposed budget is available for public inspection for 20 days prior to final adoption.
- After the 20-day inspection period but prior to December 31, Borough Council adopts the final budget by enacting an appropriate resolution.
- Formal budgetary process is employed as a planning device. The adopted budget is on the modified accrual basis. Budget amounts are as originally adopted or as amended by Borough Council.

**Level of Control**

- The Borough maintains budgetary controls at the fund level.

**Lapsing of Appropriations**

- Unexpended appropriations lapse at year-end.

**Management Amendment Authority**

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue may arise. As a result, funds are transferred between line items of a department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and approved by Borough Council.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF CHANGES IN THE NET POLICE**  
**PENSION PLAN LIABILITY AND RELATED RATIOS**  
**LAST FOUR FISCAL YEARS**

	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 501,861	\$ 467,468	\$ 445,208	\$ 464,879
Interest	1,444,312	1,324,630	1,266,913	1,218,096
Changes of benefit terms	-	333,123	-	-
Differences between expected and actual experience	(177,335)	-	72,907	-
Changes of assumptions	738,669	-	(225,083)	-
Benefit payments	(1,182,204)	(872,577)	(825,860)	(769,465)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>1,325,303</b>	<b>1,252,644</b>	<b>734,085</b>	<b>913,510</b>
Total pension liability, beginning	20,221,471	18,968,827	18,234,742	17,321,232
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b>\$ 21,546,774</b>	<b>\$ 20,221,471</b>	<b>\$ 18,968,827</b>	<b>\$ 18,234,742</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions				
Employer	\$ 881,678	\$ 967,144	\$ 940,183	\$ 868,240
Member	88,372	87,906	89,592	88,781
Net investment income	1,753,336	681,493	(186,697)	446,425
Benefit payments, including refunds of member contributions	(1,182,204)	(872,577)	(825,860)	(769,465)
Administrative expense	(10,300)	(9,900)	-	(3,600)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>1,530,882</b>	<b>854,066</b>	<b>17,218</b>	<b>630,381</b>
Plan fiduciary net position, beginning	15,782,068	14,928,002	14,910,784	14,280,403
<b>PLAN FIDUCIARY NET POSITION, ENDING (b)</b>	<b>\$ 17,312,950</b>	<b>\$ 15,782,068</b>	<b>\$ 14,928,002</b>	<b>\$ 14,910,784</b>
<b>NET PENSION LIABILITY, ENDING (a)-(b)</b>	<b>\$ 4,233,824</b>	<b>\$ 4,439,403</b>	<b>\$ 4,040,825</b>	<b>\$ 3,323,958</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>80.35%</b>	<b>78.05%</b>	<b>78.70%</b>	<b>81.77%</b>
<b>COVERED-EMPLOYEE PAYROLL</b>	<b>\$ 2,542,416</b>	<b>\$ 2,457,938</b>	<b>\$ 2,432,222</b>	<b>\$ 2,502,173</b>
<b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL</b>	<b>166.53%</b>	<b>180.61%</b>	<b>166.14%</b>	<b>132.84%</b>

**NOTES TO SCHEDULES**

*Benefit changes:* In 2016, benefit terms were modified for the addition of a Deferred Retirement Option Plan

*Changes of assumptions:* In 2017, the mortality rates were based on the IRS 2017 Static Combined Table for Small Plans. In prior years, the mortality rates were based on the RP-2000 Tables. In 2015 the assumed cost-of-living increase was 3.0%. In prior year, the assumption was that the cost-of-living increase was 4.0%

This pension schedule is intended to present information for ten years. Additional years' information will be displayed as it becomes available.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS**  
**LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 881,678	\$ 967,144	\$ 940,183	\$ 868,240
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>881,678</u>	<u>967,144</u>	<u>940,183</u>	<u>868,240</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 2,542,416</u>	<u>\$ 2,457,938</u>	<u>\$ 2,432,222</u>	<u>\$ 2,502,173</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>34.68%</u>	<u>39.35%</u>	<u>38.66%</u>	<u>34.70%</u>

**NOTES TO SCHEDULE**

Actuarially determined contribution rates are calculated by September 30 of each year for the upcoming calendar year.

Methods and assumptions used to determine contribution rates:

Valuation date:	January 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	11 years
Asset valuation method	Market value
Inflation	3%
Salary increases	5% annual increase
Investment rate of return	7.0%
Retirement age	Normal retirement age
Mortality	RP 2000 Table

This pension schedule is intended to present information for ten years. Additional years' information will be displayed as it becomes available.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF POLICE PENSION PLAN**  
**INVESTMENT RETURNS**  
**LAST FOUR FISCAL YEARS**

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>11.58%</u>	<u>1.85%</u>	<u>-5.66%</u>	<u>3.22%</u>

**NOTES TO SCHEDULE**

This pension schedule is intended to present information for ten years. Additional years' information will be displayed as it becomes available.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**POSTEMPLOYMENT BENEFITS OTHER THAN**  
**PENSION FUNDING PROGRESS**  
**YEAR ENDED DECEMBER 31, 2017**

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**SCHEDULE OF FUNDING PROGRESS**

Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
January 1,						
2011	\$ -	\$ 2,134,927	\$ 2,134,927	0%	\$ 1,925,872	110.86%
2014	-	2,685,017	2,685,017	0%	2,466,527	108.86%
2017	-	3,102,629	3,102,629	0%	2,745,728	113.00%

**SUPPLEMENTAL MAJOR FUND INFORMATION AND  
NONMAJOR GOVERNMENTAL FUNDS SCHEDULES**

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>			
Taxes			
Real estate	\$ 3,413,200	\$ 3,429,895	\$ 16,695
Earned income tax	2,185,000	2,129,174	(55,826)
Emergency municipal services	330,000	323,107	(6,893)
Penalties and interest	55,000	51,884	(3,116)
Real estate transfer	330,000	449,796	119,796
<b>TOTAL TAXES</b>	<u>6,313,200</u>	<u>6,383,856</u>	<u>70,656</u>
Licenses and permits			
Beverage	5,000	-	(5,000)
Building and occupancy	75,000	153,947	78,947
Business and mercantile	155,000	180,287	25,287
Zoning permits and fees	1,000	600	(400)
Plumbing	32,000	60,902	28,902
Cable TV fees	320,000	318,388	(1,612)
Other	65,600	82,238	16,638
<b>TOTAL LICENSES AND PERMITS</b>	<u>653,600</u>	<u>796,362</u>	<u>142,762</u>
Fines and forfeitures			
Motor vehicle code violations	50,000	31,843	(18,157)
Violations of ordinances	40,000	30,418	(9,582)
<b>TOTAL FINES AND FORFEITURES</b>	<u>90,000</u>	<u>62,261</u>	<u>(27,739)</u>
Interest and rent	30,900	77,945	47,045
Grants and gifts	682,000	662,762	(19,238)
Departmental earnings			
Police services	94,500	104,358	9,858
Inspection services	10,000	11,008	1,008
Public works	31,000	58,023	27,023
Recreational facilities	295,300	309,231	13,931
<b>TOTAL DEPARTMENTAL EARNINGS</b>	<u>430,800</u>	<u>482,620</u>	<u>51,820</u>
Miscellaneous			
Miscellaneous	-	117,882	117,882
Reimbursement of expenditures			
Sewer Fund	220,000	220,000	-
Electric Fund	420,000	420,000	-
<b>TOTAL MISCELLANEOUS</b>	<u>640,000</u>	<u>757,882</u>	<u>117,882</u>
<b>TOTAL REVENUES</b>	<u>8,840,500</u>	<u>9,223,688</u>	<u>383,188</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in			
Electric Fund	5,000,000	5,000,000	-
Sewer Fund	1,000,000	1,000,000	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>6,000,000</u>	<u>6,000,000</u>	<u>-</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 14,840,500</u>	<u>\$ 15,223,688</u>	<u>\$ 383,188</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF FUNCTIONAL EXPENDITURES BY ACTIVITY AND**  
**OTHER FINANCING USES**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>EXPENDITURES</b>			
Borough administration			
Elected officials	\$ 30,920	\$ 29,381	\$ (1,539)
Office of Borough Manager/Secretary	669,740	494,088	(175,652)
Finance department	394,045	359,228	(34,817)
Borough building	227,105	261,423	34,318
Tax collector	62,000	62,557	557
General Borough administration	912,215	991,918	79,703
<b>TOTAL BOROUGH ADMINISTRATION</b>	<u>2,296,025</u>	<u>2,198,595</u>	<u>(97,430)</u>
Public safety (Police Department)			
Service wages	2,760,694	2,513,477	(247,217)
Crossing guards	77,000	68,122	(8,878)
Civil Service Commission	15,000	1,373	(13,627)
General police personnel	2,791,165	2,261,980	(529,185)
General administration	300,400	354,707	54,307
Police headquarters	92,940	100,533	7,593
Police vehicles	75,200	75,016	(184)
<b>TOTAL PUBLIC SAFETY</b>	<u>6,112,399</u>	<u>5,375,208</u>	<u>(737,191)</u>
Highways/public works			
General, public works	1,088,771	1,390,665	301,894
Street cleaning	130,600	91,983	(38,617)
Snow and ice removal	28,850	-	(28,850)
Streets and alleys, maintenance and repairs	129,900	132,524	2,624
Curbs, construction	31,750	15,824	(15,926)
Storm sewers, maintenance, repairs and construction	29,350	28,482	(868)
<b>TOTAL HIGHWAYS/PUBLIC WORKS</b>	<u>1,439,221</u>	<u>1,659,478</u>	<u>220,257</u>
Code enforcement, planning and zoning			
Code enforcement	970,996	870,171	(100,825)
Planning commission	65,500	85,653	20,153
Zoning board	14,500	11,877	(2,623)
<b>TOTAL CODE ENFORCEMENT,         PLANNING AND ZONING</b>	<u>1,050,996</u>	<u>967,701</u>	<u>(83,295)</u>
Parks and recreation			
Administration	502,800	482,908	(19,892)
Parks maintenance	268,520	284,998	16,478
Labor, park maintenance	366,550	292,789	(73,761)
Recreation and park facilities	88,200	91,959	3,759
Programs	325,950	295,947	(30,003)
<b>TOTAL PARKS AND RECREATION</b>	<u>1,552,020</u>	<u>1,448,601</u>	<u>(103,419)</u>
Community development			
Economic development	25,000	-	(25,000)
<b>SUBTOTAL FORWARD</b>	<u>\$ 12,475,661</u>	<u>\$ 11,649,583</u>	<u>\$ (826,078)</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF FUNCTIONAL EXPENDITURES BY ACTIVITY AND**  
**OTHER FINANCING USES**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES			
SUBTOTAL FORWARDED	\$ 12,475,661	\$ 11,649,583	\$ (826,078)
Public services			
Fire company	296,536	287,049	(9,487)
Historical Society	39,000	37,842	(1,158)
Other	196,430	163,663	(32,767)
TOTAL PUBLIC SERVICES	<u>531,966</u>	<u>488,554</u>	<u>(43,412)</u>
TOTAL EXPENDITURES	<u>13,007,627</u>	<u>12,138,137</u>	<u>(869,490)</u>
OTHER FINANCING USES			
Transfers out			
Debt Service Funds	1,269,950	1,269,950	-
Other	167,923	167,923	-
Library	395,000	395,000	-
TOTAL OTHER FINANCING USES	<u>1,832,873</u>	<u>1,832,873</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 14,840,500</u>	<u>\$ 13,971,010</u>	<u>\$ (869,490)</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
DESCRIPTION OF NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2017

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*Special Revenue Funds* are used to account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes as follows:

- The Library Fund is used to account for operations of the Lansdale Library Association.
- The Highway Aid Fund is used to account for state revenues required to be used primarily for building and improving local roads and highways.
- The Parking Fund is used to account for parking meter collections and fines required to be used to make lease rental payments to the Lansdale Parking Authority.

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	Special Revenue Funds			Total Other Governmental Funds
	Library Fund	Highway Aid Fund	Parking Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 224,571	\$ 509,994	\$ 461,837	\$ 1,196,402
Prepaid items	-	-	160	160
<b>TOTAL ASSETS</b>	<b>\$ 224,571</b>	<b>\$ 509,994</b>	<b>\$ 461,997</b>	<b>\$ 1,196,562</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 13,560	\$ 13,560
Accrued payroll	-	3,694	140	3,834
Unearned revenue	2,157	-	-	2,157
<b>TOTAL LIABILITIES</b>	<b>2,157</b>	<b>3,694</b>	<b>13,700</b>	<b>19,551</b>
<b>FUND BALANCES</b>				
Nonspendable, prepaid items	-	-	160	160
Restricted				
Highway and streets projects	-	506,300	-	506,300
Library	222,414	-	-	222,414
Committed, parking projects	-	-	448,137	448,137
<b>TOTAL FUND BALANCES</b>	<b>222,414</b>	<b>506,300</b>	<b>448,297</b>	<b>1,177,011</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 224,571</b>	<b>\$ 509,994</b>	<b>\$ 461,997</b>	<b>\$ 1,196,562</b>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Special Revenue Funds			Total Other Governmental Funds
	Library Fund	Highway Aid Fund	Parking Fund	
<b>REVENUES</b>				
Interest and rent	\$ 1,722	\$ 7,729	\$ 10,023	\$ 19,474
Grants and gifts	97,425	448,725	-	546,150
Parking collections and rentals	-	-	121,543	121,543
Library deposits	43,855	-	-	43,855
Miscellaneous	29	5,269	244,039	249,337
<b>TOTAL REVENUES</b>	<u>143,031</u>	<u>461,723</u>	<u>375,605</u>	<u>980,359</u>
<b>EXPENDITURES</b>				
Highways/public works	-	564,198	-	564,198
Library	589,619	-	-	589,619
Public services	-	-	246,513	246,513
<b>TOTAL EXPENDITURES</b>	<u>589,619</u>	<u>564,198</u>	<u>246,513</u>	<u>1,400,330</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(446,588)</u>	<u>(102,475)</u>	<u>129,092</u>	<u>(419,971)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in General Fund	<u>395,000</u>	<u>-</u>	<u>-</u>	<u>395,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(51,588)</u>	<u>(102,475)</u>	<u>129,092</u>	<u>(24,971)</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>274,002</u>	<u>608,775</u>	<u>319,205</u>	<u>1,201,982</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 222,414</u>	<u>\$ 506,300</u>	<u>\$ 448,297</u>	<u>\$ 1,177,011</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES--BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Highway Aid Fund		Parking Fund	
	Budget	Actual	Budget	Actual
REVENUES				
Interest	\$ 300	\$ 7,729	\$ 600	\$ 10,023
Grants	427,000	448,725	-	-
Parking collections and rentals	-	-	97,700	121,543
Other	15,000	5,269	68,550	244,039
TOTAL REVENUES	<u>442,300</u>	<u>461,723</u>	<u>166,850</u>	<u>375,605</u>
EXPENDITURES				
Highways/public works	442,300	564,198	-	-
Public services	-	-	166,850	246,513
TOTAL EXPENDITURES	<u>442,300</u>	<u>564,198</u>	<u>166,850</u>	<u>246,513</u>
NET CHANGE IN FUND BALANCES	-	(102,475)	-	129,092
FUND BALANCES AT BEGINNING OF YEAR	<u>608,775</u>	<u>608,775</u>	<u>319,205</u>	<u>319,205</u>
FUND BALANCES AT END OF YEAR	<u>\$ 608,775</u>	<u>\$ 506,300</u>	<u>\$ 319,205</u>	<u>\$ 448,297</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Infrastructure</u>	<u>Land and Land Improvements</u>	<u>Buildings, Structures and Facilities</u>	<u>Furniture, Fixtures, Equipment and Related Assets</u>	<u>Library Books</u>	<u>Construction in Progress</u>	<u>Totals</u>
Administration	\$ -	\$ 566,160	\$ 11,709,047	\$ 824,582	\$ -	\$ -	\$ 13,099,789
Code enforcement	-	-	-	142,183	-	-	142,183
Library	-	200,000	1,164,544	246,379	1,443,356	-	3,054,279
Other	-	496,951	-	3,110	-	-	500,061
Parks and recreation	-	2,336,559	10,824,704	949,012	-	311,820	14,422,095
Police	-	2,326	198,016	1,426,343	-	-	1,626,685
Public works	<u>33,358,364</u>	<u>16,500</u>	<u>4,082,374</u>	<u>2,211,290</u>	<u>-</u>	<u>452,960</u>	<u>40,121,488</u>
	<u>\$ 33,358,364</u>	<u>\$ 3,618,496</u>	<u>\$ 27,978,685</u>	<u>\$ 5,802,899</u>	<u>\$ 1,443,356</u>	<u>\$ 764,780</u>	<u>\$ 72,966,580</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF CAPITAL ASSETS USED IN OPERATION OF**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

**CHANGES IN CAPITAL ASSETS BY FUNCTION**

	January 1, 2017	Additions
Administration	\$ 17,307,218	\$ 9,140
Code enforcement	142,183	-
Library	3,053,972	90,710
Other	500,061	-
Parks and recreation	14,085,327	336,768
Police	1,445,482	292,999
Public works	38,750,741	1,457,472
	<u>\$ 75,284,984</u>	<u>\$ 2,187,089</u>

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS BY SOURCE**

	Infrastructure	Land and Land Improvements
GENERAL FIXED ASSETS ACQUIRED TO JANUARY 1, 1995	\$ <u>10,960,379</u>	\$ <u>2,024,286</u>
LANSDALE LIBRARY ASSOCIATION ASSETS ACQUIRED TO JANUARY 1, 2001	<u>-</u>	<u>200,000</u>
EXPENDITURES FROM		
General Fund	-	-
Capital Projects Fund	21,105,407	1,595,238
Special Revenue Funds	1,292,578	-
Library Fund	-	-
Fixed asset disposals	-	(201,028)
TOTAL EXPENDITURES	<u>22,397,985</u>	<u>1,394,210</u>
GENERAL FIXED ASSETS AT DECEMBER 31, 2017	<u>\$ 33,358,364</u>	<u>\$ 3,618,496</u>

<u>Disposals</u>	<u>December 31, 2017</u>
\$ (4,216,569)	\$ 13,099,789
-	142,183
(90,403)	3,054,279
-	500,061
-	14,422,095
(111,796)	1,626,685
<u>(86,725)</u>	<u>40,121,488</u>
<u>\$ (4,505,493)</u>	<u>\$ 72,966,580</u>

<u>Buildings, Structures and Facilities</u>	<u>Furniture, Fixtures, Equipment and Related Assets</u>	<u>Library Books</u>	<u>Construction in Progress</u>	<u>Totals</u>
\$ <u>6,252,256</u>	\$ <u>2,287,404</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>21,524,325</u>
<u>975,467</u>	<u>225,881</u>	<u>1,813,373</u>	<u>-</u>	<u>3,214,721</u>
153,459	214,435	-	-	367,894
28,108,217	4,008,297	-	764,780	55,581,939
-	532,869	-	-	1,825,447
197,466	61,896	607,906	-	867,268
<u>(7,708,180)</u>	<u>(1,527,883)</u>	<u>(977,923)</u>	<u>-</u>	<u>(10,415,014)</u>
<u>20,750,962</u>	<u>3,289,614</u>	<u>(370,017)</u>	<u>764,780</u>	<u>48,227,534</u>
<u>\$ 27,978,685</u>	<u>\$ 5,802,899</u>	<u>\$ 1,443,356</u>	<u>\$ 764,780</u>	<u>\$ 72,966,580</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF OPERATING EXPENSES**  
**ELECTRIC FUND**  
**YEAR ENDED DECEMBER 31, 2017**

OPERATING EXPENSES	
Purchased power	\$ <u>9,958,099</u>
Transmission	
Operation	2,260
Maintenance	<u>33,880</u>
TOTAL TRANSMISSION	<u>36,140</u>
Distribution	
Salaries, wages	
Operation, meters	107,088
Maintenance	
Supervision and engineering	811,348
Overhead lines	<u>98,058</u>
TOTAL SALARIES, WAGES	<u>1,016,494</u>
Street lighting and signal system	
Maintenance	
Salaries, wages	9,892
Supplies and expenses	<u>119,199</u>
TOTAL STREET LIGHTING AND SIGNAL SYSTEM	<u>129,091</u>
Operating supplies and expenses	
Station	4,891
Overhead lines	34,249
Customer installations	1,692
Vehicle repair	47,899
Miscellaneous	<u>9,229</u>
TOTAL OPERATING SUPPLIES AND EXPENSES	<u>97,960</u>
Maintenance supplies and expenses	
Station	11,726
Overhead lines	14,956
Miscellaneous	<u>12,213</u>
TOTAL MAINTENANCE SUPPLIES AND EXPENSES	<u>38,895</u>
TOTAL DISTRIBUTION	<u>1,282,440</u>
Customer accounts	
Salaries and wages, accounting and collection	
Meter reading	153,895
Customer records	<u>376,437</u>
TOTAL	530,332
Supplies and expenses, accounting and collection	
Customer records	<u>91,613</u>
TOTAL CUSTOMER ACCOUNTS	<u>621,945</u>
SUBTOTAL FORWARD	\$ <u>11,898,624</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF OPERATING EXPENSES**  
**ELECTRIC FUND**  
**YEAR ENDED DECEMBER 31, 2017**

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OPERATING EXPENSES	
SUBTOTAL FORWARDED	\$ 11,898,624
Administrative and general	
General office expenses	101,097
Outside services	263,380
Computer services, supplies and expenses	146,732
TOTAL	<u>511,209</u>
Insurance	
Compensation	51,680
Casualty	44,326
Other, hospitalization	334,693
TOTAL INSURANCE	<u>430,699</u>
Miscellaneous general expenses	
Uniforms and special clothing	13,584
Social security taxes and pension contribution	242,453
Dues and subscriptions	2,596
TOTAL MISCELLANEOUS GENERAL EXPENSES	<u>258,633</u>
Reimbursement to General Fund for expenses	<u>420,000</u>
TOTAL ADMINISTRATIVE AND GENERAL	<u>1,620,541</u>
Depreciation	<u>354,876</u>
TOTAL OPERATING EXPENSES	<u>\$ 13,874,041</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF UTILITY PLANT IN SERVICE**  
**ELECTRIC FUND**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Depreciated Cost</u>
<b>UTILITY PLANT IN SERVICE</b>			
Transmission system			
Land	\$ 331,578	\$ -	\$ 331,578
Station equipment	967,838	691,353	276,485
Poles and fixtures	11,866	11,866	-
Overhead conductors and devices	2,094,253	2,094,253	-
TOTAL TRANSMISSION SYSTEM	<u>3,405,535</u>	<u>2,797,472</u>	<u>608,063</u>
Distribution system			
Land and land rights	99,971	-	99,971
Station equipment	3,039,804	2,383,709	656,095
Poles, towers and fixtures	320,619	212,086	108,533
Overhead conductors and devices	1,181,104	799,724	381,380
Underground conductors and devices	333,498	119,984	213,514
Transformers and meters	3,065,808	1,901,699	1,164,109
Service connections	495,124	348,144	146,980
Street lighting and signal systems	1,295,173	355,180	939,993
Tools, shop and garage equipment	4,377	4,377	-
TOTAL DISTRIBUTION SYSTEM	<u>9,835,478</u>	<u>6,124,903</u>	<u>3,710,575</u>
General equipment			
Office furniture and equipment	51,102	38,306	12,796
Transportation equipment	926,617	699,745	226,872
Tools, shop and garage equipment	149,840	135,352	14,488
Laboratory equipment	16,656	16,656	-
Trenching equipment	138,758	18,994	119,764
Communication equipment	17,600	17,600	-
Office computer	687,025	441,509	245,516
TOTAL GENERAL EQUIPMENT	<u>1,987,598</u>	<u>1,368,162</u>	<u>619,436</u>
Service building	<u>534,447</u>	<u>525,103</u>	<u>9,344</u>
TOTAL UTILITY PLANT IN SERVICE	<u>\$ 15,763,058</u>	<u>\$ 10,815,640</u>	<u>\$ 4,947,418</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF OPERATING EXPENSES**  
**SEWER FUND**  
**YEAR ENDED DECEMBER 31, 2017**

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OPERATING EXPENSES	
Sanitary sewers	
Salaries and wages	\$ 123,292
Materials and supplies	21,644
Fuel, water and electric	127,655
Maintenance expenses	33,153
TOTAL SANITARY SEWERS	<u>305,744</u>
Disposal plant	
Salaries and wages	825,111
Materials and supplies	72,983
Fuel, water and electric	498,224
Uniforms	10,032
Chemicals	107,912
Dumping	163,411
Communications expenses	18,222
Maintenance and repairs	76,729
Professional services	208,763
TOTAL DISPOSAL PLANT	<u>1,981,387</u>
Administrative and general	
Salaries and wages	160,675
Materials, supplies and postage	197,774
Insurance	123,605
Outside service	30,877
Social security taxes	81,436
Hospitalization and pension	466,127
TOTAL ADMINISTRATIVE AND GENERAL	<u>1,060,494</u>
Depreciation	<u>822,810</u>
TOTAL OPERATING EXPENSES	<u>\$ 4,170,435</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF UTILITY PLANT IN SERVICE**  
**SEWER FUND**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Depreciated Cost</u>
<b>UTILITY PLANT IN SERVICE</b>			
Collection system			
Land and land rights	\$ 22,333	\$ -	\$ 22,333
Structures and improvements	557,909	549,251	8,658
Collection sewers	7,319,841	5,190,393	2,129,448
Other equipment	182,236	138,092	44,144
<b>TOTAL COLLECTION SYSTEM</b>	<u>8,082,319</u>	<u>5,877,736</u>	<u>2,204,583</u>
Pumping plant			
Land and land rights	7,500	-	7,500
Structures and improvements	1,891,947	1,871,543	20,404
Other equipment	2,262,861	1,160,469	1,102,392
<b>TOTAL PUMPING PLANT</b>	<u>4,162,308</u>	<u>3,032,012</u>	<u>1,130,296</u>
Treatment and disposal plant			
Land and land rights	48,594	-	48,594
Building	18,097	2,715	15,382
Structures and improvements	11,729,413	10,534,137	1,195,276
Other equipment	8,924,474	6,002,891	2,921,583
<b>TOTAL TREATMENT AND DISPOSAL PLANT</b>	<u>20,720,578</u>	<u>16,539,743</u>	<u>4,180,835</u>
General plant			
Transportation equipment	717,867	505,557	212,310
Other equipment	287,581	185,462	102,119
<b>TOTAL GENERAL PLANT</b>	<u>1,005,448</u>	<u>691,019</u>	<u>314,429</u>
<b>TOTAL UTILITY PLANT IN SERVICE</b>	<u>\$ 33,970,653</u>	<u>\$ 26,140,510</u>	<u>\$ 7,830,143</u>

**BOROUGH OF LANSDALE, PENNSYLVANIA**

**SCHEDULE OF OPERATING EXPENSES**

421 WEST MAIN STREET FUND

YEAR ENDED DECEMBER 31, 2017

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OPERATING EXPENSES

Cost of maintaining rental property

    Utilities \$ 10,055

    Insurance 3,075

    Maintenance and repairs 23,326

        TOTAL COST OF MAINTAINING RENTAL PROPERTY 36,456

Depreciation 30,921

        TOTAL OPERATING EXPENSES \$ 67,377

**BOROUGH OF LANSDALE, PENNSYLVANIA**  
**SCHEDULE OF BUILDING AND BUILDING IMPROVEMENTS**  
**421 WEST MAIN STREET FUND**  
**YEAR ENDED DECEMBER 31, 2017**

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	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Depreciated Cost</u>
BUILDING	\$ 166,451	\$ 124,428	\$ 42,023
BUILDING IMPROVEMENTS	<u>1,155,577</u>	<u>568,697</u>	<u>586,880</u>
	<u>\$ 1,322,028</u>	<u>\$ 693,125</u>	<u>\$ 628,903</u>

## **STATISTICAL SECTION**

## Statistical Section

This part of the Lansdale Borough Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Borough's overall financial health.

### Contents

#### **Financial trends**

These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being have changed over time.

#### **Revenue capacity**

These schedules contain information to help the reader assess the Borough's most significant local revenue source, the property tax.

#### **Debt capacity**

These schedules present information to help the reader assess the affordability of the Borough's current levels of outstanding debt and the Borough's ability to issue additional debt in the future.

#### **Demographic and economic information**

These schedules offer demographic and economic indicators to help the reader understand the environment within the Borough's financial activities take place.

#### **Operation information**

These schedules contain service and miscellaneous data to help the reader understand how the information in the Borough's financial report relates to the service the Borough provides and the activities it performs.

Sources Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Borough implemented GASB Statement 34 for fiscal year ending December 31, 2003; schedules presenting government-wide information include information are presented beginning in that year.

**Borough of Lansdale**  
**Net Position by Components**  
**Last Five Fiscal Years**

	Fiscal Year				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities					
Net Investment in Capital Assets	\$ 25,034,485	\$ 31,197,153	\$ 30,399,146	\$ 27,346,835	\$ 34,036,743
Restricted for					
Electric Utility Activities	-	-	-	-	-
Highway and Street Projects	6,517,314	2,066,231	2,498,515	4,792,517	7,596,152
Building Projects	1,575,703	1,569,319	3,562,716	14,239,701	9,483,372
Library	222,414	274,002	327,520	329,552	336,329
Unrestricted	<u>13,430,948</u>	<u>8,144,980</u>	<u>9,747,617</u>	<u>8,736,727</u>	<u>4,327,526</u>
Total governmental activities net position	<u>\$ 46,780,864</u>	<u>\$ 43,251,685</u>	<u>\$ 46,535,514</u>	<u>\$ 55,445,332</u>	<u>\$ 55,780,122</u>
Business-type activities					
Net Investment in Capital Assets	\$ 13,554,178	\$ 13,164,647	\$ 12,793,002	\$ 9,314,655	\$ 9,373,874
Restricted for					
Electric Utility Activities	1,680,475	1,675,692	1,675,100	1,674,643	1,674,462
Highway and Street Projects	-	-	-	-	-
Building Projects	-	-	-	-	-
Library	-	-	-	-	-
Unrestricted	<u>11,854,847</u>	<u>13,035,895</u>	<u>11,330,545</u>	<u>8,344,011</u>	<u>10,248,002</u>
Total business-type activities net position	<u>\$ 27,089,500</u>	<u>\$ 27,876,234</u>	<u>\$ 25,798,647</u>	<u>\$ 19,333,309</u>	<u>\$ 21,296,338</u>
Primary government					
Net Investment in Capital Assets	\$ 38,588,663	\$ 44,361,800	\$ 43,192,148	\$ 36,661,490	\$ 43,410,617
Restricted for					
Electric Utility Activities	1,680,475	1,675,692	1,675,100	1,674,643	1,674,462
Highway and Street Projects	6,517,314	2,066,231	2,498,515	4,792,517	7,596,152
Building Projects	1,575,703	1,569,319	3,562,716	14,239,701	9,483,372
Library	222,414	274,002	327,520	329,552	336,329
Unrestricted	<u>25,285,795</u>	<u>21,180,875</u>	<u>21,078,162</u>	<u>17,080,738</u>	<u>14,575,528</u>
Total Net Position	<u>\$ 73,870,364</u>	<u>\$ 71,127,919</u>	<u>\$ 72,334,161</u>	<u>\$ 74,778,641</u>	<u>\$ 77,076,460</u>

Source: Borough of Lansdale Records, Statement of Net Position

**Borough of Lansdale  
Changes in Net Position  
Last Ten Fiscal Years**

Expenses	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Borough Administration	\$ 2,517,561	\$ 2,270,574	\$ 2,208,179	\$ 2,054,947	\$ 1,960,084	\$ 1,768,337	\$ 1,471,749	\$ 1,778,946	\$ 1,493,566	\$ 1,314,411
Police Department	6,267,588	7,469,563	6,395,943	6,138,006	5,883,473	5,567,892	5,222,273	4,886,347	4,451,623	4,302,284
Public Works	2,918,060	2,848,081	3,123,652	3,770,911	2,915,931	2,348,222	2,296,927	1,790,099	1,833,639	1,718,042
Health, Welfare and Sanitation	-	-	-	-	-	-	-	-	-	93,417
Culture and Recreation	1,632,654	1,881,084	1,659,651	1,561,808	1,482,045	1,425,532	1,309,024	1,171,363	1,323,500	1,169,370
Code Enforcement	967,701	985,724	896,737	784,893	663,329	595,914	480,854	534,755	519,880	387,271
Library	586,782	577,915	601,185	531,229	510,814	515,319	512,797	481,774	502,167	491,622
Public Services	1,197,410	1,499,735	677,081	741,232	864,623	1,081,710	852,037	538,648	445,765	570,898
Interest on Long-Term Debt	<u>1,005,688</u>	<u>1,023,923</u>	<u>1,173,445</u>	<u>1,067,048</u>	<u>776,718</u>	<u>714,131</u>	<u>607,397</u>	<u>581,125</u>	<u>473,402</u>	<u>503,379</u>
Total Governmental activities expenses	<u>\$ 17,093,444</u>	<u>\$ 18,556,599</u>	<u>\$ 16,735,873</u>	<u>\$ 16,650,074</u>	<u>\$ 15,057,017</u>	<u>\$ 14,017,057</u>	<u>\$ 12,753,058</u>	<u>\$ 11,763,057</u>	<u>\$ 11,043,542</u>	<u>\$ 10,550,694</u>
Business-type activities										
Electric	\$ 13,874,041	\$ 13,951,054	\$ 14,435,529	\$ 16,221,654	\$ 15,467,631	\$ 14,102,581	\$ 15,043,282	\$ 15,125,322	\$ 14,627,637	\$ 13,291,556
Sewer	4,170,435	4,223,618	3,878,417	3,844,571	3,763,262	3,377,635	3,346,695	3,319,576	3,263,881	3,144,858
421 West Main Street	<u>67,377</u>	<u>61,852</u>	<u>61,699</u>	<u>58,843</u>	<u>65,666</u>	<u>55,908</u>	<u>64,871</u>	<u>66,828</u>	<u>76,038</u>	<u>54,817</u>
Total business-type activities expenses	<u>\$ 18,111,853</u>	<u>\$ 18,236,524</u>	<u>\$ 18,375,645</u>	<u>\$ 20,125,068</u>	<u>\$ 19,296,559</u>	<u>\$ 17,536,124</u>	<u>\$ 18,454,848</u>	<u>\$ 18,511,726</u>	<u>\$ 17,967,556</u>	<u>\$ 16,491,231</u>
Total primary governmental expenses	<u>\$ 35,205,297</u>	<u>\$ 36,793,123</u>	<u>\$ 35,111,518</u>	<u>\$ 36,775,142</u>	<u>\$ 34,353,576</u>	<u>\$ 31,553,181</u>	<u>\$ 31,207,906</u>	<u>\$ 30,274,783</u>	<u>\$ 29,011,098</u>	<u>\$ 27,041,925</u>

**Borough of Lansdale**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Program Revenues										
Governmental activities										
Charges for services										
Borough Administration	\$ 2,098,837	\$ 1,266,760	\$ 1,357,859	\$ 1,313,373	\$ 1,377,414	\$ 1,569,875	\$ 1,253,059	\$ 1,557,345	\$ 1,185,757	\$ 1,355,850
Police Department	109,206	197,404	91,215	128,371	84,798	84,572	91,683	74,682	95,995	88,808
Health, Welfare and Sanitation	-	-	-	-	-	-	-	-	-	26,309
Public Works	615,667	71,969	25,163	125,400	263,600	106,928	126,576	83,675	-	-
Culture and Recreation	325,582	302,408	291,129	263,437	279,669	320,887	298,903	308,279	334,986	317,813
Code Enforcement	344,729	312,539	398,202	294,246	184,100	167,382	136,937	91,428	98,456	-
Library	43,884	45,062	47,337	48,369	51,036	51,562	104,570	102,055	109,466	114,484
Public Services	2,173,116	63,635	3,367	2,315	32,437	18,219	29,663	24,937	-	-
Operating grants & contributions										
Borough Administration	662,762	739,850	550,592	634,345	645,342	508,202	831,939	508,689	343,081	341,271
Public Works	448,725	436,830	366,564	327,584	310,114	314,864	313,073	309,626	312,813	315,843
Culture and Recreation	150	-	-	-	-	-	-	240	-	-
Library	97,425	80,643	141,200	84,428	59,341	86,502	10,168	17,730	9,842	12,099
Capital grants & contributions										
Public Works	166,109	13,061	442,708	1,537,367	2,388,977	592,781	3,030,020	385,549	643,602	499,714
Culture and Recreation	-	-	-	-	-	-	-	109,308	100,000	370,021
Public Services	61,850	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>\$ 7,148,042</u>	<u>\$ 3,530,161</u>	<u>\$ 3,715,336</u>	<u>\$ 4,759,235</u>	<u>\$ 5,676,828</u>	<u>\$ 3,821,774</u>	<u>\$ 6,226,591</u>	<u>\$ 3,573,543</u>	<u>\$ 3,233,998</u>	<u>\$ 3,442,212</u>
Business-type activities										
Charges for service										
Electric	\$ 19,983,115	\$ 20,045,915	\$ 20,782,881	\$ 19,402,927	\$ 19,396,729	\$ 19,324,351	\$ 19,828,017	\$ 19,988,033	\$ 18,607,270	\$ 19,530,966
Sewer	5,324,300	5,595,603	5,472,464	4,848,306	5,205,812	3,773,588	3,708,213	3,326,922	3,149,765	3,231,522
421 West Main Street	113,518	55,846	79,268	115,147	113,848	121,853	110,828	109,405	108,475	97,769
Operating grants & contributions										
Sewer	-	-	-	-	-	7,000,000	-	-	46,504	56,625
Capital grants & contributions										
Sewer	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>\$ 25,420,933</u>	<u>\$ 25,697,364</u>	<u>\$ 26,334,613</u>	<u>\$ 24,366,380</u>	<u>\$ 24,716,389</u>	<u>\$ 30,219,792</u>	<u>\$ 23,647,058</u>	<u>\$ 23,424,360</u>	<u>\$ 21,912,014</u>	<u>\$ 22,916,882</u>
Total primary government program revenues	<u>\$ 32,568,975</u>	<u>\$ 29,227,525</u>	<u>\$ 30,049,949</u>	<u>\$ 29,125,615</u>	<u>\$ 30,393,217</u>	<u>\$ 34,041,566</u>	<u>\$ 29,873,649</u>	<u>\$ 26,997,903</u>	<u>\$ 25,146,012</u>	<u>\$ 26,359,094</u>
Net (Expense)/Revenue										
Governmental activities	\$ (9,945,402)	\$ (15,026,438)	\$ (13,020,537)	\$ (11,890,839)	\$ (9,380,189)	\$ (10,195,283)	\$ (6,526,467)	\$ (8,189,514)	\$ (7,809,544)	\$ (7,108,482)
Business-type activities	<u>7,309,080</u>	<u>7,460,840</u>	<u>7,958,968</u>	<u>4,241,312</u>	<u>5,419,830</u>	<u>12,683,668</u>	<u>5,192,210</u>	<u>4,912,634</u>	<u>3,944,458</u>	<u>6,425,651</u>
<u>Total primary government net expense</u>	<u>\$ (2,636,322)</u>	<u>\$ (7,565,598)</u>	<u>\$ (5,061,569)</u>	<u>\$ (7,649,527)</u>	<u>\$ (3,960,359)</u>	<u>\$ 2,488,385</u>	<u>\$ (1,334,257)</u>	<u>\$ (3,276,880)</u>	<u>\$ (3,865,086)</u>	<u>\$ (682,831)</u>

**Borough of Lansdale**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General revenues and other changes in net position										
Governmental activities										
Earned Income Tax	\$ 2,452,281	\$ 2,427,476	\$ 2,362,863	\$ 2,390,536	\$ 2,343,480	\$ 2,005,600	\$ 1,883,860	\$ 1,927,353	\$ 2,068,478	\$ 2,039,873
Real Property Tax	3,452,002	3,536,590	3,413,280	2,601,020	2,565,054	2,613,432	2,518,680	1,493,287	1,490,000	1,523,098
Real Estate Transfer Tax	449,796	326,974	506,990	303,354	241,831	216,960	195,189	213,842	237,658	240,201
Unrestricted Investment Earnings	119,209	43,297	25,993	22,198	19,709	16,207	40,791	12,979	70,747	380,422
Special Items	(4,136,676)	-	-	-	-	-	-	-	-	-
Workers' Compensation Dividend	-	-	-	-	-	-	-	-	-	36
Transfers	8,120,400	5,408,272	1,516,056	6,238,941	5,150,000	13,085,889	12,949,467	5,000,000	5,191,757	5,223,357
Total governmental activities	<u>\$ 10,457,012</u>	<u>\$ 11,742,609</u>	<u>\$ 7,825,182</u>	<u>\$ 11,556,049</u>	<u>\$ 10,320,074</u>	<u>\$ 17,938,088</u>	<u>\$ 17,587,987</u>	<u>\$ 8,647,461</u>	<u>\$ 9,058,640</u>	<u>\$ 9,406,987</u>
Business-type activities										
Unrestricted Investment Earnings	\$ 24,586	\$ 25,019	\$ 22,426	\$ 34,600	\$ 23,188	\$ 35,233	\$ 90,161	\$ 43,064	\$ 57,408	\$ 276,826
Transfers	(8,120,400)	(5,408,272)	(1,516,056)	(6,238,941)	(5,150,000)	(13,085,889)	(12,949,467)	(5,000,000)	(5,191,757)	(5,223,357)
Total business-type activities	<u>\$ (8,095,814)</u>	<u>\$ (5,383,253)</u>	<u>\$ (1,493,630)</u>	<u>\$ (6,204,341)</u>	<u>\$ (5,126,812)</u>	<u>\$ (13,050,656)</u>	<u>\$ (12,859,306)</u>	<u>\$ (4,956,936)</u>	<u>\$ (5,134,349)</u>	<u>\$ (4,946,531)</u>
Total primary government	<u>\$ 2,361,198</u>	<u>\$ 6,359,356</u>	<u>\$ 6,331,552</u>	<u>\$ 5,351,708</u>	<u>\$ 5,193,262</u>	<u>\$ 4,887,432</u>	<u>\$ 4,728,681</u>	<u>\$ 3,690,525</u>	<u>\$ 3,924,291</u>	<u>\$ 4,460,456</u>
Changes in Net Position										
Governmental activities	\$ 511,610	\$ (3,283,829)	\$ (5,195,355)	\$ (334,790)	\$ 939,885	\$ 7,742,805	\$ 11,061,520	\$ 457,947	\$ 1,249,096	\$ 2,298,505
Business-type activities	(786,734)	2,077,587	6,465,338	(1,963,029)	293,018	(366,988)	(7,667,096)	(44,302)	(1,189,891)	1,479,120
Total primary government	<u>\$ (275,124)</u>	<u>\$ (1,206,242)</u>	<u>\$ 1,269,983</u>	<u>\$ (2,297,819)</u>	<u>\$ 1,232,903</u>	<u>\$ 7,375,817</u>	<u>\$ 3,394,424</u>	<u>\$ 413,645</u>	<u>\$ 59,205</u>	<u>\$ 3,777,625</u>

Source: Borough of Lansdale Records, Statement of Activities

**Borough of Lansdale**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Nonspendable										
Prepaid Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Highway and Street Projects	-	-	-	-	-	-	-	-	-	-
Committed										
Capital Projects	8,096,460	8,050,354	8,043,512	8,032,978	8,022,466	8,019,081	8,017,467	-	-	-
Other Post Employment Benefits	3,319,984	-	-	-	-	-	-	-	-	-
Assigned										
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Parking Projects	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>2,735,557</u>	<u>1,831,400</u>	<u>2,027,409</u>	<u>1,717,446</u>	<u>1,937,092</u>	<u>2,553,367</u>	<u>144,422</u>	<u>117,546</u>	<u>604,113</u>	<u>686,106</u>
Total General Fund	<u>\$ 14,152,001</u>	<u>\$ 9,881,754</u>	<u>\$ 10,070,921</u>	<u>\$ 9,750,424</u>	<u>\$ 9,959,558</u>	<u>\$ 10,572,448</u>	<u>\$ 8,161,889</u>	<u>\$ 117,546</u>	<u>\$ 604,113</u>	<u>\$ 686,106</u>
All other governmental funds										
Nonspendable										
Prepaid Items	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160
Restricted										
Highway and Street Projects	6,517,394	2,066,231	2,498,515	4,792,517	7,596,152	20,412,114	8,182,764	9,752,541	691,098	732,044
Building Projects	1,575,703	1,569,319	3,562,716	14,239,701	9,483,372	-	-	-	-	-
Library	222,414	274,002	327,520	329,552	-	-	-	-	-	-
Committed										
Capital Projects	-	-	-	-	-	-	-	-	-	77,674
Parking Projects	5,794,431	4,126,950	4,961,068	4,997,001	-	-	-	-	-	-
Assigned										
Debt Service Fund	-	14,485	-	-	-	-	13,797	39,020	67,778	59,926
Parking Projects	-	-	-	-	5,065,519	5,233,528	5,699,907	9,085,815	8,647,083	8,714,558
Library	-	-	-	-	336,329	353,189	338,494	326,327	345,927	300,184
Unrestricted	<u>(124,321)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 13,985,781</u>	<u>\$ 8,051,147</u>	<u>\$ 11,349,979</u>	<u>\$ 24,358,931</u>	<u>\$ 22,481,532</u>	<u>\$ 25,998,991</u>	<u>\$ 14,235,122</u>	<u>\$ 19,203,863</u>	<u>\$ 9,752,046</u>	<u>\$ 9,884,546</u>
Total Governmental Funds	<u>\$ 28,137,782</u>	<u>\$ 17,932,901</u>	<u>\$ 21,420,900</u>	<u>\$ 34,109,355</u>	<u>\$ 32,441,090</u>	<u>\$ 36,571,439</u>	<u>\$ 22,397,011</u>	<u>\$ 19,321,409</u>	<u>\$ 10,356,159</u>	<u>\$ 10,570,652</u>

Source: Borough of Lansdale Records, Balance Sheet Governmental Funds

**Borough of Lansdale**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	
<b>Revenues</b>										
Taxes	\$ 6,383,856	\$ 6,310,284	\$ 6,272,329	\$ 5,278,675	\$ 5,150,365	\$ 4,779,865	\$ 4,597,729	\$ 3,634,482	\$ 3,796,136	
Licenses and Permits	796,362	750,839	852,305	716,430	613,889	596,131	547,070	534,234	454,309	
Fines and Forfeitures	62,261	69,036	105,883	106,946	139,810	118,378	114,727	133,532	96,541	
Interest and Rent	122,386	46,022	29,360	24,513	22,024	17,669	40,791	12,979	70,747	
Grants and Gifts	2,089,438	1,272,352	1,515,880	2,583,726	3,444,632	1,768,512	4,217,100	1,680,646	1,422,658	
Departmental Earnings	482,620	532,848	414,564	435,531	398,839	447,769	407,505	398,692	438,249	
Parking Collections and Rentals	121,543	84,420	93,814	100,518	92,585	74,275	79,380	71,964	116,100	
Library Deposits	43,855	45,052	46,620	47,265	48,886	50,739	96,489	49,318	55,127	
Unrealized Loss on Investments	-	-	-	-	-	-	-	-	-	
Reimbursements and Miscellaneous	3,548,786	772,889	682,903	766,504	935,872	764,508	764,320	762,524	651,014	
<b>Total Revenue</b>	<b>\$ 13,651,107</b>	<b>\$ 9,883,742</b>	<b>\$ 10,013,658</b>	<b>\$ 10,060,108</b>	<b>\$ 10,846,902</b>	<b>\$ 8,617,846</b>	<b>\$ 10,865,111</b>	<b>\$ 7,278,371</b>	<b>\$ 7,100,881</b>	
<b>Expenditures</b>										
<b>Current</b>										
Borough Administration	\$ 2,198,575	\$ 1,907,400	\$ 1,960,749	\$ 1,801,447	\$ 1,764,877	\$ 1,582,702	\$ 1,361,832	\$ 1,662,013	\$ 1,371,935	
Police Department	5,687,586	6,666,216	6,325,281	5,654,687	5,477,975	5,261,127	5,010,465	4,509,134	3,991,066	
Highways/Public Works	3,480,167	3,355,851	10,088,405	11,532,301	7,608,449	4,942,702	6,136,190	1,644,382	1,540,262	
Code Enforcement, Planning and Zoning	967,701	985,724	896,737	784,893	663,329	595,914	480,854	534,755	519,880	
Parks and Recreation	1,578,598	1,480,382	1,394,459	1,320,322	1,413,932	1,642,042	1,922,389	1,097,847	1,185,607	
Library	589,639	577,200	573,537	522,381	495,446	476,789	483,308	397,190	418,828	
Public Services	1,197,410	1,499,735	677,081	741,232	864,623	1,081,710	852,037	538,648	445,765	
Capital Outlay	-	-	-	-	-	-	-	1,377,590	1,527,946	
<b>Debt Service</b>										
Principal	1,450,904	1,298,138	1,242,107	1,084,635	1,057,052	1,034,542	3,881,279	569,738	1,032,440	
Interest and other charges	998,968	1,009,395	1,201,509	1,038,866	781,568	754,022	610,622	743,617	473,402	
<b>Total Expenditures</b>	<b>\$ 18,149,548</b>	<b>\$ 18,780,041</b>	<b>\$ 24,359,865</b>	<b>\$ 24,480,764</b>	<b>\$ 20,127,251</b>	<b>\$ 17,371,550</b>	<b>\$ 20,738,976</b>	<b>\$ 13,074,914</b>	<b>\$ 12,507,131</b>	
<b>Excess of revenues over/(under) expenditures</b>	<b>\$ (4,498,441)</b>	<b>\$ (8,896,299)</b>	<b>\$ (14,346,207)</b>	<b>\$ (14,420,656)</b>	<b>\$ (9,280,349)</b>	<b>\$ (8,753,704)</b>	<b>\$ (9,873,865)</b>	<b>\$ (5,796,543)</b>	<b>\$ (5,406,250)</b>	

**Borough of Lansdale**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Other financing sources (uses)										
Proceeds from Bond Issuance	\$ -	\$ -	\$ 9,650,000	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	\$ 18,070,000	\$ -	\$ -
Proceeds from Notes Issued	3,565,353	-	-	-	-	-	-	-	-	-
Premiums on refunding bonds issued	-	-	224,713	-	-	-	-	-	-	-
Pymt to refunded bond escrow agent	-	-	(9,732,989)	(150,020)	-	(157,757)	-	(88,207)	-	-
Debt Service, Principal	-	-	-	-	-	-	-	(8,220,000)	-	-
Transfers in	9,953,273	9,293,000	8,765,893	8,540,851	7,203,620	14,687,889	23,262,108	6,749,147	7,508,590	-
Transfers out	<u>(1,832,873)</u>	<u>(3,884,728)</u>	<u>(7,249,837)</u>	<u>(2,301,910)</u>	<u>(2,053,620)</u>	<u>(1,602,000)</u>	<u>(10,312,641)</u>	<u>(1,749,147)</u>	<u>(2,316,833)</u>	<u>(2,316,833)</u>
Total other financing sources (uses)	<u>\$ 11,685,753</u>	<u>\$ 5,408,272</u>	<u>\$ 1,657,780</u>	<u>\$ 16,088,921</u>	<u>\$ 5,150,000</u>	<u>\$ 22,928,132</u>	<u>\$ 12,949,467</u>	<u>\$ 14,761,793</u>	<u>\$ 5,191,757</u>	<u>\$ 5,191,757</u>
Net change in fund balance	<u>\$ 7,187,312</u>	<u>\$ (3,488,027)</u>	<u>\$ (12,688,427)</u>	<u>\$ 1,668,265</u>	<u>\$ (4,130,349)</u>	<u>\$ 14,174,428</u>	<u>\$ 3,075,602</u>	<u>\$ 8,965,250</u>	<u>\$ (214,493)</u>	<u>\$ (214,493)</u>
Debt service as a percentage of non-capital expenditures*	15.35%	13.66%	11.15%	9.50%	10.05%	11.48%	27.65%	12.65%	15.90%	15.90%

Source: Borough of Lansdale Records, Statement of Revenues, Expenditures & Changes in Fund Balances Governmental Funds

\* Debt Service as a percentage of non-capital expenditures is calculated as follows: Total Debt Service (Principal + Interest and Other Charges)/(Total Expenditures-Capital Outlay)

**Borough of Lansdale**  
**General Government Tax Revenue by Source**  
**Last Ten Fiscal Years**

<u>Year Ending</u> <u>December 31<sup>st</sup></u>	<u>Real Property</u> <u>Tax</u>	<u>Earned Income</u> <u>Tax</u>	<u>Real Estate</u> <u>Transfer</u>	<u>Total</u>
2008	1,523,098	2,039,873	240,201	3,803,172
2009	1,490,000	2,068,478	237,658	3,796,136
2010	1,493,287	1,927,353	213,842	3,634,482
2011	2,518,680	1,883,860	195,189	4,597,729
2012	2,613,432	2,005,600	216,960	4,835,992
2013	2,564,054	2,343,480	241,831	5,149,365
2014	2,601,020	2,390,536	303,354	5,294,910
2015	3,413,280	2,362,863	506,990	6,283,133
2016	3,536,590	2,427,476	326,974	6,291,040
2017	3,452,002	2,452,281	449,796	6,354,079

Notes: <sup>(1)</sup> On January 1, 2002 the North Penn School District enacted a 1/2% Earned Income Tax. The Borough residents remit 1/2% to the district and 1/2% to the Borough

Source: Borough of Lansdale, Montgomery County, Pennsylvania Annual Financial Statements and Borough documents

**Borough of Lansdale**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Years**

<u>Year Ending</u> <u>December 31<sup>st</sup></u>	<u>Real Property</u> <u>Assessed Value</u> <sup>(1)</sup>	<u>Less: Tax</u> <u>Exempt Property</u>	<u>Total Taxable</u> <u>Assessed Value</u>	<u>Estimated Actual</u> <u>Values of Real</u> <u>Property</u>	<u>Ratio of Total</u> <u>Assessed Value to</u> <u>Estimated Actual</u> <u>Value</u> <sup>(2)</sup>	<u>Lansdale</u> <u>Borough Real</u> <u>Estate Millage</u> <u>Rate</u>
2007	724,810,153	134,539,310	590,270,843	696,196,698	104.11%	1.093
2008	730,544,913	134,662,230	595,882,683	890,097,900	82.07%	2.086
2009	722,700,953	139,211,330	583,489,623	878,601,500	82.26%	2.086
2010	729,829,533	140,004,460	589,825,073	887,222,870	82.26%	2.086
2011	733,544,123	140,401,840	593,142,283	891,738,540	82.26%	3.500
2012	739,416,533	140,658,410	598,758,123	898,877,380	82.26% <sup>(3)</sup>	3.500
2013	749,592,473	139,752,580	609,839,893	911,247,840	82.26% <sup>(3)</sup>	3.500
2014	757,362,183	127,237,500	630,124,683	920,693,147	82.26% <sup>(3)</sup>	3.500
2015	773,289,423	127,848,370	645,441,053	992,159,896	77.94%	4.500
2016	773,355,428	131,529,700	641,825,728	1,114,505,589	69.39%	4.500
2017	780,618,988	131,671,470	648,947,518	1,124,973,322	69.39% <sup>(3)</sup>	4.500

Notes: <sup>(1)</sup> Assessed values prior to 1998 are computed at 17% of 1978 market value. During 1998, Montgomery County completed a countywide reassessment. Assessed value was set equal to 100% of the estimated actual value. The Borough real estate tax millage was reduced accordingly in order to be in compliance with the law governing assessing tax rates and the increase in revenue generated.

<sup>(2)</sup> Information provided by Pennsylvania State Tax Equalization Board (STEB) for Montgomery County, PA.

<sup>(3)</sup> Information not available until July, estimated based on prior year.

Sources: Borough of Lansdale, Montgomery County, Pennsylvania annual financial statements, and Lansdale Borough Tax Department (Montgomery County, PA Real Estate Assessment Roll).

**Borough of Lansdale**  
**Property Tax Rates**  
**Direct Overlapping Governments**  
**Per \$1,000 of Assessed Value**  
**Last Ten Fiscal Years**

Year	Lansdale Borough			Overlapping Rates		All Government Totals
	Operating Millage	Debt Service Millage	Total Borough Millage	County	School District	
				Montgomery County Total Millage	North Penn SD Total Millage	
2008	1.5572	0.5288	2.0860	2.6950	20.5399	25.3209
2009	1.5572	0.5288	2.0860	2.6950	20.5399	25.3209
2010	1.5572	0.5288	2.0860	2.6950	20.5399	25.3209
2011	2.9700	0.5300	3.5000	2.6950	21.9563	28.1513
2012	2.9700	0.5300	3.5000	2.6950	22.3256	28.5206
2013	2.9700	0.5300	3.5000	3.1520	22.7049	29.3569
2014	2.9700	0.5300	3.5000	3.1520	23.1819	29.8339
2015	2.9700	1.5300	4.5000	3.4590	23.6223	31.5813
2016	2.9700	1.5300	4.5000	3.4590	24.1890	32.1480
2017	2.9700	1.5300	4.5000	3.8490	24.6704	33.0194

Sources: Lansdale Borough Tax Department, Montgomery County Board of Assessment, North Penn School District annual budgets, and Lansdale Borough Council Ordinances

**Borough of Lansdale  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	Type of Business	2017		2008 <sup>(b)</sup>		Percentage of Total Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation
		Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Rank		
1180 Church Rd	Industrial	\$ 12,680,000	1	1.62%	\$ 14,588,220	1	2.45%
Wissahickon Park Associates	Apartment Complex	11,960,410	2	1.53%	9,850,000	2	1.65%
St Mary's Manor Nursing Home	Nursing Home	10,388,020	3	1.33%	N/A	-	-
ELM Terrace Gardens	Assisted Living	8,677,500	4	1.11%	9,512,160	3	1.60%
FA-LEI Silk Factory Assoc LLC	Apartment Complex	8,430,000	5	1.08%	N/A	-	-
401-611 South Broad St Holdings LLC	Shopping Center	8,358,900	4	1.07%	9,080,860	4	1.52%
Broadmore Associates	Apartment Complex	8,324,450	7	1.07%	6,446,300	8	1.08%
North Penn Holdings LLC	Industrial	8,080,678	8	1.04%	8,080,678	6	1.36%
Merck Training Facility	Office	7,020,310	9	0.90%	N/A	-	-
HC Spectrum Partners LP	Shopping Center	6,800,000	10	0.87%	6,800,000	7	1.14%
Totals		\$ 90,720,268		11.62%	\$ 64,358,218		10.80%

Notes: <sup>(a)</sup> Total Assessed Valuation equal to: \$ 780,618,988

<sup>(b)</sup> Total Assessed Valuation for 2008 equal to: \$595,882,683

Sources: Lansdale Borough Tax Department, Montgomery County Board of Assessments, and Lansdale Borough records.

**Borough of Lansdale**  
**Property Tax Levies Collections**  
**Last Ten Years**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Tax Levy</u>
2008	1,523,917	1,476,071	96.86%	13,745	1,489,816	97.76%
2009	1,507,554	1,467,872	97.37%	24,215	1,492,087	98.97%
2010	1,522,424	1,467,391	96.39%	22,285	1,489,676	97.85%
2011	2,567,404	2,471,708	96.27%	22,082	2,493,791	97.13%
2012	2,587,958	2,470,048	95.44%	39,824	2,509,872	96.98%
2013	2,623,574	2,507,519	95.58%	57,535	2,565,054	97.77%
2014	2,650,768	2,501,173	94.36%	83,612	2,584,785	97.51%
2015	3,479,802	3,348,176	96.22%	54,300	3,402,476	97.78%
2016	3,480,099	3,388,261	97.36%	146,839	3,535,100	101.58%
2017	3,480,112	3,429,895	98.56%	51,907	3,481,802	100.05%

Notes: In 1999, the Borough of Lansdale reduced its property tax millage by 50% in conjunction with the enactment of a 1% Earned Income Tax.

Sources: Borough of Lansdale, Montgomery County, Pennsylvania Annual Financial Statements and Lansdale Borough Tax Department

**Borough of Lansdale**  
**Revenue Base - Electric Sales**  
**Largest Own-Source Revenue**  
**Last Five Fiscal Years**

	<u>2017</u>	<u>2016</u>	Fiscal Year <u>2015</u>	<u>2014</u>	<u>2013</u>
Operating Revenues					
Charges for Services					
Sales of Electricity					
Residential	\$ 8,970,537	\$ 9,176,826	\$ 9,348,835	\$ 8,496,783	\$ 8,296,186
General Services	5,776,305	5,774,141	6,050,800	5,867,128	6,085,728
Primary	<u>4,852,567</u>	<u>4,685,824</u>	<u>4,873,382</u>	<u>4,651,556</u>	<u>4,685,002</u>
Total Charges for Services	19,599,409	19,636,791	20,273,017	19,015,467	19,066,916
Penalties	202,948	218,039	253,831	233,635	237,629
Miscellaneous Services and Rentals	<u>180,758</u>	<u>191,085</u>	<u>256,033</u>	<u>153,825</u>	<u>92,184</u>
Total Operating Revenues	19,983,115	20,045,915	20,782,881	19,402,927	19,396,729
Operating Expenses					
Cost of Providing Electric Service					
Purchased Power	9,958,099	9,962,210	10,690,669	12,597,769	12,180,283
Transmission	36,140	24,812	42,077	26,536	16,369
Distribution	1,282,440	1,116,481	1,174,697	1,085,755	942,645
Customer accounts	621,945	586,573	579,538	553,637	428,375
Administrative and general	1,620,541	1,957,717	1,706,098	1,725,554	1,658,302
Depreciation	<u>354,876</u>	<u>303,261</u>	<u>242,450</u>	<u>232,403</u>	<u>241,657</u>
Total Operating Expenses	13,874,041	13,951,054	14,435,529	16,221,654	15,467,631
Operating Income:	<u>6,109,074</u>	<u>6,094,861</u>	<u>6,347,352</u>	<u>3,181,273</u>	<u>3,929,098</u>
Non-Operating Revenues					
State Grant	-	-	-	-	-
Interest earned	8,639	11,395	17,303	24,070	16,725
Interest and amortization on bonded debt	-	-	-	-	-
Return of capital contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues	<u>8,639</u>	<u>11,395</u>	<u>17,303</u>	<u>24,070</u>	<u>16,725</u>
Income Before Interfund Transfers	6,117,713	6,106,256	6,364,655	3,205,343	3,945,823
Interfund Transfers	<u>(6,480,000)</u>	<u>(4,716,932)</u>	<u>(4,047,284)</u>	<u>(5,140,057)</u>	<u>(4,590,000)</u>
Change in Net Position	<u>\$ (362,287)</u>	<u>\$ 1,389,324</u>	<u>\$ 2,317,371</u>	<u>\$ (1,934,714)</u>	<u>\$ (644,177)</u>

Table 10

Source: Borough of Lansdale Records, Statement of Revenues, Expenses and Changes in Net Position, Proprietary Funds

**Borough of Lansdale**  
**Revenue Rates - Electric**  
**Largest Own-Source Revenue**  
**Last Five Fiscal Years**

	Fiscal Year				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Residential Rates</b>					
Residential Service - per kwh hour	\$ 0.16510	\$ 0.16510	\$ 0.16510	\$ 0.16510	\$ 0.14950
Residential Hot Water - per kwh hour	0.09534	0.09534	0.09534	0.09534	0.09534
Residential Electric Space Heating - per kwh hour	0.10990	0.10990	0.10990	0.10990	0.10990
Monthly Customer Charge	13.25	13.25	13.25	13.25	12.00
<b>General Service Rates</b>					
General Service w/o Demand	\$ 13.25	\$ 13.25	\$ 13.25	\$ 10.71	\$ 10.71
General Service with Demand	13.25	13.25	13.25	10.36	10.36
Monthly Customer Charge	38.65	38.65	38.65	38.65	35.00
<b>Primary Service Rates</b>					
Demand Charge Per Month	\$ 429.40	\$ 429.40	\$ 429.40	\$ 429.40	\$ 429.40
Primary Energy Charge - per kwh hour	0.14940	0.14940	0.14940	0.13530	0.13530
Monthly Customer Charge	110.44	110.44	110.44	110.44	35.00

Note: KWH = Kilowatt Hours

Source: Borough of Lansdale, Montgomery County, Pennsylvania records

**Borough of Lansdale  
Other Information  
Largest Own-Source Revenue  
Last Five Fiscal Years**

	Fiscal Year				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Energy Consumption - (KWH)					
Residential Service	47,343,109	49,738,312	49,802,011	48,780,543	49,286,731
General Service	28,923,582	29,441,751	30,698,488	32,712,252	33,805,446
Primary Service	<u>35,910,900</u>	<u>36,423,460</u>	<u>36,679,220</u>	<u>39,035,020</u>	<u>39,996,700</u>
Total Energy (KWH) Consumption	112,177,591	115,603,523	117,179,719	120,527,815	123,088,877
Number of Electric Accounts					
Residential Service	7,174	7,141	7,061	7,047	7,043
General Service	1,150	1,167	1,125	1,115	1,114
Primary Service	<u>26</u>	<u>27</u>	<u>28</u>	<u>58</u>	<u>27</u>
Total Electric Accounts	8,350	8,335	8,214	8,220	8,184

Note: KWH = Kilowatt Hours

Source: Borough of Lansdale, Montgomery County, Pennsylvania records, Billed Consumption Report & Monthly Billing Report

**Borough of Lansdale**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Years**

Fiscal Year	Governmental Activities					Business-Type Activities			Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Notes	Capital Leases	Deferred Bond Discount	Deferred Bond Premium	General Obligation Bonds	General Obligation Notes	Capital Leases			
2008	12,730,000	700,072	49,657	49,657	-	130,000	-	45,595	13,655,324	3.85%	850
2009	11,775,000	622,632	27,129	27,129	-	-	-	329,456	12,754,217	3.59%	794
2010	21,135,000	542,894	4,424	4,424	-	-	-	260,354	21,942,672	6.18%	1,365
2011	17,335,000	461,616	-	-	-	-	-	185,967	17,982,583	3.97%	1,105
2012	26,385,000	341,932	-	-	-	-	-	111,580	26,838,512	5.92%	1,650
2013	25,415,000	254,880	-	(232,182)	-	-	-	-	25,437,698	5.61%	1,564
2014	34,420,000	165,245	-	(219,498)	-	-	-	-	34,365,747	7.58%	2,112
2015	33,350,000	83,138	-	(292,940)	219,606	-	-	-	33,359,804	7.36%	2,051
2016	32,135,000	-	-	(276,228)	199,177	-	-	-	32,057,949	7.07%	1,970
2017	30,805,000	3,444,449	-	(259,515)	178,749	-	-	-	34,168,683	7.54%	2,100

Sources: Borough of Lansdale, Montgomery County, Pennsylvania Annual Financial Statements.

**Borough of Lansdale**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<u>Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross General Obligation Debt</u>	<u>Self- Liquidating Portion of Debt</u>	<u>Debt Service Fund Balance</u>	<u>Net General Obligation Debt</u>	<u>Ratio of General Obligation Debt to Assessed Value</u>	<u>General Obligation Debt per Capita</u>
2008	16,071	731,980,283	13,430,072	-	59,926	13,370,146	1.827%	832
2009	16,071	722,700,953	12,754,217	-	49,928	12,704,289	1.758%	791
2010	16,071	729,829,533	21,942,672	-	39,020	21,903,652	3.001%	1,363
2011	16,269	733,544,123	17,982,583	-	13,797	17,968,786	2.450%	1,104
2012	16,269	739,416,533	26,838,512	-	-	26,838,512	3.630%	1,650
2013	16,269	749,592,473	25,437,698	-	-	25,437,698	3.394%	1,564
2014	16,269	757,362,183	34,365,747	-	-	34,365,747	4.538%	2,112
2015	16,269	773,289,423	33,359,804	-	-	33,359,804	4.314%	2,051
2016	16,269	773,355,428	32,057,949	-	14,485	32,043,464	4.143%	1,970
2017	16,269	780,618,988	34,168,683	-	(124,321)	34,293,004	4.393%	2,108

Sources: Borough of Lansdale, Montgomery County, Pennsylvania Annual Financial Statements, Montgomery County Board of Assessment, and U.S. Department of Commerce, Bureau of the Census

**Borough of Lansdale**  
**Direct and Overlapping Governmental Activities Debt**  
**December 31, 2017**

<u>Jurisdiction</u>		<u>Gross Debt</u> <u>Outstanding</u>	Percentage Applicable to <u>Borough of</u> <u>Lansdale</u>	<u>Amount Applicable to</u> <u>Borough of Lansdale</u>
North Penn School District	(1)	\$ 103,835,000	11.50%	\$ 11,941,025
County of Montgomery	(2)	<u>436,335,000</u>	1.29%	<u>5,637,448</u>
Total - Overlapping Debt		\$ 540,170,000		\$ 17,578,473
Borough of Lansdale		\$ 34,168,683	100.00%	\$ 34,168,683

Notes: (1) 11.5% of total North Penn School District Debt as of June 30, 2017

(2) 1.29% of total Montgomery County debt as of December 31, 2017, based on the ratio of Lansdale's assessed valuation to Montgomery County's 2016 assessed valuation.

Sources: Borough of Lansdale, Montgomery County, Pennsylvania Annual Financial Statements, County of Montgomery, Pennsylvania Annual Financial Statements, and North Penn School District Annual Financial Statements.

**Borough of Lansdale**  
**Computation of Legal Debt Margin**  
**December 31, 2017**

Borrowing Base Revenues: <sup>(1)</sup>

2015	16,449,812
2016	16,051,227
2017	<u>18,772,949</u>

Total Revenues: \$ 51,273,988

Debt Limit for General Obligation Bonds:

Average Borrowing Base Revenues	\$ 17,091,329.33
Debt Limit Percent	<u>250%</u>
Debit Limit	\$ 42,728,323.33
Total amount of debt applicable to debt limit	<u>30,805,000</u>
Legal debt margin	<u>\$ 11,923,323</u>

Debt Limit for General Obligation Bonds and Lease Rental Debt

Average Borrowing Base Revenues	\$ 17,091,329.33
Debt Limit Percent	<u>350%</u>
Debit Limit	\$ 59,819,653
Total amount of debt applicable to debt limit	<u>30,805,000</u>
Legal debt margin	<u>\$ 29,014,653</u>

Notes: <sup>(1)</sup> Borrowing base revenues represent total revenues less Enterprise Fund operating expense, interest, state and federal grants, proceeds from sale of assets, and bond proceeds.

Source: Borough of Lansdale, Montgomery County, Pennsylvania Annual Financial Statements

**Borough of Lansdale**  
**Legal Debt Margin Information**  
**Last Ten Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 24,229,198	\$ 25,764,228	\$ 27,132,279	\$ 27,662,131	\$ 36,704,458	\$ 38,606,808	\$ 37,509,316	\$ 34,167,381	\$ 36,857,350	\$ 42,728,323
Total Net Debt applicable to limit	<u>10,130,000</u>	<u>9,180,000</u>	<u>17,980,000</u>	<u>17,335,000</u>	<u>26,385,000</u>	<u>25,415,000</u>	<u>34,420,000</u>	<u>33,350,000</u>	<u>30,805,000</u>	<u>30,805,000</u>
Legal Debt Margin	<u>\$ 14,099,198</u>	<u>\$ 16,584,228</u>	<u>\$ 9,152,279</u>	<u>\$ 10,327,131</u>	<u>\$ 10,319,458</u>	<u>\$ 13,191,808</u>	<u>\$ 3,089,316</u>	<u>\$ 817,381</u>	<u>\$ 6,052,350</u>	<u>\$ 11,923,323</u>
Total Net Debt applicable to the limit as a percentage of debt limit	41.81%	35.63%	66.27%	62.67%	71.89%	65.83%	91.76%	97.61%	83.58%	72.10%

Source: Borough of Lansdale, Montgomery County, Pennsylvania Annual Financial Statements

**Borough of Lansdale  
Revenue Bond Coverage  
Last Ten Years**

<u>Year</u>	<u>Gross Revenues</u> <sup>(1)</sup>	<u>Operating Expenses</u> <sup>(2)</sup>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u> <sup>(3)</sup>			<u>Coverage</u> <sup>(4)</sup>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2008	19,530,966	13,291,556	6,239,410	125,000	5,778	130,778	47.71
2009	18,607,270	14,627,637	3,979,633	130,000	1,983	131,983	30.15
2010	19,988,033	15,125,322	4,862,711	-	-	-	N/A
2011	19,828,017	15,043,282	4,784,735	-	-	-	N/A
2012	19,324,351	14,102,581	5,221,770	-	-	-	N/A
2013	19,396,729	15,467,631	3,929,098	-	-	-	N/A
2014	19,402,927	16,221,654	3,181,273	-	-	-	N/A
2015	20,782,881	14,435,529	6,347,352	-	-	-	N/A
2016	20,045,915	13,951,054	6,094,861	-	-	-	N/A
2017	19,983,115	13,874,041	6,109,074	-	-	-	N/A

Notes: <sup>(1)</sup> Total Operating Revenues

<sup>(2)</sup> Total Operating Expenses, including depreciation

<sup>(3)</sup> Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the Sewer Fund, or by the Parking Auth or debt defeasance transactions

<sup>(4)</sup> The Borough of Lansdale is required to maintain coverage of 1.25 times debt service requirements

Sources: Borough of Lansdale, Montgomery County, Pennsylvania Annual Financial Statements and bond offering official statements

**Borough of Lansdale**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<u>Year</u>	<u>Population</u> <sup>(1)</sup>	<u>Per Capita Income</u> <sup>(1)</sup>	<u>Personal Income</u> <sup>(1)</sup>	<u>School District Enrollment</u> <sup>(2)</sup>	<u>Number of Dropouts</u> <sup>(2)</sup>	<u>Dropouts as a Percentage of Enrollment</u>	<u>Unemployment Rate</u> <sup>(3)</sup>
2008	16,071	22,096	355,104,816	12,941	106	0.82%	4.4%
2009	16,071	22,096	355,104,816	12,702	37	0.29%	6.7%
2010	16,071	22,096	355,104,816	12,628	38	0.30%	7.5%
2011	16,269	27,872	453,449,568	12,665	29	0.23%	7.3%
2012	16,269	27,872	453,449,568	12,576	26	0.21%	6.7%
2013	16,269	27,872	453,449,568	12,604	14	0.11%	6.7%
2014	16,269	27,872	453,449,568	12,826	16	0.12%	5.6%
2015	16,269	27,872	453,449,568	12,704	14	0.11%	4.9%
2016	16,269	27,872	453,449,568	12,772	9	0.07%	4.9%
2017	16,269	27,872	453,449,568	12,808	29	0.23%	3.5%

Notes: <sup>(1)</sup> U.S. Census Bureau. <http://censtats.census.gov/data/PA/1604241432.pdf>

<sup>(2)</sup> North Penn School District records

<sup>(3)</sup> Bureau of Labor Statistics Data. <http://data.bls.gov/cgi-bin/dsrv>

**Borough of Lansdale  
Principal Employers  
Current and Nine Years Ago**

Employer	Description	2017			2008 <sup>(2)</sup>		
		Employees	Rank	Percentage of Total Borough Employment <sup>(1)</sup>	Employees	Rank	Percentage of Total Borough Employment
701 Lansdale Operating LLC	Nursing Home	324	1	4.40%			
Caregivers America LLC	Home Healthcare	261	2	3.55%			
Delaware Valley Comfort At Home	Home Health Care	258	3	3.51%			
North Penn YMCA	Fitness	240	4	3.26%	607	2	
Precise Point Inc	Home Health Care	226	5	3.07%			
Elm Terrace Gardens	Assisted Living	191	6	2.60%	101	6	
Express Services Inc	Temporary Services Inc	175	7	2.38%			
Merck Sharp & Dohme Corp	Pharmaceutical	171	8	2.32%			
Lansdale329 Prop LLC	Food Service Provider	149	9	2.03%			
Safeguard Business Systems	Banking	140	10	1.90%			
Totals		2,135		29.02%	708		0.00%

Notes: <sup>(1)</sup> Total number of individuals employed in the Borough in 2017: 7,265

<sup>(2)</sup> Employment information for 2008 is not available

Source: Berkheimer Tax Administrator records

**Borough of Lansdale**  
**Full Time Equivalent Borough Government Employees by Function**  
**Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	9	9	9	9	9	10	10	11	11	15
Public Safety										
Officers	21	19	23	27	24	24	24	23	24	25
Civilians	7	6	7	7	7	7	7	7	7	7
Fire Safety										
Officers	1	1	1	1	1	1	1	1	1	1
Code Enforcement & Zoning	2	2	4	7	7	7	7	7	7	6
Public Works										
Highway and Streets	12	11	10	11	11	11	11	11	11	11
Electric	18	17	16	16	17	17	17	16	16	16
Culture and Recreation	6	6	6	6	6	6	6	6	7	7
WWTP	<u>14</u>	<u>14</u>	<u>13</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>13</u>	<u>14</u>
Totals:	90	85	89	96	94	95	96	96	97	102

Source: Borough of Lansdale, Montgomery County, Pennsylvania records

**Borough of Lansdale**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police										
Part I Crimes	472	482	335	402	220	316	295	287	254	283
Part II Crimes	1,028	1,036	1,077	847	1,183	873	761	697	757	839
Fire Safety										
Alarm	181	165	156	163	161	141	144	156	144	160
Building/Dwelling Structure	6	-	1	3	1	1	-	2	2	2
Vehicle	132	121	131	106	108	90	81	96	88	85
Other	19	17	21	28	29	19	18	21	17	20
Other	129	95	127	131	122	100	110	121	108	115
Code Enforcement & Zoning										
Building Permits	205	226	198	269	263	298	281	311	340	382
Electrical Permits	116	107	110	129	147	146	147	173	246	229
Sign Permits	13	28	19	27	34	35	35	31	43	47
Occupancy Permits	178	203	83	42	66	107	87	93	159	176
Plumbing Permits	65	82	73	129	110	125	118	116	176	238
Land Development	2	4	2	-	6	2	4	4	3	5
Zoning Hearing Board	3	6	3	46	8	9	13	8	10	3
Highway and Streets										
Street Resurfacing	0.50	1.24	0.20	0.64	0.84	0.89	0.66	1.00	0.78	0.50
Culture and Recreation										
Pool Memberships	4,686	4,539	4,349	3,862	3,285	3324	3088	2925	2630	2526
Program Registration	245	180	192	160	219	880	857	968	1146	937
Concert Series Attendance	7,800	8,100	7,920	6,105	7,975	7270	9090	9450	8925	9685

Source: Borough of Lansdale, Montgomery County, Pennsylvania records

**Borough of Lansdale**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Function</b>										
General Government										
Municipal Building	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	11	11	12	12	13	14	14	14	14	14
Fire Stations	1	1	1	1	1	1	1	1	1	1
Highway and Streets										
Street Miles	49	49	49	49	49	49	49	49	49	49
Streetlights - Residential	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120
Streetlights - Hwy	62	62	64	64	64	64	64	64	64	64
Traffic Signals	20	20	20	20	20	20	20	20	20	20
Culture and Recreation										
Park Sites	22	22	22	22	22	22	22	22	22	22
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Libraries	1	1	1	1	1	1	1	1	1	1

**Borough of Lansdale  
Schedule of Insurance  
As of December 31, 2017**

<u>Name of Company</u>	<u>Policy Number</u>	<u>Policy Period</u>		<u>Type of Coverage</u>	<u>Liability Limits</u>	<u>Deductible</u>	<u>Annual Premium</u>
		<u>From</u>	<u>To</u>				
D.V.W.C.T	05922110	1/1/17	1/1/18	Workers Compensation	\$ 6,620,415	\$ -	\$ 305,652
Selective	S 2007387	1/1/17	1/1/18	Property	72,076,420	2,500	57,229
Selective	S 2007387	1/1/17	1/1/18	Inland Marine - Contractors Equipment	794,481	1,000	15,489
Selective	S 2007387	1/1/17	1/1/18	Inland Marine- Misc Property	432,791	1,000	2,916
Selective	S 2007387	1/1/17	1/1/18	Inland Marine- Employees Tools	25,000	1,000	100
Selective	S 2007387	1/1/17	1/1/18	Inland Marine- Flood and Earthquake	5,000,000	25,000	4,415
Chubb	76414261	1/1/17	1/1/18	Boiler	50,000,000	1,500	24,971
Selective	S 2007387	1/1/17	1/1/18	General Liability	1,000,000		43,981
Travelers	106584373	8/17/16	1/1/18	Crime	500,000	5,000	3,232
Selective	S 2007387	1/1/17	1/1/18	Automobile	1,000,000	500	54,099
Selective	S 2007387	1/1/17	1/1/19	Umbrella	10,000,000	-	36,437
Selective	S 2007387	1/1/17	1/1/18	Law Enforcement Professional Liability	1,000,000	10,000	27,504
Selective	B1111657	1/18/17	1/18/18	Bond	500,000	-	500
Travelers	106034745	1/1/17	1/1/18	Fiduciary Liability	2,000,000	-	16,275
National Union	SRG9144053	2/23/17	2/23/18	Volunteer Accident	250,000	-	500
Indian Harbor	PEC000482005	1/1/15	1/1/18	Pollution	3,000,000	25,000	66,559
Selective	S2007387	1/1/17	1/1/18	Pesticide and Herbicide	1,000,000	1,000	954
Selective	S2007387	1/1/17	1/1/18	Public Official Liability	1,000,000	10,000	17,850
Selective	S2007387	1/1/17	1/1/18	Abuse or Mollestation	1,000,000		535
Selective	S1263542	1/1/17	1/1/18	Automobile - Fire Company	1,000,000	-	8,175
Travelers	106488892	3/15/17	1/1/18	Cyber/Privacy Liability	1,000,000	10,000	5,696
National Union	SRG0009113655A	2/23/17	2/23/18	Police Accident	250,000		7,451
Builders Risk	S21004078	1/22/17	1/22/18	1 Vine Renovation	10,000,000	5,000	10,795
<b>Total Premium:</b>						\$	711,315

Source: Borough of Lansdale, Montgomery County, Pennsylvania records

**Borough of Lansdale**  
**Police Pension Plan - Selected Data**  
**Last Ten Years**

Year Ended December 31	Number of Active Members	Contributions			Number of Retired Members
		Members	Borough	Total	
2008	19	41,542	348,283	389,825	21
2009	21	48,175	397,819	445,994	20
2010	21	48,750	785,000	833,750	20
2011	20	73,803	929,068	1,002,871	21
2012	20	84,142	931,568	1,015,710	21
2013	24	86,328	833,200	919,528	21
2014	23	88,781	868,240	957,021	22
2015	24	89,592	929,127	1,018,719	22
2016	24	87,906	967,144	1,055,050	22
2017	23	88,732	881,678	970,410	25

Notes: <sup>(1)</sup> Members' contributions were reduced from 5% to 2.5% as part of a collective bargaining agreement.

Source: Actuarial valuation reports and Borough of Lansdale, Montgomery County, Pennsylvania records.

**Borough of Lansdale  
Employee Pension Plans  
Annual Contributions by Borough  
Last Ten Years**

<b>Year Ended December 31</b>	<b>Primary Plans</b>		<b>Secondary Plans</b>		
	<b>Administrative</b>	<b>Union</b>	<b>Administrative</b>	<b>Union (AFSCME)</b>	<b>Union (Molders)</b>
2008	54,985	144,991	66,281	22,324	None
2009	56,049	135,499	67,709	22,587	None
2010	51,460	148,274	63,906	24,620	None
2011	65,687	218,172	76,865	34,024	None
2012	76,528	205,001	76,647	44,768	None
2013	79,849	215,383	93,754	44,317	None
2014	96,134	226,178	91,639	32,709	None
2015	105,991	205,863	91,660	41,756	None
2016	104,421	254,912	89,953	47,604	None
2017	131,483	271,167	102,941	88,626	None

Source: Borough of Lansdale, Montgomery County, Pennsylvania Annual Financial Statements

**Borough of Lansdale  
Salaries of Elected Officials  
December 31, 2017**

<u>Official Title</u>	<u>Annual Salary</u>
Mayor	\$ 2,400
Councilman, President	2,400
Councilman, Vice President	2,400
Councilman	2,400
Councilman	2,400
Councilman	2,400
Councilman	2,400
Councilman	2,400
Councilman	2,400
Councilman	2,400
Tax Collector	25,800

Source: Borough of Lansdale, Montgomery County, Pennsylvania records.

**Borough of Lansdale**  
**Miscellaneous Statistics**  
**December 31, 2017**

**Date Founded** 1872  
**Form of Government** Elected Borough Council and Mayor  
**Area** 2.99 square miles  
**Miles of Road** 49  
**Fire Protection** 1 volunteer stations  
**Police Protection** 22 full time Officers (including Chief)  
 3 part-time Officers  
 17 vehicle patrol units  
**Recreation** 22 sites, including 2 swimming pools  
**Libraries** Lansdale Public Library  
**Transportation:**  
**Bus Service** The Southeastern Pennsylvania Transportation Authority (SEPTA) and private bus companies operate in the Borough.  
**Railway** Two branch lines pass through the Borough and stop at one station located in the Borough

**Education:**

Number of Schools (Fall, 2014)	Public	Nonpublic
<b>Elementary</b>	2	1
<b>Middle</b>	1	
<b>Secondary</b>		1

**Hospitals:**

The following hospitals serve the Borough and the greater North Penn area:

- Central Montgomery Medical Center, Lansdale
- Grandview Hospital, Sellersville
- Abington Hospital, Abington

**Borough Employees:**

Full Time 96  
 Part Time 29

**Population:**

2010	2000	1990	1980
16,269	16,071	16,233	16,526

**Borough of Lansdale**  
**Miscellaneous Statistics**  
**December 31, 2017**

**Age Group Comparisons:**

	<b>Borough</b>				<b>State</b>			<b>U.S.</b>			
	2010	2000	1990	1980	2010	2000	1990	2010	2000	1990	1980
<b>% Under 20</b>	21.4%	24.5%	21.6%	24.2%	26.5%	23.5%	26.3%	24.0%	25.7%	25.6%	28.1%
<b>% 20 - 64</b>	64.4%	60.0%	62.2%	62.6%	53.7%	61.1%	60.8%	63.0%	61.9%	61.8%	60.7%
<b>% over 65</b>	14.2%	15.5%	16.2%	15.4%	19.8%	15.4%	12.9%	13.0%	12.4%	12.6%	11.2%
<b>Median ( years )</b>	38.9	37.0	34.6	39.8	38.0	35.0	32.9	37.2	35.3	32.9	30.00

**Average Household Size (persons):**

	2010	2000	1990	1980
<b>Lansdale Borough</b>	2.36	2.36	2.41	2.61
<b>U.S.</b>	2.59	2.62	2.63	2.75

**Number of Married couple families as a percentage of all households:**

	2010	2000	1990
<b>Lansdale Borough</b>	48.20%	46.80%	51.60%
<b>U.S.</b>	49.70%	51.70%	55.10%

**Married couple families by presence of children under 18:**

	2010	2000	1990
<b>With children</b>	1218	1,374	1,467
<b>Without children</b>	1587	1,722	2,051
<b>Difference</b>	369	348	584

Source: United States Department of Commerce, Bureau of the Census, 2010 and Borough of Lansdale, Montgomery County, Pennsylvania records