

BOROUGH OF CONWAY

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**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**BOROUGH OF CONWAY**  
BEAVER COUNTY, PENNSYLVANIA

AUDIT OF FINANCIAL STATEMENTS  
WITH REPORT OF  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**BOROUGH OF CONWAY**  
**BEAVER COUNTY, PENNSYLVANIA**

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**Borough Council  
Borough of Conway**

**Independent Auditor's Report**

**Report on Financial Statements**

I have audited the accompanying basic financial statements of the governmental funds, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Conway as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough'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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 auditor's 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 Borough'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 Borough's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

### ***Basis for Adverse Opinion on Governmental Activities***

As described in Note 1, the Borough of Conway prepares its statement of net position (Exhibit A) and statement of activities (Exhibit B) for governmental activities using the modified accrual basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Generally accepted accounting principles requires the preparation of these government-wide financial statements using the full accrual basis of accounting, including capitalizing and depreciating fixed assets and recognizing long-term debt obligations. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the governmental activities is not reasonably determinable.

### ***Adverse Opinion***

In my opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the statement of net position (Exhibit A) and statement of activities (Exhibit B) referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Borough of Conway as of December 31, 2019, and the changes in financial position thereof for the year then ended.

### ***Unmodified Opinion***

In my opinion, the basic financial statements referred to above, excluding the statement of net position (Exhibit A) and statement of activities (Exhibit B), present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Borough of Conway as of December 31, 2019, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

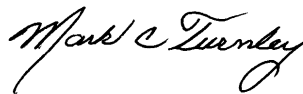
### **Report on Supplementary and Other Information**

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States requires to be presented to supplement the basic financial statements. Such missing 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. My opinion on the basic financial statements is not affected by this missing information.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Borough of Conway’s basic financial statements. The supplementary information (Schedules 1 through 5) is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records use 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 my opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, reading "Mark C. Turnley". The signature is written in a cursive, flowing style.

Mark C. Turnley, CPA

April 8, 2021  
New Brighton, Pennsylvania

**BOROUGH OF CONWAY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

**EXHIBIT A**

|                                               | <b><u>Governmental<br/>Activities</u></b> | <b><u>Business-Type<br/>Activities</u></b> | <b><u>Total</u></b>            |
|-----------------------------------------------|-------------------------------------------|--------------------------------------------|--------------------------------|
| <b>ASSETS</b>                                 |                                           |                                            |                                |
| <b>Current Assets:</b>                        |                                           |                                            |                                |
| Cash and Cash Equivalents                     | \$ 168,934                                | \$ 235,149                                 | \$ 404,083                     |
| Due from other Governments                    | 145,180                                   | -                                          | 145,180                        |
| Taxes Receivable                              | 9,753                                     | -                                          | 9,753                          |
| Internal Balances                             | (109,552)                                 | 109,552                                    | -                              |
| Water & Sewer Receivable                      | -                                         | 229,679                                    | 229,679                        |
| Other Receivables                             | 30,322                                    | -                                          | 30,322                         |
| <b>Total Current Assets</b>                   | <b><u>\$ 244,637</u></b>                  | <b><u>\$ 574,380</u></b>                   | <b><u>\$ 819,017</u></b>       |
| <b>Noncurrent Assets:</b>                     |                                           |                                            |                                |
| Water & Sewer Construction Cost               | \$ -                                      | \$ 3,252,694                               | \$ 3,252,694                   |
| Lease Hold Improvements                       | -                                         | 255,824                                    | 255,824                        |
| Machinery & Equipment                         | -                                         | 518,997                                    | 518,997                        |
| Accumulated Depreciation                      | -                                         | (1,243,418)                                | (1,243,418)                    |
| <b>Total Noncurrent Assets</b>                | <b><u>\$ -</u></b>                        | <b><u>\$ 2,784,097</u></b>                 | <b><u>\$ 2,784,097</u></b>     |
| <br><b>TOTAL ASSETS</b>                       | <br><b><u>\$ 244,637</u></b>              | <br><b><u>\$ 3,358,477</u></b>             | <br><b><u>\$ 3,603,114</u></b> |
| <b>LIABILITIES</b>                            |                                           |                                            |                                |
| <b>Current Liabilities:</b>                   |                                           |                                            |                                |
| Accounts Payable                              | \$ 23,500                                 | \$ 38,202                                  | \$ 61,702                      |
| Pennvest Note - Current Portion               | -                                         | 116,363                                    | 116,363                        |
| Payroll Tax Liabilities                       | 2,687                                     | 1,508                                      | 4,195                          |
| Other Current Liabilities                     | 3,265                                     | -                                          | 3,265                          |
| <b>Total Current Liabilities</b>              | <b><u>\$ 29,452</u></b>                   | <b><u>\$ 156,073</u></b>                   | <b><u>\$ 185,525</u></b>       |
| <b>Non-Current Liabilities:</b>               |                                           |                                            |                                |
| Pennvest Note - Long Term Portion             | \$ -                                      | \$ 1,579,173                               | \$ 1,579,173                   |
| <b>Total Non-Current Liabilities</b>          | <b><u>\$ -</u></b>                        | <b><u>\$ 1,579,173</u></b>                 | <b><u>\$ 1,579,173</u></b>     |
| <br><b>TOTAL LIABILITIES</b>                  | <br><b><u>\$ 29,452</u></b>               | <br><b><u>\$ 1,735,246</u></b>             | <br><b><u>\$ 1,764,698</u></b> |
| <b>NET POSITION</b>                           |                                           |                                            |                                |
| Restricted                                    | \$ 111,960                                | \$ -                                       | \$ 111,960                     |
| Unrestricted                                  | 103,225                                   | 534,670                                    | 637,895                        |
| Net Investment in Capital Assets              | -                                         | 1,088,561                                  | 1,088,561                      |
| <b>TOTAL NET POSITION</b>                     | <b><u>\$ 215,185</u></b>                  | <b><u>\$ 1,623,231</u></b>                 | <b><u>\$ 1,838,416</u></b>     |
| <br><b>TOTAL LIABILITIES AND NET POSITION</b> | <br><b><u>\$ 244,637</u></b>              | <br><b><u>\$ 3,358,477</u></b>             | <br><b><u>\$ 3,603,114</u></b> |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF CONWAY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**EXHIBIT B**

| Functions/Programs                                          | Expenses            | Program Revenues        |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                             |                     |
|-------------------------------------------------------------|---------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|---------------------|
|                                                             |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total               |
| <b>Governmental Activities:</b>                             |                     |                         |                                          |                                        |                                                      |                             |                     |
| General Government                                          | \$ 207,093          | \$ 72,775               | \$ -                                     | \$ -                                   | \$ (134,318)                                         |                             | \$ (134,318)        |
| Public Safety - Police                                      | 425,696             | 12,067                  | -                                        | -                                      | (413,629)                                            |                             | (413,629)           |
| Public Safety - Fire                                        | 52,029              | -                       | 10,256                                   | -                                      | (41,773)                                             |                             | (41,773)            |
| Public Safety - Other                                       | 650                 | 24,343                  | -                                        | -                                      | 23,693                                               |                             | 23,693              |
| Public Works - Sanitation                                   | 179,961             | 213,477                 | -                                        | -                                      | 33,516                                               |                             | 33,516              |
| Public Works - Highways                                     | 194,543             | -                       | 74,585                                   | -                                      | (119,958)                                            |                             | (119,958)           |
| Culture and Recreation                                      | 115,994             | 1,150                   | 70,595                                   | -                                      | (44,249)                                             |                             | (44,249)            |
| Insurance and Employee Benefits                             | 113,468             | -                       | 76,807                                   | -                                      | (36,661)                                             |                             | (36,661)            |
| Miscellaneous                                               | 142,998             | -                       | -                                        | -                                      | (142,998)                                            |                             | (142,998)           |
| <b>Total Governmental Activities</b>                        | <b>\$ 1,432,432</b> | <b>\$ 323,812</b>       | <b>\$ 232,243</b>                        | <b>\$ -</b>                            | <b>\$ (876,377)</b>                                  |                             | <b>\$ (876,377)</b> |
| <b>Business-Type activities:</b>                            |                     |                         |                                          |                                        |                                                      |                             |                     |
| Water & Sewer                                               | \$ 1,122,167        | \$ 1,076,479            | \$ -                                     | \$ -                                   |                                                      | \$ (45,688)                 | \$ (45,688)         |
| <b>Total Business-Type Activities</b>                       | <b>\$ 1,122,167</b> | <b>\$ 1,076,479</b>     | <b>\$ -</b>                              | <b>\$ -</b>                            |                                                      | <b>\$ (45,688)</b>          | <b>\$ (45,688)</b>  |
| <b>Total Primary Government</b>                             | <b>\$ 2,554,599</b> | <b>\$ 1,400,291</b>     | <b>\$ 232,243</b>                        | <b>\$ -</b>                            | <b>\$ (876,377)</b>                                  | <b>\$ (45,688)</b>          | <b>\$ (922,065)</b> |
| <b>General Revenues:</b>                                    |                     |                         |                                          |                                        |                                                      |                             |                     |
| Taxes:                                                      |                     |                         |                                          |                                        |                                                      |                             |                     |
| Property Taxes, Levied for General Purposes (net)           |                     |                         |                                          |                                        | \$ 562,494                                           | \$ -                        | \$ 562,494          |
| Act 511 Taxes                                               |                     |                         |                                          |                                        | 340,306                                              | -                           | 340,306             |
| Public Utility Realty Tax                                   |                     |                         |                                          |                                        | 835                                                  | -                           | 835                 |
| Alcoholic Beverage Tax                                      |                     |                         |                                          |                                        | 700                                                  | -                           | 700                 |
| Cable Franchise Fees                                        |                     |                         |                                          |                                        | 26,843                                               | -                           | 26,843              |
| Investment Earnings                                         |                     |                         |                                          |                                        | 2,475                                                | 3,399                       | 5,874               |
| Miscellaneous                                               |                     |                         |                                          |                                        | 17,174                                               | 8,213                       | 25,387              |
| Transfers between Governmental and Business-Type Activities |                     |                         |                                          |                                        | 2,925                                                | (2,925)                     | -                   |
| <b>Total General Revenues</b>                               |                     |                         |                                          |                                        | <b>\$ 953,752</b>                                    | <b>\$ 8,687</b>             | <b>\$ 962,439</b>   |
| <b>Change in Net Position</b>                               |                     |                         |                                          |                                        | <b>\$ 77,375</b>                                     | <b>\$ (37,001)</b>          | <b>\$ 40,374</b>    |
| Net Position — January 1, 2019                              |                     |                         |                                          |                                        | 137,810                                              | 1,660,232                   | 1,798,042           |
| <b>Net Position — December 31, 2019</b>                     |                     |                         |                                          |                                        | <b>\$ 215,185</b>                                    | <b>\$ 1,623,231</b>         | <b>\$ 1,838,416</b> |

The accompanying notes are an integral part of these financial statements



**BOROUGH OF CONWAY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

**EXHIBIT C**

|                                                | <b><u>GENERAL<br/>FUND</u></b> | <b><u>NON-MAJOR<br/>GOVERNMENTAL<br/>FUNDS</u></b> | <b><u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u></b> |
|------------------------------------------------|--------------------------------|----------------------------------------------------|------------------------------------------------|
| <b>ASSETS:</b>                                 |                                |                                                    |                                                |
| Cash and Cash Equivalents                      | \$ 107,765                     | \$ 61,169                                          | \$ 168,934                                     |
| Due from Other Governments                     | 70,595                         | 74,585                                             | 145,180                                        |
| Taxes Receivable, net                          | 9,753                          | -                                                  | 9,753                                          |
| Other Receivables                              | 30,322                         | -                                                  | 30,322                                         |
| <b>TOTAL ASSETS</b>                            | <b><u>\$ 218,435</u></b>       | <b><u>\$ 135,754</u></b>                           | <b><u>\$ 354,189</u></b>                       |
| <br><b>LIABILITIES AND FUND BALANCES</b>       |                                |                                                    |                                                |
| <b>LIABILITIES:</b>                            |                                |                                                    |                                                |
| Accounts Payable                               | \$ 23,500                      | \$ -                                               | \$ 23,500                                      |
| Due to Other Funds                             | 109,552                        | -                                                  | 109,552                                        |
| Payroll Tax Liabilities                        | 2,687                          | -                                                  | 2,687                                          |
| Other Current Liabilities                      | 3,265                          | -                                                  | 3,265                                          |
| <b>TOTAL LIABILITIES</b>                       | <b><u>\$ 139,004</u></b>       | <b><u>\$ -</u></b>                                 | <b><u>\$ 139,004</u></b>                       |
| <b>FUND BALANCES:</b>                          |                                |                                                    |                                                |
| Restricted                                     | \$ -                           | \$ 111,960                                         | \$ 111,960                                     |
| Assigned                                       | -                              | 23,794                                             | 23,794                                         |
| Unassigned                                     | 79,431                         | -                                                  | 79,431                                         |
| <b>TOTAL FUND BALANCES</b>                     | <b><u>\$ 79,431</u></b>        | <b><u>\$ 135,754</u></b>                           | <b><u>\$ 215,185</u></b>                       |
| <br><b>TOTAL LIABILITIES AND FUND BALANCES</b> | <br><b><u>\$ 218,435</u></b>   | <br><b><u>\$ 135,754</u></b>                       | <br><b><u>\$ 354,189</u></b>                   |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF CONWAY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                              | <b><u>GENERAL FUND</u></b> | <b><u>NON-MAJOR<br/>GOVERNMENTAL<br/>FUNDS</u></b> | <b><u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u></b> |
|--------------------------------------------------------------|----------------------------|----------------------------------------------------|------------------------------------------------|
| <b><u>REVENUES</u></b>                                       |                            |                                                    |                                                |
| Taxes                                                        | \$ 902,801                 | \$ -                                               | \$ 902,801                                     |
| Licenses and Permits                                         | 52,586                     | -                                                  | 52,586                                         |
| Fines and Forfeitures                                        | 11,077                     | -                                                  | 11,077                                         |
| Interest and Rents                                           | 72,584                     | 621                                                | 73,205                                         |
| Intergovernmental                                            | 159,194                    | 74,585                                             | 233,779                                        |
| Charges for Services                                         | 216,262                    | -                                                  | 216,262                                        |
| Miscellaneous                                                | 13,899                     | 1,763                                              | 15,662                                         |
| <b>Total Revenue</b>                                         | <b>\$ 1,428,403</b>        | <b>\$ 76,969</b>                                   | <b>\$ 1,505,372</b>                            |
| <b><u>EXPENDITURES</u></b>                                   |                            |                                                    |                                                |
| General Government                                           | \$ 207,093                 | \$ -                                               | \$ 207,093                                     |
| Public Safety                                                | 475,374                    | 3,000                                              | 478,374                                        |
| Public Works                                                 | 359,112                    | 15,392                                             | 374,504                                        |
| Culture and Recreation                                       | 114,918                    | 1,076                                              | 115,994                                        |
| Insurance and Employee Benefits                              | 113,468                    | -                                                  | 113,468                                        |
| Miscellaneous                                                | 141,873                    | -                                                  | 141,873                                        |
| <b>Total Expenditures</b>                                    | <b>\$ 1,411,838</b>        | <b>\$ 19,468</b>                                   | <b>\$ 1,431,306</b>                            |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b>\$ 16,565</b>           | <b>\$ 57,501</b>                                   | <b>\$ 74,066</b>                               |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                            |                                                    |                                                |
| Operating Transfers In                                       | \$ 2,925                   | \$ -                                               | \$ 2,925                                       |
| Refund Prior Year Expense                                    | 1,509                      | -                                                  | 1,509                                          |
| Refund Prior Year Revenue                                    | (1,125)                    | -                                                  | (1,125)                                        |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$ 3,309</b>            | <b>\$ -</b>                                        | <b>\$ 3,309</b>                                |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>\$ 19,874</b>           | <b>\$ 57,501</b>                                   | <b>\$ 77,375</b>                               |
| FUND BALANCE - JANUARY 1, 2019                               | 59,557                     | 78,253                                             | 137,810                                        |
| <b>FUND BALANCE - DECEMBER 31, 2019</b>                      | <b>\$ 79,431</b>           | <b>\$ 135,754</b>                                  | <b>\$ 215,185</b>                              |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF CONWAY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                               | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------|
|                                                               | Original            | Final               | (Budgetary Basis)   |                                                         |
| <b>REVENUES</b>                                               |                     |                     |                     |                                                         |
| Taxes                                                         | \$ 868,000          | \$ 868,000          | \$ 902,801          | \$ 34,801                                               |
| Licenses and Permits                                          | 54,400              | 54,400              | 52,586              | (1,814)                                                 |
| Fines and Forfeitures                                         | 14,000              | 14,000              | 11,077              | (2,923)                                                 |
| Interest and Rents                                            | 75,000              | 75,000              | 72,584              | (2,416)                                                 |
| Intergovernmental                                             | 76,300              | 76,300              | 159,194             | 82,894                                                  |
| Charges for Services                                          | 169,400             | 169,400             | 216,262             | 46,862                                                  |
| Miscellaneous                                                 | 17,500              | 17,500              | 13,899              | (3,601)                                                 |
| <b>Total Revenues</b>                                         | <b>\$ 1,274,600</b> | <b>\$ 1,274,600</b> | <b>\$ 1,428,403</b> | <b>\$ 153,803</b>                                       |
| <b>EXPENDITURES</b>                                           |                     |                     |                     |                                                         |
| General Government                                            | \$ 157,655          | \$ 157,655          | \$ 207,093          | \$ (49,438)                                             |
| Public Safety                                                 | 497,890             | 497,890             | 475,374             | 22,516                                                  |
| Public Works                                                  | 367,639             | 367,639             | 359,112             | 8,527                                                   |
| Culture and Recreation                                        | 16,500              | 16,500              | 114,918             | (98,418)                                                |
| Debt Service                                                  | 9,000               | 9,000               | -                   | 9,000                                                   |
| Insurance and Employee Benefits                               | 297,016             | 297,016             | 113,468             | 183,548                                                 |
| Miscellaneous                                                 | 500                 | 500                 | 141,873             | (141,373)                                               |
| <b>Total Expenditures</b>                                     | <b>\$ 1,346,200</b> | <b>\$ 1,346,200</b> | <b>\$ 1,411,838</b> | <b>\$ (65,638)</b>                                      |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ (71,600)</b>  | <b>\$ (71,600)</b>  | <b>\$ 16,565</b>    | <b>\$ 88,165</b>                                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                     |                     |                     |                                                         |
| Operating Transfers Out                                       | \$ (25,000)         | \$ (25,000)         | \$ -                | \$ 25,000                                               |
| Operating Transfers In                                        | 25,000              | 25,000              | 2,925               | (22,075)                                                |
| Refund Prior Year Expense                                     | -                   | -                   | 1,509               | 1,509                                                   |
| Refund Prior Year Revenue                                     | (1,000)             | (1,000)             | (1,125)             | (125)                                                   |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (1,000)</b>   | <b>\$ (1,000)</b>   | <b>\$ 3,309</b>     | <b>\$ 4,309</b>                                         |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ (72,600)</b>  | <b>\$ (72,600)</b>  | <b>\$ 19,874</b>    | <b>\$ 92,474</b>                                        |
| FUND BALANCE - JANUARY 1, 2019                                | -                   | -                   | 59,557              | 59,557                                                  |
| <b>FUND BALANCE - DECEMBER 31, 2019</b>                       | <b>\$ (72,600)</b>  | <b>\$ (72,600)</b>  | <b>\$ 79,431</b>    | <b>\$ 152,031</b>                                       |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF CONWAY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND - WATER AND SEWER FUND**  
**DECEMBER 31, 2019**

**ASSETS****Current Assets:**

|                             |                          |
|-----------------------------|--------------------------|
| Cash and Cash Equivalents   | \$ 235,149               |
| Water & Sewer Receivable    | 229,679                  |
| Due from Other Funds        | 109,552                  |
| <b>Total Current Assets</b> | <b><u>\$ 574,380</u></b> |

**Noncurrent Assets:**

|                                 |                            |
|---------------------------------|----------------------------|
| Water & Sewer Construction Cost | \$ 3,252,694               |
| Lease Hold Improvements         | 255,824                    |
| Machinery & Equipment           | 518,997                    |
| Accumulated Depreciation        | (1,243,418)                |
| <b>Total Noncurrent Assets</b>  | <b><u>\$ 2,784,097</u></b> |

|                     |                            |
|---------------------|----------------------------|
| <b>TOTAL ASSETS</b> | <b><u>\$ 3,358,477</u></b> |
|---------------------|----------------------------|

**LIABILITIES****Current Liabilities:**

|                                  |                          |
|----------------------------------|--------------------------|
| Accounts Payable                 | \$ 38,202                |
| Pennvest Note - Current Portion  | 116,363                  |
| Payroll Tax Liabilities          | 1,508                    |
| <b>Total Current Liabilities</b> | <b><u>\$ 156,073</u></b> |

**Non-current Liabilities:**

|                                      |                            |
|--------------------------------------|----------------------------|
| Pennvest Note - Long Term Portion    | \$ 1,579,173               |
| <b>Total Non-current Liabilities</b> | <b><u>\$ 1,579,173</u></b> |

|                          |                            |
|--------------------------|----------------------------|
| <b>TOTAL LIABILITIES</b> | <b><u>\$ 1,735,246</u></b> |
|--------------------------|----------------------------|

**NET POSITION**

|                                  |                            |
|----------------------------------|----------------------------|
| Unrestricted                     | \$ 534,670                 |
| Net Investment in Capital Assets | 1,088,561                  |
| <b>TOTAL NET POSITION</b>        | <b><u>\$ 1,623,231</u></b> |

|                                           |                            |
|-------------------------------------------|----------------------------|
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b><u>\$ 3,358,477</u></b> |
|-------------------------------------------|----------------------------|

The accompanying notes are an integral part of these financial statements

**BOROUGH OF CONWAY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND - WATER & SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**OPERATING REVENUES:**

|                                                |                     |
|------------------------------------------------|---------------------|
| Water and sewer rents                          | \$ 901,041          |
| Sale of remotes                                | 250                 |
| Miscellaneous                                  | 28,230              |
| Electrical reimbursement                       | 4,199               |
| Water on/off services                          | 50                  |
| Water/sewer tap-in fees                        | 2,500               |
| Norfolk Southern Corp. additional assessments: |                     |
| 2006 agreement                                 | 93,834              |
| NLSC master meter                              | 46,375              |
| <b>Total Operating Revenues</b>                | <b>\$ 1,076,479</b> |

**OPERATING EXPENSES:**

|                                 |                   |
|---------------------------------|-------------------|
| Water purchased                 | \$ 260,662        |
| Salaries and wages              | 140,111           |
| Social security tax             | 14,455            |
| Unemployment compensation       | 2,027             |
| Workers compensation            | (5,195)           |
| Utilities                       | 27,253            |
| Operating supplies              | 14,016            |
| Water meters                    | 2,933             |
| Insurance                       | 70,468            |
| Industrial pretreatment         | 6,611             |
| Sludge removal                  | 48,525            |
| Miscellaneous                   | 8,265             |
| Depreciation                    | 104,993           |
| Testing                         | 22,682            |
| Sewer line maintenance          | 12,480            |
| Small tools and minor equipment | 5,928             |
| Contracted services             | 6,064             |
| Capital outlays                 | 51,971            |
| NPDES renewal                   | 1,013             |
| Repair and maintenance          | 46,113            |
| <b>Total Operating Expenses</b> | <b>\$ 841,375</b> |

**ADMINISTRATIVE EXPENSES:**

|                                      |                   |
|--------------------------------------|-------------------|
| Salary, secretary and assistant      | \$ 48,946         |
| Postage and printing                 | 3,914             |
| Building Improvements                | 1,441             |
| Auditing                             | 3,500             |
| Engineering services                 | 45,987            |
| Legal                                | 1,003             |
| Miscellaneous                        | 13,421            |
| <b>Total Administrative Expenses</b> | <b>\$ 118,212</b> |

**TOTAL OPERATING AND  
ADMINISTRATIVE EXPENSES**

**\$ 959,587**

**OPERATING INCOME (LOSS)**

**\$ 116,892**

**BOROUGH OF CONWAY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND - WATER & SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**NON-OPERATING REVENUES (EXPENSES):**

|                                                |                            |
|------------------------------------------------|----------------------------|
| Interest income                                | \$ 3,399                   |
| Debt interest                                  | (17,580)                   |
| Sewer project - IG agreement expenses          | (145,000)                  |
| Transfer to General Fund                       | (2,925)                    |
| Refund of prior year expenses                  | 8,213                      |
| <b>Total Non-Operating Revenues (Expenses)</b> | <b><u>\$ (153,893)</u></b> |

**CHANGE IN NET POSITION** **(37,001)**

NET POSITION - JANUARY 1, 2019 1,660,232

**NET POSITION - DECEMBER 31, 2019** **\$ 1,623,231**

**BOROUGH OF CONWAY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND - WATER & SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|                                             |              |
|---------------------------------------------|--------------|
| Cash received from user charges             | \$ 1,096,501 |
| Cash received from miscellaneous sources    | 28,480       |
| Cash paid to vendors for goods and services | (783,647)    |
| Cash paid to employees for services         | (199,900)    |

**Net cash provided (used) by operating activities** **\$ 141,434**

**CASH FLOWS FROM CAPITAL AND RELATED****FINANCING ACTIVITIES:**

|                                       |           |
|---------------------------------------|-----------|
| Debt principal payments               | (115,206) |
| Debt interest payments                | (17,580)  |
| Sewer project - IG agreement expenses | (145,000) |
| Transfer to General Fund              | (2,925)   |
| Capital construction and purchases    | (189,158) |

**Net cash provided (used) by capital and related financing activities** **\$ (469,869)**

**CASH FLOWS FROM NON-CAPITAL****FINANCING ACTIVITIES:**

|                               |          |
|-------------------------------|----------|
| Refund of Prior Year Expenses | \$ 8,213 |
|-------------------------------|----------|

**Net cash provided (used) by non-capital financing activities** **\$ 8,213**

**CASH FLOWS FROM INVESTING ACTIVITIES:**

|                 |          |
|-----------------|----------|
| Interest income | \$ 3,399 |
|-----------------|----------|

**Net cash provided (used) by investing activities** **\$ 3,399**

**Net increase (decrease) in cash and cash equivalents** **(316,823)**

**Cash and cash equivalents - January 1, 2019** **551,972**

**Cash and cash equivalents - December 31, 2019** **\$ 235,149**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET****CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss) \$ 116,892

Adjustments to reconcile excess revenues over expenditures  
provided by operating activities:

Depreciation 104,993

Changes in assets and liabilities:

|                                                |           |
|------------------------------------------------|-----------|
| (Increase) decrease in water/sewer receivables | 48,502    |
| (Increase) decrease in due from other funds    | (109,552) |
| Increase (decrease) in payroll tax liabilities | 444       |
| Increase (decrease) in accounts payable        | (19,845)  |

**Net cash provided (used) by operating activities** **\$ 141,434**

The accompanying notes are an integral part of these financial statements

**BOROUGH OF CONWAY**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2019**

|                                    | <b><u>POLICE<br/>PENSION<br/>FUND</u></b> | <b><u>COLUMBIA<br/>GAS BOND<br/>FUND</u></b> |
|------------------------------------|-------------------------------------------|----------------------------------------------|
| <b>ASSETS</b>                      |                                           |                                              |
| Cash and Cash Equivalents          | \$ -                                      | \$ 5,897                                     |
| Investments                        | 1,408,693                                 | -                                            |
| <b>TOTAL ASSETS</b>                | <b><u>\$ 1,408,693</u></b>                | <b><u>\$ 5,897</u></b>                       |
| <b>LIABILITIES</b>                 |                                           |                                              |
| Other Current Liabilities          | \$ -                                      | \$ 5,897                                     |
| <b>TOTAL LIABILITIES</b>           | <b><u>\$ -</u></b>                        | <b><u>\$ 5,897</u></b>                       |
| <b>NET POSITION</b>                |                                           |                                              |
| Held in Trust for Pension Benefits | \$ 1,408,693                              | \$ -                                         |
| <b>TOTAL NET POSITION</b>          | <b><u>\$ 1,408,693</u></b>                | <b><u>\$ -</u></b>                           |

The accompanying notes are an integral part of these financial statements



**BOROUGH OF CONWAY**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND - POLICE PENSION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                             | <b>POLICE<br/>PENSION<br/>FUND</b> |
|---------------------------------------------|------------------------------------|
| <b>ADDITIONS</b>                            |                                    |
| Contributions                               |                                    |
| Plan Members                                | \$ 7,524                           |
| Total Contributions                         | <u>\$ 7,524</u>                    |
| Investment Earnings                         |                                    |
| Realized Gains (Losses)                     | \$ 56,457                          |
| Unrealized Gains (Losses)                   | 117,178                            |
| Interest and Dividends                      | 26,505                             |
| Total Investment Earnings                   | <u>\$ 200,140</u>                  |
| Less Investment Expense                     | -                                  |
| Net Investment Earnings                     | <u>\$ 200,140</u>                  |
| <b>TOTAL ADDITIONS</b>                      | <b><u>\$ 207,664</u></b>           |
| <br><b>DEDUCTIONS</b>                       |                                    |
| Benefit Payments                            | \$ (73,046)                        |
| Return of Employee Contribution             | (1,415)                            |
| Fees                                        | (12,806)                           |
| <b>TOTAL DEDUCTIONS</b>                     | <b><u>\$ (87,267)</u></b>          |
| <br><b>CHANGE IN NET POSITION</b>           | <br><b>\$ 120,397</b>              |
| <br><b>NET POSITION - JANUARY 1, 2019</b>   | <br><u>1,288,296</u>               |
| <br><b>NET POSITION - DECEMBER 31, 2019</b> | <br><b><u>\$ 1,408,693</u></b>     |

The accompanying notes are an integral part of these financial statements

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Borough of Conway was established under the provisions governing the creation of municipal corporations by the Commonwealth of Pennsylvania. Members of the Borough council are elected by the voting public. They have complete authority over the operation and administration of the Borough's activities. The major functions of the Borough include public safety, maintenance of Borough infrastructure (roads and water lines), sanitation and sewage control, maintenance of parks and other general administrative functions to facilitate the needs of the Borough residents.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Borough of Conway consists of funds, departments, boards and agencies that are not legally separate from the Borough. Generally accepted accounting principles define component units as legally separate entities that are included in the Borough's reporting entity because of the significance of their operating or financial relationships with the Borough. Based on the application of these criteria, the Borough of Conway has no component units.

**FINANCIAL STATEMENT PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position – modified accrual basis (Exhibit A) and the statement of activities – modified accrual basis (Exhibit B) report information about the Borough as a whole. These financial statements combine all of the financial activity of the primary government excluding the fiduciary funds. As a general rule, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are recorded separately from business-type activities, which rely to a significant extend on fees and charges for services.

The government-wide statement of activities – modified accrual basis presents a comparison between direct expenses and program revenues for each function of the Borough's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the Borough. The focus of governmental fund financial statements is on major funds. Major funds represent the Borough's most important funds with the General Fund always considered a major fund. Each other major governmental fund is presented in a separate column and non-major governmental funds are segregated and combined in a single column. Fiduciary funds are reported separately.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. The governmental activities on the government-wide financial statements are presented in conformity with the modified accrual basis of accounting, which is a basis of accounting other than generally accepted accounting standards.

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

The governmental fund financial statements of the Borough of Conway are presented on the modified accrual basis of accounting, in accordance with accounting standards generally accepted in the United States of America (GAAP) established by the Government Accounting Standards Board (GASB). Business-type activities on the government-wide financial statements use, the proprietary fund financial statements, and the Fiduciary Fund financial statements use the accrual basis of accounting basis of accounting in conformity with GAAP.

Revenue resulting from exchange transaction, in which the Borough receives value without directly giving equal value in return, includes property taxes, grants and contributions. On the modified accrual basis, revenue from current year property taxes is recognized when received, and within sixty days subsequent to year-end if they are both measurable and available to fund current year general operations. Revenues from grants and contributions are recognized in the calendar year in which all eligibility requirements have been satisfied. On the modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

The management of the Borough of Conway has determined that the revenues most susceptible to accrual at December 31, 2019 are **1)** delinquent real estate taxes earned by the Borough in the fourth quarter of 2019 **2)** deed transfer taxes and vehicle code violations earned by the Borough in December of 2019, **3)** certain taxpayer assessed Act 511 taxes, **4)** solid waste and water and sewer fees billed to the Borough residents and collected in January 2020, **5)** cable franchise fees earned during the year, and **6)** other miscellaneous revenues estimable and available to the Borough for 2019 but not as yet collected at December 31, 2019.

On the modified accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures, with certain exceptions, are recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at December 31, 2019 are those for which the Borough's intention was to expense these items as budgeted for in the 2019 official budget, and for which the Borough has incurred an obligation during 2019, but has not paid as of December 31, 2019.

**FUND ACCOUNTING**

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Borough functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Fund categories are defined as follows:

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Borough's major and non-major governmental funds:

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued):**

**MAJOR GOVERNMENTAL FUND:**

**GENERAL FUND** - Established under "The Borough Code" of the Commonwealth of Pennsylvania and is used for the general operations of the Borough. Income in this fund is derived mainly from assessed revenues such as real estate taxes and sanitation billings, local taxes established under Act 511, and other miscellaneous revenues not designated for other restricted fund purposes. These revenues are used for general ongoing government services such as administration, repair and maintenance, and public safety.

**NON-MAJOR GOVERNMENTAL FUNDS:**

**LIQUID FUELS FUND** (SPECIAL REVENUE) - Established and restricted under Act 655 of the Commonwealth of Pennsylvania. Funding is received from the Commonwealth and is restricted in use for the maintenance, repair and construction of roads, streets and bridges for which the Borough is responsible.

**DRUG ENFORCEMENT FUND** (SPECIAL REVENUE) - Established to account for monies received from forfeited drug money and expenses for drugs purchased by undercover patrolmen.

**FLAG FUND** (SPECIAL REVENUE) - Established to account for public donations and Borough appropriations to fund the purchase and replacement of Borough flags.

**FIRE TRUCK ESCROW FUND** (CAPITAL PROJECT) - Established to reserve monies for the purchase of a fire truck for the Borough of Conway Volunteer Fire Department. It is funded through annual appropriations from the Borough's general fund.

**MEMORIAL PARK REHAB FUND** (CAPITAL PROJECT) – Established to account for donations and grant monies received from the Commonwealth of Pennsylvania to be used for the erection of a War Memorial.

**Proprietary Funds** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the Borough (internal service funds). The Borough's Water and Sewer Fund is responsible for receipting charges for water and sewage services rendered to the Borough's residents and using these funds to defray the cost of maintaining these systems of service.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Borough under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Borough's own programs. Agency funds are custodial in nature and do not involve measuring income or any other results from operations. The Borough has two pension trust funds (police pension fund and non-uniform service employees' pension fund) and one escrow fund (Columbia Gas Bond Fund).

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Borough's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**BUDGETS**

In December of 2018 the Borough of Conway adopted its 2019 annual budget for the General Fund totaling \$1,372,200, in accordance with the provisions of the Borough Code. The budget is prepared utilizing the modified cash basis of accounting. The original and final budgetary amounts are reflected in these financial statements (Exhibit E). As reflected on Exhibit E, general fund expenditures exceeded budgeted expenditures for 2019. All annual appropriations of the general fund lapse at year-end.

The Borough uses the following procedures in establishing this budgetary data:

- a. In accordance with the Borough Code, beginning at least 30 days prior to the adoption of the budget, which shall not be later than December 31, a proposed budget for the ensuing year shall be prepared. The proposed budget shall be kept on file with the Borough and made available for public inspection for a period of ten days. Notice that the proposed budget is available for inspection is published in a newspaper of general circulation. After expiration of the ten days, Council makes such revisions in the budget as deemed advisable and shall adopt the budget by motion.
- b. Transfers of budget amounts are authorized between departments within any fund. However, any revisions that alter the total appropriations of any fund must be approved by the Council.

**CASH AND CASH EQUIVALENTS**

For purposes of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts.

**FIDUCIARY FUNDS (PENSION FUNDS)**

The pension trust funds, whose deposits and investments are held separately from those of the Borough, are assigned to professional money managers that specialize in certain types of investments. The investment alternatives of these money managers are generally restricted to those in which they specialize.

Fiduciary fund (pension fund) investments include money funds and mutual funds invested with PSAB Municipal Retirement Trust (Police Pension) and PMRS (Non-Uniform Pension). Investments are stated at fair market value.

**RECEIVABLES**

Sanitation and Water and Sewer Receivables are reflected in the accompanying financial statements at net realizable value as of December 31, 2019.

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental inter-fund receivables and payables have been eliminated.

**CAPITAL ASSETS AND DEPRECIATION**

All capital assets of the Borough's business-type activities are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The Borough does not maintain a specific dollar threshold for fixed asset capitalization. The cost of infrastructure is included in the government-wide statement of net position for business-type activities and the proprietary fund financial statements. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense.

All reported capital assets for business-type activities, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

| <b><u>CATEGORY</u></b>     | <b><u>BUSINESS-TYPE<br/>ACTIVITIES</u></b> |
|----------------------------|--------------------------------------------|
| Buildings and Improvements | 10-50 Years                                |
| Office Equipment           | 5-7 Years                                  |
| Vehicles                   | 5-15 Years                                 |
| Infrastructure             | 50 Years                                   |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or 'financial flow' measurement focus. This means that only the current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of 'available spendable resources'. Governmental operating statements present increases revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of 'available spendable resources' during a period. Under the modified accrual method of accounting, capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit D). The Borough does not capitalize and depreciate the cost of its governmental activities fixed assets purchases in accordance with generally accepted accounting principles.

**LONG-TERM DEBT FINANCING COSTS**

Bond issue costs are recorded as expenditures in the governmental fund financial statements in the year paid. The Borough did not incur bond issue costs during the 2019 fiscal year.

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Borough of Conway, these revenues are water and sewer usage charges and other miscellaneous revenues directly related to the operations of the Borough. Operating expenses are the necessary costs incurred to operate the water and sewer activities. Non-operating revenues of the Boroughs water and sewer fund consist of investment earnings and refund of prior year expenses. Non-operating expenses consist of interest payments on debt, a transfer to the General Fund, and sewer project – intergovernmental agreement expenses.

**UNEARNED REVENUE**

Unearned revenue arises when the Borough receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Borough has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets and liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements represent a decrease and/or increase in net position that applies to a future period and so will not be recognized as outflows and/or inflows of resources (expense/expenditure or income/revenue) in the current period.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements for business-type activities only. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment within 60 days of the end of the fiscal year-end, are considered to be paid with current available financial resources. Notes and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The Borough's General Fund is typically used to liquidate long-term liability obligations.

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy Borough obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**NET POSITION (Continued)**

- Restricted Net Position – This component of net position consists of restricted assets reduced the liabilities and deferred inflows related to those assets. Restricted net position represents the balance of fund in the Borough's Liquid Fuels Fund restricted under Act 655 of the Commonwealth of Pennsylvania.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Borough's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**FUND BALANCE**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity's fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Non-spendable fund balance - amounts that are not in spendable form (such as inventory and prepaid expenses) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Restricted fund balance represents the balance of the Borough's Liquid Fuels Fund restricted under Act 655 of the Commonwealth of Pennsylvania.

Committed fund balance – amounts constrained to specific purposes by the Borough itself, using its highest level of decision-making authority; 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.

Assigned fund balance – amounts the Borough intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Assigned fund balance amounts are detailed in Schedule 4.

Unassigned fund balance – amounts that are available for any purpose.

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements were adopted for the Borough's 2019 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact on the Borough's financial statements.



**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ADOPTION OF GASB PRONOUNCEMENTS (Continued)**

GASB Statement No. 88, '*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*'. The primary objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt (See Notes 8 and 9).

**PENDING GASB PRONOUNCEMENTS**

GASB Statement No. 83, '*Certain Asset Retirement Obligations*'. The primary objective of this Statement is to provide financial statement users with information about 'asset retirement obligations (ARO) that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. The provisions of this Statement are effective for the Borough's December 31, 2020 financial statements.

GASB Statement No. 84, '*Fiduciary Activities*'. The primary objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The provisions of this Statement are effective for the Borough's December 31, 2020 financial statements.

GASB Statement No. 87, '*Leases*'. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The provisions of this Statement are effective for the Borough's December 31, 2022 financial statements.

GASB Statement No. 89, '*Accounting for Interest Cost Incurred before the end of a Construction Period*'. The primary objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs. The provisions of this Statement are effective for the Borough's December 31, 2021 financial statements.

GASB Statement No. 90, '*Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*'. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for the Borough's December 31, 2020 financial statements.

GASB Statement No. 91, '*Conduit Debt Obligations*'. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement are effective for the Borough's December 31, 2022 financial statements.

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**PENDING GASB PRONOUNCEMENTS (Continued)**

GASB Statement No. 92, '*Omnibus 2020*'. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of GASB Statement Nos. 73, 74, 84, and 87. In addition the Statement addresses various topics and includes specific provisions concerning the following:

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (ARO) in a government acquisition
- Reporting by entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The provisions of this Statements are effective for the Borough's December 31, 2021 and December 31, 2022 financial statements.

GASB Statement No. 93, '*Replacement of Interbank Offered Rates*'. The primary objectives of this Statement are to address the accounting and financial reporting implications that result from the replacement of an interbank offering rate (IBOR). The provisions of this Statement are effective for the Borough's December 31, 2022 financial statements.

GASB Statement No. 94, '*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*'. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and provide guidance for accounting and financial reporting for availability payment arrangements (APAs). The provisions of this Statement are effective for the Borough's December 31, 2023 financial statements.

The implementation dates of the aforementioned pending GASB Statements have been updated to include the delayed implementation dates as set forth in recently issued (May 2020) GASB Statement No. 95. The effects of implementing these Statements on the Borough's financial statements have not yet been determined.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS**

The Borough of Conway had the following carrying values on its cash and cash equivalent accounts held at First National Bank at December 31, 2019:

|                              | <b>Bank Balance</b> | <b>(Memo Only)<br/>Book Balance</b> |
|------------------------------|---------------------|-------------------------------------|
| General fund                 | \$ 125,542          | \$ 107,765                          |
| Non-major governmental funds | 61,258              | 61,169                              |
| Business-type activities     | 237,946             | 235,149                             |
| Fiduciary funds              | 5,897               | 5,897                               |
| <b>Total</b>                 | <b>\$ 430,643</b>   | <b>\$ 409,980</b>                   |

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**CASH DEPOSITS (Continued)**

The difference between the bank balance and the book balance represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposit accounts, and certificates of deposit.

**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. The Borough does not have a separate policy for custodial credit risk in addition to the requirements of Borough Code. As of December 31, 2019, \$180,643 of the Borough's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the Borough's name. In accordance with Act number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**INVESTMENTS**

The following represents the fair value of the Borough's investments as of December 31, 2019:

|                                  | <u>Fair Value</u>          | <u>No Stated<br/>Maturity</u> | <u>1 to 5 years</u> |
|----------------------------------|----------------------------|-------------------------------|---------------------|
| <b>Fiduciary (Pension) Fund:</b> |                            |                               |                     |
| Police - PSABMRT                 | \$ 1,408,693               | \$ 1,408,693                  | \$ -                |
|                                  | <u><u>\$ 1,408,693</u></u> | <u><u>\$ 1,408,693</u></u>    | <u><u>\$ -</u></u>  |

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Borough's fiduciary (pension) fund investments in PSABMRT and PMRS are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Borough does not have a formal policy for custodial credit risk.

**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**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough does not have an investment policy, in addition to the requirements of the Borough Code and the Intergovernmental Cooperation Act, that limits its investment choices based on credit ratings by nationally recognized rating organizations.

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS (Continued)**

**Fair Value Measurements:**

The Borough of Conway' investments are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that prioritizes the inputs to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes

Level 2 – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

The following schedule presents the Investments of the Borough by level within the fair value hierarchy:

|              | Value<br>at 12/31/19 | Fair Value Measurements |             |             |
|--------------|----------------------|-------------------------|-------------|-------------|
|              |                      | Level 1                 | Level 2     | Level 3     |
| Mutual Funds | \$ 1,408,693         | \$ 1,408,693            | \$ -        | \$ -        |
|              | <b>\$ 1,408,693</b>  | <b>\$ 1,408,693</b>     | <b>\$ -</b> | <b>\$ -</b> |

**NOTE 3 - PROPERTY TAXES**

The Borough of Conway levies property taxes March 1st of each calendar year. The calendar dates for payment of these taxes are as follows:

**PAYMENT PERIOD**

|                               |                   |
|-------------------------------|-------------------|
| March 1 – April 30, 2019      | (Discount period) |
| May 1 – June 30, 2019         | (Face period)     |
| July 1, 2019 – April 15, 2020 | (Penalty period)  |

Taxpayers are entitled to a 2% discount if taxes are paid prior to April 30th. Collections after June 30th are assessed a 5% penalty. Taxes unpaid as of the third Monday in April of the year following levy are lienied through Beaver County. On April 11, 2019, the Borough lienied \$30,695 (face amount only), in unpaid 2018 property taxes which represents 5.4% of the total assessed property taxes of that calendar year.

The Commonwealth of Pennsylvania Borough Code allows a maximum millage rate of 30 for general operating purposes. The Borough of Conway's tax millage assessment for the 2019 calendar year is 24.0 on the assessed value of land and buildings (\$23,622,572 assessment for 2019), which represents \$24.00 of revenue for every \$1000 of assessed value. The Borough recognized property tax revenue when received during the fiscal year. No provision has been made for amounts estimated to be uncollectable.

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4 – RECEIVABLES**

'Other' receivables of the Borough of Conway are comprised of the following at December 31, 2019:

|                      |                         |
|----------------------|-------------------------|
| Refuse Fees          | \$ 22,730               |
| Cable Franchise Fees | 6,733                   |
| Fines                | 859                     |
|                      | <b><u>\$ 30,322</u></b> |

**NOTE 5 – TAXES RECEIVABLE**

'Taxes receivable' totaling \$9,753, as reflected on Exhibits A and C, is comprised of the following at December 31, 2019:

|                            |                        |
|----------------------------|------------------------|
| Real Estate Transfer Tax   | \$ 936                 |
| Delinquent Real Estate Tax | 3,817                  |
| Local Service Tax          | 5,000                  |
|                            | <b><u>\$ 9,753</u></b> |

**NOTE 6 – INTERFUND OBLIGATIONS AND TRANSFERS**

As of December 31, 2019, the Borough had the following inter-fund obligations:

|                      | <b><u>TO</u></b>         | <b><u>FROM</u></b>       |
|----------------------|--------------------------|--------------------------|
| General Fund         | \$ -                     | \$ 109,552               |
| Water and Sewer Fund | 109,552                  | -                        |
|                      | <b><u>\$ 109,552</u></b> | <b><u>\$ 109,552</u></b> |

During the 2019 fiscal year, there was a transfer of \$2,925 from the Water and Sewer Fund to the General Fund for expenses paid out of the General Fund.

**NOTE 7 - CAPITAL ASSETS**

The summary of the business-type fixed asset activity for the 2019 calendar year was as follows:

|                                  | <b><u>Balance</u></b><br><b><u>1/1/19</u></b> | <b><u>Additions</u></b>  | <b><u>Deletions</u></b> | <b><u>Balance</u></b><br><b><u>12/31/19</u></b> |
|----------------------------------|-----------------------------------------------|--------------------------|-------------------------|-------------------------------------------------|
| Infrastructure                   | \$ 3,087,928                                  | \$ 164,766               | \$ -                    | \$ 3,252,694                                    |
| Machinery & Equipment            | 494,605                                       | 24,392                   | -                       | 518,997                                         |
| Lease Hold Improvements          | 255,824                                       | -                        | -                       | 255,824                                         |
|                                  | <b><u>\$ 3,838,357</u></b>                    | <b><u>\$ 189,158</u></b> | <b><u>\$ -</u></b>      | <b><u>\$ 4,027,515</u></b>                      |
| Less: Accumulated Depreciation   | 1,138,425                                     | 104,993                  | -                       | 1,243,418                                       |
| <b>Businesss-Type Activities</b> |                                               |                          |                         |                                                 |
| <b>Capital Assets, Net</b>       | <b><u>\$ 2,699,932</u></b>                    | <b><u>\$ -</u></b>       | <b><u>\$ -</u></b>      | <b><u>\$ 2,784,097</u></b>                      |

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 8 – BUSINESS TYPE ACTIVITY LONG-TERM DEBT OBLIGATIONS**

**DIRECT BORROWING**

**PENNVEST NOTE PAYABLE**

On January 8, 2008, the Borough of Conway entered into an agreement to borrow monies from the Pennsylvania Infrastructure Investment Authority (PENNVEST) in an amount not to exceed \$2,955,035. The purpose of the borrowing was to make capital improvements to the water supply system. On May 13, 2010 the principal amount of the loan was reduced to \$2,915,798.27, which represents the amount actually drawn on the loan by the Borough. The final amortization schedule for the loan calls for monthly principal and interest payments of \$11,065.50 with an interest rate of 1.0% per annum. The loan is scheduled to expire on August 1, 2033.

**DEFAULT PROVISIONS – PENNVEST NOTE PAYABLE**

The loan is secured by a pledge of all of the gross revenues and receipts generated from or by the Water and Sewer System and all other gross revenues and receipts (security and collateral pledged) as more fully set forth in the loan agreement between the Borough and PENNVEST subject to the prior liens of PENNVEST, as well as the Borough's full faith and credit and taxing power.

In the event of default, the entire unpaid principal sum, plus all interest accrued, plus all other sums due and payable to PENNVEST under the debt obligation documents shall become payable immediately at the option of PENNVEST. In addition, upon the occurrence of any event of default by the Borough, PENNVEST may exercise singly, concurrently, successively or otherwise any and all rights and remedies available under any of the debt obligation documents or with respect to any collateral, or available to PENNVEST by law, equity, statute or otherwise.

A summary of the debt service requirements for business type activity outstanding as of December 31, 2019 is as follows:

| <b>Year End</b> |                     |                   |                     |
|-----------------|---------------------|-------------------|---------------------|
| <b>31-Dec</b>   | <b>Principal</b>    | <b>Interest</b>   | <b>Total</b>        |
| 2020            | \$ 116,363          | \$ 16,423         | \$ 132,786          |
| 2021            | 117,532             | 15,254            | 132,786             |
| 2022            | 118,713             | 14,073            | 132,786             |
| 2023            | 119,905             | 12,881            | 132,786             |
| 2024            | 121,110             | 11,676            | 132,786             |
| 2025-2029       | 624,046             | 39,884            | 663,930             |
| 2030-2033       | 477,867             | 9,013             | 486,880             |
|                 | <u>\$ 1,695,536</u> | <u>\$ 119,204</u> | <u>\$ 1,814,740</u> |

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 9 – CHANGES IN LONG-TERM DEBT OBLIGATIONS**

The following represents the changes in the Borough's general long-term debt for business-type activities during 2019:

|                          | <u>Balance</u><br><u>1/1/19</u> | <u>Additions</u> | <u>Deletions</u>  | <u>Balance</u><br><u>12/31/19</u> | <u>Due Within</u><br><u>One Year</u> |
|--------------------------|---------------------------------|------------------|-------------------|-----------------------------------|--------------------------------------|
| Direct Borrowing:        |                                 |                  |                   |                                   |                                      |
| PENNVEST Note Payable -  |                                 |                  |                   |                                   |                                      |
| Business-Type Activities | <u>\$ 1,810,742</u>             | <u>\$ -</u>      | <u>\$ 115,206</u> | <u>\$ 1,695,536</u>               | <u>\$ 116,363</u>                    |

**NOTE 10 - BOROUGH PENSION PLANS**

**POLICE PENSION PLAN** - The Borough of Conway police pension plan is a defined benefit single-employer pension plan established by Ordinance No. 183, effective March 22, 1954 as amended and restated by Ordinance No. 451, effective January 1, 1996 to provide retirement and death benefits to qualified police department employees under the provision governing police pension plans in the Commonwealth of Pennsylvania. The plan participates in the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. The police pension plan is governed by the Borough Council of the Borough of Conway which may amend plan provisions, and which has delegated the responsibility for managing plan assets to PSABMRT.

PSABMRT issues a separate Comprehensive Annual Financial Report (CAFR), which can be obtained from the PSABMRT accounting office.

Plan membership as of January 1, 2019 was comprised of:

|                                                         |                 |
|---------------------------------------------------------|-----------------|
| Active employees                                        | 4               |
| Retirees and beneficiaries currently receiving benefits | 2               |
| Terminated employees entitled to benefits               |                 |
| but not yet receiving them                              | <u>-</u>        |
| Total                                                   | <u><u>6</u></u> |

A summary of the plan's provisions is as follows:

|                              |                                                                                                                                                                                                                           |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>PARTICIPANTS</u></b> - | All full-time members of the Borough of Conway Police Department.                                                                                                                                                         |
| <b><u>ELIGIBILITY</u></b> -  | All participants are eligible for retirement benefits provided they have completed the later of 25 years of aggregate service as a Borough employee or have attained the age of 50.                                       |
| <b><u>BENEFITS</u></b> -     | Based on one-half of the participant's average monthly compensation earned over the final 36 months preceding retirement plus an additional monthly benefit of \$100 for each full year of service in excess of 26 years. |

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 10 - BOROUGH PENSION PLANS (Continued)**

**POLICE PENSION PLAN (Continued)**

**TERMINATION** - The plan provides terminated employees with a return of their contribution plus 4% simple interest.

**FUNDING** - Employee contributions are equal to 5.0% (currently reduced to 2.75%) of their wages. Borough contributions are determined by the actuary. Annual contributions are received from the Commonwealth of Pennsylvania as provided by Act 205, the General Municipal Pension System State Aid Program and Act 47 of 1988 (Special AD HOC Post-Retirement Adjustment Act). The 2018 contribution received from the Commonwealth of Pennsylvania as provided by Act 205, the General Municipal Pension System State Aid Program was \$76,807. The Borough did not contribute to the plan in 2019.

**NON-UNIFORM PENSION PLAN**

**DESCRIPTION OF PLAN**

The Conway Borough non-uniform pension plan is a single-employer defined benefit pension plan controlled by the provisions of a resolution adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained by contacting the PMRS accounting office or visiting their website at [pmrs.state.pa.us](http://pmrs.state.pa.us).

**PLAN MEMBERSHIP**

Plan membership consisted of the following as of December 31, 2019:

|                                     |                  |
|-------------------------------------|------------------|
| Active plan members                 | 5                |
| Retirees and beneficiaries          |                  |
| currently receiving benefits        | 4                |
| Terminated employees entitled to    |                  |
| benefits but not yet receiving them | <u>1</u>         |
| Total                               | <u><u>10</u></u> |

**PLAN BENEFITS**

The plan provides retirement and death benefits to eligible plan members and their beneficiaries. Effective January 1, 2009, the plan allows for a normal retirement benefit at age 62 or older with at least 20 years of credited service. Early retirement is available after eight (8) years of service. Monthly pension benefits are detailed in plan documents. Participants are fully vested upon completion of ten (10) years of service.



**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 10 - BOROUGH PENSION PLANS (Continued)**

**NON-UNIFORM PENSION PLAN (Continued)**

**PLAN CONTRIBUTION REQUIREMENTS**

Employer contributions are actuarially determined reflecting a payment equal to annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level dollar amount over a closed period. This contribution is based upon the Minimum Municipal Obligation (MMO) as defined in Act 205. For the calendar year 2019, the Borough contributed \$35,864 to the plan. This contribution to the pension plan, subsequent to the measurement date of the Borough's net pension liability (NPL), is recognized as a component of 'deferred outflows of resources – pension' on the statement of net position. Employee contributions are currently not required.

**NOTE 11 – INTER-MUNICIPAL SEWAGE AGREEMENTS**

The Municipal Authority of the Borough of Baden entered into an Inter-Municipal Sewage agreement with the Borough of Baden, the Economy Borough Municipal Authority (EBMA), and the Township of Harmony dated August 12, 1993. This agreement was superseded by a subsequent agreement dated September 13, 2013 which extends until February 28, 2034 and which was further superseded by an agreement dated June 19, 2019 to include the Borough of Conway.

The Authority will directly bill the three municipalities and one authority for the sewage service based on the sewage flow figures supplied by each of them. Bills will be paid in the full amount within thirty (30) days after the date of submission and shall be subject to interest of 12% per annum on any unpaid balance following thirty (30) days. Within seven (7) days following the close of each month, the Authority will submit, along with the monthly sewage bill, an itemized statement of actual expenditures. Each municipality/authority will be responsible for billing and collection from the respective users, however, the full amount of the bill from the Authority must be paid regardless of each municipality's collection efforts with their respective users.

In addition, each municipality/authority agrees to pay the Authority for the use of the Authority's sewage treatment plant and interceptor sewer service charges for the annual debt payment computed by the Authority's consulting engineer, along with varying operation and maintenance charges for the sewage treatment plant, which include a fixed annual amount representing the cost of financing and refinancing the construction of the capacity required at the Authority's sewage treatment plant to treat sewage from these municipalities/authority. The debt service allocation applicable to the September 13, 2013 agreement shall include all construction, engineering, legal, financial and administrative costs associated with the 2012 sewage treatment plant project undertaken by BMA. The consulting engineers for the Authority and each municipality/authority together with the financial advisors for each shall compute the annual sum required to amortize the aforesaid costs. A schedule of payments and due dates shall be provided to each municipality/authority annually. The amount paid to the Municipal Authority of the Borough of Baden was \$145,000 for fiscal year 2019.

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 12 – AGREEMENT OF SALE**

On July 11, 2017, the Borough entered into an agreement of sale totaling \$385,000 with Freedom Area School District, for the purchase of real estate located at 801 1<sup>st</sup> Avenue, Conway, PA 15027, otherwise known as Conway Elementary School. The terms of the agreement call for an initial payment of \$28,000 with the balance of \$357,000 to be paid in fourteen (14) equal installments of \$25,500 payable as and subject to the terms of the agreement.

**NOTE 13 – LEASE AGREEMENT**

On April 18, 2018, the Borough entered into a lease agreement with The Hope Learning Center, LLC for the leasing of space in the Conway Borough Municipal Building. The terms of the lease call for no payments for the first 2 months, \$5,250 for months 3 through 48, \$5,500 for months 49 through 120, and \$5,750 for months 121 through 132. During 2019 the total lease amount received was \$68,250.

**NOTE 14 - RISK MANAGEMENT**

The Borough of Conway is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES**

**LEGAL MATTERS**

The Borough of Conway, in the normal course of operations, is party to various legal matters normally associated with municipalities such as real estate tax assessment appeals, personnel wage and benefits, and other miscellaneous legal matters. As of December 31, 2019, the Borough is unaware of any pending litigation that would be material to the financial position of the Borough of Conway.

**FEDERAL AND STATE FUNDING**

The Borough of Conway's state and federally funded programs, including its pension funds, are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The Borough is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**BOROUGH OF CONWAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 16 - SUBSEQUENT EVENTS**

In early 2020, a new strain of the coronavirus (COVID-19) spread through China as well as other countries including the United States. The impact of the virus varies from region to region and from day to day, and any significant additional spreading of the virus could adversely affect the Borough of Conway's business. The outbreak of the COVID-19 virus is likely to have a further negative impact in 2020 on the global and local economy and, in the future, might impact the Borough of Conway's financial results in 2020 and beyond. Given the dynamic nature of this outbreak, however, the extent to which the COVID-19 virus impacts the Borough of Conway's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

Management has determined that there are no events subsequent to December 31, 2019 through the April 8, 2021 date of the 'Independent Auditor's Report', which is the date the financial statements were available to be issued, that require disclosure in the financial statements.

***SUPPLEMENTARY***  
***INFORMATION***

**BOROUGH OF CONWAY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                       | BUDGET            | ACTUAL            | (MEMORANDUM ONLY)<br>2018 |
|---------------------------------------|-------------------|-------------------|---------------------------|
| <b><u>TAXES:</u></b>                  |                   |                   |                           |
| Real estate tax - current             | \$ 564,000        | \$ 519,041        | \$ 514,870                |
| Real estate tax - prior               | 15,000            | 11,860            | 14,020                    |
| Real estate tax - delinquent          | 20,000            | 31,593            | 23,980                    |
| Per capita tax - current              | 6,000             | 6,333             | 6,237                     |
| Per capita tax - prior                | 1,000             | 1,786             | 919                       |
| Real estate transfer tax              | 20,000            | 26,403            | 33,971                    |
| Earned income tax - current           | 205,000           | 201,386           | 199,239                   |
| Earned income tax - prior             | 10,000            | 79,919            | 63,849                    |
| Emergency and municipal services tax  | 27,000            | 24,479            | 26,956                    |
| <b>TOTAL TAXES</b>                    | <b>\$ 868,000</b> | <b>\$ 902,801</b> | <b>\$ 884,041</b>         |
| <b><u>LICENSES AND PERMITS:</u></b>   |                   |                   |                           |
| Health license                        | \$ 550            | \$ 660            | \$ 600                    |
| Renters ordinance                     | 2,500             | 7,575             | 1,625                     |
| Transient retailers license           | 500               | 350               | 150                       |
| Mechanical licenses                   | 12,800            | 8,900             | 14,135                    |
| Cable franchise fee                   | 28,000            | 26,843            | 27,880                    |
| Park reservations                     | 1,000             | 1,150             | 1,300                     |
| Street permits                        | -                 | 455               | 350                       |
| Row application fee                   | -                 | 500               | -                         |
| Building permits                      | 800               | 765               | 760                       |
| Building permits - engineer           | 7,000             | 3,928             | 3,225                     |
| Supplemental building permit fees     | 1,250             | 1,210             | 1,100                     |
| Occupancy permits                     | -                 | -                 | 90                        |
| Dumpster permits                      | -                 | 250               | 225                       |
| <b>TOTAL LICENSES AND PERMITS</b>     | <b>\$ 54,400</b>  | <b>\$ 52,586</b>  | <b>\$ 51,440</b>          |
| <b><u>FINES AND FORFEITURES:</u></b>  |                   |                   |                           |
| Vehicle code violations               | \$ 8,500          | \$ 6,692          | \$ 6,785                  |
| Ordinance violations                  | 4,500             | 4,011             | 4,921                     |
| Restitution                           | 1,000             | 375               | 917                       |
| <b>TOTAL FINES AND FORFEITURES</b>    | <b>\$ 14,000</b>  | <b>\$ 11,077</b>  | <b>\$ 12,623</b>          |
| <b><u>INTEREST AND RENTS:</u></b>     |                   |                   |                           |
| Interest earnings                     | \$ 600            | \$ 1,854          | \$ 206                    |
| Rent/Hope Learning Center             | 45,000            | 68,250            | 12,250                    |
| Rent                                  | 2,400             | 2,480             | -                         |
| Rents                                 | 27,000            | -                 | 39,000                    |
| <b>TOTAL INTEREST AND RENTS</b>       | <b>\$ 75,000</b>  | <b>\$ 72,584</b>  | <b>\$ 51,456</b>          |
| <b><u>INTERGOVERNMENTAL:</u></b>      |                   |                   |                           |
| Public utility realty tax             | \$ 1,000          | \$ 835            | \$ 884                    |
| Beverage tax                          | 500               | 700               | 500                       |
| Foreign fire insurance                | 11,000            | 10,256            | 9,338                     |
| Act 13/Unconventional Gas Well Fund   | 2,000             | -                 | 1,068                     |
| PA municipal retirement               | 59,500            | 76,807            | 60,897                    |
| Playground grant (other state grants) | -                 | 70,595            | -                         |
| Snow removal                          | 2,300             | -                 | 3,084                     |
| <b>TOTAL INTERGOVERNMENTAL</b>        | <b>\$ 76,300</b>  | <b>\$ 159,194</b> | <b>\$ 75,771</b>          |

**BOROUGH OF CONWAY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                       | BUDGET              | ACTUAL              | (MEMORANDUM ONLY)<br>2018 |
|-------------------------------------------------------|---------------------|---------------------|---------------------------|
| <b><u>CHARGES FOR SERVICES:</u></b>                   |                     |                     |                           |
| Municipal lien letters                                | \$ 800              | \$ 1,280            | \$ 1,260                  |
| Sale of photocopies                                   | 600                 | 765                 | 870                       |
| Solid Waste Collections                               | 167,000             | 213,227             | 165,456                   |
| DUI and football game reimbursement                   | 1,000               | 990                 | 2,178                     |
| <b>TOTAL CHARGES FOR SERVICES</b>                     | <b>\$ 169,400</b>   | <b>\$ 216,262</b>   | <b>\$ 169,764</b>         |
| <b><u>MISCELLANEOUS:</u></b>                          |                     |                     |                           |
| Miscellaneous revenues                                | \$ 10,000           | \$ 13,549           | \$ 21,930                 |
| Sale of borough property                              | 7,500               | -                   | -                         |
| Donations                                             | -                   | 350                 | -                         |
| <b>TOTAL MISCELLANEOUS</b>                            | <b>\$ 17,500</b>    | <b>\$ 13,899</b>    | <b>\$ 21,930</b>          |
| <b><u>OTHER FINANCIAL SOURCES:</u></b>                |                     |                     |                           |
| Interfund Transfers - Highway aid fund                | \$ 25,000           | \$ -                | \$ 70,000                 |
| Interfund Transfers - Fire truck escrow fund          | -                   | -                   | 10,816                    |
| Interfund Transfers - Water & Sewer fund              | -                   | 2,925               | -                         |
| Refund prior year expenses                            | -                   | 1,509               | 2,822                     |
| <b>TOTAL OTHER FINANCIAL SOURCES</b>                  | <b>\$ 25,000</b>    | <b>\$ 4,434</b>     | <b>\$ 83,638</b>          |
| <b>TOTAL REVENUES AND<br/>OTHER FINANCIAL SOURCES</b> | <b>\$ 1,299,600</b> | <b>\$ 1,432,837</b> | <b>\$ 1,350,663</b>       |

**BOROUGH OF CONWAY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**GENERAL GOVERNMENT:**

**ADMINISTRATION:**

|                              |                  |                   |                   |
|------------------------------|------------------|-------------------|-------------------|
| Salary - elected officials   | \$ 3,000         | \$ 3,000          | \$ 3,000          |
| Auditing services            | 3,000            | 2,500             | -                 |
| Engineering services         | 20,000           | 37,531            | 34,971            |
| Legal services               | 20,000           | 11,234            | 18,434            |
| Public Officials Insurance   | 2,500            | -                 | -                 |
| Salary - mayor               | 840              | 840               | 840               |
| Salary - secretary           | 14,935           | 14,101            | 13,816            |
| Salary - assistant secretary | 11,330           | 10,658            | 10,369            |
| Longevity                    | 300              | 300               | 150               |
| Office supplies              | 1,500            | 1,178             | 674               |
| Communications               | 1,500            | 1,480             | 1,149             |
| Postage                      | 700              | 275               | 8                 |
| Advertising and printing     | 1,500            | 2,972             | 1,287             |
| Bonding                      | 350              | 350               | 350               |
| Repairs and maintenance      | 1,000            | 152               | -                 |
| Equipment rental             | 3,500            | 4,637             | 6,018             |
| Dues and subscriptions       | 1,200            | 1,581             | 1,531             |
| Computer Supplies            | 1,000            | -                 | -                 |
| Computer services            | 1,000            | 5,310             | 8,013             |
| Miscellaneous expense        | -                | 4,316             | -                 |
| Computer hardware/software   | -                | 136               | 4,540             |
| <b>TOTAL ADMINISTRATION</b>  | <b>\$ 89,155</b> | <b>\$ 102,552</b> | <b>\$ 105,149</b> |

**TAX COLLECTION:**

|                             |                  |                  |                  |
|-----------------------------|------------------|------------------|------------------|
| Commissions                 | \$ 20,500        | \$ 21,914        | \$ 22,260        |
| Supplies                    | 2,000            | 2,771            | 1,975            |
| Bonding                     | 100              | 531              | 531              |
| <b>TOTAL TAX COLLECTION</b> | <b>\$ 22,600</b> | <b>\$ 25,216</b> | <b>\$ 24,766</b> |

**MUNICIPAL BUILDING:**

|                                 |                  |                  |                  |
|---------------------------------|------------------|------------------|------------------|
| Cleaning services               | \$ 1,800         | \$ 4,217         | \$ 1,788         |
| Materials and supplies          | 1,000            | 2,767            | 1,552            |
| Electric                        | 6,000            | 13,635           | 11,391           |
| Gas service                     | 6,000            | 18,423           | 20,218           |
| Repairs and maintenance         | 5,000            | 6,688            | 13,348           |
| Rent-FASD                       | 25,500           | 25,500           | 25,500           |
| Capital purchases               | -                | 8,094            | 3,000            |
| Industrial appraisal            | 600              | -                | -                |
| <b>TOTAL MUNICIPAL BUILDING</b> | <b>\$ 45,900</b> | <b>\$ 79,324</b> | <b>\$ 76,797</b> |

|                                 |                   |                   |                   |
|---------------------------------|-------------------|-------------------|-------------------|
| <b>TOTAL GENERAL GOVERNMENT</b> | <b>\$ 157,655</b> | <b>\$ 207,093</b> | <b>\$ 206,712</b> |
|---------------------------------|-------------------|-------------------|-------------------|

**BOROUGH OF CONWAY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**PUBLIC SAFETY:****POLICE PROTECTION:**

|                                    |                   |                   |                   |
|------------------------------------|-------------------|-------------------|-------------------|
| Salaries and wages                 | \$ 347,890        | \$ 346,860        | \$ 319,088        |
| Uniforms and supplies              | 4,150             | 4,634             | 3,071             |
| Gasoline                           | 5,500             | 9,055             | 7,847             |
| Auto insurance                     | 4,000             | -                 | -                 |
| Vehicles - operating               | 1,000             | 868               | 1,028             |
| Small tools and minor equipment    | 500               | 88                | 269               |
| Guns and ammunition                | 2,500             | 2,832             | 1,567             |
| Weapons certification              | 400               | -                 | -                 |
| Legal - police                     | -                 | 595               | 578               |
| DUI testing                        | -                 | 1,267             | 2,010             |
| Animal control                     | 250               | -                 | 250               |
| Office phone                       | 1,500             | 3,649             | 892               |
| Radio and communications           | 3,000             | 4,917             | 8,280             |
| Computer/software training         | 500               | -                 | -                 |
| Computer service                   | 5,000             | 4,248             | 1,280             |
| Police liability insurance         | 12,000            | -                 | -                 |
| Police workers comp                | 41,000            | -                 | -                 |
| Repairs - office                   | 2,000             | 2,106             | 2,410             |
| Repairs - office - donations       | -                 | 9,219             | 121               |
| Dues and subscriptions             | 500               | 133               | 126               |
| Civil service expense              | -                 | 969               | 1,008             |
| Training and cert - annual updates | 1,500             | 471               | 540               |
| New hire requirements              | 500               | 200               | -                 |
| Contracted maintenance - vehicle   | 4,000             | 3,037             | 5,519             |
| Contracted maintenance - VASCAR    | 400               | 401               | 323               |
| Capital purchase - major           | 2,000             | 26,622            | -                 |
| Capital purchase - minor           | 1,500             | 524               | -                 |
| <b>TOTAL POLICE PROTECTION</b>     | <b>\$ 441,590</b> | <b>\$ 422,696</b> | <b>\$ 356,208</b> |

**FIRE PROTECTION:**

|                                     |                  |                  |                  |
|-------------------------------------|------------------|------------------|------------------|
| Personal services                   | \$ 900           | \$ 75            | \$ 900           |
| Uniform allowance                   | 2,500            | 1,520            | 2,008            |
| Fire department operations          | 5,000            | -                | 5,000            |
| Gasoline                            | 500              | 1,039            | 1,746            |
| Auto insurance                      | 4,100            | -                | -                |
| Telephone                           | 900              | 2,702            | 1,532            |
| Errors & omissions insurance        | -                | 853              | -                |
| Workers comp                        | 16,500           | 13,603           | 18,381           |
| Utilities                           | 4,000            | 4,820            | 4,854            |
| Gas service - fire hall #2          | 3,500            | 4,244            | 4,406            |
| Repairs and maintenance - buildings | 1,000            | 1,117            | 2,826            |
| Repairs and maintenance - equipment | 1,000            | 11,800           | 18,480           |
| Foreign fire insurance              | 10,500           | 10,256           | 9,338            |
| <b>TOTAL FIRE PROTECTION</b>        | <b>\$ 50,400</b> | <b>\$ 52,029</b> | <b>\$ 69,470</b> |

**PLANNING AND ZONING:**

|                                  |                 |               |                 |
|----------------------------------|-----------------|---------------|-----------------|
| Zoning officer wages             | \$ 3,000        | \$ 650        | \$ 1,120        |
| Legal fees                       | 1,200           | -             | -               |
| Zoning hearing board             | 1,000           | -             | -               |
| Operating supplies               | 200             | -             | -               |
| <b>TOTAL PLANNING AND ZONING</b> | <b>\$ 5,400</b> | <b>\$ 650</b> | <b>\$ 1,120</b> |

**EMERGENCY MANAGEMENT:**

|                                   |               |             |             |
|-----------------------------------|---------------|-------------|-------------|
| Emergency Management              | \$ 500        | \$ -        | \$ -        |
| <b>TOTAL EMERGENCY MANAGEMENT</b> | <b>\$ 500</b> | <b>\$ -</b> | <b>\$ -</b> |

|                            |                   |                   |                   |
|----------------------------|-------------------|-------------------|-------------------|
| <b>TOTAL PUBLIC SAFETY</b> | <b>\$ 497,890</b> | <b>\$ 475,374</b> | <b>\$ 426,798</b> |
|----------------------------|-------------------|-------------------|-------------------|



**BOROUGH OF CONWAY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**PUBLIC WORKS:**

**SANITATION:**

|                         |                   |                   |                   |
|-------------------------|-------------------|-------------------|-------------------|
| Salary - health officer | \$ 600            | \$ 820            | \$ 600            |
| Materials and supplies  | 1,100             | 1,818             | 1,628             |
| Disposal fees           | -                 | 127               | 360               |
| Contracted services     | 156,860           | 177,196           | 157,238           |
| <b>TOTAL SANITATION</b> | <b>\$ 158,560</b> | <b>\$ 179,961</b> | <b>\$ 159,826</b> |

**HIGHWAYS:**

|                                    |                   |                   |                   |
|------------------------------------|-------------------|-------------------|-------------------|
| Salary - supervisor                | \$ 26,883         | \$ 27,770         | \$ 26,967         |
| Salary - laborer                   | 21,960            | 22,987            | 22,257            |
| Salary - part-time                 | 17,409            | 16,296            | 17,806            |
| Longevity                          | 250               | 250               | 250               |
| Salary - overtime                  | 6,500             | 2,360             | 7,692             |
| Clothing allowance                 | 400               | 646               | 400               |
| Gasoline                           | 4,000             | 6,932             | 8,139             |
| Auto insurance                     | 2,100             | -                 | -                 |
| Supplies                           | 2,500             | 1,278             | 1,227             |
| Telephone                          | 600               | 635               | 410               |
| Capital construction-streets       | 84,977            | 57,545            | 172,023           |
| Repair and maintenance - equipment | 500               | 45                | 95                |
| Electric service                   | 1,000             | 6,992             | 1,355             |
| Street lighting - electric service | 36,000            | 27,839            | 33,937            |
| Traffic signal maintenance         | 1,000             | 1,685             | 2,628             |
| Storm sewers & drains              | 3,000             | 5,889             | 748               |
| <b>TOTAL HIGHWAYS</b>              | <b>\$ 209,079</b> | <b>\$ 179,151</b> | <b>\$ 295,934</b> |

|                           |                   |                   |                   |
|---------------------------|-------------------|-------------------|-------------------|
| <b>TOTAL PUBLIC WORKS</b> | <b>\$ 367,639</b> | <b>\$ 359,112</b> | <b>\$ 455,760</b> |
|---------------------------|-------------------|-------------------|-------------------|

**CULTURE AND RECREATION:**

**PARKS:**

|                                      |                  |                   |                  |
|--------------------------------------|------------------|-------------------|------------------|
| Operating supplies                   | \$ 2,000         | \$ 4,037          | \$ 4,141         |
| Memorial Day parade/picnic/Christmas | 1,500            | 2,733             | 5,072            |
| Electric                             | 2,000            | 2,054             | 1,774            |
| Repairs                              | 1,000            | 2,212             | 818              |
| YMCA program                         | -                | 2,850             | 2,979            |
| Capital improvements                 | 10,000           | 101,032           | -                |
| <b>TOTAL PARKS</b>                   | <b>\$ 16,500</b> | <b>\$ 114,918</b> | <b>\$ 14,784</b> |

|                                     |                  |                   |                  |
|-------------------------------------|------------------|-------------------|------------------|
| <b>TOTAL CULTURE AND RECREATION</b> | <b>\$ 16,500</b> | <b>\$ 114,918</b> | <b>\$ 14,784</b> |
|-------------------------------------|------------------|-------------------|------------------|

**DEBT SERVICE:**

|                           |                 |             |                 |
|---------------------------|-----------------|-------------|-----------------|
| Debt principal payments   | \$ 8,000        | \$ -        | \$ 8,733        |
| Debt interest payments    | 1,000           | -           | 101             |
| <b>TOTAL DEBT SERVICE</b> | <b>\$ 9,000</b> | <b>\$ -</b> | <b>\$ 8,834</b> |

**BOROUGH OF CONWAY**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**MISCELLANEOUS:**

|                             |                   |                   |                   |
|-----------------------------|-------------------|-------------------|-------------------|
| Property insurance          | \$ 12,000         | \$ 515            | \$ -              |
| Miscellaneous               | 500               | 141,873           | 10,603            |
| Hospitalization             | 94,000            | 71,959            | 92,755            |
| Health insurance deductible | 3,000             | 659               | 1,751             |
| Social security             | 30,900            | 29,015            | 27,674            |
| Unemployment compensation   | 9,000             | 4,534             | 6,166             |
| Medicare tax                | 7,300             | 6,786             | 6,472             |
| Non uniform pension         | 34,275            | -                 | 34,275            |
| Police pension              | 95,541            | -                 | 95,541            |
| Workmens compensation       | 11,000            | -                 | 734               |
| <b>TOTAL MISCELLANEOUS</b>  | <b>\$ 297,516</b> | <b>\$ 255,341</b> | <b>\$ 275,971</b> |

**OTHER FINANCING USES:**

|                                   |                  |                 |                 |
|-----------------------------------|------------------|-----------------|-----------------|
| Refund prior year revenues        | \$ -             | \$ 137          | \$ 8            |
| Refunds                           | 1,000            | 988             | 5,137           |
| Transfer between funds            | 25,000           | -               | 170             |
| <b>TOTAL OTHER FINANCING USES</b> | <b>\$ 26,000</b> | <b>\$ 1,125</b> | <b>\$ 5,315</b> |

**TOTAL EXPENDITURES AND OTHER  
FINANCING USES**

|                     |                     |                     |
|---------------------|---------------------|---------------------|
| <b>\$ 1,372,200</b> | <b>\$ 1,412,964</b> | <b>\$ 1,394,174</b> |
|---------------------|---------------------|---------------------|

**BOROUGH OF CONWAY**  
**SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**WATER AND SEWER FUND (BUSINESS-TYPE ACTIVITY)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

(MEMORANDUM ONLY)

|                                                                   | BUDGET              | ACTUAL              | PRIOR YEAR          |
|-------------------------------------------------------------------|---------------------|---------------------|---------------------|
| <b><u>OPERATING REVENUE:</u></b>                                  |                     |                     |                     |
| Water and sewer rents                                             | \$ 997,000          | \$ 901,041          | \$ 914,126          |
| Sale of remotes                                                   | 500                 | 250                 | -                   |
| Miscellaneous water/sewer                                         | 9,000               | 28,230              | 8,071               |
| Electrical reimbursement                                          | 4,000               | 4,199               | 3,945               |
| Water on/off services                                             | 300                 | 50                  | 175                 |
| Water/Sewer tap-in fees                                           | 2,500               | 2,500               | -                   |
| Norfolk Southern Corp. additional assessments:                    |                     |                     |                     |
| 2006 agreement                                                    | 88,000              | 93,834              | 122,272             |
| NLSC master meter                                                 | 10,000              | 46,375              | 58,072              |
| <b>TOTAL OPERATING REVENUE</b>                                    | <b>\$ 1,111,300</b> | <b>\$ 1,076,479</b> | <b>\$ 1,106,661</b> |
| <b><u>OPERATING, ADMINISTRATIVE AND DEPRECIATION EXPENSE:</u></b> |                     |                     |                     |
| <b><u>OPERATING EXPENSE:</u></b>                                  |                     |                     |                     |
| Water purchased                                                   | \$ 230,000          | \$ 260,662          | \$ 250,175          |
| Rent STP                                                          | -                   | -                   | 39,000              |
| Salaries and wages                                                | 143,191             | 140,111             | 140,825             |
| Social security tax                                               | 16,500              | 14,455              | 14,543              |
| Unemployment compensation                                         | 3,500               | 2,027               | 2,911               |
| Workmens compensation                                             | 20,000              | (5,195)             | -                   |
| Utilities                                                         | 25,000              | 27,253              | 27,912              |
| Operating supplies                                                | 16,900              | 14,016              | 14,108              |
| Water meters                                                      | 4,000               | 2,933               | 12                  |
| Health Insurance                                                  | 42,500              | 37,103              | 47,066              |
| Property Insurance                                                | 20,000              | -                   | 129,114             |
| Flood insurance                                                   | 15,000              | 32,807              | 24,423              |
| Auto insurance                                                    | 5,000               | 558                 | -                   |
| Industrial pretreatment                                           | 10,000              | 6,611               | 4,497               |
| Sludge Removal                                                    | 42,000              | 48,525              | 41,563              |
| Miscellaneous                                                     | 2,429               | 8,265               | 4,679               |
| Depreciation                                                      | -                   | 104,993             | 89,180              |
| Testing                                                           | 17,000              | 22,682              | 19,935              |
| Sewer line maintenance                                            | 35,000              | 12,480              | 17,483              |
| Small tools and minor equipment                                   | 2,000               | 5,928               | 1,860               |
| Contracted services                                               | 7,000               | 6,064               | 6,562               |
| Capital outlays                                                   | 115,000             | 51,971              | -                   |
| NPDES renewal                                                     | 500                 | 1,013               | 8,863               |
| Repair and maintenance                                            | 27,500              | 46,113              | 17,371              |
| <b>TOTAL OPERATING EXPENSE</b>                                    | <b>\$ 800,020</b>   | <b>\$ 841,375</b>   | <b>\$ 902,082</b>   |
| <b><u>ADMINISTRATIVE EXPENSE:</u></b>                             |                     |                     |                     |
| Salary, secretary and assistant                                   | \$ 52,530           | \$ 48,946           | \$ 48,642           |
| Postage and printing                                              | 4,000               | 3,914               | 3,519               |
| Software support                                                  | 15,000              | -                   | -                   |
| Utilities                                                         | 12,000              | -                   | -                   |
| Building improvements                                             | 225,000             | 1,441               | 10,693              |
| Auditing                                                          | 2,500               | 3,500               | 3,500               |
| Engineering services                                              | 57,500              | 45,987              | 77,246              |
| Legal                                                             | 6,000               | 1,003               | 3,553               |
| Office equipment/supplies                                         | 250                 | -                   | 175                 |
| Rent                                                              | 27,000              | -                   | -                   |
| Miscellaneous                                                     | 2,500               | 13,421              | 14,914              |
| <b>TOTAL ADMINISTRATIVE EXPENSE</b>                               | <b>\$ 404,280</b>   | <b>\$ 118,212</b>   | <b>\$ 162,242</b>   |
| <b>TOTAL OPERATING AND ADMINISTRATIVE EXPENSE</b>                 | <b>\$ 1,204,300</b> | <b>\$ 959,587</b>   | <b>\$ 1,064,324</b> |
| <b>OPERATING INCOME (LOSS)</b>                                    | <b>\$ (93,000)</b>  | <b>\$ 116,892</b>   | <b>\$ 42,337</b>    |

**BOROUGH OF CONWAY**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

|                                                | <b>LIQUID<br/>FUELS<br/>FUND</b> | <b>FIRE TRUCK<br/>ESCROW<br/>FUND</b> | <b>DRUG<br/>ENFORCEMENT<br/>FUND</b> | <b>FLAG<br/>FUND</b> | <b>MEMORIAL<br/>PARK<br/>REHAB FUND</b> | <b>TOTAL<br/>NON-MAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> |
|------------------------------------------------|----------------------------------|---------------------------------------|--------------------------------------|----------------------|-----------------------------------------|-------------------------------------------------------|
| <b>ASSETS:</b>                                 |                                  |                                       |                                      |                      |                                         |                                                       |
| Cash and Cash Equivalents                      | \$ 37,375                        | \$ 18,893                             | \$ 2,824                             | \$ 211               | \$ 1,866                                | \$ 61,169                                             |
| Due from Other Governments                     | 74,585                           | -                                     | -                                    | -                    | -                                       | 74,585                                                |
| <b>TOTAL ASSETS</b>                            | <b>\$ 111,960</b>                | <b>\$ 18,893</b>                      | <b>\$ 2,824</b>                      | <b>\$ 211</b>        | <b>\$ 1,866</b>                         | <b>\$ 135,754</b>                                     |
| <b>LIABILITIES AND FUND BALANCE:</b>           |                                  |                                       |                                      |                      |                                         |                                                       |
| <b>LIABILITIES:</b>                            |                                  |                                       |                                      |                      |                                         |                                                       |
| Other Current Liabilities                      | \$ -                             | \$ -                                  | \$ -                                 | \$ -                 | \$ -                                    | \$ -                                                  |
| <b>TOTAL LIABILITIES</b>                       | <b>\$ -</b>                      | <b>\$ -</b>                           | <b>\$ -</b>                          | <b>\$ -</b>          | <b>\$ -</b>                             | <b>\$ -</b>                                           |
| <b>FUND BALANCES:</b>                          |                                  |                                       |                                      |                      |                                         |                                                       |
| Restricted                                     | \$ 111,960                       | \$ -                                  | \$ -                                 | \$ -                 | \$ -                                    | \$ 111,960                                            |
| Assigned                                       |                                  | 18,893                                | 2,824                                | 211                  | 1,866                                   | 23,794                                                |
| <b>TOTAL FUND BALANCES</b>                     | <b>\$ 111,960</b>                | <b>\$ 18,893</b>                      | <b>\$ 2,824</b>                      | <b>\$ 211</b>        | <b>\$ 1,866</b>                         | <b>\$ 135,754</b>                                     |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ 111,960</b>                | <b>\$ 18,893</b>                      | <b>\$ 2,824</b>                      | <b>\$ 211</b>        | <b>\$ 1,866</b>                         | <b>\$ 135,754</b>                                     |

**BOROUGH OF CONWAY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                       | <b><u>LIQUID<br/>FUELS FUND</u></b> | <b><u>FIRE TRUCK<br/>ESCROW<br/>FUND</u></b> | <b><u>DRUG<br/>ENFORCEMENT<br/>FUND</u></b> | <b><u>FLAG<br/>FUND</u></b> | <b><u>MEMORIAL<br/>PARK REHAB<br/>FUND</u></b> | <b><u>TOTAL NON<br/>MAJOR<br/>GOVERNMENTAL<br/>FUNDS</u></b> |
|-------------------------------------------------------|-------------------------------------|----------------------------------------------|---------------------------------------------|-----------------------------|------------------------------------------------|--------------------------------------------------------------|
| <b><u>REVENUES:</u></b>                               |                                     |                                              |                                             |                             |                                                |                                                              |
| Liquid fuels allocation                               | \$ 74,585                           | \$ -                                         | \$ -                                        | \$ -                        | \$ -                                           | \$ 74,585                                                    |
| Interest                                              | 317                                 | 281                                          | -                                           | -                           | 23                                             | 621                                                          |
| Donations                                             | -                                   | -                                            | -                                           | -                           | 200                                            | 200                                                          |
| Miscellaneous                                         | 1,077                               | -                                            | 116                                         | 370                         | -                                              | 1,563                                                        |
| <b>TOTAL REVENUES</b>                                 | <b>\$ 75,979</b>                    | <b>\$ 281</b>                                | <b>\$ 116</b>                               | <b>\$ 370</b>               | <b>\$ 223</b>                                  | <b>\$ 76,969</b>                                             |
| <b><u>OTHER FINANCING SOURCES:</u></b>                |                                     |                                              |                                             |                             |                                                |                                                              |
| Interfund transfer                                    | \$ -                                | \$ -                                         | \$ -                                        | \$ -                        | \$ -                                           | \$ -                                                         |
| <b>TOTAL OTHER FINANCING SOURCES</b>                  | <b>\$ -</b>                         | <b>\$ -</b>                                  | <b>\$ -</b>                                 | <b>\$ -</b>                 | <b>\$ -</b>                                    | <b>\$ -</b>                                                  |
| <b>TOTAL REVENUES AND OTHER<br/>FINANCING SOURCES</b> | <b>\$ 75,979</b>                    | <b>\$ 281</b>                                | <b>\$ 116</b>                               | <b>\$ 370</b>               | <b>\$ 223</b>                                  | <b>\$ 76,969</b>                                             |
| <b><u>EXPENDITURES:</u></b>                           |                                     |                                              |                                             |                             |                                                |                                                              |
| Public safety                                         | \$ -                                | \$ -                                         | \$ 3,000                                    | \$ -                        | \$ -                                           | \$ 3,000                                                     |
| Public works                                          | 15,392                              | -                                            | -                                           | -                           | -                                              | 15,392                                                       |
| Culture & recreation                                  | -                                   | -                                            | -                                           | 159                         | 917                                            | 1,076                                                        |
| <b>TOTAL EXPENDITURES</b>                             | <b>\$ 15,392</b>                    | <b>\$ -</b>                                  | <b>\$ 3,000</b>                             | <b>\$ 159</b>               | <b>\$ 917</b>                                  | <b>\$ 19,468</b>                                             |
| <b><u>OTHER FINANCING USES:</u></b>                   |                                     |                                              |                                             |                             |                                                |                                                              |
| Interfund transfer                                    | \$ -                                | \$ -                                         | \$ -                                        | \$ -                        | \$ -                                           | \$ -                                                         |
| <b>TOTAL OTHER FINANCING USES</b>                     | <b>\$ -</b>                         | <b>\$ -</b>                                  | <b>\$ -</b>                                 | <b>\$ -</b>                 | <b>\$ -</b>                                    | <b>\$ -</b>                                                  |
| <b>EXCESS REVENUES OVER<br/>(UNDER) EXPENDITURES</b>  | <b>\$ 60,587</b>                    | <b>\$ 281</b>                                | <b>\$ (2,884)</b>                           | <b>\$ 211</b>               | <b>\$ (694)</b>                                | <b>\$ 57,501</b>                                             |
| <b>FUND BALANCE - January 1, 2019</b>                 | <b>51,373</b>                       | <b>18,612</b>                                | <b>5,708</b>                                | <b>-</b>                    | <b>2,560</b>                                   | <b>78,253</b>                                                |
| <b>FUND BALANCE - December 31, 2019</b>               | <b>\$ 111,960</b>                   | <b>\$ 18,893</b>                             | <b>\$ 2,824</b>                             | <b>\$ 211</b>               | <b>\$ 1,866</b>                                | <b>\$ 135,754</b>                                            |