

**UPPER SOUTHAMPTON TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Upper Southampton Township
Southampton, Pennsylvania

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Upper Southampton Township (Township), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the garbage and refuse fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

Warrington, PA
May 31, 2022

UPPER SOUTHAMPTON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

This is the Management Discussion and Analysis (MDA) section. The objective of the MDA is to “enhance the understandability and usefulness of the general purpose financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors.” It is a discussion of the municipality’s financial performance during the year that ended on December 31, 2021.

FINANCIAL HIGHLIGHTS (OVERVIEW):

There are several “Financial Highlights” that can be identified in 2021. Those that are of the greatest significance include:

GOVERNMENT-WIDE STATEMENTS (Full Accrual):

- Total assets have increased over last year from \$22.695 million in 2020 to \$23.680 million in 2021. This represents a 4.34% increase during the identified time period.
- Total liabilities have decreased from \$9.886 million in 2020 to \$8.216 million in 2021. This represents a 16.89% decrease during the identified time period.
- Net Position increased from \$11.715 million in 2020 to \$13.829 million in 2021. The amount represents a 18.045% increase from the prior year.

FUND FINANCIAL STATEMENTS (Modified Accrual):

- Total revenues (not including other financing sources) decreased from \$14.111 million in 2020 to \$14.088 million in 2021. This amount represents a decrease of 0.16%.
- Total expenditures (not including other financing uses) decreased from \$14.819 million in 2020 to \$13.453 in 2021. This represents a decrease of 10.15%
- The ending fund balance increased from \$8.742 million in 2020 to \$9.377 million in 2021. This represents an increase of approximately 6.77%

UPPER SOUTHAMPTON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two kinds of financial statements that present distinctly different views of the Township:

- The first two statements are *Government-Wide Financial Statements* that provide both long-term and short-term information about the municipality's overall financial status.
- The remaining statements are *Fund Financial Statements* that focus on individual parts of the municipality, reporting its operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services like police and parks were financed in the short term as well as what remains for future spending.

Fiduciary fund statements include notes that explain some of the financial statement information and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statement information.

GOVERNMENT-WIDE STATEMENTS (Full Accrual):

The government-wide statements report information about the municipality as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two statements report the municipality's net position and how it has changed. Net position, the difference between the municipality's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, is one way to measure the municipality's financial health or position.

- Over time, increases or decreases in the municipality's net position is an indicator of whether its financial health is improving or deteriorating. Recent history has shown that municipal assets are increasing, and there are several reasons that explain this trend including capitalization of expenses, and inflation pressures.

To assess the overall health of the municipality you need to consider additional non-financial factors such as changes in the municipality's property tax base and the condition of the municipality's roads.

UPPER SOUTHAMPTON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

FUND FINANCIAL STATEMENTS (Modified Accrual):

The fund financial statements provide detailed information about the municipality's most significant funds - not the municipality as a whole.

- Some funds are required by state law and by bond covenants.
- The Upper Southampton Board of Supervisors establishes other funds to control and manage money for particular purposes (like open space purchases) or to show that it is properly using certain taxes.

The municipality has two kinds of funds:

- Governmental funds - Most of the municipality's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out and on the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance municipal programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we describe the relationship (or difference) between them at the bottom of the governmental fund statements.
- Fiduciary funds - The municipality is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The municipality is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the municipality's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the municipalities-wide statements because the municipality cannot use these assets to finance its operations.

UPPER SOUTHAMPTON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Position. The municipality's combined governmental activities net position increased from a year-ago. It increased by \$2.114 million to \$13.829 million in 2021. This increase represents an 18.045% increase from the prior year, and is due, in a large part, to an increase in current and other assets. Note that Upper Southampton Township only reports government-type activities. It does not record business-type activities.

There are two types of asset categories. The two asset categories are "restricted assets" and "unrestricted assets." Restricted assets are limited as to the type of governmental activity they can be used for, or they are invested in capital assets (buildings, roads, bridges, etc.). Unrestricted assets, such as cash and cash equivalents, can readily be converted to services or products.

Changes in Net Position. The municipality's largest increase in asset classes was that which is designated as "Current and other assets." The increase went from \$11.042 million to \$12.214 million, mainly due to cash received from American Rescue Funds.

Statement of Activities. The cost of total governmental activity decreased from \$12.518 million to \$11.884 million. This represented a decrease of approximately 5.06%. Of the six categories identified in the annual audit, Codes & Planning, and Park and Recreation had increases in expenditures from the prior year, General Government, Police and emergency services, Public Works, and Solid Waste decreased from the prior year. Increases in those categories, respectively, were 6.17% Codes & Planning, and 10.45% Park and Recreation. The decreases were 9.95% General Government, 4.28% Police and Emergency Services, 10.01% Public Works and 2.96% was in the Solid Waste category.

As for total revenues, about sixty-three cents of every dollar raised comes from some type of tax. Another thirty-seven of every dollar comes from charges for services and from intergovernmental revenue. Real Estate Taxes remained fairly stable between years. Earned Income taxes and Local Services taxes increased by 10.19%, Other taxes including Real Estate Transfer taxes increased by 48%.

UPPER SOUTHAMPTON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of Upper Southampton Township finances in a manner similar to private-sector reporting.

The Statement of Net Position (on page 15) presents information on all Township assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The following table reflects the condensed statement of net position:

Table 1
Statement of Net Position

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 12,214,184	\$ 11,042,274
Capital assets	<u>11,465,848</u>	<u>11,653,215</u>
Total Assets	<u>23,680,032</u>	<u>22,695,489</u>
Deferred outflows	<u>2,664,204</u>	<u>1,312,049</u>
Long term liabilities	7,225,019	7,858,846
Other liabilities	<u>991,286</u>	<u>2,027,109</u>
Total Liabilities	<u>8,216,305</u>	<u>9,885,955</u>
Deferred inflows	<u>4,299,269</u>	<u>2,406,893</u>
Net investment in capital assets	8,857,848	8,864,215
Restricted	501,347	635,145
Unrestricted	<u>4,469,467</u>	<u>2,215,330</u>
Total Net Position	<u>\$ 13,828,662</u>	<u>\$ 11,714,690</u>

It should be noted that the chart shows that “current and other assets” increased by approximately \$1.172 million from the prior year for reasons mentioned earlier in this discussion. Also, a second item the chart shows is that “capital assets” decreased by approximately \$187 thousand for reasons previously noted.

The Statement of Activities (on pages 16 and 17) presents information showing how the municipality’s net position changed during the most recent fiscal year. All changes in net position are reported on the accrual basis of accounting. This accounting method records revenues and expenses as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., uncollected taxes and earned but unused sick leave).

UPPER SOUTHAMPTON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

The following chart shows the revenues and expenses of the governmental activities for 2021 and 2020.

Table 2
Statements of Activities

	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charges for services	\$ 2,867,186	\$ 2,586,532
Operating grants and contributions	1,688,865	1,777,974
Capital grants and contributions	102,304	889,863
General Revenues:		
Real estate	5,321,543	5,397,393
Earned income and local service tax	2,945,063	2,672,612
Other taxes	869,008	586,075
Investment earnings	17,308	16,078
Miscellaneous	187,195	178,571
Proceeds from sale of capital assets	-	13,750
Total Revenues	<u>13,998,472</u>	<u>14,118,848</u>
Expenses		
General government	3,483,067	3,867,948
Codes and planning	321,289	302,628
Police and emergency services	3,312,051	3,460,092
Public works	1,742,217	1,935,941
Solid waste	1,696,760	1,748,459
Park and recreation	<u>1,329,116</u>	<u>1,203,320</u>
Total Expenses	<u>11,884,500</u>	<u>12,518,388</u>
Changes in Net Position	2,113,972	1,600,460
Net Position - Beginning, restated	<u>11,714,690</u>	<u>10,114,230</u>
Net Position - Ending	<u>\$ 13,828,662</u>	<u>\$ 11,714,690</u>

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Upper Southampton Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Upper Southampton Township can be divided into two categories: governmental funds and fiduciary funds.

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

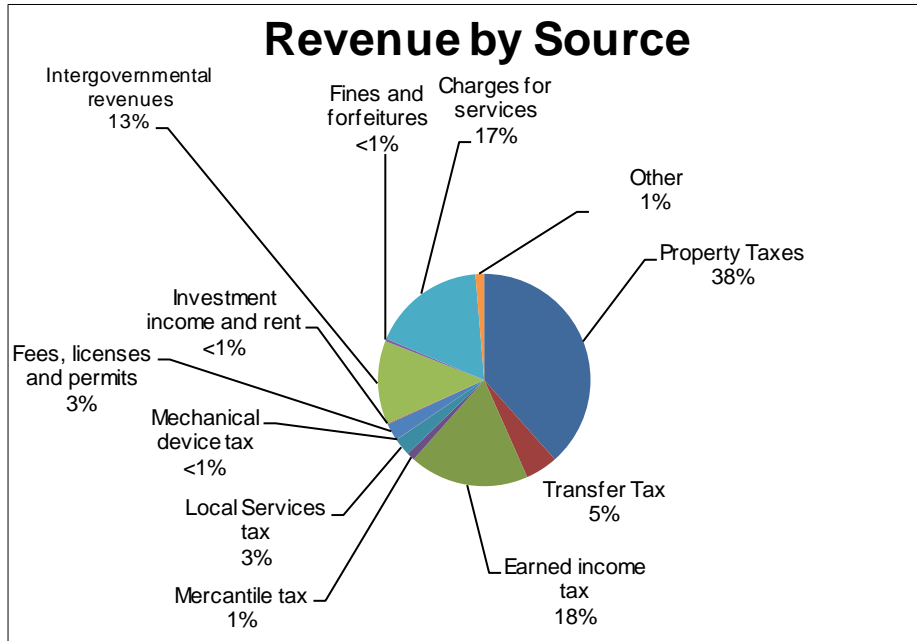
UPPER SOUTHAMPTON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Upper Southampton Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet (on page 18) and in the governmental fund statement of revenues, expenditures, and changes in fund balances (on page 20) for the general fund, garbage and refuse fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Reconciliations are provided (on pages 19 and 21) for the comparison of the governmental fund Balance Sheet to the government-wide Statement of Net Position and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances to the government-wide Statement of Activities. A review of these charts identifies certain prevalent themes, and among these are the following:

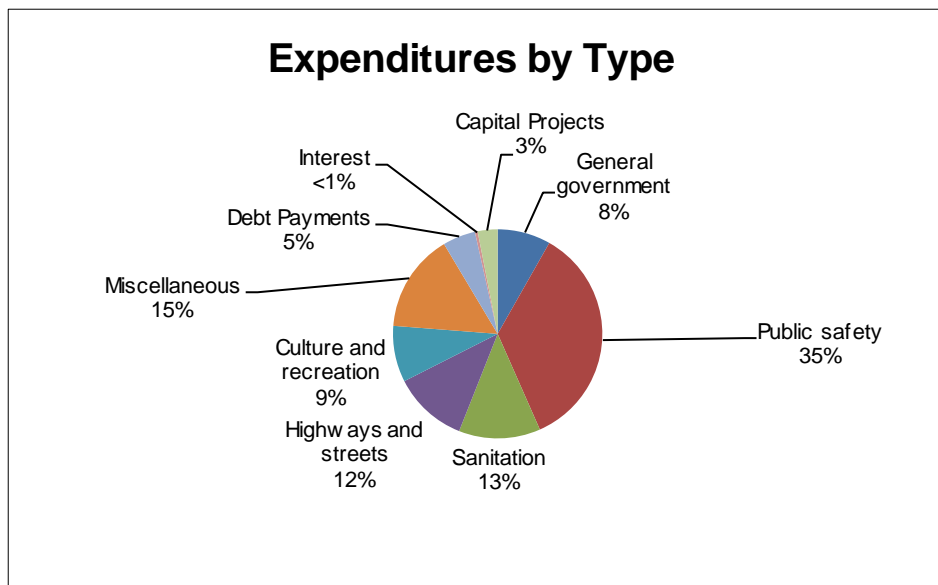
- The fund balance for all governmental funds as a whole increased by \$635 thousand or 7.27% from the prior year. The main explanation for this is additional monies from intergovernmental revenues.
- As a whole the single greatest source of revenue is property tax, and it represents approximately 38% of all revenue. Earned Income Tax is the second largest source of revenue representing approximately 18% of all revenue. The third largest source of revenue is Charges for Services which represents about 17% of all revenue. When examined by fund, however, the percentages change greatly. For example, general fund property taxes comprise 31% of the General Fund, while Earned Income Taxes comprises about 29% of the General Fund.

Revenue, Expenditures and Changes in Fund Balance. The municipality's total revenues (excluding other financing sources) decreased by about \$22 thousand from \$14.111 to \$14.088 million. The primary reason was the decrease in revenue generated from intergovernmental revenues. Minor changes, however, are also evidenced in other revenue categories. It is important to note that virtually half of all revenues are from property taxes and trash fees.

UPPER SOUTHAMPTON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021



The municipality's expenditures cover a range of services. The total cost of all programs and services decreased from the prior year - \$14.819 million vs. \$13.453 million (decreasing about 9%). Of the total amount about 35% of all expenditures were related to public safety.



UPPER SOUTHAMPTON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

FINANCIAL ANALYSIS OF THE MUNICIPALITY'S FUNDING

As the municipality completed the year its governmental funds reported a combined balance of \$9.377 million.

General Fund Budgetary Highlights

- Upper Southampton Township did not amend the General Fund budget in 2021.
- General Fund actual revenues were higher than, but deviated from budgeted revenue amounts by \$1,263 million or approximately 16.53%. The explanation for the deviation is that the Township received unexpected revenues from the State.
- General Fund actual expenditures deviated from budgeted expenditure amounts by \$539,771 due less expenditures than anticipated.
- The Township budgeted less revenue than actually received, and budgeted less expenditures than actually expended.

Garbage & Refuse Fund Budgetary Highlights

- Upper Southampton Township did not amend the Garbage & Refuse Fund budget in 2021.
- Garbage & Refuse Fund actual revenues deviated from budgeted revenue amounts by \$38,582 or approximately 2.3%. The municipality received more than budgeted.
- Garbage & Refuse Fund actual expenditures deviated from budgeted expenditure amounts by \$248,922 or approximately 12.8%. The municipality spent less than budgeted and this is due, in large part, to less tonnage than anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021 Upper Southampton Township had approximately \$11.465 million in net capital assets; this represents an investment in a broad range of capital assets: including buildings, park facilities, roads, etc. The municipality's 2022 budget provides spending for capital projects, and improving infrastructure. This includes funding for road work, storm water management, vehicle purchases, building maintenance, etc.

In 2021 the Upper Southampton Township expended \$83,616 on vehicles for the Police Department as well as \$5,910 on tasers. The Township also expended \$5,905 to subsidize the replacement of the speed board which was damaged.

UPPER SOUTHAMPTON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

In 2021, additional municipal departments made several capital purchases. The Township replaced two vehicles in the Public Works Department totaling \$123,991, replaced the windows in the Public Works garage for \$11,500 and replaced doors in the Community Center for \$6,975.

At year-end Upper Southampton Township had \$2.608 million in outstanding notes and bonds, a decrease of \$681 thousand or 20%, from the prior year. For more detailed information about the municipality's long-term debt see Section III of the Notes section of the Financial Statements.

**MAINTAINING THE CONDITION OF UPPER SOUTHAMPTON TOWNSHIP'S
INFRASTRUCTURE**

A large portion of the Township's 2021 Budget was dedicated to maintaining the municipality's infrastructure. Upper Southampton Township will continue to work in 2022 toward the maintenance and preservation of its infrastructure.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The elected officials of Upper Southampton Township considered many factors in the process used to establish the 2022 budget. The primary factor was the economy, but underneath that umbrella were a host of influences. First, employment affects the amount of revenue generated by the earned income tax, and the earned income tax represents 28% of General Fund revenue, and 11% of all Township revenue. Second, property values affect the amount of revenue generated by the real estate transfer tax, and the real estate transfer tax represents approximately 4% of General Fund revenue. Third, building construction affects the amount of revenue generated by permits, escrow administration, and real estate taxes. Other influences include the economy, consumer confidence which impacts mercantile taxes, amounts of discretionary income which impacts cable television fees, interest rates which affect such varied revenue sources as contractor registrations, and real estate transfers. These and other influences are monitored throughout the budget cycle, and will continue to be gauged in future years.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional municipal financial information, contact Ann Alker, Finance Director, at Upper Southampton Township, 939 Street Road, Southampton, PA 18966.

UPPER SOUTHAMPTON TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,406,972
Receivables	1,150,157
Prepaid assets	25,987
Net pension asset	1,631,068
Land	2,275,696
Other capital assets (net of accumulated depreciation)	<u>9,190,152</u>
Total Assets	<u>23,680,032</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Police Pension related	1,299,340
Non-Uniformed Pension related	481,940
OPEB related	<u>882,924</u>
Total Deferred Outflows of Resources	<u>2,664,204</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 26,344,236</u>
 LIABILITIES	
Accounts payable and other current liabilities	\$ 267,066
Interest payable	31,220
Non-current liabilities:	
Due within one year	693,000
Due after one year	<u>7,225,019</u>
Total Liabilities	<u>8,216,305</u>
 DEFERRED INFLOWS OF RESOURCES	
Police Pension related	2,090,898
Non-Uniformed Pension related	1,397,754
OPEB related	213,632
Deferred revenue- intergovernmental	<u>596,985</u>
Total Deferred Inflows of Resources	<u>4,299,269</u>
 NET POSITION	
Net investment in capital assets	8,857,848
Restricted for:	
Police and emergency services	153,179
Highways and streets	155,120
Open space	111,065
Debt service	37,992
Culture and Recreation	43,991
Sanitation	-
Unrestricted	<u>4,469,467</u>
Total Net Position	<u>13,828,662</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 26,344,236</u>

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

UPPER SOUTHAMPTON TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Primary Government Governmental Activities			
	Total	General Government	Codes & Planning	Police and Emergency Services
Expenses:				
Program expenses	\$ 11,308,724	\$ 3,322,699	\$ 321,289	\$ 3,187,974
Depreciation	508,743	93,335	-	124,077
Interest on debt	67,033	67,033	-	-
Total Expenses	<u>11,884,500</u>	<u>3,483,067</u>	<u>321,289</u>	<u>3,312,051</u>
Program Revenues:				
Charges for services	2,867,186	365,557	466,821	68,405
Operating grants and contributions	1,688,865	596,127	-	141,854
Capital grants and contributions	102,304	-	-	-
Total Program Revenues	<u>4,658,355</u>	<u>961,684</u>	<u>466,821</u>	<u>210,259</u>
Net (Expense) Revenue	(7,226,145)	(2,521,383)	145,532	(3,101,792)
General Revenues:				
Taxes:				
Real estate	5,321,543			
Transfer tax	695,799			
Earned income tax	2,565,844			
Mercantile tax	173,209			
Local services tax	379,219			
Investment earnings	17,308			
Miscellaneous	187,195			
Proceeds from sale of capital assets	-			
Total General Revenues	<u>9,340,117</u>			
Change in Net Position	2,113,972			
Net Position - Beginning	<u>11,714,690</u>			
Net Position - Ending	<u>\$ 13,828,662</u>			

Primary Government
Governmental Activities

Public Works	Solid Waste	Park & Recreation
\$ 1,504,877	\$ 1,696,760	\$ 1,275,125
237,340	-	53,991
-	-	-
1,742,217	1,696,760	1,329,116
54,543	1,663,219	248,641
878,093	70,637	2,154
-	-	102,304
932,636	1,733,856	353,099
(809,581)	37,096	(976,017)

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

UPPER SOUTHAMPTON TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<u>General</u>	<u>Garbage & Refuse</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 3,702,014	\$ 964,015	\$ 1,587,196	\$ 3,153,747	\$ 9,406,972
Investments	-	-	-	-	-
Receivables					
Taxes	668,852	5,115	-	6,283	680,250
Accounts	127,852	-	-	-	127,852
Prepaid assets	19,750	2,079	-	4,158	25,987
Due from other funds	-	-	-	-	-
Cash - restricted	-	-	-	-	-
Total Assets	<u>\$ 4,518,468</u>	<u>\$ 971,209</u>	<u>\$ 1,587,196</u>	<u>\$ 3,164,188</u>	<u>\$ 10,241,061</u>
<u>LIABILITIES</u>					
Accounts payable and accrued wages	\$ 175,903	\$ 42,147	\$ 185	\$ 48,831	\$ 267,066
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Developers escrow	-	-	-	-	-
Total Liabilities	<u>175,903</u>	<u>42,147</u>	<u>185</u>	<u>48,831</u>	<u>267,066</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenues - intergovernmental	596,985	-	-	-	596,985
Total Deferred Inflows of Resources	<u>596,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>596,985</u>
<u>FUND BALANCES</u>					
Reserved for:					
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Open space	-	-	-	-	-
Debt service	-	-	-	-	-
Street light	-	-	-	-	-
Library	-	-	-	-	-
Park and Rec	-	-	-	-	-
Nonspendable-prepaid items	19,750	2,079	-	4,158	25,987
Restricted for:					
Police and emergency services	-	-	-	145,856	145,856
Capital projects	-	-	-	-	-
Open space	-	-	-	111,065	111,065
Highways and streets	-	-	-	151,463	151,463
Debt service	-	-	-	30,324	30,324
Library	-	-	-	26,742	26,742
Capital projects	-	-	-	-	-
Committed for					
Sanitation	-	926,983	-	-	926,983
Park and recreation	-	-	-	623,400	623,400
Highways and streets	-	-	-	588,943	588,943
Post employment benefits	287,809	-	-	-	287,809
Assigned for					
Capital projects	-	-	1,587,011	1,417,460	3,004,471
Highways and streets	-	-	-	15,946	15,946
OPEB	-	-	-	-	-
Unassigned	3,438,021	-	-	-	3,438,021
Total Fund Balances	<u>3,745,580</u>	<u>929,062</u>	<u>1,587,011</u>	<u>3,115,357</u>	<u>9,377,010</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,518,468</u>	<u>\$ 971,209</u>	<u>\$ 1,587,196</u>	<u>\$ 3,164,188</u>	<u>\$ 10,241,061</u>

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

UPPER SOUTHAMPTON TOWNSHIP
RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

Amounts reported for governmental activities in the statement of net position (page 15) are different because:

Total fund balances-total governmental funds (page 18)		\$ 9,377,010
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Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.

Cost of capital assets	\$ 18,389,759	
Accumulated depreciation	<u>(6,923,911)</u>	11,465,848

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

291,975

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Net pension asset	1,631,068	
RE Taxes receivable	<u>50,080</u>	1,681,148

Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Net difference between projected and actual earnings on pension plan investments	(2,812,508)	
Differences between expected and actual experience on pension plan liability	(676,144)	
Change in assumptions-pension	1,781,280	
Differences between expected and actual experience on OPEB liability	<u>669,292</u>	(1,038,080)

Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds and notes payable	(2,608,000)	
Interest payable	(31,220)	
Post-retirement benefits	(4,996,573)	
Compensated absences	<u>(313,446)</u>	<u>(7,949,239)</u>

Total net position (page 15)		<u>\$ 13,828,662</u>
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The notes to the financial statements are an integral part of this statement.

UPPER SOUTHAMPTON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	Garbage & Refuse	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property	\$ 2,771,545	\$ -	\$ -	\$ 2,642,608	\$ 5,414,153
Transfer	695,799	-	-	-	695,799
Earned income tax	2,562,896	-	-	-	2,562,896
Mercantile tax	173,209	-	-	-	173,209
Local services tax	379,219	-	-	-	379,219
Mechanical devices tax	4,400	-	-	-	4,400
Fees, licenses and permits	368,651	-	-	-	368,651
Investment income and rent	8,946	2,066	2,380	5,716	19,108
Intergovernmental revenues	1,173,079	70,637	-	545,299	1,789,015
Fines and forfeitures	57,253	-	-	-	57,253
Charges for services	527,072	1,661,169	-	248,641	2,436,882
Other	180,285	5,110	-	2,154	187,549
Total Revenues	8,902,354	1,738,982	2,380	3,444,418	14,088,134
Expenditures					
Current:					
General government	1,055,425	-	46,013	3,707	1,105,145
Public safety	4,207,814	-	-	524,474	4,732,288
Sanitation	-	1,696,760	-	-	1,696,760
Highways and streets	761,353	-	-	789,030	1,550,383
Culture and recreation	-	-	-	1,170,367	1,170,367
Miscellaneous	2,046,157	-	-	-	2,046,157
Debt service:					
Principal	-	-	-	681,000	681,000
Interest	-	-	-	57,333	57,333
Capital projects	20,468	-	16,577	376,367	413,412
Total Expenditures	8,091,217	1,696,760	62,590	3,602,278	13,452,845
Excess (Deficiency) of Revenues					
Over Expenditures	811,137	42,222	(60,210)	(157,860)	635,289
Other Financing Sources (Uses)					
Transfers in	2,425	-	-	177,160	179,585
Transfers out	(137,660)	(30,000)	-	(11,925)	(179,585)
Total Other Financing Sources (Uses)	(135,235)	(30,000)	-	165,235	-
Net Change in Fund Balances	675,902	12,222	(60,210)	7,375	635,289
Fund Balance - Beginning	3,069,678	916,840	1,647,221	3,107,982	8,741,721
Fund Balance - Ending	\$ 3,745,580	\$ 929,062	\$ 1,587,011	\$ 3,115,357	\$ 9,377,010

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

UPPER SOUTHAMPTON TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Changes in Net Position

Amounts reported for governmental activities in the statement of activities (page 16-17) are different because:

Net change in fund balances-total governmental funds (page 20)		\$ 635,289
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 321,376		
Depreciation expense	<u>(508,743)</u>		(187,367)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(89,662)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of debt	681,000		
Interest payable	<u>(9,700)</u>		671,300

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

Net pension liability and deferred items	1,335,088		
Post-retirement benefits	(166,585)		
Compensated absences	<u>(84,091)</u>		<u>1,084,412</u>

Change in net position of governmental activities (page 16-17)		<u>\$ 2,113,972</u>
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UPPER SOUTHAMPTON TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	GENERAL FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
Taxes:				
Property	\$ 2,730,102	\$ 2,730,102	\$ 2,771,545	\$ 41,443
Transfer	350,000	350,000	695,799	345,799
Earned income tax	2,150,000	2,150,000	2,562,896	412,896
Mercantile tax	163,000	163,000	173,209	10,209
Local services tax	300,000	300,000	379,219	79,219
Mechanical devices tax	5,300	5,300	4,400	(900)
Fees, licenses and permits	384,950	384,950	368,651	(16,299)
Interest and rent	9,215	9,215	8,946	(269)
Intergovernmental revenues	977,952	977,952	1,173,079	195,127
Fines and forfeitures	57,560	57,560	57,253	(307)
Charges for services	354,916	354,916	527,072	172,156
Other	155,982	155,982	180,285	24,303
Total Revenues	<u>7,638,977</u>	<u>7,638,977</u>	<u>8,902,354</u>	<u>1,263,377</u>
Expenditures				
Current:				
General government	1,083,526	1,083,526	1,055,425	(28,101)
Public safety	4,225,015	4,225,015	4,207,814	(17,201)
Highways and roads	797,094	797,094	761,353	(35,741)
Miscellaneous	2,479,245	2,479,245	2,046,157	(433,088)
Debt service	-	-	-	-
Capital projects	46,108	46,108	20,468	(25,640)
Total Expenditures	<u>8,630,988</u>	<u>8,630,988</u>	<u>8,091,217</u>	<u>(539,771)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(992,011)</u>	<u>(992,011)</u>	<u>811,137</u>	<u>1,803,148</u>
Other Financing Sources (Uses)				
Transfers in	3,000	3,000	2,425	(575)
Transfers out	(297,400)	(297,400)	(137,660)	159,740
Total Other Financing Sources (Uses)	<u>(294,400)</u>	<u>(294,400)</u>	<u>(135,235)</u>	<u>159,165</u>
Net Change in Fund Balance	(1,286,411)	(1,286,411)	675,902	1,962,313
Beginning Fund Balance	<u>1,286,411</u>	<u>1,286,411</u>	<u>3,069,678</u>	<u>1,783,267</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,745,580</u>	<u>\$ 3,745,580</u>

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

UPPER SOUTHAMPTON TOWNSHIP
GARBAGE AND REFUSE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>GARBAGE AND REFUSE FUND</u>			Variance with Final Budget - Over (Under)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 1,627,500	\$ 1,627,500	\$ 1,661,169	\$ 33,669
Interest and rent	2,900	2,900	2,066	(834)
Intergovernmental revenues	70,000	70,000	70,637	637
Other	-	-	5,110	5,110
Total Revenues	<u>1,700,400</u>	<u>1,700,400</u>	<u>1,738,982</u>	<u>38,582</u>
Expenditures				
Current:				
Sanitation	<u>1,945,682</u>	<u>1,945,682</u>	<u>1,696,760</u>	<u>(248,922)</u>
Total Expenditures	<u>1,945,682</u>	<u>1,945,682</u>	<u>1,696,760</u>	<u>(248,922)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(245,282)</u>	<u>(245,282)</u>	<u>42,222</u>	<u>287,504</u>
Other Financing Sources (Uses)				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balance	(275,282)	(275,282)	12,222	287,504
Beginning Fund Balance	<u>275,282</u>	<u>275,282</u>	<u>916,840</u>	<u>641,558</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 929,062</u>	<u>\$ 929,062</u>

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

UPPER SOUTHAMPTON TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

<u>ASSETS</u>	Pension Trust Funds	Custodial Funds
Current Assets		
Cash and cash equivalents	\$ 525,830	\$ 2,147,873
Investments, at fair value:		
Mutual Funds - Fixed Income	2,670,203	-
Mutual Funds - Equity	7,849,737	-
ETP	18,116,783	
Other investments	<u>481,162</u>	<u>-</u>
Accrued interest		
Total Current Assets	<u>29,643,715</u>	<u>2,147,873</u>
 TOTAL ASSETS	 <u>\$ 29,643,715</u>	 <u>\$ 2,147,873</u>
 <u>NET POSITION</u>		
Net Position - Restricted for:		
Pension Benefits	\$ 29,643,715	\$ -
Developers	<u>-</u>	<u>2,147,873</u>
 TOTAL NET POSITION	 <u>\$ 29,643,715</u>	 <u>\$ 2,147,873</u>

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

UPPER SOUTHAMPTON TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
Additions		
Contributions		
Township	\$ 763,104	\$ -
Employee	196,635	-
State	345,404	-
Escrow receipts	-	1,670,341
Total Contributions	<u>1,305,143</u>	<u>1,670,341</u>
Investment Earnings		
Net appreciation in fair value		
of investments	3,320,366	-
Investment income	<u>712,776</u>	<u>-</u>
Total Investment Earnings	4,033,142	-
Less investment expense	<u>(100,652)</u>	<u>-</u>
Net Investment Earnings	<u>3,932,490</u>	<u>-</u>
Total Additions	<u>5,237,633</u>	<u>1,670,341</u>
Deductions		
Professional fees	12,800	-
Return of employee contributions	97,460	-
Retiree benefits	1,194,290	-
Escrow disbursements	-	33,435
Total Deductions	<u>1,304,550</u>	<u>33,435</u>
Net Increase (Decrease)	3,933,083	1,636,906
Net Position - Restricted		
Beginning of Year	<u>25,710,632</u>	<u>510,967</u>
End of Year	<u>\$ 29,643,715</u>	<u>\$ 2,147,873</u>

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

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. Summary of Significant Accounting Policies

A. *Reporting entity*

Upper Southampton Township is a municipal corporation existing and operating under the Second Class Township code of the Commonwealth of Pennsylvania. The accompanying financial statements present the primary government. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. There are two component units, described as an entity for which the government is considered to be financially accountable.

The following component units are not included in the financial statements because the Township chose to prepare a primary government only financial statement:

Southampton Free Library
Upper Southampton Sewer and Water Authority

Complete financial statements for those component units may be obtained at the entity's administrative offices as follows: Southampton Free Library, 947 Street Road, Southampton, PA 18966; Municipal Authority of the Township of Upper Southampton, 945 Street Road, Southampton, PA 18966; Upper Southampton Sewer Authority, 945 Street Road, Southampton, PA 18966.

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, if any, which rely to a significant extent on fees and charges for support.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. Summary of Significant Accounting Policies (Continued)

B. Government-wide and fund financial statements (continued)

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

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. Summary of Significant Accounting Policies (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation* (continued)

The government reports the following major governmental funds:

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

The *Garbage and Refuse Fund* accounts revenue derived from tax millage and charges for services. Major expenditures are for the sanitation services of the Township.

The *Capital Projects* account for revenues restricted or assigned to capital projects.

Additionally, the government reports the following fund type:

The *Pension Trust Fund* accounts for the activities of the Police and Non-Uniformed Pension plans, which accumulate resources for pension, benefit payments to qualified employees.

As required under GASB No. 84, the Township created a new fiduciary fund in 2021 and adjusted opening net position by \$510,967. The *Custodial fund* held by the Township is used to account for assets held on behalf of individual and/or developers. The Township has one custodial fund consisting of escrows.

As a general rule the effect of interfund activity has been eliminated from the government - wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

D. *Assets, liabilities, and net position or equity*

1. *Deposits and investments*

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

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. Summary of Significant Accounting Policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

1. Deposits and investments (continued)

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity.

The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the company are authorized investments, as noted above.

The government invests in obligations and agencies of the United States of America. These investments are comprised of Treasury strips, collateralized mortgage obligations, and U.S. Treasury obligations. The government recognizes interest rate risk and extension risk with some of these obligations. The government has stratified their portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area saving's accounts rates is minimal.

The law provides that the government's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the government to be prudent.

Investments for the government are reported at fair value. The Investment Pool operates in accordance with appropriate state laws and regulations. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. The reported value of the pool is the pool's amortized cost-based net asset value per share, which approximates fair value. PLGIT activities are invested directly in a portfolio, which is held by a third party custodian. There are no limitations or restrictions on withdrawals.

2. Restricted assets

Certain cash deposits have been classified as restricted assets on the balance sheet because they are held by the Township in a custodial capacity for developers and others. There is a corresponding restricted liability on the balance sheet for these funds.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. Summary of Significant Accounting Policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

3. *Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Receivables and payables*

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

At December 31, 2021, all trade receivables were deemed to be fully collectible. The property tax receivable allowance is immaterial and therefore not included in outstanding property taxes at December 31, 2021.

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through July 1; and a 10% penalty after July 1. The Township employs an elected tax collector to collect the property tax and the garbage fees levied. The tax collector remits Township taxes and refuse fees at least monthly and is paid on a per parcel basis.

5. *Use of estimates*

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

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. Summary of Significant Accounting Policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

6. *Capital assets*

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets are valued prospectively.

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

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	20-40
Roads and bridges	45
Storm sewers	100
Lighting	20
Trucks and heavy equipment	8-15
Vehicles	8
Park improvements	45

7. *Compensated absences*

For police employees, unused sick time is accumulated and employees receive payment for them when they leave Township employment. At December 31, 2021, the Township's liability of unused sick time is \$313,446.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. Summary of Significant Accounting Policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

8. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, statement of net positions. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

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

9. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has the following items that qualify for reporting in this category:

1. *Change in pension assumption* is reported in the government-wide statement of net position. This amount is deferred and amortized over a five-year period.
2. *Differences between expected and actual experience on OPEB liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. Summary of Significant Accounting Policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

9. Deferred Outflows/Inflows of Resources (continued)

The government has the following types of items that qualify for reporting in this category:

1. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
2. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
3. *Differences between expected and actual experience on OPEB liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
4. *Unavailable revenue - intergovernmental* is reported in the governmental funds balance sheet and in the government-wide statement. The governmental funds report unavailable revenues from one source: intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. Net position

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

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

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. Summary of Significant Accounting Policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

10. Net position (continued)

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

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

11. Fund balance

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

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

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

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the Township’s highest level of decision-making authority, the Board of Commissioners. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance - includes amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. The governing body, the Board of Commissioners, has by resolution authorized the Township Manager to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. Summary of Significant Accounting Policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

11. Fund balance (continued)

Unassigned Fund Balance - this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

12. Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report which is the date the financial statements were available to be issued. No events occurred which required adjustment or disclosure in the financial statements.

II. Stewardship, Compliance, and Accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Township. All annual appropriations lapse at fiscal year-end.

Prior to passage, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Township makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The Board holds public hearings and a final budget must be prepared and adopted no later than December 31st through the passage of an ordinance.

All budget revisions require the approval of the Township Board of Supervisors. There were budget revisions made during the year. The Board authorized the use of unallocated fund balance in 2021.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

II. Stewardship, Compliance, and Accountability (Continued)

B. Excess of expenditures over appropriations

For the year ended December 31, 2021, expenditures exceeded budget in the miscellaneous category of the general fund by \$312,500. The overage was funded by higher than budget revenues.

III. Detailed Notes on all Funds

A. Deposits and investments

As of December 31, 2021, the government had the following investments:

GOVERNMENTAL FUNDS		
External Investment Pool	1 day	\$ 434,828
Total Governmental Funds		<u>\$ 434,828</u>
FIDUCIARY FUNDS		
Mutual Funds - Equity	---	\$ 2,670,203
Mutual Funds - International Bonds	---	583,474
Mutual Funds - Fixed Income	---	7,266,263
Mutual Funds - International Equities	---	1,528,591
Other investments	---	481,162
Total Fiduciary Funds		<u>\$ 12,529,693</u>

Interest Rate Risk. This is the risk that changes in interest will adversely affect the fair value of an investment. The government 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. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Note I, D, 1. The government's investment in the external investment pools was rated AAAM by Standard & Poor's.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. It is the government's policy that the fiduciary assets may not be invested in more than 5% of the total equity portfolio in the common stock of one corporation and not more than 25% of the stock value at market may be held in any one industry.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2021, the government's the bank balance was \$9,820,576. Of the bank balance, \$250,000 was covered by federal depository insurance and \$434,828 was invested in externally pooled investment, which are not subject to credit risk.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

III. Detailed Notes on all Funds (Continued)

A. *Deposits and investments (continued)*

Any balances exceeding federal depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note I, D, 1.

Investment Pool. The Township has carrying deposits in external investment pools held with PLGIT Bank and the Commonwealth of Pennsylvania. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above the investment in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. Pool amount as are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. There are no limitations or restrictions on withdrawals.

Custodial Credit Risk - Investment. For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note I, D, 1.

Fair Value Measurement. The Township categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs that include quoted prices for similar assets in active markets and inputs that are observable for the asset, either directly, or indirectly, for substantially the full term of the financial instrument. Fair values of these instruments are estimated using pricing models, quoted pricing models, quoted prices of securities with similar characteristics, or discounted cash flows; Level 3 inputs are significant unobservable inputs, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. The Township has the following recurring fair value measurements as of December 31, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
GOVERNMENTAL FUNDS				
External Investment Pool	\$ 434,828	\$ -	\$ 434,828	\$ -
FIDUCIARY FUNDS				
Mutual Funds - Equity	\$ 2,670,203	\$ 2,670,203	\$ -	\$ -
Mutual Funds - Fixed Income	7,266,263	7,266,263	-	-
Other Investments	481,162	481,162	-	-
Total Fiduciary Funds	<u>\$ 10,417,628</u>	<u>\$ 10,417,628</u>	<u>\$ -</u>	<u>\$ -</u>

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

III. Detailed Notes on all Funds (Continued)

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate are as follows:

	<u>General</u>	<u>Garbage and Refuse</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 668,852	\$ 5,115	\$ -	\$ 6,283	\$ 680,250
Accounts	<u>127,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,852</u>
Total Receivables	<u>\$ 796,704</u>	<u>\$ 5,115</u>	<u>\$ -</u>	<u>\$ 6,283</u>	<u>\$ 808,102</u>

C. Capital assets

Capital asset activity for the year ended December 31, 2021 was as follows:

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,275,696	\$ -	\$ -	\$ 2,275,696
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,275,696</u>	<u>-</u>	<u>-</u>	<u>2,275,696</u>
Capital assets, being depreciated:				
Buildings and improvements	5,668,546	7,500	-	5,676,046
Machinery, vehicles, and equipment	2,962,455	199,223	-	3,161,678
Infrastructure	5,643,960	114,653	-	5,758,613
Park improvement	<u>1,517,726</u>	<u>-</u>	<u>-</u>	<u>1,517,726</u>
Total capital assets being depreciated	<u>15,792,687</u>	<u>321,376</u>	<u>-</u>	<u>16,114,063</u>
Less accumulated depreciation for:				
Buildings and improvements	3,380,330	116,912	-	3,497,242
Machinery, vehicles, and equipment	2,141,205	257,067	-	2,398,272
Infrastructure	580,015	98,140	-	678,155
Park improvement	<u>313,618</u>	<u>36,624</u>	<u>-</u>	<u>350,242</u>
Total accumulated depreciation	<u>6,415,168</u>	<u>508,743</u>	<u>-</u>	<u>6,923,911</u>
Total capital assets, being depreciated, net	<u>9,377,519</u>	<u>(187,367)</u>	<u>-</u>	<u>9,190,152</u>
Governmental activities capital assets, net	<u>\$ 11,653,215</u>	<u>\$ (187,367)</u>	<u>\$ -</u>	<u>\$ 11,465,848</u>

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

III. Detailed Notes on all Funds (Continued)

C. Capital assets (continued)

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

Governmental activities:	
Administrative	\$ 93,335
Police and emergency services	124,077
Public works, including depreciation of general infrastructure except park systems	237,340
Parks and recreation, including depreciation related to park systems	<u>53,991</u>
Total depreciation expense-governmental activities	<u><u>\$ 508,743</u></u>

D. Interfund receivables, payables, and transfers

Interfund transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 2,425	\$ 137,660
Garbage & Refuse	-	30,000
Other Non Major Funds	<u>177,160</u>	<u>11,925</u>
Total	<u><u>\$ 179,585</u></u>	<u><u>\$ 179,585</u></u>

The interfund transfers are a result of various funds sharing the cost of wages and benefits and to fund capital projects.

E. Long-term debt

General Obligation Bonds and Notes

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities and infrastructure. General obligation bonds and notes have been issued for governmental type activities. The original amount of general obligation bonds and notes issued in prior years was \$7,200,000. In 2020, the township secured a \$500,000 5-year note bearing interest at a rate of .745%. The proceeds will be used to fund capital expenditures.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

III. Detailed Notes on all Funds (Continued)

E. Long-term debt (continued)

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. The bonds are generally issued as 15-20 year serial bonds with varying amounts of principal maturing each year.

General obligation bonds and notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	1.27 to 3.9%	<u>\$ 2,608,000</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt, as of December 31, 2021 are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Bonds Payable</u>		<u>Notes Payable</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 294,000	\$ 28,207	\$ 399,000	\$ 18,189	\$ 693,000	\$ 46,396
2023	272,000	21,959	406,000	11,245	678,000	33,204
2024	174,000	16,279	413,000	4,170	587,000	20,449
2025	180,000	12,353	102,000	760	282,000	13,113
2026	184,000	8,284	-	-	184,000	8,284
2027	184,000	4,127	-	-	184,000	4,127
Total	<u>\$ 1,288,000</u>	<u>\$ 91,209</u>	<u>\$ 1,320,000</u>	<u>\$ 34,364</u>	<u>\$ 2,608,000</u>	<u>\$ 125,573</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 1,577,000	\$ -	\$ (289,000)	\$ 1,288,000	\$ 294,000
Notes payable	1,712,000	-	(392,000)	1,320,000	399,000
Net pension liability	288,843	2,429,703	(2,718,546)	-	-
Compensated absences	229,355	84,091	-	313,446	-
OPEB	4,730,648	408,715	(142,790)	4,996,573	-
Governmental activity Long-term liabilities	<u>\$ 8,537,846</u>	<u>\$ 2,922,509</u>	<u>\$ (3,542,336)</u>	<u>\$ 7,918,019</u>	<u>\$ 693,000</u>

Debt service for general obligation bonds, notes, and capital leases are funded primarily from taxes for governmental activities. Any liabilities for compensated absences, net pension liabilities, or OPEB liabilities are generally liquidated by the general fund for governmental activities.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Township participates in the Delaware Valley Property and Liability Trust pool. The insurance expense for the year ended December 31, 2021 as \$126,886. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2021 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Upper Southampton's share was \$16,485.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (DVWCT), a risk retention pool. The insurance expense for the year ended December 31, 2021 was \$98,714. The Trust declared a dividend in 2021. Upper Southampton Township's share of the dividend distribution was \$27,622. As a result of the 2020 payroll audit, the Township received \$20,394. There were no additional assessments due or anticipated. An audit of the 2021 payroll will be performed in 2022.

The Township is also a member of the Delaware Valley Health Trust, a public risk retention pool. Trust underwriting and rate setting policies are established after consultation with independent insurance consultants. Any member may withdraw by giving 150 days written notice to the Executive Committee. The insurance expense for the year ended December 31, 2021 was \$986,352. There were no additional assessments due or anticipated. At December 31, 2021, the pool did not declare a dividend.

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

In the normal course of business, there are various relatively minor claims and suits pending against the Township, none of which materially affect the financial position of the Township.

C. Employee retirement systems and pension plans

Defined Benefit Pension Plan

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

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

C. Employee retirement systems and pension plans (continued)

Defined Benefit Pension Plan (continued)

The Plans are administered by the Township. The most recent valuation was as of January 1, 2021. Details below are from the valuation.

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

Non-Uniformed Employees' Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time permanent, non-uniformed employees of the Township who join the plan on the first day of the month coincident with or following the completion of one year of service and attainment of age 21.

Plan Description and Membership

The Pension Plans are governed by the Board of Supervisors who has established Pension Committees to serve as administrators and trustees of the pension fund. The Committees shall administer the pension funds by regulations established by the Code of Ordinances of Upper Southampton Township as necessary for the effective management of the funds. The Police Pension Committee consists of five members, one appointed and chosen from among the Board of Supervisors, the Township Manager, two appointed by the Police Benevolent Association of Upper Southampton Township and one citizen at large, preferably from the business community, appointed by the other four Committee members. The Municipal Pension Committee consists of five members, one appointed and chosen from among the Board of Supervisors, the Township Manager, two appointed by and from among non-uniformed employees of Upper Southampton Township, and one citizen at larger, preferably from the business community, appointed by the other four Committee members. The Committee meets no less than twice a year for the purpose of reviewing the investment performance with the investment manager.

At December 31, 2021, Upper Southampton Pension Plans consisted of the following:

	<u>Police</u>	Non- <u>Uniformed</u>
Inactive Members or Beneficiaries Currently		
Receiving Benefits	24	16
Inactive Members Entitled to but not yet		
Receiving Benefits	2	2
Active Members	<u>21</u>	<u>27</u>
Total membership	<u>47</u>	<u>45</u>

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

C. Employee retirement systems and pension plans (continued)

Benefits Provided

Police Pension Plan: The Plan provides retirement benefits as well as death and disability benefits. All benefits vest after 12 years of credited service. Officers may retire at age 52 with 25 years of credited service. Officers are entitled to an annual retirement benefit, payable in the normal form of a ten year certain and continuous annuity, in an amount equal to 50% of their final-average salary plus a service increment of \$100 per each year of service in excess of 25 years, with a maximum increment of \$500 per month. Final-average salary is the employee's average salary over the last thirty-six months of credit services. If an employee leaves covered employment or dies before 12 years of credited service, accumulated employee contributions of the Pension Fund plus related investment earnings are refunded to the employee or designated beneficiary.

A Deferred Retirement Option Plan ("DROP") is available to the Township's police officers who have fulfilled the age and service requirements of the Police Pension Plan as described in the above paragraph. Under the DROP program a participant may elect to defer receipt of normal retirement benefits while continuing employment with the Township for a period of not more than 36 months. The monthly pension shall be calculated as of the date of participation in the program and shall be distributed in a lump sum at retirement.

Non-Uniformed Pension Plan: The Pension Plan provides retirement benefits as well as death and disability benefits. All benefits vest after 5 years of credited service. Employees who retire at or after age 61 after 20 years of service, are entitled to an annual retirement benefit, payable monthly, in the normal form of a ten year certain and continuous annuity, in an amount equal to 2.6% multiplied by years of service multiplied by the monthly benefit compensation (not to exceed 70% of final year salary). If an employee leaves covered employment or dies before 5 years of credited service, accumulated employee contributions of the Pension Fund plus related investment earnings are refunded to the employee or designated beneficiary. Covered employees are currently required to contribute 4% to the Pension Fund. The Township is required by statute, principally Pennsylvania Act 600, to contribute the remaining amounts necessary to finance the Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

C. Employee retirement systems and pension plans (continued)

Measurement Focus and Basis of Accounting

Basis of Accounting: Pension Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by state statutes.

Method Used to Value Investments: Pension Plan equity securities are reported at fair value. Fixed income securities are reported at fair value, investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date. Market related value of assets is used to determine the indicated contribution.

Contributions Required and Contributions Made

Employees of the Police Pension Plan and Non-Uniformed are required to make contributions, 5% of salary and 4% of salary, respectively. Contributions are credited with interest at 6% per annum. Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution. For the year ended December 31, 2021, the average active member contribution was 4.5% of annual pay, and the Township's average contribution rate was 15% of annual payroll.

The Pension Plan funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates is determined using the entry age normal actuarial funding method as required by Pennsylvania Act 205. The Pension Plan also uses a method defined by Act 205 to amortize the unfunded liability over a defined period.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

C. Employee retirement systems and pension plans (continued)

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$ 345,404 for the pensions for the year ended December 31, 2021.

Investments

Investment Policy: The Pension Plan's policies in regard to the allocations of invested assets are established and may be amended by the Police and Municipal Pension Committees. The policy is established to create the framework for a well-diversified asset mix that can help achieve acceptable long-term returns at a level of risk suitable to the Pension Committees. The investment objective is to maximize long term return through a combination of capital appreciation and income with sound investment practice.

Rate of Return: For the year ended December 31, 2021, the annual money-weighted rate of return on Plan investments, net of pension investment expense was 15.64% for the police plan and 15.60% for the non-uniform plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2021 were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 19,536,567	\$ 8,476,080
Plan fiduciary net position	<u>(19,847,996)</u>	<u>(9,795,719)</u>
Net pension liability (asset)	<u>\$ (311,429)</u>	<u>\$ (1,319,639)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 102%	 116%

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

C. Employee retirement systems and pension plans (continued)

Net Pension Liability (continued)

Actuarial Assumptions: The total pension liability at December 31, 2021 was based on actuarial valuation using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non-Uniformed</u>	
Inflation	3.00%	3.00%	
Salary Increases	4.00%	4.00%	(average, including inflation)
Investment Rate of Return	6.50%	6.50%	(including inflation)
Postretirement Cost of Living Increase	**	5.00%	

** Cost of Living Increases will be granted pursuant to Act 600 with a cap of 30%

The discount rate changed from 7.25% to 6.5% and the Salary increase rate changed from 5% to 4%.

Mortality rates were based on the RP-2000 Mortality Table (Blue Collar) for males and females with generational improvement using Scale AA.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2020.

The net pension liabilities for both plans were measured as of December 31, 2021 and the total pension liabilities were determined by rolling forward the liabilities from the actuarial valuations as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class for all three plans are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Large Cap	37.00%	4.10%
US Mid-Cap	8.25%	4.30%
US Small Cap	5.25%	4.40%
EAFE Equity	14.00%	6.50%
Emerging Markets Stocks	3.50%	6.90%
Bonds	29.00%	2.60%
Cash	1.00%	1.30%

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

C. Employee retirement systems and pension plans (continued)

Net Pension Liability (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.25% for all three plans. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2020	\$ 17,681,355	\$ 17,392,512	\$ 288,843
Changes for the year:			
Service cost	364,987	-	364,987
Interest	1,270,623	-	1,270,623
Change of benefit terms	-	-	-
Differences between expected and actual experience	(183,479)	-	(183,479)
Change of assumptions	1,444,089	-	1,444,089
Contributions - employer	-	745,588	(745,588)
Contributions - employee	-	125,402	(125,402)
Net investment income	-	2,698,989	(2,698,989)
Benefit payments, including refunds of employee contributions	(1,041,008)	(1,041,008)	-
Administrative expense	-	(73,487)	73,487
Other changes	-	-	-
Net Changes	<u>1,855,212</u>	<u>2,455,484</u>	<u>(600,272)</u>
Balance at December 31, 2021	<u>\$ 19,536,567</u>	<u>\$ 19,847,996</u>	<u>\$ (311,429)</u>

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

C. *Employee retirement systems and pension plans (continued)*

Net Pension Liability (continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<u>Non-Uniformed Pension Plan</u>			
Balance at December 31, 2020	\$ 7,775,873	\$ 8,318,120	\$ (542,247)
Changes for the year:			
Service cost	223,246	-	223,246
Interest	570,847	-	570,847
Change of benefit terms	-	-	-
Differences between expected and actual experience	(345,592)	-	(345,592)
Change of assumptions	502,448	-	502,448
Contributions - employer	-	362,920	(362,920)
Contributions - employee	-	71,233	(71,233)
Net investment income	-	1,334,153	(1,334,153)
Benefit payments, including refunds of employee contributions	(250,742)	(250,742)	-
Administrative expense	-	(39,965)	39,965
Other changes	-	-	-
Net Changes	700,207	1,477,599	(777,392)
Balance at December 31, 2021	\$ 8,476,080	\$ 9,795,719	\$ (1,319,639)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Plan, calculated using the discount rate of 6.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (estimate based on plan demographics):

	1%	Current	1%
	Decrease	Discount	Increase
	<u>(5.5%)</u>	<u>Rate (6.5%)</u>	<u>(7.5%)</u>
Net pension liability			
Police	\$ 2,132,761	\$ (311,429)	\$ (2,328,942)
Non-Uniformed	(369,751)	(1,319,639)	(2,133,426)

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

C. *Employee retirement systems and pension plans (continued)*

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2021, the Township recognized pension expense of (\$9,490) for Police Pension and (\$198,439) for Non-Uniformed Pension. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Police Pension</u>		
Differences between expected and actual experience	\$ -	\$ 228,614
Changes in assumptions	1,299,340	-
Net difference between projected and actual earnings on pension plan investments	-	1,862,284
Total	<u>\$ 1,299,340</u>	<u>\$ 2,090,898</u>
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ -	\$ 447,530
Changes in assumptions	481,940	-
Net difference between projected and actual earnings on pension plan investments	-	950,224
Total	<u>\$ 481,940</u>	<u>\$ 1,397,754</u>

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

Year Ended	<u>Police</u>	<u>Non-Uniform</u>	<u>Total</u>
<u>December 31:</u>			
2022	\$ (100,420)	\$ (243,448)	\$ (343,868)
2023	(458,972)	(376,053)	(835,025)
2024	(161,310)	(215,279)	(376,589)
2025	(70,856)	(122,701)	(193,557)
2026	-	18,821	18,821
Thereafter	-	22,846	22,846
Total	<u>\$ (791,558)</u>	<u>\$ (915,814)</u>	<u>\$ (1,707,372)</u>

Payable to the Pension Plans: For the year ended December 31, 2021, there are no amounts payable for contributions to the pension plans.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

C. Employee retirement systems and pension plans (continued)

Deferred Retirement Option Program

The Police Pension Plan offers a Deferred Retirement Option Program (DROP) to officers who are eligible to retire. An active member is eligible to enter the DROP program at age 54 and 25 years of service. Upon entering the DROP program, the member's retirement benefit is frozen and his retirement benefit payments will be deposited into a self-directed account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. The member must retire within 36 months after entering the DROP. As of December 31, 2021, the DROP account balance of \$599,231 is held by the plan pursuant to the DROP and is included in the total pension liability.

D. Post-employment benefits

Description of the Plan to Date

Established through police contract, the Township administers a single-employer defined benefit plan to provide for certain post-employment healthcare benefits. The Township will provide for certain medical and prescription drug coverage in the Township's insurance plan for a period of 12 years or the number of years necessary for the retiree to reach Medicare age, whichever is greater. Where coverage extends beyond the Medicare eligibility, the Township may coordinate its obligation to provide post-retirement medical coverage with available Medicare coverage. Furthermore, the coverage for spouses and dependents may not exceed five years.

The plan is funded on a pay-as-you-go basis and there is no irrevocable trust established for the plan. The most recent valuation was as of January 1, 2020.

The plan does not issue a stand-alone financial report.

At December 31, 2021, the Post-Employment Plan consisted of the following:

	<u>Police</u>
Inactive employees (or their beneficiaries)	
currently receiving benefits	9
Inactive employees entitled to benefits	
but not yet receiving them	0
Active employees	<u>22</u>
	<u>31</u>

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

D. Post-employment benefits (continued)

Eligibility

The Plan covers all officers who have retired after January 1, 2013 at age 50 or greater with at least 25 years of service.

Benefits provided

The Township will provide a retired officer and his or her spouse with continued medical and prescription drug coverage in the Township's plan, given that the officer is not eligible for comparable coverage.

Funding Policy

Retirees are not required to make contributions to this plan. There are no required contributions of the employer. The contribution requirements of the Township and plan members have been established and may be amended through Board Resolution and Police Labor Contracts. The Township is accounting for these expenditures on a "pay-as-you-go" basis.

Net OPEB Liability

The Township's net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	
Inflation	3.00%	
Salary Increases	4.25%	(including inflation)
Investment Rate of Return	2.06%	
Healthcare Cost Trend Rates	Medical inflation of 6.5% in the first year gradually decreasing by .5% per year to an ultimate rate of 5%	

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

D. Post-employment benefits (continued)

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males and females with generational mortality projections using Scale BB.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study from the period January 1, 2018 to December 31, 2019.

The net OPEB liability was measured as of December 31, 2021 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2020. The discount rate decreased from 2.12% to 2.06%.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.06 percent and is based on a 20 year Municipal Bond Index rated at least AA for non-funded trust at December 31, 2020.

Change in Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
<u>Police OPEB Plan</u>			
Balance at December 31, 2020	\$ 4,730,648	\$ -	\$ 4,730,648
Changes for the year:			
Service cost	325,751	-	325,751
Interest	105,682	-	105,682
Change of benefit terms	-	-	-
Differences between expected and actual experience	(22,718)	-	(22,718)
Change of assumptions	-	-	-
Contributions - employer	-	142,790	(142,790)
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(142,790)	(142,790)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>265,925</u>	<u>-</u>	<u>265,925</u>
Balance at December 31, 2021	<u>\$ 4,996,573</u>	<u>\$ -</u>	<u>\$ 4,996,573</u>

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

D. Post-employment benefits (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability calculated using the discount rate of 2.12 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.12 percent) or one percentage point higher (3.12 percent) than the current rate:

	1% Decrease <u>(1.06%)</u>	Current Discount <u>Rate (2.06%)</u>	1% Increase <u>(3.06%)</u>
Police	\$ 5,528,642	\$ 4,996,573	\$ 4,521,973

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates (6.5% in 2020. Rates gradually decrease from .5% per year to an ultimate rate of 5%) that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease Valuation <u>Rates</u>	Healthcare Cost Trend <u>Valuation Rates</u>	1% Increase Valuation <u>Rates</u>
Police	\$ 4,271,855	\$ 4,996,573	\$ 5,889,722

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

D. Post-employment benefits (continued)

OPEB Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2021, the Township recognized OPEB expense of \$490,752. At December 31, 2021, the Township reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
<u>Police</u>		
Differences between expected and actual experience	\$ 882,924	\$ 213,632
Changes in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	<u>\$ 882,924</u>	<u>\$ 213,632</u>

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

Year Ended <u>December 31:</u>	<u>Police</u>
2022	\$ 59,319
2023	59,319
2024	59,319
2025	59,319
2026	59,319
Thereafter	<u>372,697</u>
Total	<u>\$ 669,292</u>

Payable to the OPEB Plan: For the year ended December 31, 2021, there was no amount payable for contributions to the OPEB plan.

UPPER SOUTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. Other Information (Continued)

E. Escrow cash deposits and investments

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, administrative, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2021, \$2,147,873 represents the balance of these monies held in escrow.

F. New Accounting Pronouncements

GASB Codification Section L20, Leases (GASB 87): GASB 87 substantially changes current accounting procedures regarding lease accounting and offers specific accounting guidance for lessees, lessors and sale-leaseback transactions. GASB 87 establishes a right-of-use (“ROU”) model that requires lessees to record a ROU asset and lease liability in the statement of financial position for all leases with terms longer than 12 months (the standard may optionally be applied to leases with term of 12 months or less). Leases will be classified as either finance leases or operating leases depending on the characteristics of the lease; consistent with current accounting procedures, the recognition, measurement and presentation of expenses and cash flows arising from the lease will depend on the lease classification. This statement is expected to have an implementation date for fiscal years beginning after June 15, 2021.

G. Risks and Uncertainties

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Township is unable to determine if it will have a material impact to its operations.

REQUIRED SUPPLEMENTAL INFORMATION

UPPER SOUTHAMPTON TOWNSHIP
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED
RATIOS - POLICE PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 364,987	\$ 339,092	\$ 341,144
Interest	1,270,623	1,230,096	1,208,907
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(183,479)	(31,250)	(127,327)
Changes of assumptions	1,444,089	-	379,525
Benefit payments, including refunds of employee contributions	<u>(1,041,008)</u>	<u>(968,658)</u>	<u>(935,591)</u>
Net change in total pension liability	1,855,212	569,280	866,658
Total pension liability - beginning	<u>17,681,355</u>	<u>17,112,075</u>	<u>16,245,417</u>
Total pension liability - ending (a)	<u>\$ 19,536,567</u>	<u>\$ 17,681,355</u>	<u>\$ 17,112,075</u>
 Plan fiduciary net position			
Contributions - employer	\$ 745,588	\$ 733,241	\$ 576,192
Contributions - employee	125,402	129,907	112,100
Net investment income	2,698,989	1,789,597	2,707,264
Benefit payments, including refunds of employee contributions	(1,041,008)	(968,658)	(935,591)
Administrative expense	(73,487)	(74,011)	(74,679)
Other	-	-	-
Net change in plan fiduciary net position	<u>2,455,484</u>	<u>1,610,076</u>	<u>2,385,286</u>
 Plan fiduciary net position - beginning	<u>17,392,512</u>	<u>15,782,436</u>	<u>13,397,150</u>
Plan fiduciary net position - ending (b)	<u>\$ 19,847,996</u>	<u>\$ 17,392,512</u>	<u>\$ 15,782,436</u>
 Township's net pension liability - ending (a)-(b)	<u>\$ (311,429)</u>	<u>\$ 288,843</u>	<u>\$ 1,329,639</u>
 Plan fiduciary net position as a percentage of the total pension liability	101.6%	98.4%	92.2%
 Covered payroll	\$ 2,573,872	\$ 2,551,914	\$ 2,357,900
 Township's net pension liability as a percentage of covered payroll	-12.1%	11.3%	56.4%
 Annual money weighted return, net of investment expenses	15.64%	11.54%	20.43%

Notes to Schedule:

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

Discount changed from 7.25% to 6.5% and salary increase assumptions changed from 5% to 4%

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 276,250	\$ 277,134	\$ 268,280	\$ 287,081	\$ 274,063
1,176,017	1,139,806	1,140,711	1,094,926	1,010,913
-	-	-	-	-
(106,006)	(107,917)	(625,901)	(77,282)	139,144
-	-	346,510	-	-
<u>(1,009,635)</u>	<u>(641,030)</u>	<u>(678,747)</u>	<u>(711,561)</u>	<u>(592,091)</u>
336,626	667,993	450,853	593,164	832,029
<u>15,908,791</u>	<u>15,240,798</u>	<u>14,789,945</u>	<u>14,196,781</u>	<u>13,364,752</u>
<u>\$ 16,245,417</u>	<u>\$ 15,908,791</u>	<u>\$ 15,240,798</u>	<u>\$ 14,789,945</u>	<u>\$ 14,196,781</u>
\$ 544,727	\$ 418,126	\$ 429,139	\$ 460,972	\$ 330,152
103,521	97,188	100,743	111,527	110,737
(781,056)	2,000,578	800,223	(123,725)	559,176
(1,009,635)	(641,030)	(678,747)	(711,561)	(597,129)
(74,195)	(69,654)	(64,795)	(66,322)	(65,065)
-	-	-	-	-
<u>(1,216,638)</u>	<u>1,805,208</u>	<u>586,563</u>	<u>(329,109)</u>	<u>337,871</u>
<u>14,613,788</u>	<u>12,808,580</u>	<u>12,222,017</u>	<u>12,551,126</u>	<u>12,213,255</u>
<u>\$ 13,397,150</u>	<u>\$ 14,613,788</u>	<u>\$ 12,808,580</u>	<u>\$ 12,222,017</u>	<u>\$ 12,551,126</u>
<u>\$ 2,848,267</u>	<u>\$ 1,295,003</u>	<u>\$ 2,432,218</u>	<u>\$ 2,567,928</u>	<u>\$ 1,645,655</u>
82.5%	91.9%	84.0%	82.6%	88.4%
\$ 1,970,673	\$ 2,248,439	\$ 2,018,578	\$ 2,355,240	\$ 2,248,439
144.5%	57.6%	120.5%	109.0%	73.2%
-6.08%	15.71%	6.17%	-1.49%	4.14%

UPPER SOUTHAMPTON TOWNSHIP
SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2021

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2012	\$ 290,360	\$ 290,360	\$ -	\$ 1,905,310	(1) 15.24%
2013	318,394	318,394	-	1,905,310	(1) 16.71%
2014	330,152	330,152	-	2,248,439	14.68%
2015	460,972	460,972	-	2,355,240	19.57%
2016	429,139	429,139	-	2,018,578	21.26%
2017	418,126	418,126	-	2,005,003	20.85%
2018	544,727	544,727	-	1,970,673	27.64%
2019	576,192	576,192	-	2,357,900	24.44%
2020	733,241	733,241	-	2,551,914	28.73%
2021	745,588	745,588	-	2,573,872	28.97%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	7 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	4.0%, average, including inflation
Investment rate of return	6.5%
Retirement age	Age 52 and 25 years of service
Mortality	RP-2000 Mortality table (Blue Collar) with Scale AA

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

Discount changed from 7.25% to 6.5% and salary increase assumptions changed from 5% to 4%

(1) - covered employee payroll taken from 1/1/2011 through 1/1/2013 actuarial valuations

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

UPPER SOUTHAMPTON TOWNSHIP
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED
RATIOS – NON-UNIFORM PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 223,246	\$ 227,184	\$ 226,184
Interest	570,847	543,224	512,922
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(345,592)	(176,499)	(65,426)
Changes of assumptions	502,448	-	144,216
Benefit payments, including refunds of employee contributions	<u>(250,742)</u>	<u>(167,183)</u>	<u>(163,062)</u>
Net change in total pension liability	700,207	426,726	654,834
Total pension liability - beginning	<u>7,775,873</u>	<u>7,349,147</u>	<u>6,694,313</u>
Total pension liability - ending (a)	<u>\$ 8,476,080</u>	<u>\$ 7,775,873</u>	<u>\$ 7,349,147</u>
Plan fiduciary net position			
Contributions - employer	\$ 362,920	\$ 363,208	\$ 328,562
Contributions - employee	71,233	75,033	71,052
Net investment income	1,334,153	893,612	1,215,988
Benefit payments, including refunds of employee contributions	(250,742)	(167,183)	(163,062)
Administrative expense	(39,965)	(38,267)	(36,936)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	1,477,599	1,126,403	1,415,604
Plan fiduciary net position - beginning	<u>8,318,120</u>	<u>7,191,717</u>	<u>5,776,113</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,795,719</u>	<u>\$ 8,318,120</u>	<u>\$ 7,191,717</u>
Township's net pension liability - ending (a)-(b)	<u>\$ (1,319,639)</u>	<u>\$ (542,247)</u>	<u>\$ 157,430</u>
Plan fiduciary net position as a percentage of the total pension liability	115.6%	107.0%	97.9%
Covered payroll	\$ 1,861,578	\$ 1,879,289	\$ 1,712,398
Township's net pension liability as a percentage of covered payroll	-70.9%	-28.9%	9.2%
Annual money weighted return, net of investment expenses	15.60%	12.04%	20.39%

Notes to Schedule:

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

Discount changed from 7.25% to 6.5% and salary increase assumptions changed from 5% to 4%

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 215,194	\$ 238,118	\$ 226,206	\$ 223,848	\$ 213,697
482,163	464,727	441,139	408,180	359,422
-	-	-	-	-
(130,651)	(88,963)	(344,483)	(30,249)	6,648
-	-	122,558	-	-
<u>(172,084)</u>	<u>(145,107)</u>	<u>(160,838)</u>	<u>(196,883)</u>	<u>(165,898)</u>
394,622	468,775	284,582	404,896	413,869
<u>6,299,691</u>	<u>5,830,916</u>	<u>5,546,334</u>	<u>5,141,438</u>	<u>4,727,569</u>
<u>\$ 6,694,313</u>	<u>\$ 6,299,691</u>	<u>\$ 5,830,916</u>	<u>\$ 5,546,334</u>	<u>\$ 5,141,438</u>

\$ 324,109	\$ 289,393	\$ 283,533	\$ 275,268	\$ 230,841
67,181	65,266	63,020	63,997	59,868
(342,367)	798,095	304,304	(45,975)	195,781
(172,084)	(145,107)	(160,838)	(196,883)	(164,616)
(34,762)	(31,097)	(27,612)	(27,001)	(26,192)
-	-	-	-	-
<u>(157,923)</u>	<u>976,550</u>	<u>462,407</u>	<u>69,406</u>	<u>295,682</u>
<u>5,934,036</u>	<u>4,957,486</u>	<u>4,495,079</u>	<u>4,425,673</u>	<u>4,129,991</u>
<u>\$ 5,776,113</u>	<u>\$ 5,934,036</u>	<u>\$ 4,957,486</u>	<u>\$ 4,495,079</u>	<u>\$ 4,425,673</u>
<u>\$ 918,200</u>	<u>\$ 365,655</u>	<u>\$ 873,430</u>	<u>\$ 1,051,255</u>	<u>\$ 715,765</u>

86.3%	94.2%	85.0%	81.0%	86.1%
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\$ 1,702,782	\$ 1,654,307	\$ 15,794,241	\$ 1,579,451	\$ 1,507,829
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53.9%	22.1%	5.5%	66.6%	47.5%
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-6.23%	15.20%	6.24%	-1.52%	4.22%
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UPPER SOUTHAMPTON TOWNSHIP
SCHEDULE OF CONTRIBUTIONS – NON-UNIFORM PENSION PLAN
REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2021

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2012	\$ 226,766	\$ 226,766	\$ -	\$ 1,384,338 (1)	16.38%
2013	232,501	232,501	-	1,424,224 (1)	16.32%
2014	230,841	230,841	-	1,507,829	15.31%
2015	275,268	275,268	-	1,579,451	17.43%
2016	283,533	283,533	-	1,579,241	17.95%
2017	289,393	289,393	-	1,654,307	17.49%
2018	324,109	324,109	-	1,702,782	19.03%
2019	328,562	328,562	-	1,712,398	19.19%
2020	363,208	363,208	-	1,879,289	19.33%
2021	362,920	362,920	-	1,861,578	19.50%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	0 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	4.00%, average, including inflation
Investment rate of return	6.50%
Retirement age	Age 62 and 20 years of service
Mortality	RP-2000 Mortality Table (Blue Collar) with Scale AA

Change in benefit terms: None since 1/1/2021

Discount changed from 7.25% to 6.5% and salary increase assumptions changed from 5% to 4%

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

UPPER SOUTHAMPTON TOWNSHIP
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED
RATIOS – POLICE OPEB PLAN
REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2021

	Police <u>2021</u>	Police <u>2020</u>	Police <u>2019</u>	Police <u>2018</u>
Total OPEB liability				
Service cost	\$ 325,751	\$ 300,224	\$ 178,702	\$ 180,376
Interest	105,682	113,368	120,794	125,705
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(22,718)	748,838	347,519	(306,886)
Changes of assumptions	-	(195,898)	-	-
Benefit payments	<u>(142,790)</u>	<u>(146,376)</u>	<u>(138,543)</u>	<u>(142,024)</u>
Net change in total OPEB liability	265,925	820,156	508,472	(142,829)
Total OPEB liability - beginning	<u>4,730,648</u>	<u>3,910,492</u>	<u>3,402,020</u>	<u>3,544,849</u>
Total OPEB liability - ending (a)	<u>\$ 4,996,573</u>	<u>\$ 4,730,648</u>	<u>\$ 3,910,492</u>	<u>\$ 3,402,020</u>
Plan fiduciary net position				
Contributions - employer	\$ 142,790	\$ 146,376	\$ 138,543	\$ 142,024
Contributions - employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(142,790)	(146,376)	(138,543)	(142,024)
Administrative expense	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's net OPEB liability - ending (a)-(b)	<u>\$ 4,996,573</u>	<u>\$ 4,730,648</u>	<u>\$ 3,910,492</u>	<u>\$ 3,402,020</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 2,573,872	\$ 2,496,340	\$ 2,485,278	\$ 2,401,557
Net OPEB liability as a percentage of covered payroll	194.1%	189.5%	157.3%	141.7%
Annual money-weighted return, net of investment expenses	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Notes to Schedule:

Change in benefit terms: None since 1/1/2018
Long term investment rate decreased from 2.74% to 2.12% in 2020
Long term investment rate decreased from 2.12% to 2.06% in 2021

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

OTHER INFORMATION

UPPER SOUTHAMPTON TOWNSHIP
COMBINING BALANCE SHEET - NONMAJOR
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Special Revenue Funds								Total
	Street Light	Fire Hydrant	Fire Protection	Library	Rescue Squad	Road Machinery	Park & Recreation	Highway Aid	
ASSETS									
Cash and cash equivalents	\$ 75,702	\$ 24,205	\$ 7,720	\$ 26,136	\$ 16,882	\$ 15,946	\$ 637,998	\$ 87,308	\$ 891,897
Receivables	640	56	695	1,391	527	-	1,391	-	4,700
Prepaid assets	2,079	-	-	-	-	-	2,079	-	4,158
Total Assets	<u>\$ 78,421</u>	<u>\$ 24,261</u>	<u>\$ 8,415</u>	<u>\$ 27,527</u>	<u>\$ 17,409</u>	<u>\$ 15,946</u>	<u>\$ 641,468</u>	<u>\$ 87,308</u>	<u>\$ 900,755</u>
LIABILITIES									
Accounts payable and accrued wages	\$ 11,404	\$ 11	\$ -	\$ 785	\$ -	\$ -	\$ 15,989	\$ 783	\$ 28,972
Total Liabilities	<u>11,404</u>	<u>11</u>	<u>-</u>	<u>785</u>	<u>-</u>	<u>-</u>	<u>15,989</u>	<u>783</u>	<u>28,972</u>
FUND BALANCES									
Nonspendable-prepaid items	2,079	-	-	-	-	-	2,079	-	4,158
Restricted for:									
Police and emergency services	-	24,250	8,415	-	17,409	-	-	-	50,074
Open space	-	-	-	-	-	-	-	-	-
Highways and streets	64,938	-	-	-	-	-	-	86,525	151,463
Debt service	-	-	-	-	-	-	-	-	-
Library	-	-	-	26,742	-	-	-	-	26,742
Capital projects	-	-	-	-	-	-	-	-	-
Committed for:									
Park and recreation	-	-	-	-	-	-	623,400	-	623,400
Highways and streets	-	-	-	-	-	-	-	-	-
Assigned for:									
Highways and streets	-	-	-	-	-	15,946	-	-	15,946
Capital projects	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>67,017</u>	<u>24,250</u>	<u>8,415</u>	<u>26,742</u>	<u>17,409</u>	<u>15,946</u>	<u>625,479</u>	<u>86,525</u>	<u>871,783</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 78,421</u>	<u>\$ 24,261</u>	<u>\$ 8,415</u>	<u>\$ 27,527</u>	<u>\$ 17,409</u>	<u>\$ 15,946</u>	<u>\$ 641,468</u>	<u>\$ 87,308</u>	<u>\$ 900,755</u>

Capital Projects Funds						Debt Service Fund	Total Nonmajor Governmental Funds
Rescue Capital	Vehicle Replacement	Capital Reserve	Open Space	Storm Water Capital	Total		
\$ 95,782	\$ 620,109	\$ 815,517	\$ 110,825	\$ 590,009	\$ 2,232,242	\$ 29,608	\$ 3,153,747
-	-	-	240	-	240	1,343	6,283
-	-	-	-	-	-	-	4,158
<u>\$ 95,782</u>	<u>\$ 620,109</u>	<u>\$ 815,517</u>	<u>\$ 111,065</u>	<u>\$ 590,009</u>	<u>\$ 2,232,482</u>	<u>\$ 30,951</u>	<u>\$ 3,164,188</u>
\$ -	\$ 18,166	\$ -	\$ -	\$ 1,066	\$ 19,232	\$ 627	\$ 48,831
-	18,166	-	-	1,066	19,232	627	48,831
-	-	-	-	-	-	-	4,158
95,782	-	-	-	-	95,782	-	145,856
-	-	-	111,065	-	111,065	-	111,065
-	-	-	-	-	-	-	151,463
-	-	-	-	-	-	30,324	30,324
-	-	-	-	-	-	-	26,742
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	623,400
-	-	-	-	588,943	588,943	-	588,943
-	-	-	-	-	-	-	15,946
-	601,943	815,517	-	-	1,417,460	-	1,417,460
<u>95,782</u>	<u>601,943</u>	<u>815,517</u>	<u>111,065</u>	<u>588,943</u>	<u>2,213,250</u>	<u>30,324</u>	<u>3,115,357</u>
<u>\$ 95,782</u>	<u>\$ 620,109</u>	<u>\$ 815,517</u>	<u>\$ 111,065</u>	<u>\$ 590,009</u>	<u>\$ 2,232,482</u>	<u>\$ 30,951</u>	<u>\$ 3,164,188</u>

UPPER SOUTHAMPTON TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds								Total
	Street Light	Fire Hydrant	Fire Protection	Library	Rescue Squad	Road Machinery	Park & Recreation	Highway Aid	
Revenues									
Property	\$ 269,443	\$ 24,743	\$ 292,478	\$ 584,604	\$ 219,994	\$ -	\$ 585,307	\$ -	\$ 1,976,569
Investment income and rent	203	36	95	184	132	24	1,104	553	2,331
Intergovernmental revenues	-	-	-	-	-	-	-	442,995	442,995
Charges for services	-	-	-	-	-	-	248,641	-	248,641
Other	-	-	-	-	-	-	2,154	-	2,154
Total Revenues	<u>269,646</u>	<u>24,779</u>	<u>292,573</u>	<u>584,788</u>	<u>220,126</u>	<u>24</u>	<u>837,206</u>	<u>443,548</u>	<u>2,672,690</u>
Expenditures									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	24,636	294,900	-	204,938	-	-	-	524,474
Highways and roads	261,292	-	-	-	-	-	-	527,738	789,030
Culture and recreation	-	-	-	577,649	-	-	592,718	-	1,170,367
Miscellaneous	-	-	-	-	-	-	-	-	-
Debt service									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	104,113	-	104,113
Total Expenditures	<u>261,292</u>	<u>24,636</u>	<u>294,900</u>	<u>577,649</u>	<u>204,938</u>	<u>-</u>	<u>696,831</u>	<u>527,738</u>	<u>2,587,984</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,354</u>	<u>143</u>	<u>(2,327)</u>	<u>7,139</u>	<u>15,188</u>	<u>24</u>	<u>140,375</u>	<u>(84,190)</u>	<u>84,706</u>
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(9,500)	-	-	-	(9,500)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,500)</u>
Net Changes in Fund Balance	8,354	143	(2,327)	7,139	5,688	24	140,375	(84,190)	75,206
Fund Balance - Beginning	<u>58,663</u>	<u>24,107</u>	<u>10,742</u>	<u>19,603</u>	<u>11,721</u>	<u>15,922</u>	<u>485,104</u>	<u>170,715</u>	<u>796,577</u>
Fund Balance - Ending	<u>\$ 67,017</u>	<u>\$ 24,250</u>	<u>\$ 8,415</u>	<u>\$ 26,742</u>	<u>\$ 17,409</u>	<u>\$ 15,946</u>	<u>\$ 625,479</u>	<u>\$ 86,525</u>	<u>\$ 871,783</u>

Capital Projects Funds						Debt Service Fund	Total Nonmajor Governmental Funds
Rescue Capital	Vehicle Replacement	Capital Reserve	Open Space	Storm Water Capital	Total		
\$ -	\$ -	\$ -	\$ 100,915	\$ -	\$ 100,915	\$ 565,124	\$ 2,642,608
126	895	1,162	182	708	3,073	312	5,716
-	-	102,304	-	-	102,304	-	545,299
-	-	-	-	-	-	-	248,641
-	-	-	-	-	-	-	2,154
<u>126</u>	<u>895</u>	<u>103,466</u>	<u>101,097</u>	<u>708</u>	<u>206,292</u>	<u>565,436</u>	<u>3,444,418</u>
-	-	-	-	-	-	3,707	3,707
-	-	-	-	-	-	-	524,474
-	-	-	-	-	-	-	789,030
-	-	-	-	-	-	-	1,170,367
-	-	-	-	-	-	-	-
-	-	-	127,000	-	127,000	554,000	681,000
-	-	-	5,212	-	5,212	52,121	57,333
-	117,504	116,187	645	37,918	272,254	-	376,367
-	117,504	116,187	132,857	37,918	404,466	609,828	3,602,278
<u>126</u>	<u>(116,609)</u>	<u>(12,721)</u>	<u>(31,760)</u>	<u>(37,210)</u>	<u>(198,174)</u>	<u>(44,392)</u>	<u>(157,860)</u>
9,500	30,000	660	-	137,000	177,160	-	177,160
-	-	-	-	(2,425)	(2,425)	-	(11,925)
<u>9,500</u>	<u>30,000</u>	<u>660</u>	<u>-</u>	<u>134,575</u>	<u>174,735</u>	<u>-</u>	<u>165,235</u>
9,626	(86,609)	(12,061)	(31,760)	97,365	(23,439)	(44,392)	7,375
86,156	688,552	827,578	142,825	491,578	2,236,689	74,716	3,107,982
<u>\$ 95,782</u>	<u>\$ 601,943</u>	<u>\$ 815,517</u>	<u>\$ 111,065</u>	<u>\$ 588,943</u>	<u>\$ 2,213,250</u>	<u>\$ 30,324</u>	<u>\$ 3,115,357</u>

UPPER SOUTHAMPTON TOWNSHIP
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	Pension Trust Funds		
	Police Pension	Non-Uniform Pension	Total
<u>ASSETS</u>			
Current Assets			
Cash	\$ 429,722	\$ 96,108	\$ 525,830
Investments, at fair value			
Mutual Funds - Fixed Income	1,779,835	890,368	2,670,203
Mutual Funds - Equity	5,141,717	2,708,020	7,849,737
ETP	12,015,560	6,101,223	18,116,783
Other investments	481,162	-	481,162
Total Current Assets	19,847,996	9,795,719	29,643,715
 TOTAL ASSETS	 \$ 19,847,996	 \$ 9,795,719	 \$ 29,643,715
 <u>NET POSITION</u>			
Net Position - Restricted for:			
Pension benefits	\$ 19,847,996	\$ 9,795,719	\$ 29,643,715
 TOTAL NET POSITION	 \$ 19,847,996	 \$ 9,795,719	 \$ 29,643,715

UPPER SOUTHAMPTON TOWNSHIP
COMBINING STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Pension Trust Funds		
	Police Pension	Non-Uniform Pension	Total
Additions			
Contributions			
Township	\$ 534,508	\$ 228,596	\$ 763,104
Employee	125,402	71,233	196,635
State	211,080	134,324	345,404
Total Contributions	<u>870,990</u>	<u>434,153</u>	<u>1,305,143</u>
Investment Earnings			
Net appreciation in fair value of investments	2,226,367	1,093,999	3,320,366
Investment income	<u>472,622</u>	<u>240,154</u>	<u>712,776</u>
Total Investment Earnings	2,698,989	1,334,153	4,033,142
Less investment expense	<u>(67,087)</u>	<u>(33,565)</u>	<u>(100,652)</u>
Net Investment Earnings	<u>2,631,902</u>	<u>1,300,588</u>	<u>3,932,490</u>
Total Additions	<u>3,502,892</u>	<u>1,734,741</u>	<u>5,237,633</u>
Deductions			
Professional fees	6,400	6,400	12,800
Return of employee contributions	97,460	-	97,460
Retiree benefits	<u>943,548</u>	<u>250,742</u>	<u>1,194,290</u>
Total Deductions	<u>1,047,408</u>	<u>257,142</u>	<u>1,304,550</u>
Net Increase (Decrease)	2,455,484	1,477,599	3,933,083
Net Position - Restricted for Pension Benefits			
Beginning of Year	<u>17,392,512</u>	<u>8,318,120</u>	<u>25,710,632</u>
End of Year	<u>\$ 19,847,996</u>	<u>\$ 9,795,719</u>	<u>\$ 29,643,715</u>