

TOWNSHIP OF CONCORD
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2020



TOWNSHIP OF CONCORD

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LEITZELL & ECONOMIDIS, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Township Council
Township of Concord
Concord, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Concord, Pennsylvania as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Concord, Pennsylvania as of December 31, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 47 through 56, as well as pension information on pages 45 and 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Concord, Pennsylvania's basic financial statements. The other governmental funds financial statements and schedule of detailed expenses for the sewer fund on pages 57 through 59 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other governmental fund financial statements and the schedule of detailed expenses for the sewer fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Leitzell & Economidis, PC

LEITZELL & ECONOMIDIS, PC
Certified Public Accountants

November 18, 2021
Media, Pennsylvania

**TOWNSHIP OF CONCORD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

(UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of Concord Township for the year ended December 31, 2020. The Township's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the Township's primary government.

FINANCIAL HIGHLIGHTS

Township Council and Management believe the Township's financial outlook is positive. While 2020 was economically stunned by the pandemic, the Township was able to navigate those waters favorably through sound planning and healthy fund balances. Despite the challenges of the pandemic, the Township's stable commercial tax base, sound real estate market and stable economy aided in keeping the Township's financial position solid.

- During the year, the Township's operating revenue for governmental activities on the government-wide statements totaled \$5,639,956 (including an actuarial change in net pension obligation) representing a decrease of \$246,625 (or about 4%). Licenses and permit fees permit applications did decrease this year as development slowed as a result of the pandemic. Transfer taxes also slightly decreased this period in comparison to prior year as housing activity slowed somewhat and the prior year had a large housing development. Operating expenses, not including unallocated depreciation, in the government-wide statements increased by approximately \$1,572,624 or about 36%, primarily the result of public works highway improvements and road programs not capitalized. The public works activity increased concurrently with the intergovernmental grant activity related to highway activity. As noted above, the actuarial changes in the net pension obligation as well as deferred inflows and outflows of pension activities resulted in an increase of net assets in the amount of \$359,694.
- The Sewer Fund operating revenues decreased slightly (approximately 5%) during the period, while capital contributions and capacity purchases added to net position by \$86,616 and \$878,655 respectively. Operating expenses increased slightly inclusive of an increase in depreciation expense. Plant operation expense increased by \$96,409, primarily in the area of chemical costs. The Sewer Fund operations resulted in a \$1,547,843 surplus this period. As a result of the Township's management of sewer related activities, the sewer fund activities continue to result in surpluses (even without regard for capacity charges and non-operating income). Net position this period increased as noted \$1,547,843 based on an operating surplus, capacity purchases of \$878,655 and capital contributions of \$86,616.
- Revenues for the Township's governmental fund activities were \$5,286,370 representing a decrease of approximately 16% from the prior year, a major impact

as noted above from a reduced transfer tax and licenses and permits from the prior year. Real estate tax revenue remained consistent with prior years. Intergovernmental grants increased somewhat this year particularly relative to streets and highway projects. Expenditures, including debt service payments, decreased slightly to \$7,564,755, primarily representative of a decrease in capital spending to \$1,123,241.

- At the close of this fiscal year unassigned fund balance for the General Fund was \$985,977 or 28% of total General Fund expenditures (without regard to interfund transfers) or 29% of total General Fund revenues. The General Fund activities resulted in a deficit of \$92,113 without regard for interfund transfers (\$204,213 transfer to the Sinking Fund for debt service purposes).
- The Township's net assets decreased from 2019 to 2020 in the amount of \$914,430 in the governmental activities and increased \$1,547,843 in the business type activities. The Sewer Fund, under Township management, continues to show operational improvement, positive cash flows and increasing economies of scale.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves. This MD&A represents management's analysis of the Township's financial condition and performance. Summary financial statement data and other management tools were utilized for analysis.

Government-Wide Financial Statements

The Township's report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. These statements are intended to provide the reader with a broad overview of the Township's finances, similar to the perspective found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The *Statement of Net Position* includes all Township's assets and liabilities, as well as its deferred outflows and inflows of resources. The difference between net assets plus deferred outflows of resources less liabilities and deferred inflows of resources is 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 as a whole is improving or deteriorating.

The second statement, the *Statement of Activities*, presents information on how the Township's net assets have changed during the most recent fiscal year. All current year revenue and expenses are included regardless of when cash is received or paid. Revenues and expenses are reported in this statement for some items that will result in cash flows in subsequent fiscal periods, such as uncollected taxes. An important purpose of this statement is to show the financial reliance of the Township's distinct functions on revenues provided by various sources.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and intergovernmental revenue, such as grants from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities of the sewer fund). Governmental activities include general government, public safety, public works, highways and streets, sewers and culture and recreation. Business type activities represent the function of the Sewer Fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant *funds* – not the Township as a whole. The funds are an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Major funds are separately reported, while all others are combined into a single, aggregated presentation. The Township has one proprietary fund—Sewer Fund. A proprietary fund is a fund in which customers are charged fees for specific services.

Governmental Funds – Almost all the Township's basic services are included in the governmental funds, which are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, the governmental fund statements focus on a detailed short-term view that helps determine whether there are sufficient financial resources that are available at the end of the fiscal year or that can be spent in the near future to finance the programs and commitments of the Township. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided subsequent to the governmental funds statement to reconcile the differences between the two statements. The Township maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Open Space, Capital Reserve Fund, and the Reserve Fund Open Space, all of which are considered to be major funds. Information relative to the other governmental funds is combined into a single, aggregated presentation titled "Other Governmental Funds."

Proprietary Fund—As noted above, the Township includes a proprietary fund (the Sewer Fund). Along with a statement of net assets and statement of revenue, expenses and changes in net assets, the Township also presents for the sewer fund a statement of cash flows.

Notes to Financial Statements – The notes to financial statements provide required disclosures and other information essential to a full understanding of the material data provided in the government-wide and fund financial statements. The notes present information about the Township's accounting policies, significant accounts and activities, obligations, commitments, and subsequent events, if any.

Budgetary Highlights

The Township adopted an annual appropriated budget for all its governmental funds and its proprietary fund as presented in Required Supplementary Information. There were no amendments to the 2020 budgets. A budgetary comparison statement has been provided for those funds with legally adopted budgets to demonstrate budgetary compliance.

FINANCIAL ANALYSIS OF THE TOWNSHIP

The following comparative condensed financial data serve as indicators of the Township's financial health or financial position. Table 1 below shows a condensed version of the Township's net position. The component change in net position is shown below in Table 2 as a condensed summary of changes in net position. Table 3 provides a comparative of the components of the capital assets from 2019 to 2020 for both the governmental activities and the sewer fund activities. Table 4 shows changes in outstanding debt from 2019 to 2020.

TABLE 1
NET POSITION - GOVERNMENTAL ACTIVITIES

	DECEMBER 31,	
	2020	2019
Current assets	\$ 16,573,593	\$ 18,200,221
Capital assets net	26,277,788	25,866,490
Other non-current assets	468,985	175,653
Total assets	<u>43,320,366</u>	<u>44,242,364</u>
Deferred outflows of resources	<u>226,753</u>	<u>356,042</u>
Current liabilities	1,962,531	1,301,843
Noncurrent liabilities	7,080,487	8,040,122
Total liabilities	<u>9,043,018</u>	<u>9,341,965</u>
Deferred inflows of resources	<u>353,253</u>	<u>191,163</u>
Net position invested in capital assets	18,676,232	17,676,722
Restricted net position	2,215,137	2,215,137
Unrestricted net position	<u>13,259,479</u>	<u>15,173,419</u>
Total net position	<u>\$ 34,150,848</u>	<u>\$ 35,065,278</u>

TABLE 1
NET POSITION - BUSINESS TYPE ACTIVITIES SEWER FUND
DECEMBER 31,

	2020	Restated 2019
Current assets	\$ 17,468,625	\$ 15,652,170
Prepaid pension obligation	135,042	-
Capital assets, net	<u>27,678,568</u>	<u>27,913,487</u>
Total assets	<u>45,282,235</u>	<u>43,565,657</u>
Deferred outflows of resources	<u>157,190</u>	<u>225,621</u>
Current liabilities	873,260	294,510
Noncurrent liabilities	<u>3,619,395</u>	<u>4,265,770</u>
Total liabilities	<u>4,492,655</u>	<u>4,560,280</u>
Deferred inflows of resources	<u>276,763</u>	<u>108,834</u>
Net position invested in capital assets	23,807,173	23,817,487
Unrestricted net position	<u>16,862,834</u>	<u>15,304,677</u>
Total net position	<u>\$ 40,670,007</u>	<u>\$ 39,122,164</u>

TABLE 2
SUMMARY OF CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2020	2019
Revenues		
Property taxes	\$1 627 329	\$1 636,710
Local enabling taxes and other taxes	1,037 985	1 167 872
Charges for services	753 654	1 320 590
Grants and contributions	1 244 678	983 493
Franchise fee - cable	368,449	386 368
Investment earnings	72 669	223 656
Change in net pension obligation	359,694	-
Reimbursements	108,873	80 032
Miscellaneous	66,625	87 860
Total revenues	<u>5 639 956</u>	<u>5,886 581</u>
Operating expenses		
General government	2,063,396	1 861 540
Public safety	1 067 891	1 011 960
Highway and streets	1 814 063	674,674
Culture and recreation	268 376	131 282
Library	276 177	189,364
Pension	160 996	194,152
Interest and debt related costs	204 470	219 773
Unallocated amortization	(12 927)	(12 927)
Unallocated depreciation	711 944	587 633
Total program/function	<u>6 554 386</u>	<u>4,857 451</u>
Change in net position	<u>\$ (914,430)</u>	<u>\$ 1,029,130</u>

TABLE 2
SUMMARY OF CHANGES IN NET POSITION - BUSINESS TYPE ACTIVITY
FOR THE YEARS ENDED DECEMBER 31,

	2020	Restated 2019
Revenue		
Operating revenues	\$3,683,776	\$3,918,326
Capacity purchases	878,655	373,928
Pension plan state aid	36,190	31,747
Interest income	60,001	170,483
Change in net pension plan obligation	64,090	-
Other	135,040	30,007
Total revenue	<u>4,857,752</u>	<u>4,524,491</u>
Expenses		
Plant operations	1,306,153	1,209,744
General and administrative	807,253	675,236
Bad debt expense	-	(10,806)
Depreciation and amortization	1,178,581	1,149,874
Interest expense and bond issuance costs	104,538	112,101
Total program/function	<u>3,396,525</u>	<u>3,136,149</u>
Capital contributions	86,616	455,138
Change in net position	<u>\$1,547,843</u>	<u>\$1,843,480</u>

TABLE 3
CHANGES IN CAPITAL ASSETS - GOVERNMENTAL
YEAR-TO-YEAR COMPARISON
DECEMBER 31,

CAPITAL INVESTMENT	2020	2019	% Inc/Decr
Land	\$14,006,642	\$13,360,451	4.84%
Buildings and equipment	11,206,453	10,749,417	4.25%
Construction in progress	1,117,455	1,313,051	-14.90%
Infrastructure	7,300,409	7,300,409	0.00%
Capital lease	236,598	236,598	0.00%
TOTALS	<u>\$33,867,557</u>	<u>\$32,959,926</u>	

CHANGES IN CAPITAL ASSETS - BUSINESS TYPE ACTIVITY
YEAR-TO-YEAR COMPARISON
DECEMBER 31,

CAPITAL INVESTMENT	2020	2019	% Inc/Decr
Construction in progress	\$ 172,602	\$ 21,727	694.41%
Land	561,303	561,303	0.00%
Buildings and equipment	17,415,222	17,297,391	0.68%
Infrastructure	25,624,348	24,520,997	4.50%
TOTALS	<u>\$43,773,475</u>	<u>\$42,401,418</u>	

**TABLE 4
CHANGES IN OUTSTANDING DEBT
DECEMBER 31,**

SERIES	2020	2019	INC/DEC
General Obligation Bond Series of 2015	\$ 3,588,000	\$ 3,784,000	\$(196,000)
General Obligation Bond Series of 2016	7,800,000	8,350,000	(550,000)
Capital lease	24,207	32,276	(8,069)
	<u>\$11,412,207</u>	<u>\$12,166,276</u>	<u>\$(754,069)</u>

GENERAL INFORMATION

Township Council and Management will continue to evaluate and strategically plan to keep the Township's fund balances healthy so we are able to continue weathering these down years with no major increases to our taxpayers. Over the last several years Township Council has committed and spent millions of dollars in funding towards Township priorities of open space preservation, parks and trails, and maintaining/improving our critical infrastructure (i.e., public sewers, roadways, and stormwater infrastructure). In order to continue meeting these important priorities, Council and Management annually evaluate the health of our fund balances and discuss tools to continue to remain financially stable.

Despite the pandemic and financial challenges 2020 presented, Concord Township was able to avoid financial pitfalls due to the sound management and the building of healthy fund balances in years past. As the audited financials for 2020 reflect, the Township's fund balances are still healthy, our debt is manageable, and our operations run lean and efficiently, which has never been more important for our taxpayers. Township Council and management will continue to make smart organizational decisions to continue our shared goals of keeping Concord Township a great place to live, work and raise a family.

2020 Financial Overview

At the close of 2020, the Township's statement of revenues, expenditures, and changes in fund balances for Total Governmental Funds reflects \$2,278,385 of expenditures more than revenues. This is mainly due from open space land acquisitions, capital projects related to roadways, parks, and community development, and delays in reimbursement time from state and local agencies for matching grant funds. The Township's General Fund experienced expenditures more than revenues totaling \$296,326. Actual General Fund revenues did not meet budgeted expectations when reviewing Act 511 taxes and Licenses and Permits, the Township understands this as a result of the ongoing pandemic.

Township Council remains committed to their Fund Balance Policy and has been allocating monies to their priorities of preserving future open space and committing capital funds for future projects to improve the Township's parks, to maintain and enhance critical infrastructure, and to preserve land. This financial planning is essential to the economic vitality and quality of life for the residents and community.

The Township's unassigned General Fund balance totaled \$985,977 at year end 2020. Total fund balance for all Governmental Funds totaled \$15,123,528, 88% of which is either committed, assigned, or restricted for specific purposes such as, open space

acquisition/preservation, local trail and parks and recreation upgrades, and roadway and stormwater management improvement projects

The Sewer Fund accounts for the business activity of the Township, includes maintaining over sixty-seven miles of sewer lines two Sewer Plants and over fourteen pump stations that serve over 2,700 customers. The Township's main plant averages over 1.1 million gallons per day in flow volume. The Sewer Funds statement of revenues, expenditures, and changes in fund balance reflect \$1,461,277 of operating revenues in excess of operating expenditures at year end. The total net position at year end was \$40,670,007, the majority of which is comprised of capital buildings, equipment, and infrastructure. The remaining balance consists of cash and investments held at year end.

The Township has maintained a Moody's Bond Rating of Aa1, which reflects the Township's commitment to fiscal responsibility. This rating signifies the creditworthiness and credit stability of the Township. The total Governmental debt service to be paid through 2035 is \$9,054,784 and the Sewer Fund total debt service to be paid through 2035 is \$4,641,942.

Future Planning

The proposed Five Year Capital Plan reflects over \$32 million dollars in expenditures planned through FY 2025 which includes funding for new sewer infrastructure upgrades to existing sewer infrastructure, roadway improvements, stormwater management planning, technological and building upgrades, traffic signal and intersection improvements, historic preservation of Township owned buildings, the purchasing and maintaining of vehicles and heavy equipment, and park and recreation infrastructure enhancements. Township council and staff have worked hard to balance these expenditures by utilizing local, state, and federal grant funding, developer fees, loans, and fund balance utilization. The Township's 2021 Budget and 2021 Capital Plan can be viewed on the Township's website at www.townshipofconcord.com

TO CONTACT TOWNSHIP MANAGEMENT AND REQUEST INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for its funds. If you have questions regarding this report or would like additional information, please contact the Concord Township Office at 610-459-8800, 43 Thornton Road, Glen Mills, PA 19342-1325.

TOWNSHIP OF CONCORD
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Sewer Fund Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 14,292,954	\$ 15,921,616	\$ 30,214,570
Investments	1,627,284	551,211	2,178,495
Taxes receivables (net of allowance for uncollectibles)	52,892		52,892
Sewer rents receivable (net of allowance for uncollectibles)		974,280	974,280
Other receivables	586,031	3,013	589,044
Mortgage receivable - current portion	3,686		3,686
Prepaid expenses	10,746	18,505	29,251
Total current assets	<u>16,573,593</u>	<u>17,468,625</u>	<u>34,042,218</u>
Non-current assets			
Mortgage receivable	168,408		168,408
Capital assets			
Land and land improvements	14,006,642	561,303	14,567,945
Plant buildings equipment	11,206,453	17,415,222	28,621,675
Infrastructure and related improvements	7,300,409	25,624,348	32,924,757
Construction in progress	1,117,455	172,602	1,290,057
Capital leases	236,598	-	236,598
Less accumulated depreciation	(7,589,769)	(16,094,908)	(23,684,677)
Net property plant and equipment	<u>26,277,788</u>	<u>27,678,567</u>	<u>53,956,355</u>
Prepaid net pension obligation	<u>300,577</u>	<u>135,042</u>	<u>435,619</u>
Total assets	<u>43,320,366</u>	<u>45,282,234</u>	<u>88,166,981</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related differences and contributions post measurement date	226,753	101,874	328,627
Unamortized bond refunding charges (net)		55,316	55,316
	<u>226,753</u>	<u>157,190</u>	<u>383,943</u>
LIABILITIES			
Current liabilities			
Accounts payable	292,155	191,628	483,783
Accrued interest	9,255	4,747	14,002
Resources received in advance	513,720	20,000	533,720
Escrow liability	626,332	404,884	1,031,216
Current portion of long-term liabilities	521,069	252,000	773,069
Long-term liabilities			
Debt due in more than one year	7,080,487	3,619,395	10,699,882
Total liabilities	<u>9,043,018</u>	<u>4,492,654</u>	<u>13,535,672</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related differences on earnings	177,060	177,059	354,119
Unamortized bond discount	176,193	99,704	275,897
	<u>353,253</u>	<u>276,763</u>	<u>630,016</u>
NET POSITION			
Invested in capital assets - net of related debt	18,676,232	24,075,567	42,751,799
Restricted	2,215,137		2,215,137
Unrestricted	13,259,479	16,594,440	29,853,919
Total net position	<u>\$ 34,150,848</u>	<u>\$ 40,670,007</u>	<u>\$ 74,820,855</u>

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

TOWNSHIP OF CONCORD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31 2020

Functions/programs	Program Revenues			Net (Expenses), Revenue and Changes In Net Position			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental Activities	Business Type Activities	Total
Primary government:							
General governmental	\$ 2,063,396	\$ 227,600	\$ 8,700	\$	\$ (1,827,096)	\$	\$ (1,827,096)
Public safety	1,067,891	511,037	156,216		(400,638)		(400,638)
Recreation	268,376	15,017	217,500		(35,859)		(35,859)
Public works highway	1,814,063		707,316		(1 106,747)		(1 106,747)
Pension	160,996		67,210		(93 786)		(93,786)
Library	276 177		85,000		(191 177)		(191 177)
Interest	204,470				(204,470)		(204,470)
Unallocated amortization	(12,927)				12,927		12,927
Unallocated depreciation	711,944				(711,944)		(711,944)
Total governmental activities	<u>6,554,386</u>	<u>753,654</u>	<u>1,241,942</u>		<u>(4,558,790)</u>		<u>(4,558,790)</u>
Business Type Activities							
Sewer Fund	3,283,775	3,683,776	36,190			436,191	436,191
Interest	104,538					(104,538)	(104,538)
Total business type activities	<u>3,388,313</u>	<u>3,683,776</u>	<u>36,190</u>			<u>331,653</u>	<u>331,653</u>
Total primary government	<u>\$ 9,942,699</u>	<u>\$ 4,437,430</u>	<u>\$ 1,278,132</u>	<u>\$</u>	<u>(4,558,790)</u>	<u>331,653</u>	<u>(4,227 137)</u>
General revenues:							
Taxes					2,664,414		2,664,414
Grants and contributions not restricted to a specific program					2,736		2,736
Cable television					368,449		368,449
Interest and investment earnings					72,669	60,001	132,670
Rental income					35,422	23 119	58,541
Gain on sale of asset					13,280		13,280
Capacity purchases						878,655	878,655
Change in net pension plan obligation					359,694	84,090	423,784
Miscellaneous income					127,696	103,709	231,405
Total general revenues					<u>3,644,360</u>	<u>1,129,574</u>	<u>4,773,934</u>
Capital contributions						<u>86,616</u>	<u>86,616</u>
Change in net position					(914,430)	1,547,843	633,413
Net position beginning-Sewer fund restated					35,065,278	39,122,164	74,187,442
Net position ending					<u>\$ 34,150,848</u>	<u>\$ 40,670,007</u>	<u>\$ 74,820,855</u>

TOWNSHIP OF CONCORD

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31 2020

	General Fund	Open Space Fund	Capital Reserve Fund	Reserve Open Space Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,065,202	\$ 1,348,825	\$ 6,738,970	\$ 2,263,602	\$ 876,355	\$ 14,292,954
Investments			1,096,793	530,491		1,627,284
Tax receivables (net of allowance for uncollectibles)	37,773			8,085	7,034	52,892
Other receivables	368,531		217,500			586,031
Due from other funds				11,342	7,086	18,428
Prepaid expenses	10,746					10,746
Total assets	3,482,252	1,348,825	8,053,263	2,813,520	890,475	16,588,335
DEFERRED OUTFLOW OF RESOURCES						
Total assets and deferred outflows of resources	\$ 3,482,252	\$ 1,348,825	\$ 8,053,263	\$ 2,813,520	\$ 890,475	\$ 16,588,335
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenditures	\$ 114,217	\$ 749	\$ 161,683	\$	\$ 15,506	\$ 292,155
Due to other funds	18,428					18,428
Escheated funds	3,975					3,975
Escrow liability	626,332					626,332
Resources received in advance in an exchange transaction	417,620		45,000		51,100	513,720
Total liabilities	1,180,572	749	206,683		66,606	1,454,610
DEFERRED INFLOWS OF RESOURCES						
Unavailable taxes	4,957			2,795	2,445	10,197
Total deferred inflows of resources	4,957			2,795	2,445	10,197
Fund balances:						
Non-spendable	10,746					10,746
Restricted			2,215,137			2,215,137
Committed for:						
Debt service					6,186	6,186
Capital asset purchases			5,029,994			5,029,994
Assigned	1,300,000	1,348,076	601,449	2,810,725		6,060,250
Unassigned	985,977				815,238	1,801,215
Total fund balance	2,296,723	1,348,076	7,846,580	2,810,725	821,424	15,123,528
Total liabilities, deferred inflows of resources and fund balances	\$ 3,482,252	\$ 1,348,825	\$ 8,053,263	\$ 2,813,520	\$ 890,475	\$ 16,588,335

TOWNSHIP OF CONCORD

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2020

Total fund balances - governmental funds \$ 15 123 528

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of

Land and land improvements	\$ 14 006 642	
Plant buildings equipment	11,206 453	
Construction in progress	1 117,455	
Capital lease	236 598	
Infrastructure and related improvements	<u>7,300,409</u>	
Net property plant and equipment	33 867 557	
Accumulated depreciation and amortization	<u>(7,589,769)</u>	
Total capital assets		26 277 788

Mortgage receivable is not due and payable in the current period and is therefore not reported in the funds 172 094

Bond discounts and premiums are amortized within the government-wide statements over the life of the bond issuance (176 193)

Net change in deferred inflows and outflows relative to net pension calculation (309 755)

Some revenues may be collected after year-end but are not available soon enough for the current period expenditures and therefore are deferred in the funds 10 197

Change in net pension liability 363 423

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of

Net pension liability/prepaid pension liability	300 577	
Compensated absences	(44 349)	
Capital lease payable	(24 207)	
Bonds payable	<u>(7,533,000)</u>	
		(7 300 979)

Accrued interest (9,255)

Net position \$ 34,150,848

TOWNSHIP OF CONCORD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Open Space Fund	Capital Reserve Fund	Reserve Fund Open Space	Other Governmental Funds	Total Governmental Funds
Revenues						
Real estate taxes	\$ 797,491	\$	\$	\$ 454,221	\$ 388,112	\$ 1,639,824
Other taxes	1,037,985					1,037,985
Licenses permits	503,814					503,814
Fines and forfeits	7,224					7,224
Investment earnings	8,641	5,266	38,538	15,816	4,408	72,669
Intergovernmental revenue and grants	217,136		360,554		599,778	1,177,468
Rents	35,422					35,422
Charges for services	231,625	10,993				242,618
Franchise fee cable television	368,449					368,449
Reimbursements	108,873					108,873
Act 205 pension	67,210					67,210
Other income	24,814					24,814
Total revenues	<u>3,408,684</u>	<u>16,259</u>	<u>399,092</u>	<u>470,037</u>	<u>992,298</u>	<u>5,286,370</u>
Expenditures						
Current						
General governmental	1,967,663	27,763	143,863	1,366	5,952	2,146,607
Public safety	888,573				179,318	1,067,891
Culture and recreation	76,012	2,176	37,772		152,416	268,376
Public works highway	384,621		656,315		773,127	1,814,063
Pension	160,996					160,996
Library					276,177	276,177
Debt service						
Principal				375,000	130,000	505,000
Interest				133,900	68,504	202,404
Capital outlay						
Open space			88,746			88,746
Streets and highways	4,079		389,977			394,056
Culture and recreation		372,680	73,640		15,114	461,434
General government	18,853		160,152			179,005
Total expenditures	<u>3,500,797</u>	<u>402,619</u>	<u>1,550,465</u>	<u>510,266</u>	<u>1,600,608</u>	<u>7,564,755</u>
Excess of revenue over (under) expenditures	(92,113)	(386,360)	(1,151,373)	(40,229)	(608,310)	(2,278,385)
Other financing sources (uses)						
Operating transfer in					204,213	204,213
Operating transfer out	(204,213)					(204,213)
	<u>(204,213)</u>				<u>204,213</u>	
Excess of revenues and other sources over (under) expenditures and other (uses)	(296,326)	(386,360)	(1,151,373)	(40,229)	(404,097)	(2,278,385)
Fund balance beginning	2,593,049	1,734,436	8,997,953	2,850,954	1,225,521	17,401,913
Fund balance ending	<u>\$ 2,296,723</u>	<u>\$ 1,348,076</u>	<u>\$ 7,846,580</u>	<u>\$ 2,810,725</u>	<u>\$ 821,424</u>	<u>\$ 15,123,528</u>

TOWNSHIP OF CONCORD

**RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2020

Change in fund balances - total governmental funds **\$ (2 278 385)**

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts were

Capital outlay	1 123 241
Depreciation	(711,944)

Compensated absences are not reported as expenditures in the governmental funds, but increases or decreases the long-term liabilities in the Statement of Net Position (net change)	75 142
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Repayment of long term debt and capital lease obligations are reported as expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets. In the current year these amounts consisted of:	
Bond and note principal	505 000
Amortization	12 927
Capital lease payment	8 069

Actuarial changes in net pension obligation resulted in revenue increase	359 694
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Mortgage payments on the government wide statements and reduction of principal payment shown as revenue in the governmental funds difference in revenue received and gain on sale or disposal of assets	3 155
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Accrued interest is not reported in the governmental funds but is shown as an expenditure for the period on the government-wide basis - net of change	2 066
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Some revenues are not collected for several months or longer after the Township's year-end, they are not considered "available" revenues and are deferred in the governmental funds. Those amounts were for real estate taxes and reflected prior years' revenues collected in the current period and are shown here as the net differential	(13,395)
Changes in net position of governmental activities	\$ (914,430)

TOWNSHIP OF CONCORD
STATEMENT OF NET POSITION
SEWER FUND

DECEMBER 31, 2020

ASSETS

Current.

Cash and cash equivalents	\$ 15,921,616
Investments	551,211
Receivables	
Sewer rents receivable	974,280
Escrow receivable	3,013
Prepaid expenses	18,505
Total current assets	17,468,625

Property plant and equipment.

Land	561,303
Plant building equipment and infrastructure	43,039,571
Construction in progress	172,602
Less Accumulated depreciation	(16,094,908)
Net property plant and equipment	27,678,568

Other assets

Prepaid net pension obligation	135,042
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<i>Total assets</i>	<i>45,282,235</i>
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DEFERRED OUTFLOWS OF RESOURCES

Pension related differences and contributions post measurement date	101,874
Unamortized bond refunding charges (net)	55,316
Total deferred outflows of resources	157,190

LIABILITIES

Current liabilities

Accounts payable and accrued expenses	191,628
Escrow liability	404,884
Accrued interest	4,748
Advance payments	20,000
Current portion of long-term debt	252,000
Total current liabilities	873,260

Long term liabilities

Long-term debt net of current portion	3,619,395
Total long term liabilities	3,619,395
Total liabilities	4,492,655

DEFERRED INFLOWS OF RESOURCES

Pension related differences on earnings	177,059
Unamortized bond discount	99,704
Total deferred inflows of resources	276,763

NET POSITION

Invested in capital assets net of related debt	23,807,173
Unrestricted	16,862,834
Total net position	\$ 40,670,007

TOWNSHIP OF CONCORD

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEWER FUND**

FOR THE YEAR ENDED DECEMBER 31, 2020

OPERATING REVENUES	
Sewer rental fees	\$ 3 659 040
Lien charges penalties and miscellaneous	24,736
Total operating revenues	3,683,776
 OPERATING EXPENSES	
Plant operations	1 306,153
General and administrative	807 253
Depreciation	1 168 238
Amortization	10,343
Total operating expenses	3,291,987
Operating income	391,789
 Nonoperating income (expense)	
Rental income	23 119
Change in net pension plan obligation	64 090
Miscellaneous	103 709
Interest income	60 001
Pension plan state aid	36 190
Capacity purchases	878 655
Amortization bond premium	8 212
Interest expense - sewer revenue bonds	(104,538)
Nonoperating income (expense)	1,069,438
Net income before capital contributions	1 461 227
Capital contributions	86,616
Increase in net position	1,547 843
Net position beginning restated	39,122,164
Net position ending	\$ 40,670,007

TOWNSHIP OF CONCORD
STATEMENT OF CASH FLOWS
SEWER FUND

FOR YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts received from customers	\$ 3 459 726
Cash payments for employees compensation and benefits	(818,287)
Cash payments to vendors for goods and services	(1,271,685)
<i>Net Cash Provided By Operating Activities</i>	<u>1,369,754</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	60,001
<i>Net Cash Provided By Investing Activities</i>	<u>60,001</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Capacity purchases	878 655
Acquisitions and construction of captial assets	(933 318)
Dedication of sewer lines-capital contribution	541 754
Rental	23 119
Principal payments on debt	(241 000)
Interest paid	(103,323)
<i>Net Cash Provided By Capital and Related Financing Activities</i>	<u>165,887</u>
CASH FROM NON-OPERATING ACTIVITIES	
Escrow contributions	10 736
Miscellaneous inclusive of net pension plan funding	75,809
<i>Net Cash Provided by Non-Operating Activities</i>	<u>86,545</u>
Net increase in cash and cash equivalents	1 682,187
Cash and cash equivalents - beginning of year	14,239,429
Cash and cash equivalents - end of year	<u>\$ 15,921,616</u>
 <i>Reconciliation of operating income to net cash provided by operating activities</i>	
Operating income	\$ 391 789
Adjustment for noncash charges to operations	
Depreciation and amortization expense	1 178 581
Changes in assets and liabilities	
(Increase) decrease sewer rents receivable	(144 050)
(Increase) decrease in prepaid assets	31,306
Increase (decrease) in accounts payable and accrued expenses	(7 872)
Increase (decrease) in advanced payments	(80,000)
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 1,369,754</u>

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Concord Township is a second-class Township within the Commonwealth of Pennsylvania. Effective in January of 2017, the Township is governed by Home Rule Charter. The Township has a seven-member Township Council. All members are elected at large and serve four-year terms.

The Township's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Following is a summary of the Township's significant accounting policies.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Government Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the government of Concord Township as a whole. These statements include all funds of the reporting entity. The statements distinguish between governmental and business type activities. The Township has established an Enterprise Fund to provide for the maintenance and operations of the Township's wastewater collection and treatment system. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. The Business Type activities (the Enterprise Fund) are generally financed through user fees. 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.

Fund Financial Statements

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The emphasis is placed on major funds within the governmental categories. A fund for the purposes of these financial statements is considered major if it is the primary operating fund (General Fund) or it meets the following criteria:

1. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures of the fund are at least ten percent of the total for all funds of that category or type, and
2. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures of the fund are at least five percent of the total for all funds combined
3. Other funds not necessarily meeting the above criteria are shown in these financial statements as major per the Township's discretion

The funds of the financial reporting entity are described as follows:

Governmental Funds

General Fund General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds The Special Revenue Funds account for revenue derived from specifically earmarked revenue sources. For the purposes of this report, the Special Revenue Funds are as follows: The Fire Hydrant Fund, the Library Tax Fund, the Highway Aid Fund, the Tree Fund and the Stormwater Management Fund.

Debt Service Funds The Sinking Fund and General Obligation Bond Fund are used to account for accumulation of resources from general long-term debt.

Capital Project Funds Capital Project Funds are used to account for acquisition or construction of capital items, open space and special projects. The Capital Reserve Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets. The Reserve Fund Open Space is used to account for financial resources to be used for the acquisition of open space as well as the repayment of existing debt service. The Open Space Fund is used to account for financial resources accumulated from contributions from developers to be used by the Township for open space and recreation.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. For the purposes of these statements, the following funds are to be considered major funds: General Fund, Open Space Fund, Capital Reserve Fund and the Reserve Fund Open Space.

TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund

Sewer Fund The Sewer Fund is a business type activity. Activities in this fund account for the improvements, maintenance and operation of the wastewater treatment and collection system.

The Township this period implemented GASB Statement 84 *Fiduciary Activities*. The objective of this statement established criteria for identifying fiduciary activities by determining whether a government is controlling the assets of a fiduciary activity and establishing the criteria of the beneficiaries with whom a fiduciary relationship exists. The Township maintains two escrow funds, previously reported as Fiduciary Funds. The first was comprised of funds being held by the Township relative to general governmental matters including real estate development, now being shown as assets and liabilities in the General Fund. The second is comprised of funds held by the Township relative to sewer development and construction, now being shown as assets and liabilities in the Sewer Fund.

B. Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. On the government-wide Statement of Net Position and Statement of Activities, governmental and business-like activities (as applicable) are presented using the economic resources measurement focus. The objective of the economic resources measurement focus is the determination of operating income, changes in net assets, financial position and cash flows (if applicable). All assets and liabilities, whether current or non-current, are reported. All Governmental Fund Types are accounted for on a current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Operating statements of such funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Sewer Fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting as are the government-wide financial statements as noted above.

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities as well as the business type activities are presented using the accrual basis of accounting. The Sewer Fund (the business type activity) is also presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days of the year-end. Expenditures, including capital outlay, are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Penalties and interest are recorded when received in cash because they are generally not measurable until actually received. Interest is accrued when its receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

D. Assets, Liabilities, Net Position and Fund Balances

Deposits and Investments

The Township is permitted under state law to invest funds consistent with sound business practices in the following types of investments:

Obligations of (a) the United States of America or any of its instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository

The Township adopted GASB Statement No 72, Fair Value Measurement and Application It was effective for fiscal years beginning after June 15, 2015 Pursuant to GASB 72, Investments are reported at fair value Fair value is the amount reasonably expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

Cash and cash equivalents

The Township considers money market funds Treasury bills and all highly liquid investments with an original maturity date of ninety days or less to be cash equivalents

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"

All trade and property tax receivables are shown net of any allowance for uncollectibles

Deferred Inflows and Outflows of Resources

Deferred outflows of resources include such items as

- Grants paid in advance to a grantee
- Deferred amounts from refunding of debt
- Decrease in value of derivative instruments
- Payments made to a pension fund after the actuarial year but before the end of the fiscal year

**TOWNSHIP OF CONCORD
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred inflows of resources include such items as

- Grants received in advance when time requirements are the only eligibility requirement that has not been met
- Resources received in advance that are related to an imposed nonexchange transaction such as prepaid taxes
- Assets recorded in governmental fund financial statements for which revenue is not available such as taxes receivable previously reported as "deferred" revenue in the fund financial statements
- Current and advance refunding related items
- Increase in fair value of derivative instruments
- *Service concession arrangements for up front payments*

Capital Assets and Capital Contributions

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the governmental or sewer fund activity columns, as applicable, in the government-wide financial statements. 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. Capital additions are stated at cost or, if cost is not determinable, at estimated fair market value at the date of purchase or donation. Capital assets are defined by the Township as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$2,000 for other than infrastructure assets and \$5,000 for infrastructure assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	20-40 years
Infrastructure	20-40 years
Furniture and equipment	3-10 years
Non-utility property	5 years
Utility equipment	5-35 years
Utility plant in service	10-50 years

Amounts received by the Township that are used to finance the construction costs of the sewer fund utility property, and the utility property that is dedicated to the Township by developers at no cost, which represent an addition to utility property, are classified as capital contributions.

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The Township allows employees to accrue vacation and sick time. Township employees may accrue a maximum of one year allowed vacation time. Township employees may accrue a maximum of sixty calendar days worth of sick time.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable—resources which cannot be spent because they are either a) not in spendable form) or, b) legally or contractually required to be maintained intact.

Restricted—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making (the Township Council), and that remain binding unless removed in the same manner.

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by Township Council or an official to which the Board has delegated the authority to assign amounts for specific purposes

Unassigned—resources which cannot be properly classified in one of the other four categories. The General fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

NOTE 2. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. An annual appropriated budget is adopted for all the funds. All annual appropriations lapse at fiscal year-end.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 31, a proposed operating budget is submitted to the Township Council for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at the Township offices to obtain taxpayer comments. Prior to January 1, the budget is legally enacted through motion and vote by the Township Council.

Formal budgetary integration is employed as a management control device during the year for all funds.

Budgeted amounts as of December 31 are as originally adopted, or as amended by the Township Council.

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2. BUDGETARY INFORMATION (continued)

In certain funds the Township expenditures exceeded the budget. They are as follows:

Sewer Fund	
Plant Operations	\$ 269,667
Interest Expense	\$ 1,213
Open Space Fund	
Open space acquisition and development and maintenance	\$ 214,356
General Government	\$ 23,963

However, there were sufficient revenues and available fund balance to compensate for the overages.

NOTE 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Township maintains separate cash checking accounts for use by each of the funds. Cash and cash equivalents at December 31, 2020 consist of:

	Cash- Checking	Cash Escrow	Pennsylvania Local Government Investment Trust PLGIT	Total
General Fund	\$ 2,339,349	\$ 722,340	\$ 3,513	\$ 3,065,202
Open Space Fund	1,307,861	-	40,964	1,348,825
Capital Reserve Fund	6,738,970	-	-	6,738,970
Reserve Fund Open Space	2,263,602	-	-	2,263,602
Other Governmental Funds	876,355	-	-	876,355
Sewer Fund	14,274,739	406,981	1,239,896	15,921,616
	<u>\$27,800,876</u>	<u>\$ 1,129,321</u>	<u>\$ 1,284,373</u>	<u>\$30,214,570</u>

By State statute, the Township may appoint one or more depositories for Township funds and approve security to be furnished by any such depository. This security may be in the form of collateral consisting of obligations of the United States or the Commonwealth of Pennsylvania, or any political subdivision thereof, deposited with the bank or trust company. Pennsylvania Act 72 of 1971 as amended allows depositories to satisfy the collateralization requirement by pooling eligible investments to cover total public funds on deposit in excess of federal insurance.

Such pooled collateral is pledged with the financial institution's trust department. Concord Township primarily maintains deposits either with financial institutions which, pursuant to Act No. 72 of Pennsylvania, pool assets required to be pledged to secure public deposits; the total value of the pool to equal not less than the sum of all the pledges required for each separate deposit; or in amounts insured by the Federal Deposit Insurance Corporation. Deposits for all funds are either fully insured or collateralized pursuant with Commonwealth of Pennsylvania statutes.

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The Township has an arrangement to invest its excess cash with the Pennsylvania Local Government Investment Trust (PLGIT). The market value of the investments approximates cost. The amount invested in PLGIT represents ownership of shares in a trust, which invests solely in allowable investment securities. The PLGIT investment portfolios are invested in full faith and credit obligations of the Commonwealth of Pennsylvania and its agencies, instrumentalities and political subdivisions.

Collateralization requirements of Act No. 72, when required for deposits in excess of insurance limits, are followed with respect to pooling, custody and type of collateral.

Custodial credit risk relative to deposits is the risk that in the event of bank failure, the entity's deposits may not be returned to it. The Township follows policies relative to custodial credit risk pursuant to the Commonwealth of Pennsylvania Second Class Township Code. As of December 31, 2020, the aggregate balance of bank deposits included in cash and cash equivalents including those investments in certificates of deposit considered cash equivalents was \$30,214,570 of which \$1,160,729 is insured by the federal depository insurance (FDIC).

The Township considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Investments shown on these financial statements are certificates of deposit with original maturities in excess of three months. Custodial credit risk for an investment is the risk that in the event of the failure of the counterparty, the entity will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The entity does not have investments subject to custodial credit risk. In addition, the Township has no investment policy that would limit its investment choices to those with certain credit ratings. The Township further 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 other than that imposed by the Second Class Township Code and the Home Rule Charter.

As noted above, a portion of the Township's deposits are within PLGIT. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, is subject to an independent annual audit and is compliant with collateralization requirements of Act No. 72.

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Township investments shown on these financial statements consist of certificates of deposit with original maturities in excess of three months Pursuant to the Fair Value measurement valuation inputs are assumptions that market participants use in pricing an asset Fair Value measurement is presented within three levels

- Level 1—representing quoted prices in active markets
- Level 2—representing other than quoted prices where the value can be derived from observable market data such as quoted prices for similar assets or liabilities in active markets, or quoted prices for similar assets or liabilities in inactive markets, or other than quoted prices that are observable in other areas
- Level 3—representing unobservable inputs for an asset or liability, governments may use their own data to develop unobservable inputs if there is no information available without undue cost and effort

The Township’s investments are all considered to be Level 1 in the Fair Value hierarchy and consist of the following

	Certificates of Deposit
Capital Reserve Fund	\$ 1,096,793
Reserve Fund Open Space	530,491
Sewer Fund	551,211
	\$ 2,178,495

NOTE 4 TAXES RECEIVABLE

Taxes receivable as of year end for the Township’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows

Real Estate taxes	\$ 31,051
Transfer taxes	23,434
	54,485
Less Allowance for uncollectibles	(1,593)
Total taxes receivable	\$ 52,892

Management estimates its allowance for doubtful accounts at 5% of real estate taxes based on a conservative estimate of collection history on delinquent accounts

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5. SEWER RECEIVABLES

Receivable for the sewer fund are recognized as revenue when earned, including services provided but not billed net of the allowance for uncollectible accounts, are as follows

Sewer rent receivables	\$ 988 968
Less allowance for uncollectibles	(14 688)
	<u>\$ 974 280</u>
 Escrow receivable	 \$ 3,013
	<u>\$ 3 013</u>

NOTE 6. OTHER RECEIVABLES

Other receivables in the governmental funds at December 31, 2020 consisted of

Local services tax	\$135 058
County aid	10,058
Recycling grant	39,427
Amusement tax	4 021
Franchise fee	90,475
Escrow receivables	87 692
Greenways Grant reimbursement	217 500
Miscellaneous	1,800
	<u>\$586,031</u>

NOTE 7. MORTGAGE RECEIVABLE

The Township in 2010 sold a property to the Rachel Kohl Library for \$363,000 holding an original 15-year mortgage. The mortgage was refinanced in 2018 extending the time period an additional 30 years through 2048 at 3.5 percent per annum. The balance of the mortgage at year end is \$172,094.

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables arise from interfund transactions. Principally, these amounts result from operating subsidies or loans. Interfund receivables and payables are eliminated within the government-wide financial statements but are shown on the governmental fund statements. These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and payments between the funds are made.

The composition of interfund balances as of December 31, 2020 is as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General fund	\$ -	\$ 18,428
Reserve fund open space	11,342	
Library tax fund	2,102	-
Fire hydrant fund	4,984	-
	<u>\$ 18,428</u>	<u>\$ 18,428</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts from the funds collecting the receipts as debt service payments become due, and (3) use unreserved revenues collected to finance various programs accounted for in other funds pursuant to authorizations.

There were no interfund residual equity transfers this period.

Interfund operating transfers were as follows:

	<u>Transfers to other funds</u>	<u>Transfer from other funds</u>
General fund	\$ 204,213	\$ -
Sinking fund	-	204,213
	<u>\$ 204,213</u>	<u>\$ 204,213</u>

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9. CAPITAL ASSETS

Capital activity in the governmental funds for 2020 was as follows

	Balance 01/01/20	Additions	Deletions	Balance 12/31/20
Capital assets not being depreciated				
Land	\$ 13,360,451	\$ 83,382	\$ -	\$ 13,443,833
Construction in progress	1,313,051	77,915	(273,511)	1,117,455
Total capital assets not being depreciated	<u>14,673,502</u>	<u>161,297</u>	<u>(273,511)</u>	<u>14,561,288</u>
Capital assets being depreciated				
Land improvements		680,360		680,360
Building and building improvements	5,565,166	116,695		5,681,861
Streets / roads	7,268,409			7,268,409
Street lights	150,360			150,360
Traffic lights	2,716,281	342,430	-	3,058,711
Vehicles	766,007	36,398	(168,011)	634,394
Equipment	1,551,603	59,574	(47,600)	1,563,577
Capital leases	236,598			236,598
Subtotal capital assets being depreciated	<u>18,254,424</u>	<u>1,235,457</u>	<u>(215,611)</u>	<u>19,274,270</u>
Total capital assets before contributed assets	32,927,926	1,396,754	(489,122)	33,835,558
Contributed street lights	32,000			32,000
Total capital assets	<u>32,959,926</u>	<u>1,396,754</u>	<u>(489,122)</u>	<u>33,867,558</u>
Accumulated depreciation				
Land improvements		1,122		1,122
Building and building improvements	1,803,319	150,118		1,953,437
Streets / roads	1,516,551	185,350		1,701,901
Street lights	155,681	3,966		159,647
Traffic lights	2,245,652	111,678		2,357,330
Vehicles	446,429	85,108	(168,011)	363,526
Equipment	721,481	166,533	(47,600)	840,414
Capital leases	204,324	8,069		212,393
Total accumulated depreciation	<u>7,093,437</u>	<u>711,944</u>	<u>(215,611)</u>	<u>7,589,770</u>
Capital assets net of depreciation	<u>\$ 25,866,489</u>	<u>\$ 684,810</u>	<u>\$ (273,511)</u>	<u>\$ 26,277,788</u>

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9. CAPITAL ASSETS (continued)

Capital activity in the sewer fund for 2020 was as follows

	Beginning Balance 01/01/20	Increases	Decreases	Ending Balance 12/31/20
Nondepreciable assets.				
Land	\$ 561,303	\$	\$	\$ 561,303
Construction in progress	21,727	150,875		172,602
	<u>583,030</u>	<u>150,875</u>		<u>733,905</u>
Depreciable assets				
Utility plant in service				
Sewer utility plant	13,078,973			13,078,973
Plant improvements	3,278,995	78,019		3,357,014
Sewer lines	24,985,424	638,924		25,624,348
	<u>41,343,392</u>	<u>716,943</u>		<u>42,060,335</u>
Utility equipment				
Utility equipment	829,512	60,598	(25,688)	864,422
Private residence	109,911	4,902		114,813
Subtotal - depreciable assets	<u>42,282,815</u>	<u>782,443</u>	<u>(25,688)</u>	<u>43,039,570</u>
Total assets (non depreciable and depreciable)	<u>42,865,845</u>	<u>933,318</u>	<u>(25,688)</u>	<u>43,773,475</u>
Depreciation				
Utility plant in service:				
Sewer utility plant	5,627,959	382,792		6,010,751
Plant improvements	1,437,550	174,262		1,611,812
Sewer lines	7,397,831	547,007		7,944,838
	<u>14,463,340</u>	<u>1,104,061</u>		<u>15,567,401</u>
Utility equipment				
Utility equipment	478,028	60,955	(25,688)	513,295
Private residence	10,990	3,222		14,212
Subtotal depreciation	<u>14,952,358</u>	<u>1,168,238</u>	<u>(25,688)</u>	<u>16,094,908</u>
Total assets being depreciated net	<u>27,330,457</u>	<u>(385,795)</u>		<u>26,944,662</u>
Total property plant and equipment	<u>\$ 27,913,487</u>	<u>\$ (234,920)</u>	<u>\$</u>	<u>\$ 27,678,567</u>

There were no contract commitments within either the governmental or the Sewer fund activities at year end. Construction in progress is related to the engineering fees associated with these projects.

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10. PROPERTY TAX

For 2020, the following tax was levied on assessed value of real estate

- 981 mills for general purposes
- Real estate bills mailed February 1
- Discount period – originally February 1 to March 31, changed by resolution to extend through August 31, 2020 – 2% of gross levy
- Flat period – originally April 1 to May 31, extended through December 31, 2020
- Penalty period – originally June 1 to collection, pursuant to resolution penalty attaches subsequent to December 31, 2020 – 10% of gross levy

Other taxes levied in 2020

- Real estate transfer – ½% of sales price
- Admissions taxes – 2.5% of gross sales
- LST - \$52 per person

NOTE 11. RESOURCES RECEIVED IN ADVANCED/DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In the governmental statements, real estate taxes collected within 60 days of the fiscal year-end are recorded as current revenues. The noncurrent portion of real estate taxes is recorded as deferred inflows of resources until such time as it becomes available. Further, resources received in advance both on the governmental statements as well as the government wide statement includes fees or contributions received in the current period applicable to future period. Following are the resources received in advance in an exchange transaction

SEO permits and licenses	\$ 4,600
Victoria Island	5,000
Deferred fees other	2,471
Stormwater management	51,100
Deferred for Home2 Suites	30,000
Escrow deferred revenue	163,834
Deferred builder contribution for traffic lights	241,715
Deferred for future development	15,000
Total deferred revenue	<u>\$ 513,720</u>

Deferred outflows of resources on the government wide statements include unamortized bond refunding charges as well as pension related differences and contributions post-measurement date. Deferred inflows of resources on the government wide statements include unamortized bond discounts and pension related differences. The governmental funds reflect taxes not currently available.

**TOWNSHIP OF CONCORD
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 12 COMPENSATED ABSENCES

Compensated absences include vacation and sick leave benefits as follows

Paid vacation time is to be paid at the employee's base pay rate at the time of vacation and does not include overtime or any special forms of compensation. Unused vacation time at the end of the calendar year may be carried forward for a maximum of one year.

Sick leave benefits accrue at the rate of 12 days per year, calculated on a "benefit year" for the twelve-month period that begins when the employee starts to earn sick leave benefits. Sick leave benefits will be calculated based on the employee's base rate at the time of absence. Unused sick leave benefits will be allowed to accumulate until the employee has accrued a total of 60 calendar days worth of sick leave benefits.

Compensated absences as noted in Note 13, are shown as a long-term liability in these financial statements (government wide). They include:

	General Fund	Sewer Fund	Total
Sick leave accrual	\$ 6,100	\$ 5,527	\$ 11,627
Vacation accrual	38,248	10,869	49,117
	<u>\$ 44,348</u>	<u>\$ 16,396</u>	<u>\$ 60,744</u>

NOTE 13. LONG-TERM DEBT

During a prior period, the Township adopted GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of the Statement was to improve consistency in the information disclosed that is related to debt and to segregate the direct borrowings and direct placements from other types of debt. The Township has a direct placement as shown below as General Obligation Note Series 2015.

The Township has outstanding general obligation bonds and notes in the amount of \$11,388,000 of which \$7,533,000 is related to governmental activities and \$3,855,000 related to the operation of the Sewer Fund, business type activity. Of these obligations, notes from direct placement total \$3,588,000.

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 13. LONG-TERM DEBT (continued)

A summary of long-term debt transactions for the year ended December 31, 2020 is as follows

	Principal Outstanding 1/1/2020	Additions	Refunding/ Maturities	Principal Outstanding 12/31/2020	Amount Due In One Year Governmental	Amount Due In One Year Sewer Fund
General Obligation Note Series 2015 Direct Placement	\$ 3,784,000	\$	\$ 196,000	\$ 3,588,000	\$ 133,000	\$ 67,000
General Obligation Bond Series 2016	8,350,000		550,000	7,800,000	380,000	185,000
	<u>\$ 12,134,000</u>	<u>\$</u>	<u>\$ 746,000</u>	11,388,000	513,000	252,000
			Capital lease obligation	24,207	8,069	
			Compensated absences	60,744		
				<u>\$ 11,472,951</u>	<u>\$ 521,069</u>	<u>\$ 252,000</u>

The 2016 General Obligation Bond was a refunding of previously issued bonds in the amount remaining of \$8,060,000 and new money in the amount of \$1,500,000 for sewer expansion purposes. The Bond carries a variable interest rate ranging from 5% to 4 0%, maturing in 2034.

The 2015 General Obligation Note a direct placement with the Delaware Valley Regional Finance Authority (DeVal) was issued in the amount of \$4,560,000 of which \$3,042,000 represented a refunding of a construction loan and associated costs as well as \$1,518,000 for a sewer expansion project and associated issuance costs. This note carries a fixed interest rate of 2.726% and extends through 2035.

DeVal has entered into interest rate swap agreements with various counterparties to provide fixed interest rates to borrowers. These transactions would normally only be terminated if the borrower requested such or if the borrower defaulted on its loan. The borrower then would be responsible for any termination payment. The DeVal swap transactions related to the fixed rate loans are effective under both the consistent critical terms and the quantitative method standards promulgated via GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments*.

Scheduled future maturities are as follows:

	Governmental			Sewer Fund (Business Activity)		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2021	\$ 513,000	\$ 183,861	\$ 696,861	\$ 252,000	\$ 94,523	\$ 346,523
2022	521,000	174,535	695,535	259,000	89,922	348,922
2023	540,000	163,128	703,128	266,000	84,243	350,243
2024	548,000	151,311	699,311	267,000	78,405	345,405
2025	557,000	139,313	696,313	279,000	72,543	351,543
2026-2030	2,515,000	521,349	3,036,349	1,300,000	270,165	1,570,165
2031-2035	2,339,000	188,287	2,527,287	1,232,000	97,141	1,329,141
	<u>\$ 7,533,000</u>	<u>\$ 1,521,784</u>	<u>\$ 9,054,784</u>	<u>\$ 3,855,000</u>	<u>\$ 786,942</u>	<u>\$ 4,641,942</u>

**TOWNSHIP OF CONCORD
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 14. CAPITAL LEASE OBLIGATION

Assets recorded under capital lease are as follows

Equipment	\$ 236,598
Less accumulated depreciation	<u>(212,391)</u>
Total	<u>\$ 24,207</u>

The following is a schedule of future minimum principal lease payments

2021	\$ 8,069
2022	8,069
2023	<u>8,069</u>
	<u>\$ 24,207</u>

NOTE 15. NON-UNIFORMED PENSION PLAN

Concord Township pension plan participates in an agent multi-employer defined benefit pension plan controlled by the provisions of Ordinance No 269 adopted pursuant to Act 15 of 1974. Many Townships in the Commonwealth of Pennsylvania participate in the Pennsylvania Municipal Retirement System (PMRS). Under this program, contributions are made by three parties: the Township, the Commonwealth and the employee. Each participating municipality has the Authority to establish or amend its respective benefits and employee contribution rates subject to the PMRS Board approval. Employer contributions are actuarially determined by PMRS actuary. Financial Statements pursuant to the plan are available through the Township or through PMRS directly in Harrisburg, Pennsylvania.

A The PMRS is an agent multiple defined benefit pension plan

B Retirement and Vesting

Normal retirement – permitted upon the attainment of age sixty

Early retirement – available after 8 years of service for an involuntary termination or 20 years for a voluntary termination

Vesting – 100% after 5 years of service regardless of the type of termination

TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 15. NON-UNIFORMED PENSION PLAN (continued)

C Benefits payable upon retirement

The benefit is calculated by multiplying years of credited service times the final salary times 1 15%. The final average salary is based upon the final 3 consecutive years of credited service earned. There is a maximum benefit of 80% of the member's final average salary.

Disability benefits – Payable to any member who becomes physically or mentally incapacitated to such a degree that he or she is not able to engage in any gainful employment. A service-connected disability requires no minimum service period, pays 50% of final salary and is reduced by any payments that an employee can receive from the Pennsylvania Workmen's Compensation Act or the Pennsylvania Occupational Disease Act. A non-service connected disability pays 30% of final salary and requires a 10-year service requirement with the municipality.

Death benefits – Other than a refund of employee contributions plus interest, death benefits are not provided prior to early retirement. Once a member has reached the required service for a voluntary early retirement or the normal retirement age and dies prior to retiring, the beneficiary will be entitled to lump sum distribution of the total accrued benefit.

Employee contributions – Equal to 3 5% of compensation.

D Net Pension Liability

The net pension liability of the employer is the liability of the employer to employees for benefits provided through this defined benefit pension plan. It is calculated as the total pension liability of the Township less the Township's portion of the Plan's fiduciary net position. The total pension liability is the actuarial present value of projected benefit payments that is attributed to past periods of employee service, in conformity with the requirements of GASB 68. Total pension liability is the actuarial liability calculated under the entry age normal actuarial cost method. The net pension liability may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling a Plan's benefit obligation in the event of a plan termination or similar action.

**TOWNSHIP OF CONCORD
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 15. NON-UNIFORMED PENSION PLAN (continued)

Annual contributions are based upon the plan's Minimum Municipal Obligation (MMO) which is based upon the plan's biennial actuarial valuation. The Plan receives an allocation of state aid from the General Municipal Pension System State Aid program to be utilized for pension funding. Funding requirements in excess of employee contributions and Commonwealth aid are the obligation of the Township. The MMO for 2020 was \$172,721, consisting of \$103,400 in state aid and the balance of \$69,621 from The Township of Concord contribution. The Township this period contributed an additional \$75,000 above its minimum municipal obligation to increase its funding goals. The Township contributed a total of \$247,741 this period to the pension plan. During the period, employee contributions were \$53,001.

An Actuarially Determined Contribution (ADC) is a contribution amount determined in accordance with Actuarial Standards of Practice and is based upon the Minimum Municipal Obligation as defined in Act 205 of the Commonwealth of Pennsylvania.

The measurement date for the net pension liability as presented in these financial statements is December 31, 2019, which is no earlier than the end of the Township's fiscal year as allowed by GASB 68. The fiduciary net position as of December 31, 2019 (the measurement date) totaled \$6,604,240 pursuant to actuarial determination consistent with GASB 67 and GASB 68.

Pursuant to the Governmental Accounting Standards Board, PMRS is required to allocate/distribute all funds to the respective participating employers for financial reporting purposes. Consequently, PMRS has allocated net investment income or loss and administrative expenses accordingly.

Changes in the discount rate affect the measurement of the total pension liability. Lower discount rates produce a higher total pension liability, and higher discount rates produce a lower liability accordingly. The discount rate applied in determining the net pension asset or liability as presented in these statements was 5.25%. Following shows the impact of the net pension liability to the discount rate applied pursuant to the measurement date.

1% Decrease 4.25%	Current 5.25%	1% Increase 6.25%
\$ 236,092	\$ (435,619)	\$ (1,011,108)

For the year ended December 31, 2020, the Township recognized pension expense in its government wide statements in the amount of \$160,996 for governmental activities and \$86,785 in the Sewer Fund activities. In addition, the Township reported the actuarial impact of the decrease in the net pension liability by recording a pension asset in the amount of \$435,619 and reflecting an increase in revenue of \$423,784. The Township reported deferred outflows of resources and deferred inflows of resources related to pension as follows:

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15. NON-UNIFORMED PENSION PLAN (continued)

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ 20 881	\$
Changes in assumptions	60 005	1,974
Net difference between projected and actual investment earnings	-	569,186
Changes in proportions	-	-
Difference between employer contributions and proportionate share of total contributions	-	-
Contributions subsequent to measurement date	247,741	-
	<u>\$ 328,627</u>	<u>\$ 571,160</u>

Certain amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense in future years as follows

Year ending June 30	
2020	\$ 89,230
2021	\$ (136,629)
2022	\$ (29,677)
2023	\$ (165,457)
2024	\$ -
Thereafter	\$ -

Membership in the plan is as follows at December 31, 2019 valuation date

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	3
Active employees	20
Total plan participants	<u>31</u>

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15. NON-UNIFORMED PENSION PLAN (continued)

The total pension liability at December 31, 2019 (the measurement date) was determined by an actuarial valuation date of January 1, 2019 using the following actuarial assumptions applied to all periods in the measurement

Measurement Date	12/31/2019
Actuarial Cost Method	Entry Age
Amortization Period	Level dollar based on Act 205 Amortization Periods
Discount Rate	5.25%
Asset Valuation Method	Municipal Reserves
Inflation	2.80%
Salary increase	Age related scale with merit and inflation component

Mortality rates for post-retirement were based on the RP-2000 Sex distinct Annuitant Table. Males are projected five years with Scale AA, females are projected 10 years with Scale AA. Pre-retirement mortality is based on RP-2000 Mortality Tables non-annuitant projected 15 years for males with Scale AA, and projected 15 years with Scale AA, setback five years.

The long-term expected rate of return on pension plan investments is determined by a building block method in which best-estimates of expected future real rates of return are developed for each major asset class for the PMRS portfolio as a whole and at different levels of probability or confidence. The long term expected system rate of return as reported by PMRS is 6.7% at the measurement date. The Long term expected rate of return for individual participating municipalities is referred to as the regular interest rate and at December 31, 2019 is equal to the discount rate of 5.25%.

The real rates of return by asset class (at the December 31, 2019 measurement date) are as follows:

	Target Asset Allocation	Nominal Rate of Return	Long term Expected Real Rate of Return
Domestic equities-large cap	25.00%	7.40%	4.70%
Domestic equities-small cap	15.00%	9.80%	7.10%
International equities (developed markets)	15.00%	5.50%	2.90%
International equities (emerging markets)	10.00%	9.90%	7.60%
Real Estate	20.00%	8.40%	5.30%
Fixed Income	15.00%	2.20%	0.00%
Total portfolio	100.00%	7.10%	4.50%

**TOWNSHIP OF CONCORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 16. POST EMPLOYMENT BENEFITS

The Township does not provide post employment benefits for its employees

NOTE 17. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment 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 which may be disallowed by the grantor cannot be determined at this time although the Township expects such amounts, if any to be immaterial

The Township is involved in various claims and lawsuits arising in the normal course of business. In the opinion of management the unrecorded potential claims against the Township, not covered by insurance resulting from such claims and lawsuits would not have a material adverse effect on the Township's financial position as of December 31, 2020

NOTE 18. UNCERTAINTY AND RISKS

Since balance sheet date, as a result of the COVID-19 outbreak in the United States of America, certain economic uncertainties have arisen including the volatility of the stock market. The ultimate financial impact of the economic and market conditions is unknown at this time

NOTE 19. PRIOR PERIOD ADJUSTMENT SEWER FUND

The beginning net position of the Sewer Fund was adjusted by \$455,138, consisting of sewer line dedications to the Township that were not previously reported

NOTE 20. SUBSEQUENT EVENTS

Management of the Township has evaluated subsequent events through November 18, 2021, the date on which the financial statements were available to be issued

REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF CONCORD
(UNAUDITED)

NET PENSION LIABILITY AND RELATED RATIOS
(As reported by PMRS Unaudited)

Measurement Date as of 12/31

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 180,902	\$ 176,089	\$ 188,711	\$ 171,596	\$ 170,276	\$ 165,432
Interest	313,624	299,861	287,938	277,531	261,867	246,015
Changes in benefit terms						
Differences between expected and actual experience		16,713		19,787		8,833
Changes in assumptions		(18,342)		140,013	(27,260)	
Benefit payments	(234,580)	(217,694)	(237,800)	(138,430)	(137,439)	(143,584)
Net change in total pension liability	259,946	256,627	238,849	470,497	267,244	276,696
Total pension liability beginning	5,908,675	5,652,048	5,413,199	4,942,702	4,675,458	4,378,406
Total pension liability ending	\$ 6,168,621	\$ 5,908,675	\$ 5,652,048	\$ 5,413,199	\$ 4,942,702	\$ 4,655,102
Plan Fiduciary Net Position						
Contributions-employer	\$ 274,825	\$ 271,755	\$ 274,567	\$ 218,474	\$ 209,035	\$ 202,112
Contributions-members	50,589	49,427	53,017	50,374	48,433	47,405
PMRS investment income	301,372	275,906	276,709	250,622	229,782	210,220
Market value investment income	841,196	(564,754)	529,848	115,707	(229,116)	11,237
Benefit payments including refunds	(234,580)	(217,694)	(237,800)	(138,430)	(137,439)	(143,584)
PMRS administrative expense	(720)	(600)	(600)	(600)	(620)	(560)
Other administrative expense	(10,417)	(30,654)	(12,726)	(12,278)	(9,579)	(8,062)
Net change in plan fiduciary net position	1,222,265	(216,614)	883,015	483,869	110,496	318,768
Plan fiduciary net position beginning	5,381,975	5,598,589	4,715,574	4,231,705	4,121,209	3,802,441
Plan fiduciary net position ending	\$ 6,604,240	\$ 5,381,975	\$ 5,598,589	\$ 4,715,574	\$ 4,231,705	\$ 4,121,209
Net Pension liability	\$ (435,619)	\$ 526,700	\$ 53,459	\$ 697,625	\$ 710,997	\$ 533,893
Plan fiduciary net position as a percentage of total pension liability	107.06%	91.09%	99.05%	87.11%	85.62%	88.53%
Covered employee payroll	\$ 1,445,365	\$ 1,413,446	\$ 1,514,766	\$ 1,439,256	\$ 1,383,797	\$ 1,331,190
Net pension liability as a percentage of covered employee payroll	-30.14%	37.26%	3.53%	48.47%	51.38%	40.11%

REQUIRED SUPPLEMENTARY INFORMATION

**TOWNSHIP OF CONCORD
(UNAUDITED)**

SCHEDULE OF EMPLOYER CONTRIBUTIONS AND RELATED INFORMATION

DECEMBER 31, 2020

12/31/2010	\$	122,994	n/a	\$	774,239	15.89%	
12/31/2011	\$	128,972	n/a	\$	808,514	15.95%	
12/31/2012	\$	170,123	n/a	\$	867,367	19.61%	
12/31/2013	\$	143,622	n/a	\$	1,277,534	11.24%	
12/31/2014	\$	202,112	\$	142,072	\$	1,331,190	15.18%
12/31/2015	\$	209,035	\$	178,975	\$	1,383,797	15.11%
12/31/2016	\$	218,474	\$	188,474	\$	1,439,255	15.18%
12/31/2017	\$	274,567	\$	199,527	\$	1,514,766	18.13%
12/31/2018	\$	271,755	\$	196,715	\$	1,413,446	19.23%
12/31/2019	\$	274,805	\$	192,055	\$	1,445,365	19.01%
12/31/2020	\$	247,741	\$	172,721	\$	1,514,315	16.36%

Schedule of Investment Returns

For the year ended December 31	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
(as provided by PMRS most recent information)	-4.57%	17.84%	8.23%	-27.00%	5.20%

REQUIRED SUPPLEMENTAL INFORMATION
TOWNSHIP OF CONCORD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Real estate taxes	\$ 810 080	\$ 810 080	\$ 797,491	\$ (12 589)
Other taxes	1,555 000	1 555,000	1 037 985	(617 015)
Licenses and permits	782 800	782 800	503 814	(278 986)
Fines and forfeits	7 100	7 100	7 224	124
Investment earnings	51 865	51 865	8,641	(43,224)
Intergovernmental revenue	260 760	260 760	217 136	(43 624)
Rents	33 100	33 100	35,422	2 322
Charges for services	290 750	290 750	231 625	(59 125)
Franchise fee cable television	400 000	400 000	368,449	(31 551)
Act 205 pension	62 000	62 000	67 210	5 210
Other income	137,550	137,550	133,687	(3,863)
Total revenues	<u>4,391,005</u>	<u>4,391,005</u>	<u>3,408,684</u>	<u>(982,321)</u>
EXPENDITURES				
General governmental	2 155,375	2 155 375	1 986,516	168 859
Public Safety	952,180	952 180	888,573	63,607
Cultural and recreation	182 250	182 250	76,012	106,238
Public works highway	717 700	717 700	388 700	329,000
Pension	185,000	185 000	160 996	24 004
Library				
Debt service				
Principal				
Interest				
Total expenditures	<u>4,192,505</u>	<u>4,192,505</u>	<u>3,500,797</u>	<u>691,708</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>198,500</u>	<u>198,500</u>	<u>(92,113)</u>	<u>(290,613)</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Operating transfers in				
Operating transfers out	(198,500)	(198,500)	(204,213)	(5,713)
Total other financing sources (uses) of funds, net	<u>(198,500)</u>	<u>(198,500)</u>	<u>(204,213)</u>	<u>(5,713)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$</u>	<u>\$</u>	<u>(296 326)</u>	<u>\$ (296,326)</u>
FUND BALANCE BEGINNING			<u>2,593,049</u>	
FUND BALANCE - ENDING			<u>\$ 2,296,723</u>	

REQUIRED SUPPLEMENTAL INFORMATION
TOWNSHIP OF CONCORD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - OPEN SPACE FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Open Space Fund		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Investment earnings	\$ 20 000	\$ 20 000	\$ 5 266	\$ (14 734)
Intergovernmental grants and revenue				
Other income	144,300	144,300	10,993	(133,307)
Total revenues	<u>164,300</u>	<u>164 300</u>	<u>16,259</u>	<u>(148,041)</u>
EXPENDITURES				
Open space acquisition and development and maintenance	160 500	160 500	374 856	(214 356)
Debt service				
Principal				
Interest				
Issuance costs				
General government	3,800	3,800	27 763	(23,963)
Total expenditures	<u>164,300</u>	<u>164,300</u>	<u>402,619</u>	<u>(238,319)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			<u>(386,360)</u>	<u>(386,360)</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Total other financing sources (uses) of funds net				
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$</u>	<u>\$</u>	(386,360)	<u>\$ (386,360)</u>
FUND BALANCE - BEGINNING			1 734,436	
FUND BALANCE - ENDING			<u>\$ 1,348,076</u>	

REQUIRED SUPPLEMENTAL INFORMATION
TOWNSHIP OF CONCORD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CAPITAL RESERVE FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Capital Reserve Fund		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Investment earnings	\$ 90,000	\$ 90,000	\$ 38,538	\$ (51,462)
Intergovernmental revenue and grants	2,648,664	2,648,664	360,554	(2,288,110)
Other income	<u>3,395,871</u>	<u>3,395,871</u>		<u>(3,395,871)</u>
Total revenues	<u>6,134,535</u>	<u>6,134,535</u>	<u>399,092</u>	<u>(5,735,443)</u>
EXPENDITURES				
Capital outlay:				
Streets and highway and open space	5,719,535	5,719,535	1,246,450	4,473,085
General government	<u>415,000</u>	<u>415,000</u>	<u>304,015</u>	<u>110,985</u>
Total expenditures	<u>6,134,535</u>	<u>6,134,535</u>	<u>1,550,465</u>	<u>4,584,070</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			<u>(1,151,373)</u>	<u>(1,151,373)</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Operating transfers in				
Operating transfers out				
Total other financing sources (uses) of funds net				
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$</u>	<u>\$</u>	<u>(1,151,373)</u>	<u>\$ (1,151,373)</u>
FUND BALANCE - BEGINNING			<u>8,997,953</u>	
FUND BALANCE - ENDING			<u>\$ 7,846,580</u>	

REQUIRED SUPPLEMENTAL INFORMATION
TOWNSHIP OF CONCORD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - RESERVE FUND OPEN SPACE

FOR THE YEAR ENDED DECEMBER 31, 2020

	Reserve Fund		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Real estate taxes	\$ 454,450	\$ 454,450	\$ 454,221	\$ (229)
Other income	26,750	26,750		(26,750)
Investment earnings	30,000	30,000	15,816	(14,184)
Total revenues	<u>511,200</u>	<u>511,200</u>	<u>470,037</u>	<u>(41,163)</u>
EXPENDITURES				
General government	2,300	2,300	1,366	934
Debt service				
Principal	375,000	375,000	375,000	
Interest	133,900	133,900	133,900	
Capital outlay				
Open space acquisition and development			-	
Streets and highway				
General government				-
Total expenditures	<u>511,200</u>	<u>511,200</u>	<u>510,266</u>	<u>934</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			<u>(40,229)</u>	<u>(40,229)</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Operating transfers out				
Operating transfers in				
Total other financing sources (uses) of funds, net				
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$</u>	<u>\$</u>	<u>(40,229)</u>	<u>\$ (40,229)</u>
FUND BALANCE - BEGINNING			2,850,954	
FUND BALANCE - ENDING			<u>\$ 2,810,725</u>	

REQUIRED SUPPLEMENTAL INFORMATION
TOWNSHIP OF CONCORD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - FIRE HYDRANT FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Fire Hydrant Fund			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Real estate taxes	\$ 187,375	\$ 187,375	\$ 187,689	\$ 314
Investment earnings	2,000	2,000	672	(1,328)
Intergovernmental revenues				
Total revenues	<u>189,375</u>	<u>189,375</u>	<u>188,361</u>	<u>(1,014)</u>
EXPENDITURES				
General government	525	525		525
Public safety	188,850	188,850	179,318	9,532
Public works - highway				
Total expenditures	<u>189,375</u>	<u>189,375</u>	<u>179,318</u>	<u>10,057</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
			<u>9,043</u>	<u>9,043</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Operating transfers in				
Operating transfers out				
Total other financing sources (uses) of funds - net				
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS				
	<u>\$</u>	<u>\$</u>	<u>9,043</u>	<u>\$ 9,043</u>
FUND BALANCE - BEGINNING				
			<u>179,511</u>	
FUND BALANCE - ENDING				
			<u>\$ 188,554</u>	

REQUIRED SUPPLEMENTAL INFORMATION
TOWNSHIP OF CONCORD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - LIBRARY TAX FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Library Tax Fund		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Real estate taxes	\$ 199 200	\$ 199 200	\$200 423	\$ 1 223
Investment earnings	650	650	180	(470)
Other income				
Intergovernmental revenues	170,000	170,000	85,000	(85,000)
Total revenues	<u>369 850</u>	<u>369 850</u>	<u>285 603</u>	<u>(84 247)</u>
EXPENDITURES				
General government	6 533	6 533	5,952	581
Public safety				
Public works highway				
Library	363,317	363,317	276,177	87,140
Total expenditures	<u>369,850</u>	<u>369,850</u>	<u>282,129</u>	<u>87,721</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			<u>3,474</u>	<u>3,474</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Operating transfers in				
Operating transfers out				
Total other financing sources (uses) of funds net				
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS			<u>\$ 3,474</u>	<u>\$ 3,474</u>
FUND BALANCE - BEGINNING			26 949	
FUND BALANCE - ENDING			<u>\$ 30,423</u>	

REQUIRED SUPPLEMENTAL INFORMATION
TOWNSHIP OF CONCORD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - HIGHWAY AID FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Highway Aid Fund		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Real estate taxes	\$	\$	\$	\$
Investment earnings	7 000	7 000	1 935	(5 065)
Other income	283,000	283 000		(283,000)
Intergovernmental revenues	510,000	510,000	514,778	4,778
Total revenues	<u>800 000</u>	<u>800 000</u>	<u>516 713</u>	<u>(283 287)</u>
EXPENDITURES				
Capital outlay				
Open space acquisition and development				
Streets and highway	<u>800,000</u>	<u>800,000</u>	<u>773,127</u>	<u>26,873</u>
Total expenditures	<u>800,000</u>	<u>800,000</u>	<u>773,127</u>	<u>26,873</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			<u>(256,414)</u>	<u>(256,414)</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Operating transfers in				
Operating transfers out				
Total other financing sources (uses) of funds net				
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$</u>	<u>\$</u>	<u>(256,414)</u>	<u>\$ (256 414)</u>
FUND BALANCE - BEGINNING			<u>489,447</u>	
FUND BALANCE - ENDING			<u>\$ 233,033</u>	

REQUIRED SUPPLEMENTAL INFORMATION
TOWNSHIP OF CONCORD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - TREE FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Tree Fund		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Real estate taxes	\$	\$	\$	\$
Investment earnings	5 000	5,000	1 577	(3,423)
Other income	251 000	251 000		(251 000)
Intergovernmental revenues				
Total revenues	<u>256 000</u>	<u>256,000</u>	<u>1 577</u>	<u>(254,423)</u>
EXPENDITURES				
General government				
Public safety				
Public works highway				
Library				
Recreation	<u>256,000</u>	<u>256,000</u>	<u>167,530</u>	<u>88,470</u>
Total expenditures	<u>256,000</u>	<u>256,000</u>	<u>167,530</u>	<u>88,470</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			<u>(165,953)</u>	<u>(165,953)</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Operating transfers in				
Operating transfers out				
Total other financing sources (uses) of funds net				
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$</u>	<u>\$</u>	<u>(165 953)</u>	<u>\$ (165,953)</u>
FUND BALANCE - BEGINNING			<u>529,062</u>	
FUND BALANCE - ENDING			<u>\$ 363,109</u>	

REQUIRED SUPPLEMENTAL INFORMATION
TOWNSHIP OF CONCORD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SINKING FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Sinking Fund		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Investment earnings	\$ 25	\$ 25	\$ 14	\$ (11)
Other income			-	
Total revenues	<u>25</u>	<u>25</u>	<u>14</u>	<u>(11)</u>
EXPENDITURES				
Debt service				
Principal	130 000	130 000	130 000	
Interest	68 525	68 525	68 504	21
Bond issuance costs				
Total expenditures	<u>198,525</u>	<u>198,525</u>	<u>198,504</u>	<u>21</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(198 500)</u>	<u>(198,500)</u>	<u>(198,490)</u>	<u>10</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Proceeds from debt				
Refunding of debt				
Operating transfers in	198 500	198 500	204 213	5 713
Operating transfers out				
Total other financing sources (uses) of funds net	<u>198,500</u>	<u>198,500</u>	<u>204,213</u>	<u>5,713</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$</u>	<u>\$</u>	5 723	<u>\$ 5 723</u>
FUND BALANCE - BEGINNING			463	
FUND BALANCE - ENDING			<u>\$ 6,186</u>	

REQUIRED SUPPLEMENTAL INFORMATION
TOWNSHIP OF CONCORD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SEWER OPERATING /ACQUISITION/SINKING FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Sewer rental fees	\$ 3 659 231	\$ 3 659,231	\$ 3,659 040	\$ (191)
Lien charges penalties and miscellaneous	68 600	68 600	24 736	(43 864)
Rental income	23 119	23 119	23 119	
Interest income	140 500	140 500	60 001	(80 499)
Pension plan state aid	43 500	43 500	36 190	(7 310)
Change in pension plan obligation			64 090	64 090
Capacity purchases	1 123,125	1 123 125	878 655	(244,470)
Other	3,369,375	3,369,375	111,921	(3,257,454)
	<u>8,427,450</u>	<u>8,427,450</u>	<u>4,857,752</u>	<u>(3,569,698)</u>
EXPENSES				
Plant operations	1 575 820	1 575 820	1 306 153	(269 667)
General and administrative	898,311	898,311	807 253	91 058
Depreciation and amortization	1 200 000	1,200 000	1 178,581	21 419
Interest expense	103,325	103,325	104,538	(1,213)
	<u>3,777,456</u>	<u>3,777,456</u>	<u>3,396,525</u>	<u>(158,403)</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>4,649 994</u>	<u>4 649,994</u>	<u>1,461,227</u>	<u>(3,411 295)</u>
Capital contributions			86,616	
INCREASE IN NET ASSETS	<u>\$ 4 649 994</u>	<u>\$ 4 649 994</u>	1 547 843	<u>\$ (3,411 295)</u>
NET POSITION - BEGINNING RESTATED			39 122,164	
NET POSITION - ENDING			<u>\$ 40 670 007</u>	
ADDITIONAL BUDGETARY INFORMATION				
Principal payments	\$ 243 775	\$ 243 775	\$ 241 000	\$ 2,775
Capital purchases	\$ 7 511 000	\$ 7 511 000	\$ 933 318	\$ 6 577 682

NOTE SEWER BUDGET IS PRESENTED AS A COMBINATION OF THE SEWER OPERATING FUND, SEWER EXPANSION AND SEWER SINKING FUND, PRINCIPAL AND CAPITAL PURCHASES ARE SHOWN HERE IN AS ADDITIONAL INFORMATION

SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF CONCORD

OTHER GOVERNMENTAL FUNDS
BALANCE SHEET

DECEMBER 31 2020

	Fire Hydrant Fund	Library Tax Fund	Highway Aid Fund	Tree Fund	Stormwater Management Fund	Sinking Fund	General Obligation Bond Fund	Total Governmental Funds
Assets								
Cash and investments	\$ 196,310	\$ 25,931	\$ 233,033	\$ 363,109	\$ 51,667	\$ 6,186	\$ 119	\$ 876,355
Tax receivable net of allowance	3,382	3,652						7,034
Other receivable								
Due from other funds	4,984	2,102						7,086
Total assets	<u>204,676</u>	<u>31,685</u>	<u>233,033</u>	<u>363,109</u>	<u>51,667</u>	<u>6,186</u>	<u>119</u>	<u>890,475</u>
DEFERRED OUTFLOW OF RESOURCES								
Total assets and deferred outflows of resources	<u>\$ 204,676</u>	<u>\$ 31,685</u>	<u>\$ 233,033</u>	<u>\$ 363,109</u>	<u>\$ 51,667</u>	<u>\$ 6,186</u>	<u>89</u>	<u>\$ 890,475</u>
LIABILITIES AND FUND BALANCES								
Liabilities.								
Accounts payable and accrued expenditures	\$ 14,939				\$ 567			\$ 15,506
Resources received in advance in an exchange transaction					51,100			51,100
Due to other funds								
Total liabilities	<u>14,939</u>				<u>51,667</u>			<u>66,606</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable taxes	1,183	1,262						2,445
Fund Balance								
Non-spendable								
Restricted								
Committed for:								
Debt service						6,186		6,186
Assigned to capital projects								
Unassigned	188,554	30,423	233,033	363,109			119	815,238
Total fund balance	<u>188,554</u>	<u>30,423</u>	<u>233,033</u>	<u>363,109</u>		<u>6,186</u>	<u>119</u>	<u>821,424</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 204,676</u>	<u>\$ 31,685</u>	<u>\$ 233,033</u>	<u>\$ 363,109</u>	<u>\$ 51,667</u>	<u>\$ 6,186</u>	<u>\$ 119</u>	<u>\$ 890,475</u>

SUPPLEMENTAL INFORMATION
 THE TOWNSHIP OF CONCORD
 OTHER GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31 2020

	Fire Hydrant Fund	Library Tax Fund	Highway Aid Fund	Tree Fund	Stormwater Management Fund	Sinking Fund	General Obligation Bond Fund	Total Governmental Funds
Revenues								
Taxes	\$ 187,689	\$ 200,423	\$	\$	\$	\$	\$	\$ 388,112
Charges for services								
Interest	672	180	1,935	1,577		14	30	4,408
Intergovernmental revenues		85,000	514,778					599,778
Total revenues	188,361	285,603	516,713	1,577		14	30	992,298
Expenditures								
General government		5,952						5,952
Public safety	179,318							179,318
Public works highway			773,127					773,127
Library		276,177						276,177
Recreation				152,416				152,416
Debt service:								
Principal						130,000		130,000
Interest						68,504		68,504
Capital outlay:								
Recreation				15,114				15,114
Streets and highways								
Total expenditures	179,318	282,129	773,127	167,530		198,504		1,600,608
Excess revenues over (under) expenditures	9,043	3,474	(256,414)	(165,953)		(198,490)	30	(608,310)
Other financing sources and uses of funds								
Operating transfer out								
Operating transfer in						204,213		204,213
Total other financing sources and uses of funds						204,213		204,213
Excess of revenues and other sources over (under) expenditures and other uses	9,043	3,474	(256,414)	(165,953)		5,723	30	(404,097)
Fund balance beginning	179,511	26,949	489,447	529,062		463	89	1,225,521
Fund balance ending	\$ 188,554	\$ 30,423	\$ 233,033	\$ 363,109	\$	\$ 6,186	\$ 119	\$ 821,424

SUPPLEMENTAL INFORMATION

TOWNSHIP OF CONCORD

SEWER FUND
DETAIL SCHEDULE OF PLANT OPERATIONS AND
GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

PLANT OPERATIONS

Chemicals	\$ 251,495
Communications plant operations	15,283
Gasoline fuel and diesel	3,164
Laboratory testing	35,877
Maintenance materials supplies	241,674
Miscellaneous	9,723
Payroll	364,383
Rate and regulatory services	6,661
Security	5,069
Sludge removal	114,629
Trash removal	4,320
Utilities	248,099
Vehicle expense	5,776
TOTAL PLANT OPERATIONS	<u>\$ 1,306,153</u>

GENERAL AND ADMINISTRATIVE EXPENSES

Accounting and auditing	\$ 7,400
Engineering and permitting	100,553
Insurance	85,779
Legal fees	21,913
Office expense	50,728
Pension plan expense	86,785
Payroll, payroll taxes and benefits	454,095
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 807,253</u>



CYNTHIA FELZER LEITZELL, CPA
STELLA C. ECONOMIDIS, CPA

LEITZELL & ECONOMIDIS, PC
CERTIFIED PUBLIC ACCOUNTANTS

November 18, 2021

Township Council
Township of Concord
Concord, Pennsylvania

We have audited the financial statements of the governmental activities the business-type activities each major fund and the aggregate remaining fund information of Concord Township for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 24, 2020. Professional standards also require that we communicate to you the following information related to our audit:

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Concord Township are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Township changed accounting policies related to presentation of escrow accounts by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities* in 2020. The Township maintains two escrow funds, previously reported as Fiduciary Funds. The first was comprised of funds being held by the Township relative to general governmental matters including real estate development, now being shown as assets and liabilities in the General Fund. The second is comprised of funds held by the Township relative to sewer development and construction, now being shown as assets and liabilities in the Sewer Fund.

We noted no transactions entered into by Concord Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

- Depreciation
- Actuarial determination of pension liabilities and assets

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Pension related disclosures
- Debt related disclosure

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 18, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Concord Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Concord Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to actuarially provided pension data and budgetary data, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining statements and sewer expense detail which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We

compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements and to the financial statements themselves

Restriction on Use

This information is intended solely for the information and use of Concord Township Council and management of Concord Township and is not intended to be and should not be used by anyone other than these specified parties

Very truly yours,

Leitzell & Economidis PC

Leitzell & Economidis, PC
Certified Public Accountants

Media, Pennsylvania