

**LOWER SALFORD TOWNSHIP**  
**ANNUAL FINANCIAL REPORT**  
*Year Ended December 31, 2020*

## **INTRODUCTORY SECTION**

**LOWER SALFORD TOWNSHIP**  
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YEAR ENDED DECEMBER 31, 2020

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# LOWER SALFORD TOWNSHIP

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## **FINANCIAL SECTION**

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

To the Board of Supervisors  
Lower Salford Township  
Harleysville, Pennsylvania

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

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

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***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, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Lower Salford Township 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 (GAAP).

To the Board of Supervisors  
Lower Salford Township  
Harleysville, Pennsylvania

***Emphasis of Matter***

As discussed in Note O, the spread of the COVID-19 coronavirus is affecting the United States and global economies and may have an impact on Lower Salford Township's operational and financial performance. At this point, Lower Salford Township cannot reasonably estimate the impact on its operations or financial results. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 12, budgetary comparison information on page 59, pension plan information on pages 60 through 65 and postemployment benefits other than pension information on page 66 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 Lower Salford Township's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Limerick, Pennsylvania  
April 7, 2021

# LOWER SALFORD TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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The discussion and analysis contained herein of Lower Salford Township's financial performance provides an overview of the Township's financial activities for the fiscal year ending December 31, 2020. This information needs to be read in conjunction with the Township's financial statements.

### FINANCIAL HIGHLIGHTS

The Township's net position increased by \$956,057 as a result of this year's operations. Net position of our governmental activities increased by \$2,058,418 and the net position of our business-type activities decreased by \$1,102,361.

In 2020, Lederach Golf Club program revenues increased by \$87,885 or 5.1% from the previous year. Total revenues decreased by 64.0% primarily due to transfers out of (\$955,274) in 2020 compared to transfers in of \$655,560 in 2019. Expenses were 1.0% lower than the previous year.

The General Fund reported a deficit of \$398,128 this year compared to a deficit of \$661,562 last year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Township. The components of the report include an independent auditors' report, management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains other required and supplementary information in addition to the basic financial statements.

The independent auditors' report briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial position. The management's discussion and analysis (MD&A), prepared by the Township's management, provides a narrative introduction and overview that users of the financial statements need in order to interpret the basic financial statements. The MD&A also provides an analysis of key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

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

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

## LOWER SALFORD TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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- *Fund financial statements* focus separately on major Governmental Funds, Proprietary Funds and Fiduciary Funds. Governmental Funds statements follow the more traditional presentation of financial statements. The Township's major Governmental Funds are represented in their own columns, and the remaining funds are combined into a column titled "Nonmajor Governmental Funds." Statements for the Township's Proprietary and Fiduciary Funds follow the Governmental Funds and include net position, revenues, expenses and changes in net position and cash flows. The Proprietary Fund represents the Lederach Golf Club and can be found in more detail beginning with the statement of net position, Proprietary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside of the government, i.e., Employee Pension Funds. Fiduciary Funds are not reflected in the government-wide statements because the Township cannot use these assets to finance its operations.
- The *notes to the basic financial statements* provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Township's financial condition.

Other required supplementary information consisting of budgetary comparisons of the General Fund and pension plan funding progress is provided.

Other supplementary information consisting of the balance sheet and statement of revenues, expenditures and changes in fund balances for Nonmajor Governmental Funds is also provided.

### REPORTING THE TOWNSHIP AS A WHOLE

The analysis of the Township as a whole begins with the statement of net position.

Is the Township as a whole better off or worse off as a result of the year's activities? The statement of net position and the statement of activities report information about the Township as a whole and about its activities in a way that helps to answer this question. We divide the Township into two kinds of activities:

- **Governmental Activities:** These are the Township's basic services and are reported in this category. They include general administration, police, public works, code enforcement and parks and recreation. Real estate and EIT taxes, fees and charges and grants finance most of these activities.
- **Proprietary Activities:** This category includes activities and services provided through the Lederach Golf Club. These activities are funded via user charges. The Lederach Golf Club is comprised of revenues and expenditures that relate to the golf club operated by the Township.
- **Component Unit:** The Township includes a separate legal entity in its report, the Lower Salford Township Authority. Although legally separate, this component unit is important because the Township is financially accountable for it. Separate audited financial statements are issued and available for the Authority.

**LOWER SALFORD TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2020**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**

The following tables reflect the condensed statements of net position.

**Table 1**  
**Condensed Statement of Net Position**  
**December 31, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Current and other assets	\$ 4,596,979	\$ 1,217,613	\$ 5,814,592
Capital assets	<u>12,854,707</u>	<u>8,198,954</u>	<u>21,053,661</u>
<b>TOTAL ASSETS</b>	<u>17,451,686</u>	<u>9,416,567</u>	<u>26,868,253</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding of debt	45,016	133,512	178,528
Deferred outflows of resources, pension and OPEB activity	<u>685,856</u>	<u>-</u>	<u>685,856</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>730,872</u>	<u>133,512</u>	<u>864,384</u>
<b>LIABILITIES</b>			
Current and other liabilities	606,775	1,024,822	1,631,597
Long-term liabilities	<u>3,139,010</u>	<u>6,745,677</u>	<u>9,884,687</u>
<b>TOTAL LIABILITIES</b>	<u>3,745,785</u>	<u>7,770,499</u>	<u>11,516,284</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources, pension and OPEB activity	<u>2,092,760</u>	<u>-</u>	<u>2,092,760</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,367,018	802,950	12,169,968
Unrestricted	<u>976,995</u>	<u>976,630</u>	<u>1,953,625</u>
<b>TOTAL NET POSITION</b>	<u>\$ 12,344,013</u>	<u>\$ 1,779,580</u>	<u>\$ 14,123,593</u>

For more detailed information, see the statement of net position on page 13 of the annual financial report.

**LOWER SALFORD TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2020**

**Table 2**  
**Condensed Statement of Net Position**  
**December 31, 2019**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current and other assets	\$ 3,507,173	\$ 808,561	\$ 4,315,734
Capital assets	13,226,743	8,639,990	21,866,733
<b>TOTAL ASSETS</b>	<u>16,733,916</u>	<u>9,448,551</u>	<u>26,182,467</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding of debt	55,007	150,534	205,541
Deferred outflows of resources, pension activity	818,820	-	818,820
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>873,827</u>	<u>150,534</u>	<u>1,024,361</u>
<b>LIABILITIES</b>			
Current and other liabilities	314,965	177,803	492,768
Long-term liabilities	5,384,879	6,539,341	11,924,220
<b>TOTAL LIABILITIES</b>	<u>5,699,844</u>	<u>6,717,144</u>	<u>12,416,988</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources, pension activity	1,622,304	-	1,622,304
<b>NET POSITION</b>			
Net investment in capital assets	9,832,756	2,251,183	12,083,939
Restricted	402,153	-	402,153
Unrestricted	50,686	630,758	681,444
<b>TOTAL NET POSITION</b>	<u>\$ 10,285,595</u>	<u>\$ 2,881,941</u>	<u>\$ 13,167,536</u>

**LOWER SALFORD TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2020**

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**Statement of Activities**

The following tables reflect the revenues and expenses for the current period.

**Table 3**  
**Changes in Net Position**  
**Year Ended December 31, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 956,824	\$ 1,826,038	\$ 2,782,862
Operating grants and contributions	1,093,345	-	1,093,345
General revenues			
Taxes	7,654,573	-	7,654,573
Other	529,106	1,002	530,108
Transfers	955,274	(955,274)	-
<b>TOTAL REVENUES</b>	<u>11,189,122</u>	<u>871,766</u>	<u>12,060,888</u>
<b>EXPENSES</b>			
General administration	1,524,475	-	1,524,475
Public safety			
Police	3,521,381	-	3,521,381
Other	616,221	-	616,221
Parks and recreation	859,547	-	859,547
Highways	2,476,670	-	2,476,670
Interest on long-term debt	132,410	-	132,410
Operating expenses	-	1,974,127	1,974,127
<b>TOTAL EXPENSES</b>	<u>9,130,704</u>	<u>1,974,127</u>	<u>11,104,831</u>
 CHANGE IN NET POSITION	 2,058,418	 (1,102,361)	 956,057
 NET POSITION, BEGINNING OF YEAR	 <u>10,285,595</u>	 <u>2,881,941</u>	 <u>13,167,536</u>
 NET POSITION, END OF YEAR	 <u>\$ 12,344,013</u>	 <u>\$ 1,779,580</u>	 <u>\$ 14,123,593</u>

For more detailed information, see the statement of activities on page 14 of the annual financial report.

**LOWER SALFORD TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2020**

**Table 4**  
**Changes in Net Position**  
**Year Ended December 31, 2019**

	Governmental Activities	Business-Type Activities	Totals
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 610,743	\$ 1,738,153	\$ 2,348,896
Operating grants and contributions	1,163,596	-	1,163,596
General revenues			
Taxes	7,693,706	-	7,693,706
Other	89,561	5,007	94,568
Transfers	(655,560)	655,560	-
<b>TOTAL REVENUES</b>	<u>8,902,046</u>	<u>2,398,720</u>	<u>11,300,766</u>
<b>EXPENSES</b>			
General administration	1,652,493	-	1,652,493
Public safety			
Police	3,936,455	-	3,936,455
Other	655,325	-	655,325
Parks and recreation	885,221	-	885,221
Highways	3,080,626	-	3,080,626
Interest on long-term debt	111,867	-	111,867
Operating expenses	-	1,989,826	1,989,826
<b>TOTAL EXPENSES</b>	<u>10,321,987</u>	<u>1,989,826</u>	<u>12,311,813</u>
<b>CHANGE IN NET POSITION</b>	<b>(1,419,941)</b>	<b>408,894</b>	<b>(1,011,047)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>11,705,536</u>	<u>2,473,047</u>	<u>14,178,583</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 10,285,595</u>	<u>\$ 2,881,941</u>	<u>\$ 13,167,536</u>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgetary adjustments and supplemental appropriations in 2020 were not material. Transfers and/or adjustments to the budget are made as a result of unanticipated expenditures and/or revenues.

**LOWER SALFORD TOWNSHIP**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2020

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Lower Salford Township's investment in capital assets for its governmental and proprietary activities as of December 31, 2020, totals \$21,053,661. The Township's investment in capital assets includes automobiles, trucks, infrastructure improvements and equipment.

**Figure A-1**  
**Capital Assets (Net of Depreciation, in Thousands of Dollars)**

	Governmental Activities	Business-Type Activities
Land	\$ 5,054	\$ 4,623
Buildings and improvements	2,661	1,711
Infrastructure	4,546	1,389
Machinery and equipment	182	472
Vehicles	410	-
Furniture and fixtures	-	3
TOTAL	<u>\$ 12,853</u>	<u>\$ 8,198</u>

Property, plant, system infrastructure and equipment of the Township are depreciated using the straight-line method.

Additional information on the Township's capital assets can be found in Notes A and C to the financial statements.

**Debt**

At year-end 2020, the Township had \$9,067,960 (see Figure A-2) in outstanding debt. The debt service due within one year is \$1,263,525 which is a combination from page 38 of the 12-31-2020 Financial Statements, Long-Term Obligations, Total Governmental Activities \$479,686 and Total Business Activities \$783,839.

**Figure A-2**  
**Outstanding Long-Term Debt**

General obligation bonds	<u>\$ 3,185,000</u>
Notes payable	<u>\$ 5,587,000</u>
Capital leases	<u>\$ 271,191</u>
Compensated absences	<u>\$ 24,769</u>

# **LOWER SALFORD TOWNSHIP**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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## **ECONOMIC FACTORS IMPACTING FUTURE BUDGETS**

The 2021 Township Budget adopted by the Board of Supervisors includes no tax increase for general government purposes. Despite the impacts of the COVID-19 Pandemic, the Board's prudent management continues to maintain a General Fund cash balance in the Township. The budget again allows for a significant transfer to the Township's Capital Fund as well as significant contributions to the Harleysville Community Center and other civic organizations. The General Fund budget of \$9.2 million is a less than .5% increase over the 2020 budget.

The Township continues to experience modest new home construction and commercial development; this along with the continued uptick in the housing market has helped increase the Township's overall real estate assessment and increases in the Real Estate Transfer revenue. Overall, revenue sources have increased or held steady over the past few years.

While the implementation of stormwater treatment requirements (by the U.S. EPA and PA DEP) remains a concern. The previous concern over discharge limits into the Indian Creek appears to be waning as discussions between the EPA, DEP and Lower Salford Township, Franconia Township and their respective authorities are nearing completion. It is hoped that a long-term accord will allow for a measured resolution to the issue.

Over the last few years, the Township restructured much of its debt. This has leveled the payments over the life of the debt and has reduced the payoff date by nearly four (4) years.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the funds it receives and disburses. Questions about this report or requests for additional financial information can be directed to the Finance Department of Lower Salford Township, 379 Main Street, Harleysville, PA 19438-2309.

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Lower Salford Township Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,502,242	\$ 1,126,044	\$ 3,628,286	\$ 1,347,811
Internal balances	21,307	(21,307)	-	-
Investments	359,941	-	359,941	3,210,000
Receivables	157,909	-	157,909	118,950
Taxes receivable	54,297	-	54,297	-
Inventories	-	42,427	42,427	-
Prepaid expenses	7,260	70,449	77,709	-
Notes receivable	-	-	-	64,648
Capacity rights, net	-	-	-	581,284
Net pension asset	1,494,023	-	1,494,023	310,903
Capital assets				
Land	5,054,130	4,623,197	9,677,327	-
Buildings and improvements, net	2,661,536	1,711,469	4,373,005	-
Golf course, net	-	1,389,372	1,389,372	-
Machinery and equipment, net	182,297	471,462	653,759	-
Vehicles, net	410,149	-	410,149	-
Infrastructure, net	4,546,031	-	4,546,031	-
Furniture and fixtures, net	564	3,454	4,018	-
Sewer system, net	-	-	-	26,072,351
<b>TOTAL ASSETS</b>	<b>17,451,686</b>	<b>9,416,567</b>	<b>26,868,253</b>	<b>31,705,947</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding of debt	45,016	133,512	178,528	-
Deferred outflows of resources, OPEB activity	188,919	-	188,919	-
Deferred outflows of resources, pension activity	496,937	-	496,937	47,548
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>730,872</b>	<b>133,512</b>	<b>864,384</b>	<b>47,548</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	48,668	80,045	128,713	94,735
Payroll and withholding taxes payable	78,421	19,799	98,220	-
Unearned revenues	-	141,139	141,139	51,769
Long-term liabilities				
Portion due or payable within one year				
Bonds and notes payable	467,000	711,000	1,178,000	-
Capital leases	12,686	72,839	85,525	-
Portion due or payable after one year				
Bonds and notes payable	1,007,000	6,587,000	7,594,000	-
Bond premiums	5,890	21,572	27,462	-
Bond discounts, net	(1,535)	(6,897)	(8,432)	-
Capital leases	41,664	144,002	185,666	-
Compensated absences	24,769	-	24,769	-
Net OPEB obligation	2,061,222	-	2,061,222	-
<b>TOTAL LIABILITIES</b>	<b>3,745,785</b>	<b>7,770,499</b>	<b>11,516,284</b>	<b>146,504</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources, OPEB activity	307,194	-	307,194	-
Deferred inflows of resources, pension activity	1,785,566	-	1,785,566	275,913
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,092,760</b>	<b>-</b>	<b>2,092,760</b>	<b>275,913</b>
<b>NET POSITION</b>				
Net investment in capital assets	11,367,018	802,950	12,169,968	26,094,483
Unrestricted	976,995	976,630	1,953,625	5,236,595
<b>TOTAL NET POSITION</b>	<b>\$ 12,344,013</b>	<b>\$ 1,779,580</b>	<b>\$ 14,123,593</b>	<b>\$ 31,331,078</b>

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 1,524,475	\$ 388,342	\$ 142,011	\$ -
Public safety				
Police	3,521,381	26,010	278,939	-
Other	616,221	147,675	118,779	-
Parks and recreation	859,547	25,132	-	-
Highways	2,476,670	369,665	553,616	-
Interest on long-term debt	132,410	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>9,130,704</b>	<b>956,824</b>	<b>1,093,345</b>	<b>-</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Golf course	1,974,127	1,826,038	-	-
<b>TOTAL TOWNSHIP ACTIVITIES</b>	<b>\$ 11,104,831</b>	<b>\$ 2,782,862</b>	<b>\$ 1,093,345</b>	<b>\$ -</b>
<b>COMPONENT UNIT</b>				
Lower Salford Township Authority	\$ 3,633,063	\$ 4,251,803	\$ -	\$ 330,873
<b>GENERAL REVENUES</b>				
Taxes				
Real estate taxes, net				
Act 511 taxes				
Real estate transfer tax				
Earnings on investments				
Intergovernmental revenues				
Gain on sale of assets				
Miscellaneous				
TRANSFERS, net				
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	Component Unit Lower Salford Township Authority
\$ (994,122)	\$ -	\$ (994,122)	\$ -
(3,216,432)	-	(3,216,432)	-
(349,767)	-	(349,767)	-
(834,415)	-	(834,415)	-
(1,553,389)	-	(1,553,389)	-
(132,410)	-	(132,410)	-
(7,080,535)	-	(7,080,535)	-
-	(148,089)	(148,089)	-
(7,080,535)	(148,089)	(7,228,624)	-
-	-	-	949,613
3,044,041	-	3,044,041	-
4,108,794	-	4,108,794	-
501,738	-	501,738	-
34,652	2	34,654	82,150
9,075	-	9,075	-
4,950	1,000	5,950	-
480,429	-	480,429	-
955,274	(955,274)	-	-
9,138,953	(954,272)	8,184,681	82,150
2,058,418	(1,102,361)	956,057	1,031,763
10,285,595	2,881,941	13,167,536	30,299,315
\$ 12,344,013	\$ 1,779,580	\$ 14,123,593	\$ 31,331,078

**LOWER SALFORD TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	General Fund	Traffic Impact Fees Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 825,335	\$ 610,820	\$ 934,285	\$ 131,802	\$ 2,502,242
Investments	359,941	-	-	-	359,941
Accounts receivable	157,909	-	-	-	157,909
Taxes receivable, net	48,700	-	-	5,597	54,297
Due from other funds	-	-	21,307	-	21,307
Prepaid items	7,260	-	-	-	7,260
<b>TOTAL ASSETS</b>	<b>\$ 1,399,145</b>	<b>\$ 610,820</b>	<b>\$ 955,592</b>	<b>\$ 137,399</b>	<b>\$ 3,102,956</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 47,956	\$ -	\$ -	\$ 712	\$ 48,668
Payroll and withholding taxes payable	78,421	-	-	-	78,421
<b>TOTAL LIABILITIES</b>	<b>126,377</b>	<b>-</b>	<b>-</b>	<b>712</b>	<b>127,089</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue, property taxes	1,237	-	-	-	1,237
<b>FUND BALANCES</b>					
<b>Nonspendable</b>					
Prepaid items	7,260	-	-	-	7,260
<b>Restricted</b>					
Traffic improvements	-	610,820	-	-	610,820
Fire protection	-	-	-	11,190	11,190
Ambulance	-	-	-	6,608	6,608
Liquid fuels	-	-	-	29,185	29,185
Parks	-	-	-	80,346	80,346
Library	-	-	-	9,358	9,358
Assigned, capital outlay	-	-	955,592	-	955,592
Unassigned	1,264,271	-	-	-	1,264,271
<b>TOTAL FUND BALANCES</b>	<b>1,271,531</b>	<b>610,820</b>	<b>955,592</b>	<b>136,687</b>	<b>2,974,630</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,399,145</b>	<b>\$ 610,820</b>	<b>\$ 955,592</b>	<b>\$ 137,399</b>	<b>\$ 3,102,956</b>

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2020**

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 2,974,630

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements but are reported in the governmental activities of the statement of net position. Those assets consist of:

Land	5,054,130
Buildings and improvements, net of accumulated depreciation of \$2,550,782	2,661,536
Machinery and equipment, net of accumulated depreciation of \$1,463,580	182,297
Furniture and fixtures, net of accumulated depreciation of \$81,791	564
Vehicles, net of accumulated depreciation of \$1,334,552	410,149
Infrastructure, net of accumulated depreciation of \$2,306,010	4,546,031
	<u>12,854,707</u>

Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

1,237

Deferred losses on advance refundings of debt are treated as expenditures on the fund statements but are deferred and amortized on the government-wide statements.

45,016

Deferred inflows and outflows of resources related to pension and OPEB activities are not financial resources and therefore not reported in the governmental funds.

(1,406,904)

Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in Governmental Funds but rather is recognized as an expenditure when due. All liabilities--both current and long term--are reported in the statement of net position. Balances at December 31, 2020, are:

Bonds and notes payable (Note E)	(1,474,000)
Bond discounts	1,535
Bond premiums	(5,890)
Capital leases	(54,350)
Compensated absences	(24,769)
Net pension asset	1,494,023
Net OPEB obligation	(2,061,222)
	<u>(2,124,673)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 12,344,013

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	General Fund	Traffic Impact Fees Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Act 511 taxes	\$ 4,108,794	\$ -	\$ -	\$ -	\$ 4,108,794
Real estate taxes, net	2,309,771	-	-	736,330	3,046,101
Real estate transfer tax	501,738	-	-	-	501,738
Franchise fees	308,048	-	-	-	308,048
Licenses and permits	152,254	-	-	-	152,254
Fees and fines	26,010	-	-	-	26,010
Interest income	30,744	328	2,385	1,195	34,652
Rental income	67,100	-	-	25,132	92,232
Intergovernmental revenues	520,576	-	-	553,616	1,074,192
Charges for services	13,520	364,760	-	-	378,280
Miscellaneous revenue	5,746	-	473,401	1,282	480,429
<b>TOTAL REVENUES</b>	<b>8,044,301</b>	<b>365,088</b>	<b>475,786</b>	<b>1,317,555</b>	<b>10,202,730</b>
<b>EXPENDITURES</b>					
General government	1,343,677	-	161,184	12,590	1,517,451
Public safety					
Police	4,052,982	-	15,996	-	4,068,978
Other	381,238	-	-	250,585	631,823
Public works, highways and streets	1,346,477	-	325,133	578,981	2,250,591
Culture and recreation	255,082	-	15,883	449,800	720,765
Miscellaneous expenditures	2,389	-	-	-	2,389
Debt service					
Principal retirement	416,000	-	15,183	-	431,183
Interest paid	61,776	-	-	-	61,776
Issuance costs	61,636	-	-	-	61,636
<b>TOTAL EXPENDITURES</b>	<b>7,921,257</b>	<b>-</b>	<b>533,379</b>	<b>1,291,956</b>	<b>9,746,592</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>123,044</b>	<b>365,088</b>	<b>(57,593)</b>	<b>25,599</b>	<b>456,138</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	90,000	-	47,750	-	137,750
Transfers out	937,524	-	(75,000)	(45,000)	817,524
Refunding bonds issued	1,133,000	-	-	-	1,133,000
Payment to refunded bond escrow agent	(2,686,646)	-	-	-	(2,686,646)
Proceeds from sale of fixed assets	4,950	-	-	-	4,950
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(521,172)</b>	<b>-</b>	<b>(27,250)</b>	<b>(45,000)</b>	<b>(593,422)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(398,128)</b>	<b>365,088</b>	<b>(84,843)</b>	<b>(19,401)</b>	<b>(137,284)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>1,669,659</b>	<b>245,732</b>	<b>1,040,435</b>	<b>156,088</b>	<b>3,111,914</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 1,271,531</b>	<b>\$ 610,820</b>	<b>\$ 955,592</b>	<b>\$ 136,687</b>	<b>\$ 2,974,630</b>

See accompanying notes to the basic financial statements.

## LOWER SALFORD TOWNSHIP

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2020

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (137,284)
<p>Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$571,995) exceeds capital outlays (\$199,959) in the current period (Note C).</p>	(372,036)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	(2,060)
<p>The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	1,906,298
<p>Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the Governmental Funds:</p>	
Changes in compensated absences	7,197
Changes in net pension asset and related deferrals	731,838
Changes in net OPEB liability and related deferrals	<u>(75,535)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>2,058,418</u></u>

*See accompanying notes to the basic financial statements.*

# LOWER SALFORD TOWNSHIP

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

DECEMBER 31, 2020

	<u>Golf Course Enterprise Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,126,044
Inventory	42,427
Prepaid expenses	70,449
Capital assets	
Land	4,623,197
Buildings and improvements	2,848,504
Furniture and fixtures	45,245
Golf course	7,991,149
Machinery and equipment	3,791,255
Accumulated depreciation	<u>(11,100,396)</u>
TOTAL ASSETS	<u>9,437,874</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding of debt	<u>133,512</u>
<b>LIABILITIES</b>	
Accounts payable	74,045
Accrued payroll	19,799
Unearned revenues	147,139
Due to other funds	21,307
Bonds payable, current	290,000
Notes payable, current	421,000
Capital leases, current	72,839
Noncurrent liabilities	
Portion due or payable in more than one year	
Bonds payable	2,550,000
Discount on bonds payable, net	(6,897)
Premium on bonds payable, net	21,572
Notes payable	4,037,000
Capital leases	144,002
TOTAL LIABILITIES	<u>7,791,806</u>
<b>NET POSITION</b>	
Net investment in capital assets	802,950
Unrestricted	<u>976,630</u>
TOTAL NET POSITION	<u>\$ 1,779,580</u>

See accompanying notes to the basic financial statements.

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Golf Course Enterprise Fund</u>
OPERATING REVENUES	
Charges for services	\$ <u>1,826,038</u>
OPERATING EXPENSES	
Food and beverage	153,985
General and administrative	209,401
Golf operations	254,074
Marketing	3,727
Pro shop	23,073
Repairs and maintenance	5,162
Salaries and benefits	613,196
Depreciation	574,177
Amortization	14,803
TOTAL OPERATING EXPENSES	<u>1,851,598</u>
OPERATING LOSS	(25,560)
OTHER EXPENSES	
Interest income	2
Interest expense	(122,529)
Gain on sale of assets	1,000
Operating transfers in	1,557,476
Operating transfers out	<u>(2,512,750)</u>
TOTAL OTHER EXPENSES	<u>(1,076,801)</u>
CHANGE IN NET POSITION	(1,102,361)
NET POSITION AT BEGINNING OF YEAR	<u>2,881,941</u>
NET POSITION AT END OF YEAR	<u>\$ 1,779,580</u>

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Golf Course Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 1,852,093
Payments to suppliers	(672,322)
Payments to employees	(606,159)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>573,612</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds from bond issuance	2,495,000
Principal payments on debt	(1,439,354)
Transfers out to other funds, net	(955,274)
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>100,372</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(89,535)
Proceeds from the sale of assets	1,000
Capital lease repayments	(106,858)
Interest paid on long-term debt	(122,529)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(317,922)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>2</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	356,064
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>769,980</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,126,044</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (25,560)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	574,177
Amortization	14,803
Change in assets and liabilities	
Inventory	4,277
Prepaid expenses	(70,449)
Accounts payable	30,088
Accrued payroll	7,037
Deferred revenue	26,055
Due to other funds	13,184
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 573,612</u>

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2020**

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	Pension and Other Benefit Funds	Custodial Funds
	<u>                    </u>	<u>                    </u>
ASSETS		
Cash and cash equivalents	\$ 116,318	\$ 946,969
Investments	<u>20,437,517</u>	<u>5,264</u>
TOTAL ASSETS	<u>\$ 20,553,835</u>	<u>\$ 952,233</u>
NET POSITION		
Restricted for benefits and other purposes	\$ 20,553,835	\$ -
Restricted for custodial purposes	<u>-</u>	<u>952,233</u>
TOTAL NET POSITION	<u>\$ 20,553,835</u>	<u>\$ 952,233</u>

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Pension and Other Benefit Funds	Custodial Funds
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 499,504	\$ -
Plan members	67,935	-
State contributions	275,735	-
Developers	-	948,123
<b>TOTAL CONTRIBUTIONS</b>	<u>843,174</u>	<u>948,123</u>
Investment earnings		
Interest and dividends	797,161	1,169
Net increase in fair value of investments	1,767,582	-
<b>TOTAL INVESTMENT EARNINGS</b>	<u>2,564,743</u>	<u>1,169</u>
Less investment expense	(40,686)	-
<b>NET INVESTMENT EARNINGS</b>	<u>2,524,057</u>	<u>1,169</u>
<b>TOTAL ADDITIONS</b>	<u>3,367,231</u>	<u>949,292</u>
<b>DEDUCTIONS</b>		
Benefit payments to retired plan participants	482,097	-
Administrative	7,000	-
Escrow payments	-	506,898
<b>TOTAL DEDUCTIONS</b>	<u>489,097</u>	<u>506,898</u>
<b>CHANGE IN NET POSITION</b>	2,878,134	442,394
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>17,675,701</u>	<u>509,839</u>
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$ 20,553,835</u></u>	<u><u>\$ 952,233</u></u>

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

**Scope of Reporting Entity**

The financial statements of Lower Salford Township (the "Township") include the departments and other organizational units over which the Board of Supervisors exercises oversight responsibility.

The Township is governed by a five-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Consistent with the guidance contained in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Township evaluated the possible inclusion of related entities (authorities, boards, councils, etc.) within its reporting entity based on financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Township reviewed the applicability of the criteria listed below.

The Township is financially accountable for:

- Organizations that make up the legal Township entity.

Legally separate organizations if Township officials appoint a voting majority of the organization's governing body and the Township is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township as defined below.

***Impose its Will*** - If the Township can significantly influence the programs, projects, or activities of or the level of services performed or provided by the organization.

***Financial Benefit or Burden*** - Exists if the Township (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

- Organizations that are fiscally dependent on the Township. Fiscal dependency is established if the organization is unable to adopt its budget without approval by the Township.

Based on the foregoing criteria, the reporting entity includes all the organizations for which the Township is financially accountable or for which there is a significant relationship.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

In reviewing the criteria for inclusion in the financial statements, the Township considered the following:

- Lower Salford Township Authority is a component unit that meets the component unit criteria but does not meet the criteria for blending. Lower Salford Township Authority (the "Authority") qualifies as a discretely presented component unit of the Township. The Authority's purpose is to provide financing and administrative services related to the processing of the Township's sewerage. It is administered by a five-member board, which is appointed by the Township Board of Supervisors. The Township guarantees all debt of the Authority. The Authority issues separate financial statements.
- The Police Pension Plan is a single employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.
- The Township and Authority Pension Plan is a multi-employer defined benefit pension plan that provides pensions for all full-time non-uniformed employees of the Township or the Authority. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

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

**Government-Wide Financial Statements** - The statement of net position and statement of activities display information about the Township. These financial statements include the financial activities of the primary government, except for Fiduciary Funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) fees, fines and 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.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

***Fund Financial Statements*** - The fund financial statements provide information about the Township's funds, including its Fiduciary Funds. Separate statements for each fund category--*governmental, proprietary* and *fiduciary*--are presented. The emphasis of fund financial statements is on major Governmental and Enterprise Funds, each displayed in a separate column. All remaining Governmental and Enterprise Funds are aggregated and reported as nonmajor funds.

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

The Township reports the following fund types:

**Governmental Fund Types**

*General Fund* - The 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. The fund included in this fund category is:

- General Fund

*Special Revenue Funds* - These funds account for revenues derived from specific taxes or other earmarked revenue sources including state highway aid, federal and state grants, federal revenue sharing entitlements and rental charges that are legally restricted to expenditures for specified purposes. While a Special Revenue Fund is not an operating fund, transfers are made from the Special Revenue Funds to the operating funds authorized to make the expenditures. Funds included in this fund category are:

- Fire Protection Fund
- Ambulance Fund
- Liquid Fuels Fund
- Park Fund
- Library Fund

*Capital Project Funds* - The Capital Project Funds are comprised of the Traffic Impact Fees Fund and the Capital Reserve Fund. The Traffic Impact Fees Fund is used to account for financial resources to be used for traffic improvement projects. The Capital Reserve Fund is used to account for financial resources to be used for various capital acquisitions. Funds included in this fund category are:

- Traffic Impact Fees Fund
- Capital Reserve Fund

The General Fund, Traffic Impact Fees Fund and Capital Reserve Fund are reported as major Governmental Funds.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

**Proprietary Fund Type**

Enterprise Fund - The Enterprise Fund is used to account for operations (1) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Fund is comprised of the Golf Course Enterprise Fund that accounts for the activities of the Lederach Golf Club.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Township's Golf Course Enterprise Fund is charges to customers for services. Operating expenses of the Township's Proprietary Fund include the cost of operating the golf course, administrative expenses, repairs and maintenance expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Fiduciary Fund Type**

Pension and Other Postemployment Benefit Funds - Funds are used to account for financial resources restricted solely for uniformed and non-uniformed retirement plans.

Custodial Funds - The Township Custodial Fund is comprised of three activities. The Escrow activity accounts for moneys paid by property owners to be used for legal and engineering costs incurred by the Township. Excess funds are returned to the property owners. The Maintenance Agreement Escrow activity accounts for moneys received from the Township residents for future maintenance expenses. The Developer Default Escrow activity accounts for moneys received pursuant to performance bonds related to certain residential developments.

**Basis of Accounting**

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus and 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

The current financial resources measurement focus and the modified accrual basis of accounting are followed by the Governmental Funds and Fiduciary Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Township; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reported as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Property taxes are recognized as revenue in the year for which taxes have been levied provided they are collected within 60 days after the end of the year. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment income is recognized as earned.

The accrual basis of accounting is used by the Enterprise Fund. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred.

The Township reports unearned revenues on its Governmental Funds balance sheet. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Township has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet, and revenue is recognized.

**Budgetary Accounting**

The Township's General Fund is subject to budgetary controls on the modified accrual basis of accounting. As required by law, formal budgets are adopted and budgetary transfers are made as and when required. All activity is approved by the Board of Supervisors. Appropriations lapse at the end of each year and must be reappropriated.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in Governmental Funds operations or Proprietary Funds operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Township policy has set the capitalization threshold for reporting capital assets at \$1,000.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the estimated useful lives of the assets using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	15-40
Furniture and fixtures	5
Golf course	15-40
Infrastructure	20-40
Equipment	3-15
Vehicles	5-15

Accumulated depreciation, defined as the total depreciation from the date of acquisition to the current date on the straight-line method with a half-year convention in the year of acquisition and the final year, was computed using industry-accepted life expectancies. No salvage values were considered.

**Deferred Outflows/Inflows of Resources**

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

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

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

**Cash and Cash Equivalents**

The funds in the financial statements consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Interfund Transactions**

External transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as due to/due from in the fund that is making the reimbursement. All other interfund transactions are reported as transfers.

**Investments**

The Township has adopted GASB Statement No. 72, *Fair Value Measurements and Application* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement requires the Township to record investments at fair value or amortized cost, as applicable.

State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

**Accounts Receivable**

The Authority evaluates the collectability of individual receivable and, if necessary, records an allowance for doubtful accounts. The Authority's policy is to shut off water service and/or file a lien against the respective property for delinquent sewer rentals. The allowance recorded for 2020 is \$14,385.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

**Compensated Absences**

For non-uniform employees, vacation days earned in a fiscal year must be used in that year. Unused vacation days are forfeited at year-end. Police officers are compensated for up to 40 hours of unused vacation days each year.

Sick leave is granted as appropriate (medical evidence required), with budgetary provisions being made annually for replacement personnel. Non-uniform employees are granted 12 days of sick leave each year. They may accumulate no more than 30 days or the amount that was accrued as of December 31, 1995 (the effective date of the current policy), whichever is greater. Upon retirement, non-uniform employees are entitled to receive an amount equal to one-third of the total accumulated sick leave hours multiplied by their hourly rate at retirement. Accumulated sick leave is forfeited upon separation from service for reasons other than retirement. Each year, non-uniform employees will be paid one-third of their unused sick time that is over and above the total accumulated maximum number of days.

**Use of Estimates**

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

**Real Estate Tax Calendar and Reserve**

Assessed valuations of property are determined by Montgomery County. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; full amount May 1 through June 30; and a 10% penalty after July 1. Unpaid real estate property taxes are returned to the County in January of the following year for the purpose of filing a lien.

**Net Position Flow Assumption**

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied in the fund financial statements. Governmental Fund Types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

**Fund Balance**

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

- ***Nonspendable Fund Balance*** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- ***Restricted Fund Balance*** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- ***Committed Fund Balance*** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Township Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- ***Assigned Fund Balance*** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Township Board of Commissioners or by an official or body to which the Township Board of Supervisors delegates the authority. As of December 31, 2020, the Board has not delegated the authority to assign fund balance.
- ***Unassigned Fund Balance*** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

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

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

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE B - DEPOSITS AND INVESTMENTS**

**Deposits**

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. Deposits not insured by the FDIC are secured under Act 72 of the 1971 Session of the Pennsylvania General Assembly, whereby financial institutions were granted authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of FDIC limits. Such assets are held by the pledging bank's trust department not in the Township's name. At December 31, 2020, the Township had deposits of \$4,792,638. Of that amount \$613,795 is insured by the FDIC, \$42,577 is invested in state investment pools (uninsured) and the remaining balance of \$4,136,266 is secured under Act 72.

**Lower Salford Township Authority** - at December 31, 2020, \$250,000 of the Authority's bank balance of \$1,343,259 was exposed to custodial credit risk. The \$1,093,259 was uninsured and collateralized with securities held by the pledging bank's trust department not in the Authority's name.

**Investments**

As of December 31, 2020, the Township had the following investments and maturities:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than 1 Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>			
State investment pools	\$ <u>359,941</u>	\$ <u>-</u>	\$ <u>359,941</u>
<b>CUSTODIAL FUNDS</b>			
State investment pools	\$ <u>5,264</u>	\$ <u>-</u>	\$ <u>5,264</u>
<b>PENSION ACTIVITIES</b>			
Mutual funds	\$ <u>-</u>	\$ <u>20,437,517</u>	\$ <u>20,437,517</u>

The Township's governmental activities investments are in the PLGIT program, which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PSDLAF and PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2020, is \$359,941. These assets maintain a stable net asset value of \$1 per share. PSDLAF is not SEC-registered. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis. As of December 31, 2020, the Township's investment in the state investment pool was rated AAAM by Standard & Poor's.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had \$359,941 invested in a PLGIT/Plus Class account which incurs a penalty if funds are withdrawn within 30 days of deposit.

**Fair Value Measurement** - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2020:

Investments in mutual funds of \$20,437,517 are valued using quoted market prices (Level 1 inputs).

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

**Credit Risk** - Statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value. The Township's investment policy does not further limit its investment choices.

**Lower Salford Township Authority**

As of December 31, 2020, the Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Maturities</u>	<u>Amortized Cost</u>
State investment pools	Less than one year	\$ <u>3,210,000</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE C - CAPITAL ASSETS**

Capital assets are as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 5,054,130	\$ -	\$ -	\$ 5,054,130
Capital assets being depreciated				
Buildings and improvements	5,212,318	-	-	5,212,318
Furniture and fixtures	82,355	-	-	82,355
Infrastructure	6,852,041	-	-	6,852,041
Machinery and equipment	1,638,932	6,945	-	1,645,877
Vehicles	1,573,495	193,014	(21,808)	1,744,701
<b>TOTAL CAPITAL ASSETS         BEING DEPRECIATED</b>	<b>15,359,141</b>	<b>199,959</b>	<b>(21,808)</b>	<b>15,537,292</b>
Accumulated depreciation				
Buildings and improvements	(2,413,651)	(137,131)	-	(2,550,782)
Furniture and fixtures	(81,178)	(613)	-	(81,791)
Infrastructure	(2,109,220)	(196,790)	-	(2,306,010)
Machinery and equipment	(1,391,103)	(72,477)	-	(1,463,580)
Vehicles	(1,191,376)	(164,984)	21,808	(1,334,552)
<b>TOTAL ACCUMULATED         DEPRECIATION</b>	<b>(7,186,528)</b>	<b>(571,995)</b>	<b>21,808</b>	<b>(7,736,715)</b>
<b>TOTAL CAPITAL ASSETS         BEING DEPRECIATED, net</b>	<b>8,172,613</b>	<b>(372,036)</b>	<b>-</b>	<b>7,800,577</b>
<b>GOVERNMENTAL ACTIVITIES     CAPITAL ASSETS, net</b>	<b>\$ 13,226,743</b>	<b>\$ (372,036)</b>	<b>\$ -</b>	<b>\$ 12,854,707</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 4,623,197	\$ -	\$ -	\$ 4,623,197
Capital assets being depreciated				
Building and improvements	2,848,504	-	-	2,848,504
Furniture and fixtures	45,245	-	-	45,245
Golf course	7,991,149	-	-	7,991,149
Machinery and equipment	3,658,114	133,141	-	3,791,255
<b>TOTAL CAPITAL ASSETS         BEING DEPRECIATED</b>	<b>14,543,012</b>	<b>133,141</b>	<b>-</b>	<b>14,676,153</b>
Accumulated depreciation				
Building and improvements	(1,065,822)	(71,213)	-	(1,137,035)
Furniture and fixtures	(40,650)	(1,141)	-	(41,791)
Golf course	(6,209,593)	(392,184)	-	(6,601,777)
Machinery and equipment	(3,210,154)	(109,639)	-	(3,319,793)
<b>TOTAL ACCUMULATED         DEPRECIATION</b>	<b>(10,526,219)</b>	<b>(574,177)</b>	<b>-</b>	<b>(11,100,396)</b>
<b>TOTAL CAPITAL ASSETS         BEING DEPRECIATED, net</b>	<b>4,016,793</b>	<b>(441,036)</b>	<b>-</b>	<b>3,575,757</b>
<b>BUSINESS-TYPE     ACTIVITIES, CAPITAL     ASSETS, net</b>	<b>\$ 8,639,990</b>	<b>\$ (441,036)</b>	<b>\$ -</b>	<b>\$ 8,198,954</b>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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

<b>GOVERNMENTAL ACTIVITIES</b>		
General government	\$	67,086
Public safety		27,005
Parks and recreation		138,782
Highways		<u>339,122</u>
	<b>\$</b>	<b><u>571,995</u></b>
 <b>BUSINESS-TYPE ACTIVITIES</b>		
Golf Course Enterprise Fund	\$	<u>574,177</u>

**Lower Salford Township Authority**

Capital assets presented in the component unit's financial statements are as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Buildings, treatment facility and pumping stations	\$ 41,198,833	\$ 856,562	\$ -	\$ 42,055,395
Development costs	8,714,423	36,615	-	8,751,038
Machinery, equipment and vehicles	<u>1,241,823</u>	<u>5,586</u>	<u>-</u>	<u>1,247,409</u>
<b>TOTAL CAPITAL ASSETS     BEING DEPRECIATED</b>	51,155,079	898,763	-	52,053,842
Accumulated depreciation	<u>(24,633,642)</u>	<u>(1,347,849)</u>	<u>-</u>	<u>(25,981,491)</u>
 <b>COMPONENT UNIT</b>				
<b>CAPITAL ASSETS, net</b>	<b><u>\$ 26,521,437</u></b>	<b><u>\$ (449,086)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 26,072,351</u></b>

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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**NOTE D - NOTES RECEIVABLE**

In 2008, the Authority obtained judgment notes for assessments on property owners related to costs incurred to establish sanitary sewer service in the "Southwest Area Service Area." The notes require annual payments over a period of 5 to 15 years at 4.50%. There are five notes outstanding at December 31, 2020, which have three years of payments remaining.

The notes are due as follows:

<u>Year Ending</u> <u>December 31,</u>	
2021	\$ 17,586
2022	18,377
2023	<u>19,392</u>
	<u>\$ 55,355</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE E - LONG-TERM OBLIGATIONS**

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

	Balance January 1, 2020	Additions	Retirements	Balance December 31, 2020	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Bonds					
Series of 2013	\$ 496,646	\$ -	\$ (496,646)	\$ -	\$ -
Series of 2014B	2,190,000	-	(2,190,000)	-	-
Series of 2016	385,000	-	(40,000)	345,000	40,000
Notes payable					
Series of 2000	372,000	-	(372,000)	-	-
Series of 2020	-	1,133,000	(4,000)	1,129,000	427,000
Deferred loss on refunding of debt	(55,007)	-	9,991	(45,016)	-
Deferred bond discount	(1,755)	-	220	(1,535)	-
Deferred bond premium	7,103	-	(1,213)	5,890	-
Capital leases	-	69,533	(15,183)	54,350	12,686
Compensated absences	31,966	-	(7,197)	24,769	-
Net OPEB obligation	1,903,919	157,303	-	2,061,222	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 5,329,872</b>	<b>\$ 1,359,836</b>	<b>\$ (3,116,028)</b>	<b>\$ 3,573,680</b>	<b>\$ 479,686</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General Obligation Bonds					
Series of 2013	\$ 833,354	\$ -	\$ (833,354)	\$ -	\$ -
Series of 2016	3,090,000	-	(250,000)	2,840,000	290,000
Notes payable					
Series of 2002B	1,841,000	-	(207,000)	1,634,000	213,000
Series of 2005	478,000	-	(94,000)	384,000	96,000
Series of 2020	-	2,495,000	(55,000)	2,440,000	112,000
Deferred loss on refunding of debt	(150,534)	-	17,022	(133,512)	-
Deferred bond discount	(7,759)	-	862	(6,897)	-
Deferred bond premium	24,653	-	(3,081)	21,572	-
Capital leases	280,093	43,606	(106,858)	216,841	72,839
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 6,388,807</b>	<b>\$ 2,538,606</b>	<b>\$ (1,531,409)</b>	<b>\$ 7,396,004</b>	<b>\$ 783,839</b>
<b>LOWER SALFORD TOWNSHIP AUTHORITY</b>					
Guaranteed Sewer Revenue Note, Series of 2014	\$ 1,834,000	\$ -	\$ (1,834,000)	\$ -	\$ -
<b>TOTAL LOWER SALFORD TOWNSHIP AUTHORITY</b>	<b>\$ 1,764,798</b>	<b>\$ -</b>	<b>\$ (2,075,701)</b>	<b>\$ (310,903)</b>	<b>\$ -</b>

**Notes Payable**

The Township's notes payable are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

As of December 31, 2020, notes payable consisted of the following:

***Governmental Activities***

Note payable, Series of 2020, Delaware Valley Regional Finance Authority, being interest at a fixed rate of 1.0%, interest payable monthly, final maturity in 2023	\$ 1,129,000
Current Portion	<u>(427,000)</u>
	<u>\$ 702,000</u>

***Business-Type Activities***

Notes payable, Series of 2002B, Delaware Valley Regional Finance Authority, bearing interest at fixed rates between 1.21% and 3.658%, interest payable monthly, final maturity in 2027	\$ 1,634,000
Notes payable, Series of 2005, Delaware Valley Regional Finance Authority, bearing interest at fixed rates between 1.21% and 2.61%, interest payable monthly, final maturity in 2024	384,000
Notes payable, Series of 2020, Delaware Valley Regional Finance Authority, bearing interest at fixed rate of 1%, interest payable monthly, final maturity in 2028	<u>2,440,000</u>
	<u>4,458,000</u>
Current portion	<u>(421,000)</u>
	<u>\$ 4,037,000</u>

The annual debt service requirements to maturity, including principal and interest, for notes payable as of December 31, 2020, are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 427,000	\$ 9,155	\$ 421,000	\$ 70,376
2022	413,000	4,955	434,000	61,765
2023	289,000	1,445	554,000	44,119
2024	-	-	832,000	28,839
2025	-	-	734,000	20,055
2026-2028	<u>-</u>	<u>-</u>	<u>1,483,000</u>	<u>16,670</u>
	<u>\$ 1,129,000</u>	<u>\$ 15,555</u>	<u>\$ 4,458,000</u>	<u>\$ 241,824</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**Bonds Payable**

**General Obligation Bonds, Series of 2013** - General Obligation Bonds, Series of 2013, were issued on March 7, 2013, in the amount of \$3,160,000 for the purpose of advance refunding the Township's General Obligation Bonds, Series of 2009, and to pay the costs of issuing the bonds. Interest is paid at a fixed rate ranging from 1.00% to 2.75%.

**General Obligation Bonds, Series of 2014A and Series of 2014B** - General Obligation Bonds, Series of 2014A and Series of 2014B, were issued on November 4, 2014, in the amounts of \$1,570,000 and \$2,470,000, respectively, for the purpose of currently refunding the Township's General Obligation Notes, Series of 2002A, currently refunding a portion of the Township's General Obligation Notes, Series of 2002B, advance refunding a portion of the Township's General Obligation Bonds, Series of 2013, and to pay the costs of issuing the bonds. Interest is paid at a fixed rate ranging from .522% to 3.00%. The refunding resulted in a decrease of cash flows of \$193,132 and a net economic gain of \$115,266.

**General Obligation Bonds, Series of 2016** - General Obligation Bonds, Series of 2016, were issued on October 25, 2016, in the amount of \$4,035,000, for the purpose of currently refunding a portion of the Township's General Obligation Notes, Series of 2002B, currently refunding a portion of the Township's General Obligation Notes, Series of 2005, to provide funds for a capital project, and to pay the costs of issuing the bonds. Interest is paid at a fixed rate ranging from 1.50% to 3.00%. The issuance resulted in an increase of cash flows of \$204,517.

The annual debt service requirements to maturity, including principal and interest, for bonds payable as of December 31, 2020, are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 40,000	\$ 5,569	\$ 290,000	\$ 45,156
2022	40,000	4,669	270,000	38,931
2023	40,000	4,069	320,000	34,356
2024	45,000	3,431	355,000	29,294
2025	45,000	2,756	465,000	23,144
2026-2028	135,000	3,797	1,140,000	24,041
	<u>\$ 345,000</u>	<u>\$ 24,291</u>	<u>\$ 2,840,000</u>	<u>\$ 194,922</u>

**Lower Salford Township Authority**

A summary of changes in long-term debt for the Sewer Authority for the year ended December 31, 2020, is as follows:

	Balance January 1, 2020	Additions	Reduction	Balance December 31, 2020	Current Portion
Guaranteed Sewer Revenue Note	\$ 1,834,000	\$ -	\$ (1,834,000)	\$ -	\$ -

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE F - CAPITAL LEASE**

The Township leases certain equipment under capital lease arrangements.

**Governmental Activities**

A schedule by years of future minimum lease payments under capital leases as of December 31, 2020, is as follows:

<u>Year Ending December 31,</u>	
2021	\$ 15,183
2022	15,183
2023	15,183
2024	<u>15,183</u>
TOTAL MINIMUM LEASE PAYMENTS	60,732
Amount representing interest	<u>(6,382)</u>
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$ 54,350</u>

The gross value of this equipment on the statement of net position is \$69,533 with accumulated depreciation of \$10,430.

**Business-Type Activities**

A schedule by years of future minimum lease payments under capital leases as of December 31, 2020, is as follows:

<u>Year Ending December 31,</u>	
2021	\$ 77,061
2022	77,061
2023	64,443
2024	<u>7,592</u>
TOTAL MINIMUM LEASE PAYMENTS	226,157
Amount representing interest	<u>(9,316)</u>
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$ 216,841</u>

The gross value of this equipment on the statement of net position is \$507,363 with accumulated depreciation of \$217,626.

**LOWER SALFORD TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2020

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

**Summary of Significant Accounting Policies**

**Method Used to Value Investments** - Police Pension Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**Plan Description**

**Plan Administration** - The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all full-time members of the Police Department of the Township.

Management of the plan is vested in the Pension Board, which consists of 12 members--the Chairman of the Board of Supervisors, the Township Manager, the Township Assistant Manager, the Public Works Superintendent, the Authority Operations Manager, the Authority Business Manager, the Finance Director, three sworn police officers and two public volunteers appointed by the Township. The Pension Board is responsible for managing, investing and monitoring the Township's Police Pension Fund.

**Plan Membership** - At December 31, 2020, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>15</u>
	<u>28</u>

**Benefits Provided** - Plan provisions are established by Township ordinance. The plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 55 and completion of 25 years of service, or at attained age plus one year, if later. Anyone retiring after January 1, 2006, may do so upon attaining age 52 with 25 years of service, or at attained age plus one year, if later. Anyone retiring after January 1, 2008, may do so upon attaining age 50 with 25 years of service, or at attained age plus one year, if later. The amount of monthly pension is equal to 50% of average monthly compensation. Average compensation is based upon W-2 earnings of the employee averaged over the final 36 months of employment (not to include lump sum payments for accumulated vacation or sick time). Each member will be eligible for early retirement when he has completed 20 years of service. Early retirement benefits are a monthly pension payment equal to 50% of average monthly compensation, actuarially reduced for early retirement. A member shall have the option to vest his benefit if he terminates employment after 12 years of total service. The vested benefit will be equal to his normal retirement benefit multiplied by a percentage of his actual years of service over years of service the member would have rendered if he had continued working until the normal retirement date. This benefit is payable at the member's normal retirement date.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

In the event that a vested active or retired member dies (not killed-in-service), his surviving spouse will receive, until death, 50% of the pension he would have been receiving had he been retired at the time of death. If there is no surviving spouse or if the spouse dies, the member's child or children will receive the benefit until age 18 or, if attending college, until age 23. The surviving spouse of a police officer who is killed in the line of duty shall receive 50% of the benefit the officer would have been entitled to receive if he had retired on the day of his death. The Commonwealth of Pennsylvania will pay the spouse an additional benefit so that the spouse receives 100% of the officer's pay at the time of his death. A member who suffers a total and permanent disability while in the service as a police officer shall receive a benefit equal to 50% of his salary at the time of disability. This benefit is payable at his normal retirement date. Upon the termination of a member not entitled to vested benefits, he shall receive a refund of his contributions plus interest credited at the rate of 5% per annum, if any.

**Contributions** - Township contributions to the plan are determined and paid in accordance with Pennsylvania Act 205 (the Municipal Pension Plan Funding Standard and Recovery Act). Act 205 requires full funding of the entry age normal cost plus plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status.

As of January 1, 2008, active members will contribute 4% of their salary (member contributions were set at 2.5% for 2006 and 2007; no contributions were required for the years 1995 through 2005). Contributions are subject to collective bargaining.

**Investments**

**Investment Policy** - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. It is the policy of the Pension Board to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated health benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	60%
International equity	10%
Fixed income	30%
	<u>100%</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**Concentrations** - More than 5% of the Township’s investments are in mutual funds. These investments are 100% of the plan’s total investments.

**Rate of Return** - For the year ended December 31, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 14.92%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Asset of the Township**

The components of the net pension asset of the Township at December 31, 2020, were as follows:

Total pension liability	\$ 12,309,224
Plan fiduciary net position	<u>(13,313,699)</u>
NET PENSION ASSET	<u>\$ (1,004,475)</u>
 Plan fiduciary net position as a percentage of the total pension liability	  <u>108.16%</u>

**Actuarial Assumptions** - The total pension liability was determined by rolling forward the assets from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The following actuarial assumptions were applied to all period included in the measurement:

Inflation	3.00%
Salary increases	4.25% annual increase
Investment rate of return	7.25%
Postretirement cost of living increase	0.00%

Mortality rates were based on the PubS-2010 mortality table with rates projected generationally using Scale MP-2018 to reflect mortality improvement.

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

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2020 (see the plan's investment policy), are summarized in the following table:

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

**Discount Rate** – The discount rate used to measure the total pension liability was 7.25%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded asset.

**Changes in the Net Pension Asset**

	Total Pension Asset (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
BALANCE AT DECEMBER 31, 2019	\$ 11,426,528	\$ 11,388,871	\$ 37,657
Changes for the year			
Service cost	284,073	-	284,073
Interest	834,672	-	834,672
Contributions			
Employer	-	489,419	(489,419)
Member	-	67,935	(67,935)
Net investment income	-	1,606,823	(1,606,823)
Benefit payments	(236,049)	(236,049)	-
Administrative expense	-	(3,300)	3,300
	<u>882,696</u>	<u>1,924,828</u>	<u>(1,042,132)</u>
NET CHANGES			
BALANCE AT DECEMBER 31, 2020	<u>\$ 12,309,224</u>	<u>\$ 13,313,699</u>	<u>\$ (1,004,475)</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**Sensitivity of the Net Pension Asset to Changes in the Discount Rate** - The following presents the net pension asset of the Plan, calculated using the discount rate of 7.25%, as well as what the Plan's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ <u>499,116</u>	\$ <u>(1,004,475)</u>	\$ <u>(2,216,561)</u>

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended December 31, 2020, the Township recognized pension expense of \$538,710. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 22,269	\$ 382,357
Changes in assumptions	399,800	16,493
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>952,264</u>
<b>TOTALS</b>	<b>\$ <u>422,069</u></b>	<b>\$ <u>1,351,114</u></b>

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

Year Ended <u>December 31,</u>	
2021	\$ (255,821)
2022	(109,968)
2023	(411,238)
2024	(152,970)
2025	<u>952</u>
	<b>\$ <u>(929,045)</u></b>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE H - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)**

**Summary of Significant Accounting Policies**

**Method Used to Value Investments** - Township and Authority Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**Plan Description**

**Plan Administration** - The Township administers the Township and Authority Pension Plan--a multi-employer defined benefit pension plan that provides pensions for all full-time non-uniformed employees of Lower Salford Township or the Township Authority.

Management of the Township and Authority Pension Plan is vested in the Pension Board, which consists of twelve members--the Chairman of the Board of Supervisors, the Township Manager, the Township Assistant Manager, the Public Works Superintendent, the Authority Operations Manager, the Authority Business Manager, the Finance Director, three sworn police officers and two public volunteers appointed by the Township. The Pension Board of trustees is responsible for managing, investing and monitoring the Township and Authority Pension Fund.

**Plan Membership** - At December 31, 2020, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	17
	<hr/>
	45
	<hr/> <hr/>

**Benefits Provided** - Plan provisions are established by Township ordinance. The plan provides retirement and death benefits. A member is eligible for normal retirement after attainment of age 65 and completion of five years of service, or at attained age plus one year, if later. The amount of monthly pension is equal to 50% of average monthly compensation, reduced by one-thirtieth for each year of service that the member's years of service are less than 30. Monthly average compensation is based upon monthly total compensation averaged over the five consecutive calendar years out of final ten years of participation that produce the highest average. Each member will be eligible for early retirement on the first of the month on or next following age 55 and ten years of participation. Early retirement benefits are the normal retirement benefit multiplied by the ratio of member's year of service over the years of service the member would have had at normal retirement date, reduced by one-half of 1% for each month by which the commencement of the member's early retirement benefit precedes the normal retirement date. A member will be 20% vested after two years of service, increasing by 20% annually to be fully vested after six years of service. The vested benefit will be equal to his normal retirement benefit multiplied by the ratio of the member's year of service over the years of service the member would have had at normal retirement date.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE H - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN) (Continued)**

Upon the death of an active member who is vested, the surviving spouse, if any, is entitled to receive a benefit calculated as if the member had separated from service on the earlier of the actual time of separation or the date of his death, survived to his earliest retirement age, retired with an immediate joint and 50% survivor annuity at his earliest retirement age based on his vested accrued benefit on his date of death and died on the day after the day on which said member would have attained the earliest retirement age.

**Contributions** - Township contributions to the plan are determined and paid in accordance with Pennsylvania Act 205 (the Municipal Pension Plan Funding Standard and Recovery Act). Act 205 requires full funding of the entry age normal cost plus plan expenses in addition to amortization of the unfunded asset to ultimately achieve a 100% funded status.

Employees are not required to contribute. Contributions are subject to collective bargaining.

**Investments**

**Investment Policy** - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. It is the policy of the Pension Board to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated health benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	60%
International equity	10%
Fixed income	30%
	<u>100%</u>

**Concentrations** - More than 5% of the Township's investments are in mutual funds. These investments are 100%, respectively, of the plan's total investments.

**Rate of Return** - For the year ended December 31, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 14.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE H - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN) (Continued)**

**Net Pension Asset of the Township**

The net pension asset was measured as of December 31, 2020 and the total pension liability was determined by rolling forward the assets from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end:

Total pension liability	\$ 6,439,685
Plan fiduciary net position	<u>(7,240,136)</u>
NET PENSION ASSET	<u>\$ (800,451)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>112.43%</u>

**Actuarial Assumptions** – The total pension liability in the January 1, 2019 actuarial valuation was determined using the following economic assumptions, applied to all period included in the measurement:

Inflation	3.00%
Salary increases	4.0% annual increase
Investment rate of return	7.00%
Postretirement cost of living increase	0.00%

Mortality rates were based on the PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of December 31, 2020 (see the plan’s investment policy), are summarized in the following table:

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

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE H - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN) (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability was 7.0%. The pension plan’s fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded asset.

**Changes in the Net Pension Asset**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u>          </u>	<u>          </u>	<u>          </u>
BALANCE AT DECEMBER 31, 2019	\$ 6,102,974	\$ 6,286,830	\$ (183,856)
Changes for the year			
Service cost	153,423	-	153,423
Interest	429,336	-	429,336
Contributions			
Employer	-	285,820	(285,820)
Net investment income	-	917,234	(917,234)
Benefit payments	(246,048)	(246,048)	-
Administrative expense	-	(3,700)	3,700
	<u>          </u>	<u>          </u>	<u>          </u>
NET CHANGES	336,711	953,306	(616,595)
	<u>          </u>	<u>          </u>	<u>          </u>
BALANCE AT DECEMBER 31, 2020	\$ 6,439,685	\$ 7,240,136	\$ (800,451)

**Sensitivity of the Net Pension Asset to Changes in the Discount Rate** - The following presents the net pension asset of the Plan, calculated using the discount rate of 7.0%, as well as what the Plan’s net pension would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
	<u>          </u>	<u>          </u>	<u>          </u>
Net pension asset	\$ (89,136)	\$ (800,451)	\$ (1,408,805)

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE H - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN) (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - For the year ended December 31, 2020, the Township and Authority recognized pension expense of \$72,465. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
Difference between expected and actual experience	\$ -	\$ 53,101
Changes in assumptions	74,868	15,811
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>365,539</u>
<b>TOTALS</b>	<b>\$ <u>74,868</u></b>	<b>\$ <u>434,452</u></b>
<b>LOWER SALFORD TOWNSHIP AUTHORITY</b>		
Difference between expected and actual experience	\$ -	\$ 33,724
Changes in assumptions	47,548	10,042
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>232,148</u>
<b>TOTALS</b>	<b>\$ <u>47,548</u></b>	<b>\$ <u>275,913</u></b>

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

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>	<u>Lower Salford Township Authority</u>
2021	\$ (102,587)	\$ (65,152)
2022	(49,024)	(31,133)
2023	(149,763)	(95,112)
2024	(58,210)	(36,968)
2025	-	-
Thereafter	<u>-</u>	<u>-</u>
	<b>\$ <u>(359,584)</u></b>	<b>\$ <u>(228,365)</u></b>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE I - DEFINED CONTRIBUTION PENSION PLAN**

**Plan Description**

The Township has established the Lower Salford Township and Authority Non-Uniformed Employees Defined Contribution Pension Plan (the “Plan”), which provides pension benefits for its full-time, non-uniform employees whose customary employment is for 35 or more hours per week. The Plan is a single-employer defined contribution plan under Section 401(a) of the Internal Revenue Code. In a defined contribution plan, the benefits to be received by an employee depend solely on the amount contributed to the participant’s account and related returns on investment of those contributions. The Township is the plan administrator for the Plan, maintaining records of individual account balances and administering receipt and payment of funds. All funds contributed by the employees and employer are invested with the Matrix Trust Company through Univest. The Plan does not issue separate, stand-alone financial statements. The Township contributes 5% of each participating employee’s gross wages to the Plan.

The Township made contributions in 2020 of \$28,228 to the Plan.

At December 31, 2020, there were no investments in any one organization that represented 5% or more of total plan assets available for benefits other than mutual funds.

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

**Plan Description**

Lower Salford Township administers a single-employer defined benefit healthcare plan (the “Police Postretirement Healthcare Plan”). Eligibility requirements are as follows: (1) attain age 50 with 25 or more years of service, (2) upon total and permanent disability, or (3) if killed in service, spouse receives immediate coverage to Medicare eligibility. Healthcare benefits through the Delaware Valley Health Insurance Trust are available to retirees and eligible spouses. The Police Postretirement Healthcare Plan does not issue a publicly available financial report.

**Plan Membership**

At December 31, 2020, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	19
	<hr/>
	23
	<hr/> <hr/>

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

**Funding Policy and Funding Status**

The plan is an unfunded plan with no assets accumulated in a trust. Contribution requirements also are negotiated between the Township and union representatives. The Township contributes 50% of the premiums; the required contribution rate of plan members is 50% of the premiums. Coverage will terminate upon attainment of Medicare eligibility.

**Benefits Provided**

An eligible officer and spouse shall receive medical, prescription drug, and vision coverage through the Aetna Quality Point of Service plan until Medicare eligibility. The Township shall pay 50% of the cost. No coverage shall be available if the officer and spouse have an equivalent coverage option elsewhere. If coverage is not elected upon retirement, they may return to the Township's group medical plan at any point. Spouses are covered under the plan until they reach Medicare eligibility.

**Assumptions**

The following assumptions and actuarial methods and calculations were used:

**Discount Rate** - 3.26%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2020.

**Salary** - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are assumed to be 4.5% per year.

**Withdrawal** - No withdrawal was assumed.

**Mortality** – PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

**Disability** - No disability was assumed.

**Retirement** - Latest of age 53, 28 years of service, or age on the valuation date.

**Percent of Eligible Retirees Electing Coverage in Plan** - 65% of officers are assumed to elect coverage. 50% of Vested Former Members are assumed to elect coverage immediately.

**Percent Married at Retirement** - 80% of officers are assumed to be married and have a spouse covered by the plan at retirement.

**Spouse Age** - Wives are assumed to be three years younger than their husbands.

**Retiree Contributions** - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**Per Capita Claims Cost** – The per capita cost for medical, prescription drug, and vision is based on the expected portion of the group’s overall cost attributed to individuals in the specified age and gender brackets.

**Retiree Contributions** – Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

**Health Care Cost Trend Rate** – 5.5% in 2019 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

**Actuarial Value of Assets** - Equal to the Market Value of Assets.

**Actuarial Cost Method - Entry Age Normal** - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

**Participant Data** - Based on census information as of January 1, 2020.

**Changes in Assumptions** - The discount rate changed from 3.64% to 3.26%. The trend assumption was updated.

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance at January 1, 2019	\$ 1,903,919
Changes for the year	
Service cost	103,130
Interest cost	71,775
Differences between expected and actual experience	(31,924)
Changes in assumptions	79,304
Benefit payments	<u>(64,982)</u>
Net changes	<u>157,303</u>
Balance at January 1, 2020	<u>\$ 2,061,222</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current discount rate:

	1% Decrease <u>2.26%</u>	Current Discount Rate <u>3.26%</u>	1% Increase <u>4.26%</u>
Net OPEB liability	\$ <u>2,254,119</u>	\$ <u>2,061,222</u>	\$ <u>1,886,657</u>

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% <u>Decrease</u>	Current <u>Rates</u>	1% <u>Increase</u>
Net OPEB liability	\$ <u>1,823,159</u>	\$ <u>2,061,222</u>	\$ <u>2,341,420</u>

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended December 31, 2020, the Plan recognized OPEB expense of \$75,535. At December 31, 2020, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 117,015	\$ 65,719
Difference between expected and actual experience	-	242,105
Benefit payments subsequent to the measurement date	<u>71,904</u>	<u>-</u>
	<u>\$ 188,919</u>	<u>\$ 307,824</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

\$71,904 was reported as deferred outflows of resources related to OPEB resulting from Plan benefit payments subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending <u>December 31,</u>	
2021	\$ (26,836)
2022	(26,836)
2023	(26,836)
2024	(26,836)
2025	(26,836)
Thereafter	<u>(56,629)</u>
	<u>\$ (190,809)</u>

**NOTE K - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables, payables and transfers were comprised of the following amounts on an individual fund basis at December 31, 2020:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
GENERAL FUND	\$ 1,027,524	\$ -
CAPITAL PROJECTS FUND		
Capital Reserve Fund	47,750	75,000
SPECIAL REVENUE FUNDS		
Park Fund	-	45,000
ENTERPRISE FUND		
Golf Course Enterprise Fund	<u>1,557,476</u>	<u>2,512,750</u>
	<u>\$ 2,632,750</u>	<u>\$ 2,632,750</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE K - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)**

	Due	
	<u>To</u>	<u>From</u>
CAPITAL PROJECTS FUND		
Capital Reserve Fund	\$ -	\$ 21,307
ENTERPRISE FUND		
Golf Course Enterprise Fund	<u>21,307</u>	<u>-</u>
	<u>\$ 21,307</u>	<u>\$ 21,307</u>

Interfund activity results from the time lag between the receipt of goods and the provision of services and the related reimbursement as a part of normal business operations. Any interfund receivable and payable balances are expected to be repaid within one year.

**NOTE L - CAPACITY RIGHTS**

The Authority is party to an agreement dated September 18, 1989, whereby it acquired the right to purchase sewage treatment capacity from Upper Gwynedd-Towamencin Municipal Authority (UGTMA) in the total amount of 500,000 gallons per day, which is equivalent to 1,786 Equivalent Dwelling Units. An Equivalent Dwelling Unit (EDU) is defined as 260 gallons of flow per day.

As of December 31, 1997, the Authority purchased and capitalized \$2,583,520 under the original agreement, which represents 150,000 gallons of capacity per day. Although the agreement has a term of 100 years, capacity acquisitions are being amortized on a straight-line basis over 40 years.

The Authority pays treatment fees under the agreement equal to UGTMA's non-residential rates and a pro rata share of the operating costs of a UGTMA pump station used to transport the sewage.

**NOTE M - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages these various risks of loss primarily through the purchase of commercial insurance, except as described below. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township.

The Township is self-insured for unemployment compensation insurance. Based on the overall experience that the Township has had with unemployment compensation claims in the past, no provision has been made for future claims. The Township will pay claims out of the General Fund when claims are incurred.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE N - COMMITMENTS**

The Township has committed \$400,000 to the Harleysville Community Center to be directed towards the upgrades of two swimming pools or any debt incurred by the Community Center associated with those upgrades. \$75,000 was contributed in 2020, with a final future contribution of \$75,000 to be made in 2021.

**NOTE O - RISK AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") outbreak a pandemic which has impacted the global economy. The COVID-19 pandemic has led to widespread voluntary and government mandated closings of local stores and businesses, which has the potential to lead to significant job losses. The job losses have the potential to impact all aspects of the Township's operations, including tax collections. Although no significant financial impact has occurred thus far, the Township's operations are heavily dependent on federal and state appropriations, grants and contracts. Due to the economic uncertainty, future federal, state and local funding may be negatively impacted which could result in less money that is relied upon by the Township to fund operations. The COVID-19 pandemic is still on-going and the duration and extent of the related financial impact on the Township is uncertain and cannot be reasonably estimated at this time.

**NOTE P - SUBSEQUENT EVENTS**

In March 2021, the Township issued General Obligation Note, Series A & B of 2021 in the amount of \$5,878,000. The proceeds of the Series A Note will be used to finance construction of a bridge in the Township and pay the costs associated with issuing the Series A Note. The proceeds of the Series B Note will be used to refund on a current refunding basis the Township's Series of 2016 Bonds, currently outstanding in the amount of \$3,185,000 and pay the costs associated with issuing the Series B Note.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LOWER SALFORD TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Act 511 taxes	\$ 4,035,000	\$ 4,035,000	\$ 4,108,794	\$ 73,794
Real estate taxes, net	2,259,303	2,259,303	2,309,771	50,468
Real estate transfer tax	400,000	400,000	501,738	101,738
Franchise fees	336,000	336,000	308,048	(27,952)
Licenses and permits	130,000	130,000	152,254	22,254
Fees and fines	42,000	42,000	26,010	(15,990)
Interest income	25,000	25,000	30,744	5,744
Rental income	60,800	60,800	67,100	6,300
Intergovernmental revenues	413,923	413,923	520,576	106,653
Charges for services	87,400	87,400	13,520	(73,880)
Miscellaneous revenue	101,141	101,141	5,746	(95,395)
TOTAL REVENUES	<u>7,890,567</u>	<u>7,890,567</u>	<u>8,044,301</u>	<u>153,734</u>
<b>EXPENDITURES</b>				
General government	1,240,475	1,240,475	1,343,677	(103,202)
Public safety				
Police	4,178,261	4,178,261	4,052,982	125,279
Other	401,643	401,643	381,238	20,405
Public works, highways and streets	1,468,257	1,468,257	1,346,477	121,780
Culture and recreation	247,437	247,437	255,082	(7,645)
Miscellaneous expenditures	2,000	2,000	2,389	(389)
Debt service				
Principal retirement	463,229	463,229	416,000	47,229
Interest paid	-	-	61,776	(61,776)
Issuance costs	-	-	61,636	(61,636)
TOTAL EXPENDITURES	<u>8,001,302</u>	<u>8,001,302</u>	<u>7,921,257</u>	<u>80,045</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(110,735)</u>	<u>(110,735)</u>	<u>123,044</u>	<u>233,779</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	90,000	90,000	90,000	-
Transfers out	(1,079,289)	(1,079,289)	937,524	(2,016,813)
Refunding bonds issued	-	-	1,133,000	1,133,000
Payment to refunded bond escrow agent	-	-	(2,686,646)	(2,686,646)
Proceeds from sale of fixed assets	10,000	10,000	4,950	(5,050)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(979,289)</u>	<u>(979,289)</u>	<u>(521,172)</u>	<u>(3,575,509)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,090,024)</u>	<u>\$ (1,090,024)</u>	<u>(398,128)</u>	<u>\$ (3,341,730)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>1,669,659</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 1,271,531</u>	

**LOWER SALFORD TOWNSHIP**  
**SCHEDULE OF CHANGES IN THE NET POLICE**  
**PENSION PLAN LIABILITY AND RELATED RATIOS**  
**LAST SEVEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>							
Service cost	\$ 284,073	\$ 272,492	\$ 290,365	\$ 277,861	\$ 284,909	\$ 255,967	\$ 244,945
Interest	834,672	794,589	734,053	692,272	624,719	572,039	528,949
Changes of benefit terms							
Differences between expected and actual experience	-	(473,728)	-	66,813	-	(340,481)	-
Changes of assumptions	-	480,391	-	-	(111,273)	438,671	-
Benefit payments	(236,049)	(236,049)	(236,631)	(243,038)	(241,609)	(205,974)	(192,765)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>882,696</b>	<b>837,695</b>	<b>787,787</b>	<b>793,908</b>	<b>556,746</b>	<b>720,222</b>	<b>581,129</b>
Total pension liability, beginning	11,426,528	10,588,833	9,801,046	9,007,138	8,450,392	7,730,170	7,149,041
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b>\$ 12,309,224</b>	<b>\$ 11,426,528</b>	<b>\$ 10,588,833</b>	<b>\$ 9,801,046</b>	<b>\$ 9,007,138</b>	<b>\$ 8,450,392</b>	<b>\$ 7,730,170</b>
<b>PLAN FIDUCIARY NET POSITION</b>							
Contributions							
Employer	\$ 489,419	\$ 463,373	\$ 469,682	\$ 449,956	\$ 440,291	\$ 392,303	\$ 381,761
Member	67,935	62,897	62,697	76,787	74,808	71,143	66,120
Net investment income	1,606,823	1,964,406	(721,765)	1,319,061	583,280	(44,646)	517,400
Benefit payments, including refunds of member contributions	(236,049)	(236,049)	(236,631)	(243,038)	(241,609)	(205,974)	(192,765)
Administrative expense	(3,300)	(8,500)	(4,400)	(11,340)	(28,185)	(38,280)	(18,182)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>1,924,828</b>	<b>2,246,127</b>	<b>(430,417)</b>	<b>1,591,426</b>	<b>828,585</b>	<b>174,546</b>	<b>754,334</b>
Plan fiduciary net position, beginning	11,388,871	9,142,744	9,573,161	7,981,735	7,153,150	6,978,604	6,224,270
<b>PLAN FIDUCIARY NET POSITION, ENDING (b)</b>	<b>\$ 13,313,699</b>	<b>\$ 11,388,871</b>	<b>\$ 9,142,744</b>	<b>\$ 9,573,161</b>	<b>\$ 7,981,735</b>	<b>\$ 7,153,150</b>	<b>\$ 6,978,604</b>
<b>NET PENSION LIABILITY (ASSET), ENDING (a)-(b)</b>	<b>\$ (1,004,475)</b>	<b>\$ 37,657</b>	<b>\$ 1,446,089</b>	<b>\$ 227,885</b>	<b>\$ 1,025,403</b>	<b>\$ 1,297,242</b>	<b>\$ 751,566</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>108.16%</b>	<b>99.67%</b>	<b>86.34%</b>	<b>97.67%</b>	<b>88.62%</b>	<b>84.65%</b>	<b>90.28%</b>
<b>COVERED PAYROLL</b>	<b>\$ 1,850,505</b>	<b>\$ 1,714,703</b>	<b>\$ 1,648,397</b>	<b>\$ 1,986,275</b>	<b>\$ 1,999,007</b>	<b>\$ 1,905,532</b>	<b>\$ 1,745,838</b>
<b>NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL</b>	<b>-54.28%</b>	<b>2.20%</b>	<b>87.73%</b>	<b>11.47%</b>	<b>51.30%</b>	<b>68.08%</b>	<b>43.05%</b>

**NOTES TO SCHEDULE**

*Changes of assumptions:*

In 2019 amounts reports as changes of assumptions resulted from adopting the Pubs-2010 mortality table with rates projected generationally using Scale MP-2018 to reflect mortality improvement. The rate of return was also changed from 7.5% to 7.25%.

In 2016 amounts reports as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the 2006 base rates derived from the RP-2014 Blue Collar Table using Mortality Improvement Scale MP-2014, then projected generationally from 206 with Mortality Improvement Scale MP-2016.

In 2015, amounts reported as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the RP-2014 Blue Collar Table using Mortality Improvement Scale MP-2014 for purposes of developing mortality rates.

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

**LOWER SALFORD TOWNSHIP**  
**SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS**  
**LAST SEVEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 489,419	\$ 463,373	\$ 469,682	\$ 449,956	\$ 440,291	\$ 392,303	\$ 381,761
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	489,419	463,373	469,682	449,956	440,291	392,303	381,761
CONTRIBUTION (EXCESS) DEFICIENCY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COVERED PAYROLL	\$ 1,850,505	\$ 1,714,703	\$ 1,648,397	\$ 1,986,275	\$ 1,999,007	\$ 1,905,532	\$ 1,745,838
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	26.45%	27.02%	28.49%	22.65%	22.03%	20.59%	21.87%

**NOTES TO SCHEDULE**

Valuation date:

January 1, 2017

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	6 years
Asset valuation method	Market value
Inflation	3.0%
Salary increases	4.5% annual increase
Investment rate of return	7.5%
Retirement age	Active members are assumed to retire at age 55 and completion of 25 years of service, or at attained age plus one year, if later
Mortality	Rates are based on the Adjusted RP-2014 Blue Collar Mortality Table. Incorporated in the table are rates projected generationally using Scale MP-2016 to reflect mortality improvement.
Other information	It is assumed that 80% of the police force is married. Husbands are assumed to be three years older than wives.

**NOTE TO SCHEDULE**

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

**LOWER SALFORD TOWNSHIP**  
**SCHEDULE OF POLICE PENSION PLAN INVESTMENT RETURNS**  
**LAST SEVEN FISCAL YEARS**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>14.92%</u>	<u>21.76%</u>	<u>-7.55%</u>	<u>16.59%</u>	<u>7.58%</u>	<u>-0.92%</u>	<u>8.02%</u>

**NOTES TO SCHEDULES**

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

**LOWER SALFORD TOWNSHIP**  
**SCHEDULE OF CHANGES IN THE NET TOWNSHIP AND**  
**AUTHORITY PENSION PLAN LIABILITY AND RELATED RATIOS**  
**LAST SEVEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>							
Service cost	\$ 153,423	\$ 147,522	\$ 166,422	\$ 160,021	\$ 184,622	\$ 147,817	\$ 142,132
Interest	429,336	407,378	382,981	359,486	341,332	298,201	277,458
Differences between expected and actual experience	-	(86,718)	-	(145,189)	-	(110,628)	-
Changes of assumptions	-	136,414	-	-	(122,308)	415,614	-
Benefit payments	(246,048)	(248,183)	(215,157)	(165,360)	(152,929)	(116,751)	(129,775)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>336,711</b>	<b>356,413</b>	<b>334,246</b>	<b>208,958</b>	<b>250,717</b>	<b>634,253</b>	<b>289,815</b>
Total pension liability, beginning	6,102,974	5,746,561	5,412,315	5,203,357	4,952,640	4,318,387	4,028,572
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b>\$ 6,439,685</b>	<b>\$ 6,102,974</b>	<b>\$ 5,746,561</b>	<b>\$ 5,412,315</b>	<b>\$ 5,203,357</b>	<b>\$ 4,952,640</b>	<b>\$ 4,318,387</b>
<b>PLAN FIDUCIARY NET POSITION</b>							
Contributions, employer	\$ 285,820	\$ 287,416	\$ 313,576	\$ 313,745	\$ 336,845	\$ 259,467	\$ 242,099
Net investment income	917,234	1,109,765	(408,804)	752,609	332,876	(23,794)	324,024
Benefit payments, including refunds of member contributions	(246,048)	(248,183)	(215,157)	(165,360)	(152,929)	(116,751)	(129,775)
Administrative expense	(3,700)	(7,400)	(3,970)	(9,790)	(26,508)	(33,986)	(10,416)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>953,306</b>	<b>1,141,598</b>	<b>(314,355)</b>	<b>891,204</b>	<b>490,284</b>	<b>84,936</b>	<b>425,932</b>
Plan fiduciary net position, beginning	6,286,830	5,145,232	5,459,587	4,568,383	4,078,099	3,993,163	3,567,231
<b>PLAN FIDUCIARY NET POSITION, ENDING (b)</b>	<b>\$ 7,240,136</b>	<b>\$ 6,286,830</b>	<b>\$ 5,145,232</b>	<b>\$ 5,459,587</b>	<b>\$ 4,568,383</b>	<b>\$ 4,078,099</b>	<b>\$ 3,993,163</b>
<b>NET PENSION LIABILITY (ASSET), ENDING (a)-(b)</b>	<b>\$ (800,451)</b>	<b>\$ (183,856)</b>	<b>\$ 601,329</b>	<b>\$ (47,272)</b>	<b>\$ 634,974</b>	<b>\$ 874,541</b>	<b>\$ 325,224</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>112.43%</b>	<b>103.01%</b>	<b>89.54%</b>	<b>100.87%</b>	<b>87.80%</b>	<b>82.34%</b>	<b>92.47%</b>
<b>COVERED PAYROLL</b>	<b>\$ 1,305,396</b>	<b>\$ 1,342,846</b>	<b>\$ 1,357,551</b>	<b>\$ 1,539,746</b>	<b>\$ 1,655,705</b>	<b>\$ 1,716,516</b>	<b>\$ 1,634,978</b>
<b>NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL</b>	<b>-61.32%</b>	<b>-13.69%</b>	<b>44.30%</b>	<b>-3.07%</b>	<b>38.35%</b>	<b>50.95%</b>	<b>19.89%</b>

**NOTES TO SCHEDULE**

*Changes of assumption:*

In 2019, amounts reported as changes of assumptions resulted from adopting the PubG-2010 mortality table, incorporating rates projected generationally using Scale MP-2018 to reflect mortality improvement for purposes of developing mortality rates.

In 2016, amounts reported as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the 2006 base rates derived from the RP-2014 Total Dataset Healthy Annuitant Mortality Tables using Mortality Improvement Scale MP-2014, then projected generationally from 2006 with Mortality Improvement Scale MP-2016.

In 2015, amounts reported as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the RP-2014 Generational Table using Mortality Improvement Scale MP-2014 for purposes of developing mortality rates.

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

**LOWER SALFORD TOWNSHIP**  
**SCHEDULE OF TOWNSHIP AND AUTHORITY**  
**PENSION PLAN CONTRIBUTIONS**  
**LAST SEVEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 285,820	\$ 287,416	\$ 313,576	\$ 313,745	\$ 336,845	\$ 259,467	\$ 242,099
CONTRIBUTIONS IN RELATION TO THE ACTUARIAL DETERMINED CONTRIBUTION	<u>285,820</u>	<u>287,416</u>	<u>313,576</u>	<u>313,745</u>	<u>336,845</u>	<u>259,467</u>	<u>242,099</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 1,305,396</u>	<u>\$ 1,342,846</u>	<u>\$ 1,357,551</u>	<u>\$ 1,539,746</u>	<u>\$ 1,655,705</u>	<u>\$ 1,716,516</u>	<u>\$ 1,634,978</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>21.90%</u>	<u>21.40%</u>	<u>23.10%</u>	<u>20.38%</u>	<u>20.34%</u>	<u>15.12%</u>	<u>14.81%</u>

**NOTES TO SCHEDULE**

Valuation date:	January 1, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age, normal
Amortization method	Level dollar
Remaining amortization period	6 years
Asset valuation method	Market value
Inflation	3.0%
Salary increases	4.0% annual increase
Investment rate of return	7.0%
Retirement age	Active members are assumed to retire at age 65 and completion of five years of service, or at attained age plus one year, if later
Mortality	Adjusted RP-2014 Total Dataset Mortality Table. Incorporated into the table are rates projected generationally using Scale MP-2017 to reflect mortality improvement.
Other information	It is assumed that 80% of employees are married. Husbands are assumed to be three years older than wives.

**NOTES TO SCHEDULE**

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

**LOWER SALFORD TOWNSHIP**  
**SCHEDULE OF TOWNSHIP AND AUTHORITY**  
**PENSION PLAN INVESTMENT RETURNS**  
**LAST SEVEN FISCAL YEARS**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ANNUAL MONEY-WEIGHTED RATE OF OF RETURN, NET OF INVESTMENT EXPENSE	<u>14.74%</u>	<u>21.83%</u>	<u>-7.56%</u>	<u>16.63%</u>	<u>7.61%</u>	<u>-0.88%</u>	<u>8.53%</u>

**NOTES TO SCHEDULES**

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

**LOWER SALFORD TOWNSHIP**  
**SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT**  
**BENEFIT PLAN LIABILITY AND RELATED RATIOS**  
**LAST THREE FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 103,130	\$ 108,970	\$ 111,726
Interest	71,775	61,686	76,714
Differences between expected and actual experience	(31,924)	-	(305,324)
Changes of assumptions	79,304	(82,149)	66,461
Benefit payments	<u>(64,982)</u>	<u>(60,438)</u>	<u>(64,942)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	157,303	28,069	(115,365)
TOTAL OPEB LIABILITY, BEGINNING	<u>1,903,919</u>	<u>1,875,850</u>	<u>1,991,215</u>
TOTAL OPEB LIABILITY, ENDING (a)	<u>\$ 2,061,222</u>	<u>\$ 1,903,919</u>	<u>\$ 1,875,850</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 2,168,452</u>	<u>\$ 1,986,276</u>	<u>\$ 1,986,276</u>
TOWNSHIP'S TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>95.05%</u>	<u>95.85%</u>	<u>94.44%</u>

**NOTES TO SCHEDULE**

Changes in assumptions: In the January 1, 2020 actuarial valuation, the discount rate changed from 3.64% to 3.26%. The trend assumption was updated. In the January 1, 2019 actuarial valuation, the discount rate changed from 3.16% to 3.64%. The trend and mortality improvement scale assumptions were updated based on new PSERS assumptions. In the January 1, 2018 actuarial valuation, the discount rate changed from 3.71% to 3.16%. The trend and mortality improvement scale assumptions were updated based on new PSERS assumptions.

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

## **SUPPLEMENTARY INFORMATION SECTION**

**LOWER SALFORD TOWNSHIP**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

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	Fire Protection Fund	Ambulance Fund	Liquid Fuels Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,767	\$ 6,213	\$ 29,185
Taxes receivable, net	<u>1,538</u>	<u>427</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 11,305</u>	<u>\$ 6,640</u>	<u>\$ 29,185</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	<u>\$ 115</u>	<u>\$ 32</u>	<u>\$ -</u>
<b>FUND BALANCES</b>			
Restricted			
Fire protection	11,190	-	-
Ambulance	-	6,608	-
Liquid fuels	-	-	29,185
Parks	-	-	-
Library	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>11,190</u>	<u>6,608</u>	<u>29,185</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,305</u>	<u>\$ 6,640</u>	<u>\$ 29,185</u>

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<u>Park Fund</u>	<u>Library Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 79,888	\$ 6,749	\$ 131,802
812	2,820	5,597
\$ 80,700	\$ 9,569	\$ 137,399
\$ 80,700	\$ 9,569	\$ 137,399
\$ 354	\$ 211	\$ 712
-	-	11,190
-	-	6,608
-	-	29,185
80,346	-	80,346
-	9,358	9,358
80,346	9,358	136,687
\$ 80,700	\$ 9,569	\$ 137,399

**LOWER SALFORD TOWNSHIP**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Fire Protection Fund	Ambulance Fund	Liquid Fuels Fund
<b>REVENUES</b>			
Real estate taxes, net	\$ 202,350	\$ 56,209	\$ -
Interest income	46	12	878
Rental income	-	-	-
Intergovernmental revenues	-	-	553,616
Miscellaneous revenue	-	-	-
TOTAL REVENUES	<u>202,396</u>	<u>56,221</u>	<u>554,494</u>
<b>EXPENDITURES</b>			
General government	4,047	1,124	-
Public safety, other	195,985	54,600	-
Public works, highways and streets	-	-	578,981
Culture and recreation	-	-	-
TOTAL EXPENDITURES	<u>200,032</u>	<u>55,724</u>	<u>578,981</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,364	497	(24,487)
<b>OTHER FINANCING USES</b>			
Transfers out	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	2,364	497	(24,487)
<b>FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR</b>			
	<u>8,826</u>	<u>6,111</u>	<u>53,672</u>
FUND BALANCES AT END OF YEAR	<u>\$ 11,190</u>	<u>\$ 6,608</u>	<u>\$ 29,185</u>

<u>Park Fund</u>	<u>Library Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 106,796	\$ 370,975	\$ 736,330
123	136	1,195
25,132	-	25,132
-	-	553,616
1,282	-	1,282
<u>133,333</u>	<u>371,111</u>	<u>1,317,555</u>
-	7,419	12,590
-	-	250,585
-	-	578,981
89,965	359,835	449,800
<u>89,965</u>	<u>367,254</u>	<u>1,291,956</u>
43,368	3,857	25,599
<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>
(1,632)	3,857	(19,401)
<u>81,978</u>	<u>5,501</u>	<u>156,088</u>
<u>\$ 80,346</u>	<u>\$ 9,358</u>	<u>\$ 136,687</u>

**LOWER SALFORD TOWNSHIP**  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2020

	Pension and Other Benefit Funds		
	Township and Authority Pension Fund	Police Pension Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 62,246	\$ 54,072	\$ 116,318
Investments	<u>7,177,890</u>	<u>13,259,627</u>	<u>20,437,517</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,240,136</u></u>	<u><u>\$ 13,313,699</u></u>	<u><u>\$ 20,553,835</u></u>
<b>NET POSITION</b>			
Held in trust for benefits and other purposes	<u><u>\$ 7,240,136</u></u>	<u><u>\$ 13,313,699</u></u>	<u><u>\$ 20,553,835</u></u>

**LOWER SALFORD TOWNSHIP**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Pension and Other Benefit Funds		
	Township and Authority Pension Fund	Police Pension Fund	Totals
ADDITIONS			
Contributions			
Employer	\$ 285,820	\$ 213,684	\$ 499,504
Plan members	-	67,935	67,935
State contributions	-	275,735	275,735
TOTAL CONTRIBUTIONS	<u>285,820</u>	<u>557,354</u>	<u>843,174</u>
Investment earnings			
Interest and dividends	286,387	510,774	797,161
Net increase in fair value of investments	<u>645,680</u>	<u>1,121,902</u>	<u>1,767,582</u>
TOTAL INVESTMENT EARNINGS	932,067	1,632,676	2,564,743
Less investment expense	<u>(14,833)</u>	<u>(25,853)</u>	<u>(40,686)</u>
NET INVESTMENT EARNINGS	<u>917,234</u>	<u>1,606,823</u>	<u>2,524,057</u>
TOTAL ADDITIONS	<u>1,203,054</u>	<u>2,164,177</u>	<u>3,367,231</u>
DEDUCTIONS			
Benefit payments to retired plan participants	246,048	236,049	482,097
Administrative	<u>3,700</u>	<u>3,300</u>	<u>7,000</u>
TOTAL DEDUCTIONS	<u>249,748</u>	<u>239,349</u>	<u>489,097</u>
CHANGE IN NET POSITION	953,306	1,924,828	2,878,134
NET POSITION AT BEGINNING OF YEAR	<u>6,286,830</u>	<u>11,388,871</u>	<u>17,675,701</u>
NET POSITION AT END OF YEAR	<u>\$ 7,240,136</u>	<u>\$ 13,313,699</u>	<u>\$ 20,553,835</u>