

**MARLBOROUGH TOWNSHIP
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

MARLBOROUGH TOWNSHIP

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Marlborough Township
Green Lane, Pennsylvania

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marlborough Township as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 auditors consider 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 modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Marlborough Township, as of December 31, 2020, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise Marlborough Township's basic financial statements. The management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability, and schedule of employer contributions on pages 3 through 10 and 40 through 46, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.


STYER ASSOCIATES
Certified Public Accountants

June 9, 2021
Souderton, Pennsylvania

**MARLBOROUGH TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

As management of Marlborough Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the year ended December 31, 2020. Please read it in conjunction with the Township's basic financial statements, which follow this section.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$5,072,412 (net position). Of this amount, \$1,119,890 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$276,804 for the year ended December 31, 2020.
- As of the close of the current year, the Township's governmental funds reported combined ending fund balances of \$1,426,562, an increase of \$354,510 in comparison with the prior year. 79% of this amount is *available for spending* at the Township's discretion (unassigned fund balance).
- At the end of the current year the unassigned fund balance for the General Fund was \$1,119,890 or 84% of general fund expenditures.
- The Township's total debt decreased by \$7,151 during the current fiscal year. The key factor in this decrease was repayment of debt principal.

Overview of the Financial Statements

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

**MARLBOROUGH TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

Overview of the Financial Statements (Continued):

Government-wide Financial Statements:

The government-wide financial statements are designed to provide the readers with a broad overview of the Township's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the Township may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the Township may be using previously accumulated funds.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year.

The governmental activities of the Township include general government administration, public safety, and public works. The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements:

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

**MARLBOROUGH TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

The Township maintains two governmental funds. The Township adopts annual appropriated budgets for its governmental funds. Budgetary comparison statements have been provided for the General and State Liquid Fuels Funds to demonstrate compliance with the budgets. The basic governmental fund financial statements can be found on pages 13-15 of this report.

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others. The basic fiduciary fund financial statements can be found on pages 16 through 17 of this report.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-39 of this report.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents *supplementary information* concerning budgetary comparisons for the general and state liquid fuels funds and the schedules of changes in net pension liability and employer contributions. Supplementary information can be found on pages 40-46 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial strength. In the case of the Township, assets exceeded liabilities by \$5,072,412 at the close of the most recent fiscal year. A large portion of the Township's net position (\$3,645,850 or 72% of the total) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, machinery and equipment, and vehicles), less any related acquisition debt that is still outstanding. The Township uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital investments themselves cannot be used to liquidate these liabilities (i.e. the Township's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

**MARLBOROUGH TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

Government-Wide Financial Analysis (Continued)

The following table summarizes the Township's Statement of Net Position:

**Summary of Net Position
As of December 31, 2020 and 2019**

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 1,430,433	\$ 1,072,200
Capital assets	<u>3,645,850</u>	<u>3,730,707</u>
Total Assets	<u>\$ 5,076,283</u>	<u>\$ 4,802,907</u>
Long term liabilities outstanding	\$ 0	\$ 7,151
Other liabilities	<u>3,871</u>	<u>148</u>
Total Liabilities	<u>3,871</u>	<u>7,299</u>
Net position:		
Invested in capital assets, net of related debt	3,645,850	3,723,556
Restricted	306,672	175,078
Unrestricted	<u>1,119,890</u>	<u>896,974</u>
Total Net Position	<u>5,072,412</u>	<u>4,795,608</u>
Total Liabilities and Net Position	<u>\$ 5,076,283</u>	<u>\$ 4,802,907</u>

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net position.

As noted previously, the Township's net position increased by \$276,804 during the year.

**MARLBOROUGH TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

Governmental-Wide Financial Analysis: (Continued)

The following table summarizes the Township's Statement of Activities:

**Changes in Net Position
Years Ended December 31, 2020 and 2019**

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services.....	\$ 211,369	\$ 145,172
Grants and contributions.....	170,314	183,421
General revenues:		
Property taxes.....	491,108	481,870
Other taxes.....	801,813	794,678
Investment earnings.....	4,989	10,159
Miscellaneous.....	37,297	31,542
Transfers.....	<u>(33,038)</u>	<u>(44,397)</u>
Total Revenues.....	<u>1,683,852</u>	<u>1,602,445</u>
Expenses:		
General government.....	211,143	214,264
Public safety.....	602,420	587,531
Public works.....	302,563	539,651
Interest on long term debt.....	0	215
Recreation and special services.....	23,987	26,232
Other expenses.....	<u>266,935</u>	<u>240,403</u>
Total Expenses.....	<u>1,407,048</u>	<u>1,608,296</u>
Increase (decrease) in net position.....	276,804	(5,851)
NET POSITION – BEGINNING.....	<u>4,795,608</u>	<u>4,801,459</u>
NET POSITION – ENDING.....	<u>\$ 5,072,412</u>	<u>\$ 4,795,608</u>

**MARLBOROUGH TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

Financial Analysis of the Township's Funds

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

Governmental Funds:

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

As of the end of the current fiscal year, the Township's governmental funds reported an ending fund balance of \$1,426,562, an increase of \$354,510 in comparison with the prior year. Of this amount \$1,119,890 is unassigned and is available for spending at the Township's discretion. As a measure of the General Fund's liquidity, the fund balance represents 84% of total General Fund expenditures.

Capital Assets and Debt

Capital Assets:

The Township's investment in capital assets for its governmental activities as of December 31, 2020 amounts to \$3,645,850 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, machinery and equipment, and vehicles.

**MARLBOROUGH TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

Capital Assets and Debt (Continued)

Capital assets, net of accumulated depreciation, are illustrated in the following table:

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 2,661,322	\$ 2,661,322
Buildings	35,099	48,259
Equipment	97,237	123,412
Infrastructure	735,855	782,306
Vehicles	<u>116,337</u>	<u>115,408</u>
Total	<u>\$ 3,645,850</u>	<u>\$ 3,730,707</u>

Additional information on the Township's capital assets can be found in Note 3 on pages 25 through 26 of this report.

Long Term Debt:

At the end of the current fiscal year, the Township had total outstanding debt of \$0 and details are summarized in the following table:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Notes Payable:					
Montgomery County					
Radio loan	\$ <u>7,151</u>	<u>0</u>	<u>(7,151)</u>	<u>0</u>	<u>0</u>
	<u>\$ 7,151</u>	<u>\$ 0</u>	<u>\$ (7,151)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Debt associated with governmental activities decreased by \$7,151. The key factor in the governmental activities decrease was repayment of debt principal.

Further information on the Township's long-term debt can be found in Note 4 on page 27 of this report.

**MARLBOROUGH TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

Economic Factors and Next Year's Budgets and Rates

Going into 2020 was difficult not knowing the outcome financially with the unknowns from the pandemic and shutdowns. However, Marlborough Township continued to operate with limited resources and once again increased its cash position by \$358,233 for a total combined cash position of \$1,430,433. It was a concern due to shutdowns that Earned Income Tax, Property Tax and Transfer Tax would be affected but all had a slight increase. Transfer tax, although it has seen an increase from prior years, will be dictated by the housing resale market in going forward. Without grants, tax increase or other means I see the revenues to be status quo for the future years.

The Township continues to practice conservative budgeting and continues to set aside funds for future capital projects and purchases. My concern is future planning, the Township continues to have aging public works and police equipment, building repairs, and the infrastructure of roads and bridges on the horizon.

Liquid Fuels allocations remained unused for 2020 due to future bridge repair. The surplus of cash that was built up in the Liquid Fuels is intended to help in the repair or replacement of the Reihman Road Bridge within the near future.

Pension funds have seen higher market rates in 2020. However, the uniform pension plan is underfunded \$158,477 (90.2%) and the nonuniform pension plans are slightly overfunded by \$126,802 (119.7%). An actuarial study of the uniform and nonuniform plans has been completed.

The Township has maintained a status quo with taxes for some years which is admirable. Year end balances have grown over the last few years due to very conservative budgeting with some financial planning for future projects and repair. The Township is continuing to be proactive in contributing towards the Capital Savings Fund for the Building Improvements and Equipment. With no revenue increases in the near future, the Township needs to remain aware of the levelling off of realty transfer tax revenues and will need to continue to keep expenditures low and continue to plan and save for future projects.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Manager, Marlborough Township, 6040 Upper Ridge Road, Green Lane, PA 18054.

**MARLBOROUGH TOWNSHIP
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2020**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 1,430,433
Capital Assets:	
Land	2,661,322
Other capital assets, net of depreciation	<u>984,528</u>
Total Capital Assets	<u>3,645,850</u>
TOTAL ASSETS	<u>\$ 5,076,283</u>
<u>LIABILITIES AND NET POSITION</u>	
<u>Liabilities:</u>	
Payroll taxes withheld.....	\$ 107
Due to custodial fund.....	<u>3,764</u>
Total Liabilities	<u>3,871</u>
<u>Net Position:</u>	
Invested in capital assets.....	3,645,850
Restricted - state liquid fuels funds	271,556
- developers in lieu of payments - trees and curbs	35,116
Unrestricted.....	<u>1,119,890</u>
Total Net Position	<u>5,072,412</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,076,283</u>

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

**MARLBOROUGH TOWNSHIP
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2020**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
Governmental activities:				
General government.....	\$ 211,143	\$ 1,570	\$	\$ (168,921)
Public safety.....	602,420	24,613	1,875	(486,986)
Public works.....	302,563	138,256		(82,536)
Recreation and special services	23,987		4,000	(19,987)
Employee benefits.....	212,422			(212,422)
Other expenses.....	<u>54,513</u>			<u>(54,513)</u>
Total Governmental Activities	<u>211,369</u>	<u>164,439</u>	<u>5,875</u>	<u>(1,025,365)</u>

General Revenues

Taxes:	
Property taxes, levied for general purposes.....	491,108
Earned income taxes	611,732
Local services taxes	40,555
Real estate transfer taxes.....	78,495
Franchise fees.....	71,031
Investment earnings	4,989
Special item – gain on sale of assets	9,800
Miscellaneous	27,497
Transfers	<u>(33,038)</u>
Total General Revenues.....	<u>1,302,169</u>
Change in Net Position	<u>276,804</u>

NET POSITION – BEGINNING	<u>4,795,608</u>
NET POSITION – ENDING.....	<u>\$ 5,072,412</u>

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

**MARLBOROUGH TOWNSHIP
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE –
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

<u>ASSETS</u>	<u>General</u>	<u>State Liquid Fuels</u>	<u>Total Governmental Funds</u>
Cash	\$ 1,158,877	\$ 271,556	\$ 1,430,433
TOTAL ASSETS	<u>\$ 1,158,877</u>	<u>\$ 271,556</u>	<u>\$ 1,430,433</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Payroll taxes withheld.....	\$ 107	\$	\$ 107
Due to custodial fund.....	<u>3,764</u>	<u> </u>	<u>3,764</u>
TOTAL LIABILITIES	<u>3,871</u>	<u>0</u>	<u>3,871</u>
 <u>Fund Balances:</u>			
Restricted for:			
State liquid fuels expenditures.....		271,556	271,556
Developers in lieu of payments - trees and curbs	35,116		35,116
Unassigned.....	<u>1,119,890</u>	<u> </u>	<u>1,119,890</u>
TOTAL FUND BALANCES	<u>1,155,006</u>	<u>271,556</u>	<u>1,426,562</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,158,877</u>	 <u>\$ 271,556</u>	
 Amounts reported for <i>governmental activities</i> in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.			<u>3,645,850</u>
Net Position of Governmental Activities.			<u>\$ 5,072,412</u>

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

**MARLBOROUGH TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – MODIFIED CASH BASIS –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	<u>General</u>	State <u>Liquid Fuels</u>	Total Governmental <u>Funds</u>
<u>Revenues:</u>			
Taxes, penalties and interest	\$ 1,221,890	\$	\$ 1,221,890
Franchise taxes	71,031		71,031
Permits, fines, and licenses	17,484		17,484
Intergovernmental revenues	41,979	130,859	172,838
Interest and rent revenue	39,455	717	40,172
Charges for services	156,179		156,179
Miscellaneous	37,298		37,298
Total Revenues	<u>1,585,316</u>	<u>131,576</u>	<u>1,716,892</u>
<u>Expenditures:</u>			
General government.....	203,399		203,399
Public safety	579,924		579,924
Public works.....	226,962		226,962
Recreation and special services	12,780		12,780
Debt service - principal	7,151		7,151
Capital outlays	32,198		32,198
Employee benefits.....	212,422		212,422
Other expenses	54,508		54,508
Total Expenditures	<u>1,329,344</u>	<u>0</u>	<u>1,329,344</u>
Excess of Revenues Over Expenditures	<u>255,972</u>	<u>131,576</u>	<u>387,548</u>
<u>Other Financing Sources (Uses):</u>			
Operating transfers out.....	(33,038)		(33,038)
Total Other Financing Sources (Uses)	<u>(33,038)</u>	<u>0</u>	<u>(33,038)</u>
Net Change in Fund Balance	222,934	131,576	354,510
Fund Balance – Beginning	<u>932,072</u>	<u>139,980</u>	<u>1,072,052</u>
Fund Balance – Ending	<u>\$ 1,155,006</u>	<u>\$ 271,556</u>	<u>\$ 1,426,562</u>

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

**MARLBOROUGH TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2020**

Net change in fund balances – total governmental funds	\$ 354,510
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 (\$117,055) exceeded capital outlays (\$32,198) in the current period.	(84,857)
Repayment of long-term debt is an expenditure in the governmental funds, but the payment reduces long term liabilities in the statement of net position.	<u>7,151</u>
Change in net position of governmental activities.	\$ <u>276,804</u>

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

**MARLBOROUGH TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2020**

	<u>Pension Trust Fund</u>	<u>Custodial Fund</u>
<u>ASSETS:</u>		
Cash	\$ 19,995	\$ 130,447
Investments	2,204,169	
Employee contribution receivable	1,081	
Due from general fund	<u> </u>	<u>3,764</u>
TOTAL ASSETS.....	\$ <u>2,225,245</u>	\$ <u>134,211</u>
<u>NET POSITION:</u>		
Restricted for:		
Pensions	\$ 2,225,245	\$
Developers and individuals.....	<u> </u>	<u>134,211</u>
TOTAL NET POSITION.....	\$ <u>2,225,245</u>	\$ <u>134,211</u>

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

**MARLBOROUGH TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2020**

	<u>Pension Trust Fund</u>	<u>Custodial Fund</u>
<u>ADDITIONS:</u>		
Contributions:		
Employer.....	\$ 33,038	\$
Employee	9,310	
Intergovernmental revenues.....	59,086	
Developers and individuals.....		<u>16,778</u>
Total Contributions.....	<u>101,434</u>	<u>16,778</u>
Investment Income:		
Net appreciation (depreciation) in fair value of investments.....	283,191	
Interest and dividend income	89,066	61
Realized loss on sale of securities.....	<u>(93,825)</u>	
Total Investment Income	278,432	<u>61</u>
Less investment expense.....	<u>13,760</u>	
Net investment income	<u>264,672</u>	<u>61</u>
TOTAL ADDITIONS.....	<u>366,106</u>	<u>16,839</u>
<u>DEDUCTIONS:</u>		
Benefits	114,831	
Administrative expenses	9,800	1,667
Professional fees		8,626
Return of contributions		<u>10,466</u>
TOTAL DEDUCTIONS.....	<u>124,631</u>	<u>20,759</u>
Net Increase (Decrease).....	241,475	(3,920)
NET POSITION – BEGINNING-AS RESTATED	<u>1,983,770</u>	<u>138,131</u>
NET POSITION – ENDING.....	<u>\$ 2,225,245</u>	<u>\$ 134,211</u>

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

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 1 – Summary of Significant Accounting Policies:

The summary of significant accounting policies of the Township is presented to assist in understanding the Township's financial statements. The financial statements and notes are representations of the Township's management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

The Township operates under a Board of Supervisors – manager form of government and provides such services that advance the welfare, health, comfort, safety, and convenience of the Township and its inhabitants.

The Township's financial statements are prepared in accordance with the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the Township are discussed below.

Reporting Entity:

The financial statements of Marlborough Township include all government activities, organizations, and functions for which the Township exercises significant oversight responsibility. The criteria considered in determining governmental activities to be reported within the Township's financial statements include the degree of oversight responsibility exercised by the Board of Supervisors over a government organization, activity, or function, the Township's accountability for the activity's fiscal matters, its scope of public service and the nature of any special financing relationships which may exist between the Township and a given government activity.

Therefore, the Township's municipal services, which include public safety, public works, culture and recreation, public improvements, planning and zoning, and general administrative services, are included in the accompanying financial statements.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 1 – Summary of Significant Accounting Policies (Continued):

Reporting Entity (Continued):

Joint Venture – Marlborough Township appoints 3 of the 6 members to the governing board of the following operating authority:

Green Lane – Marlborough Joint Authority

The above operating authority provides sewer service to the residents of Marlborough Township. The provisions have not been met regarding component units. Therefore, the above operating authority is not included in the financial statements of Marlborough Township.

Basic Financial Statements – Government-Wide Statements:

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). The Township's public safety, parks and recreation, public works, and general administrative services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, and (b) are reported on the modified cash basis, which recognizes all long-term assets as well as long term debt and obligations. The Township's net position is reported in three parts – invested in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions (public safety, public works, etc.). The functions are also supported by general government revenues (property and other taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, etc.).

The net costs (by function) are normally covered by general revenue (property, earned income taxes, intergovernmental revenues, interest income, etc.).

The Township does not allocate indirect costs.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 1 – Summary of Significant Accounting Policies (Continued):

Basic Financial Statements – Government-Wide Statements (Continued):

This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements:

The financial transactions of the Township are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

1. **Governmental Funds** – The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:
 - a. **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.
 - b. **Special revenue funds** are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally or administratively restricted to expenditures for specified purposes.
2. **Fiduciary Funds** – The fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The reporting focus is on net position and changes in net position.

The Township's fiduciary funds are presented in the fiduciary fund statements by type (pension and custodial). Because by definition these assets are being held for the benefit of a third party (pension participants and private parties) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 1 – Summary of Significant Accounting Policies (Continued):

Basis of Accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Modified Cash Basis – The records of the Township are maintained on the modified cash basis of accounting and the accompanying financial statements have been prepared on that basis. Except for capital asset purchases and note payable debt service, all transactions are recognized as either revenues or expenses. Noncash transactions, except depreciation, are not recognized. The modified cash basis differs from generally accepted accounting principles primarily because certain revenues are recognized as received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

Budget:

The Board of Supervisors adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Beginning at least 30 days prior to adoption of the budget, a proposed budget for the ensuing year shall be prepared in a manner designated by the Board of Supervisors. The proposed budget shall be kept on file with the Township and made available for public inspection for a period of 20 days.
2. Notice that the proposed budget is available for inspection must be published in a newspaper of general circulation in the Township and conspicuously posted during the 20-day period noted in item 1.
3. After 20 days, the Board of Supervisors shall adopt the budget no later than December 31 and file it with the Pennsylvania Department of Community and Economic Development.
4. Annual budgets are generally adopted for the general and special revenue funds.
5. For budgetary purposes, appropriations lapse at the end of each year.
6. The budget is prepared on the modified cash basis of accounting.
7. The budget was not amended during 2020.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 1 – Summary of Significant Accounting Policies (Continued):

Pensions:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of Marlborough Township's Pension plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by Thomas J. Anderson & Associates, Inc. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Date of Management Evaluation of Subsequent Events:

Management has evaluated subsequent events through June 9, 2021, the date on which the financial statements were available to be issued.

Note 2 – Deposits and Investments:

Pennsylvania statutes provide for investment of Governmental Funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits and certificates of deposit, and qualifying commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocal arrangements. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes.

The Township does not have a formal deposit and investment policy but adheres to state statutes and prudent business practice. Governmental Funds' amounts are either maintained in demand deposits, highly liquid money market funds, or pooled for investment purposes in the Pennsylvania Local Government Investment Trust (PLGIT) and are captioned as "cash" in the Statement of Net Position. These amounts are stated at cost which approximates market value. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Township.

Deposits:

Concentration of Credit Risk – At December 31, 2020, 22% of the balances shown as cash on the Township's Statements of Net Position were held by PLGIT, 76% were held by Univest Bank and Trust Company, and 2% by Matrix Trust Company.

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 follows state statutes as they relate to custodial credit risk. As of December 31, 2020, the Township's total bank balances of \$1,604,888 were exposed to custodial credit risk as follows:

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 2 – Deposits and Investments (Continued):

Balances subject to FDIC Insurance	\$ 313,859
Balances uninsured and collateralized with securities held by Univest Bank and Trust Company not in the Township's name	919,345
Balances uninsured and uncollateralized with PLGIT and Matrix Trust Company.....	<u>371,684</u>
TOTAL	<u>\$ 1,604,888</u>

Investments:

The investments of the Township at December 31, 2020 relate to holdings within the Police and Non-Uniform Pension Plans which are maintained with Matrix Trust Company. Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. As of December 31, 2020, the Township's investment holdings consisted of the following:

Bond Mutual Funds.....	\$ 739,204
Equity Mutual Funds.....	<u>1,464,965</u>
Total Investments.....	<u>\$ 2,204,169</u>

Fair Value Reporting:

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 prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investments of the Township are categorized as Level 1 inputs.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's investment policy does not include formal guidelines that would limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2020, the Township's investment balances were exposed to interest rate risk is as follows:

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 2 – Deposits and Investments (Continued):

Interest Rate Risk (Continued):

Average Investment Maturities (in Years)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater Than 10</u>
Bond Mutual Funds	\$ <u>739,204</u>	\$ <u>0</u>	\$ <u>213,301</u>	\$ <u>392,732</u>	\$ <u>133,171</u>

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township's investment policy does not include formal guidelines that address credit risk. The credit risk associated with the Township's investment balances as of December 31, 2020 was as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Quality</u>
Bond Mutual Funds	\$ 129,357	BBB
Bond Mutual Funds	396,546	BB
Bond Mutual Funds	<u>213,301</u>	B
	<u>\$ 739,204</u>	

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the pension plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan does not have a formal investment policy that addresses custodial credit risk; however, the Plan held no investments that were exposed to custodial credit risk at December 31, 2020.

Investments in external investment pools or in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are not exposed to custodial credit risk because they are held by the buyer-lender. The term securities as used in this paragraph includes securities underlying repurchase agreements and investment securities.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 2 – Deposits and Investments (Continued):

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributable to the magnitude of a pension plan's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Plan does have a formal investment policy that addresses concentration of credit risk. As of December 31, 2020, no investment in any one organization represented five percent (5%) or more of net assets available for benefits.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan does not have a formal investment policy that addresses foreign currency risk; however, the Plan held no investments that were exposed to foreign currency risk as of December 31, 2020.

Note 3 – Capital Assets:

Capital assets purchased or acquired with an original cost of \$1,500 or more and infrastructure construction of \$25,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, which include property, land, equipment, and infrastructure, are reported in the government wide statement of net position but not the fund financial statements. Capital assets are expensed in the fund financial statements.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30 years
Machinery and equipment	5 – 15 years
Vehicles	7 – 15 years
Infrastructure	25 years

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 3 – Capital Assets (Continued):

Changes in Capital Assets:

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land.....	\$ 2,661,322	\$ 0	\$ 0	\$ 2,661,322
Other capital assets:				
Buildings	1,047,821			1,047,821
Equipment	690,265	1,875		692,140
Infrastructure	1,161,278			1,161,278
Vehicles.....	579,885	30,323	(103,517)	506,691
Total Other Capital Assets At Historical Cost.....	3,479,249	32,198	(103,517)	3,407,930
Less accumulated depreciation:				
Building.....	(999,562)	(13,160)		(1,012,722)
Equipment	(566,853)	(28,050)		(594,903)
Infrastructure	(378,972)	(46,451)		(425,423)
Vehicles.....	(464,477)	(29,394)	103,517	(390,354)
	(2,409,864)	(117,055)	103,517	(2,423,402)
Other capital assets net	1,069,385	(84,857)	0	984,528
Capital Assets Net	\$ 3,730,707	\$ (84,857)	\$ 0	\$ 3,645,850

Depreciation Expense:

Depreciation expense was charged to functions of the Township as follows:

General government.....	\$ 7,745
Public safety.....	22,500
Public works	75,602
Recreation and special services .	11,208
	\$ 117,055

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 4 – Long Term Liabilities:

Long term liability activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Notes Payable:					
Montgomery County.					
radio loan	\$ 7,151	\$ _____	\$ (7,151)	\$ _____	\$ _____
	<u>\$ 7,151</u>	<u>\$ _____</u>	<u>\$ (7,151)</u>	<u>\$ _____</u>	<u>\$ _____</u>

Note payable to Montgomery County. Proceeds of \$35,753 were used for purchase of police radios. The note is non-interest bearing and is to be repaid via 5 annual payments of \$7,151. The outstanding balance at December 31, 2020 was \$0.

Note 5 – Government-Wide Net Position:

Government-wide net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position – consists of assets that are restricted by the Township’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

Note 6 – Fund Balance:

In accordance with GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Township classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. Presently the Township has no non-spendable fund balances.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 6 – Fund Balance (Continued):

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, or amounts constrained due to enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Township through formal action of the Supervisors. Presently the Township has no committed fund balances.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Manager. Presently the Township has no assigned fund balances.

Unassigned – includes positive fund balances within the General Fund which have not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

Note 7 – Prior Period Adjustment:

At January 1, 2020, the Township adopted Statement No. 84 of the Governmental Accounting Standards Board, Fiduciary Activities. A prior period adjustment in the amount of \$138,131 was made to the beginning net position in the Fiduciary Fund per the adoption of GASB 84.

Note 8 – Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Township's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Township's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances if there are any before using unassigned fund balances.

Note 9 – Property Tax:

Property taxes are levied in January. Liens are placed on uncollected property taxes on January 15th of the following year. The Township uses a tax collector to make collections throughout the year. Property tax revenue is recognized when collected. No allowance for uncollectible taxes is used. Eventually, all taxes are collected and remitted to the Township.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 10 – Interfund Activity:

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliations to the government-wide financial statements.

As of December 31, 2020, interfund receivables and payables that resulted from payment of legal and engineering costs by the general fund which are due to be reimbursed by the custodial fund were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$	\$ 3,764
Custodial Fund	<u>3,764</u>	<u> </u>
	<u>\$ 3,764</u>	<u>\$ 3,764</u>

Individual fund operating transfers for the year ended December 31, 2020 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$	\$ 33,038
Fiduciary Fund	<u>33,038</u>	<u> </u>
	<u>\$ 33,038</u>	<u>\$ 33,038</u>

Transfers were done to move funds between the general and fiduciary fund for the Township's portion of the pension contribution.

Note 11 – Pension Plan – Nonuniformed:

Plan Description:

The Marlborough Township Nonuniformed Pension Plan is a single-employer defined benefit plan administered by the Township covering full-time nonuniformed employees. The Plan is controlled by the provisions of Ordinance 84-4 as amended. The Plan is governed by the Board of Township Supervisors. The Board of Township Supervisors has delegated the authority to manage Plan assets to Univest Trust Company. The Plan issues a stand-alone financial statement which can be obtained at the Township office.

Plan Membership:

As of December 31, 2020, membership consisted of:

Inactive Plan Members Currently Receiving Benefits	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	<u>4</u>
TOTAL	7

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 11 – Pension Plan – Nonuniformed (Continued):

Benefits Provided:

The following is a summary of the Plan benefit provisions:

- Eligibility Requirements:
 - Normal Retirement: Age 65 with 15 years of service
 - Early Retirement: None
 - Vesting: 100% after 10 years of credited service

- Retirement Benefit: 1.5% of average monthly pay based on last 36 months times years of service.

- Survivor Benefit: If an active member dies, death benefit payable to surviving spouse equal to 100% of accrued benefit payable as a joint and 50% survivor annuity.

- Disability Benefit Service & Non-Service Related: Benefit equal to benefit accrued to date.

- Post Retirement Adjustments: None

- Members Contributions:
 - Amount or Rate: Currently suspended
 - Interest Rate Credited to Member Contributions: None

Contributions and Funding Policy:

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments, and estimated member contributions.

As a condition of participation, full-time employees are not required to contribute to the Plan. This contribution is governed by the Plan's ordinances. In accordance with Act 205, as amended, the Township was required to contribute to the Plan for the year 2020.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 11 – Pension Plan – Nonuniformed (Continued):

Net Pension Liability:

The Township's net pension liability is measured as the total pension liability reduced by the pension plan's fiduciary net position. A summary of the principal assumptions and methods used to determine the net pension liability is shown below:

Actuarial Assumptions – An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the plan's fiscal plan year ending December 31, 2020. The Plan's actuarial assumptions, asset valuation method, and cost method are described below:

December 31, 2020 Liabilities

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	N/A
Asset valuation method	Smoothing per Section 210(a) of Act 44

Assumptions:

Inflation	2.25%
Salary increases	4.00%
Investment rate of return	7.00% (Net of pension plan investment expense including inflation)
Retirement age	65

Mortality rates were based on the RP-2000 Mortality Table projected to 2017 using Scale AA.

Long Term Expected Rate of Return on Plan Assets:

The long term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in December 2020 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were 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 or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2020 are listed in the table below.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 11 – Pension Plan – Nonuniformed (Continued):

The Plan's investment policy establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>
Equity	65.0%
Fixed income	34.0%
Cash and cash equivalents	1.0%
Total Net Blended Return	4.38%*

*Excludes 2.50% inflation assumption.

Long Term Expected Rate of Return (including inflation) 6.88%

Discount Rate:

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term results may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 11 – Pension Plan – Nonuniformed (Continued):

Changes to the Net Pension Liability for the year ending December 31, 2020 are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at December 31, 2019	\$ 603,951	\$ 687,080	\$ (83,129)
Changes in the year:			
Service cost	21,630		21,630
Interest on the total pension liability.....	42,897		42,897
Differences between actual and expected experience			
Changes in assumptions.....			
Changes in benefit terms.....			
Contribution – employer.....		696	(696)
Contribution – state aid.....		19,695	(19,695)
Contribution – employee			
Net investment income		92,809	(92,809)
Administrative expense.....		(5,000)	5,000
Benefit payments, including refunds of employee contributions.....	(25,542)	(25,542)	
Net Changes	<u>38,985</u>	<u>82,658</u>	<u>(43,673)</u>
Balance at December 31, 2020	<u>\$ 642,936</u>	<u>\$ 769,738</u>	<u>\$ (126,802)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

Sensitivity of Net Pension Liability to Changes in Discount Rate

	<u>1% Decrease 6.00%</u>	<u>Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Total Pension Liability.....	\$ 736,585	\$ 642,936	\$ 564,556
Plan Fiduciary Net Position	<u>769,738</u>	<u>769,738</u>	<u>769,738</u>
Net Pension Liability	<u>\$ (33,153)</u>	<u>\$ (126,802)</u>	<u>\$ (205,182)</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.5%	119.7%	136.3%
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**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 11 – Pension Plan – Nonuniformed (Continued):

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

As indicated in Note 1, the Township presents its financial statements on the modified cash basis of accounting. If the Township’s financial statements were presented using accounting principles generally accepted in the United States of America (U.S. GAAP), it would have recognized pension expense of \$(6,975) in 2020 and would report deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Differences between expected and actual experience.....	\$		\$ (141,708)
Changes in assumptions.....		8,724	
Net differences between projected and actual earnings on pension plan investments			(55,719)
Total	\$	<u>8,724</u>	<u>\$ (197,427)</u>

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

<u>Year Ended December 31,</u>	
2021	\$ (28,969)
2022	(20,679)
2023	(37,533)
2024	(22,602)
2025	(13,516)
Thereafter	(65,404)

Note 12 – Pension Plan – Police:

Plan Description:

The Marlborough Township Police Pension Plan is a single-employer defined benefit pension plan administered by the Township covering full-time police officers. The Plan is controlled by the provisions of Ordinance 84-3 as amended. The Plan is governed by the Board of Township Supervisors. The Board of Township Supervisors has delegated the authority to manage Plan assets to Univest Trust Company. The Plan issues a stand-alone financial statement which can be obtained at the Township office.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 12 – Pension Plan – Police (Continued):

Plan Membership:

As of December 31, 2020, membership consisted of:

Inactive Plan Members Currently Receiving Benefits	2
Inactive Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members	<u>4</u>
TOTAL	6

Benefits Provided:

The following is a summary of the Plan benefit provisions:

- Eligibility Requirements:
 - Normal Retirement: Age 52 and the completion of 25 years of service
 - Early Retirement: None
 - Vesting: 100% after 12 years of service

- Retirement Benefit: 50% of average monthly pay based on last 36 months plus a service increment of \$100 per month for each completed year in excess of 25 years – maximum \$500 per month.

- Survivor Benefit: Killed-in Service (Act 51): If member is eligible for retirement, the benefit is 50% of pension.

- Disability Benefit Service Related: 50% of salary at time of disability.

- Post Retirement Adjustments: None.

- Members Contributions:
 - Amount or Rate: 2.5%
 - Interest Rate Credited to Member Contributions: 5%

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 12 – Pension Plan – Police (Continued):

Contributions and Funding Policy:

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments, and estimated member contributions.

As a condition of participation, full-time employees are required to contribute 2.5% of compensation to the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with Act 205, as amended, the Township was required to contribute to the Plan for the year 2020.

Net Pension Liability:

The Township's net pension liability is measured as the total pension liability reduced by the pension plan's fiduciary net position. A summary of the principal assumptions and methods used to determine the net pension liability is shown below:

Actuarial Assumptions – An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the plan's fiscal plan year ending December 31, 2020. The Plan's actuarial assumptions, asset valuation method, and cost method are described below:

December 31, 2020 Liabilities

Actuarial valuation date	January 1, 2019
Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	11 years
Asset valuation method	Smoothing per Section 210(a) of Act 44

Assumptions:

Inflation	2.25%
Salary increases	4.00%
Investment rate of return	7.00% (Net of pension plan investment expense including inflation)
Retirement age	52

Mortality rates were based on the Blue-Collar RP-2000 Mortality Table projected to 2017 using Scale AA.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 12 – Pension Plan – Police (Continued):

Long Term Expected Rate of Return on Plan Assets:

The long term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in December 2020 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were 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 or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2020 are listed in the table below.

The Plan's investment policy establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>
Equity	65.0%
Fixed income	34.0%
Cash and cash equivalents	1.0%
 Total Net Blended Return	 4.38%*
 *Excludes 2.50% inflation assumption.	
 Long Term Expected Rate of Return (including inflation)	 6.88%

Discount Rate:

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 12 – Pension Plan – Police (Continued):

Changes to the Net Pension Liability for the year ending December 31, 2020 are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at December 31, 2019	\$ 1,552,204	\$ 1,296,690	\$ 255,514
Changes in the year:			
Service cost	42,561		42,561
Interest on the total pension liability.....	108,508		108,508
Differences between actual and expected experience			
Changes in assumptions.....			
Changes in benefit terms.....			
Contribution – employer.....		32,342	(32,342)
Contribution – state aid.....		39,391	(39,391)
Contribution – employee		9,310	(9,310)
Net investment income		171,863	(171,863)
Administrative expense.....		(4,800)	4,800
Benefit payments, including refunds of employee contributions.....	(89,289)	(89,289)	0
Net Changes	<u>61,780</u>	<u>158,817</u>	<u>(97,037)</u>
Balance at December 31, 2020	<u>\$ 1,613,984</u>	<u>\$ 1,455,507</u>	<u>\$ 158,477</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

**MARLBOROUGH TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 12 – Pension Plan – Police (Continued):

Sensitivity of Net Pension Liability to Changes in Discount Rate

	1% Decrease <u>6.00%</u>	Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Total Pension Liability.....	\$ 1,812,460	\$ 1,613,984	\$ 1,446,703
Plan Fiduciary Net Position	<u>1,455,507</u>	<u>1,455,507</u>	<u>1,455,507</u>
Net Pension Liability	<u>\$ 356,953</u>	<u>\$ 158,477</u>	<u>\$ (8,804)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.3%	90.2%	100.6%

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

As indicated in Note 1, the Township presents its financial statements on the modified cash basis of accounting. If the Township's financial statements were presented using accounting principles generally accepted in the United States of America (U.S. GAAP), it would have recognized pension expense of \$33,291 in 2020 and would report deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience.....	\$ 20,957	\$
Changes in assumptions.....	18,967	
Net differences between projected and actual earnings on pension plan investments		<u>(103,473)</u>
Total	<u>\$ 39,924</u>	<u>\$ (103,473)</u>

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

<u>Year Ended December 31,</u>	
2021	\$ (23,967)
2022	(6,649)
2023	(39,335)
2024	(10,910)
2025	5,653
Thereafter	11,659

SUPPLEMENTARY INFORMATION

**MARLBOROUGH TOWNSHIP
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	Budget Original and Final	<u>Actual Amounts</u>	Variance Positive (Negative)
<u>Revenues:</u>			
Taxes, penalties and interest.....	\$ 1,106,000	\$ 1,221,890	\$ 115,890
Franchise taxes	69,000	71,031	2,031
Permits, fines and licenses.....	20,000	17,484	(2,516)
Intergovernmental revenues	46,600	41,979	(4,621)
Interest and rent revenues.....	81,200	39,455	(41,745)
Charges for services	88,520	156,179	67,659
Miscellaneous.....	<u>0</u>	<u>37,298</u>	<u>37,298</u>
Total Revenues	<u>1,411,320</u>	<u>1,585,316</u>	<u>173,996</u>
<u>Expenditures:</u>			
General government	220,105	203,399	16,706
Public safety	622,855	579,924	42,931
Public works.....	304,878	226,962	77,916
Recreation and special services.....	16,120	12,780	3,340
Debt service.....	0	7,151	(7,151)
Capital outlays.....	95,851	32,198	63,653
Employee benefits	346,350	212,422	133,928
Other expenses	<u>60,650</u>	<u>54,508</u>	<u>6,142</u>
Total Expenditures	<u>1,666,809</u>	<u>1,329,344</u>	<u>337,465</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(255,489)</u>	<u>255,972</u>	<u>511,461</u>
<u>Other Financing Sources (Uses):</u>			
Operating transfers in	46,200		(46,200)
Operating transfers out	<u>0</u>	<u>(33,038)</u>	<u>(33,038)</u>
Total Other Financing Sources (Uses).....	<u>46,200</u>	<u>(33,038)</u>	<u>(79,238)</u>
Net Change in Fund Balance	(209,289)	222,934	432,223
FUND BALANCE - BEGINNING	<u>932,072</u>	<u>932,072</u>	<u>0</u>
FUND BALANCE - ENDING	\$ <u>722,783</u>	\$ <u>1,155,006</u>	\$ <u>432,223</u>

See accompanying note to budgetary comparison schedule.

**MARLBOROUGH TOWNSHIP
BUDGETARY COMPARISON SCHEDULE – STATE LIQUID FUELS FUND
YEAR ENDED DECEMBER 31, 2020**

	Budget Original and Final	<u>Actual Amounts</u>	Variance Positive (Negative)
<u>Revenues:</u>			
Intergovernmental revenues	\$ 128,256	\$ 130,859	\$ 2,603
Interest and rent revenues.....	<u>800</u>	<u>717</u>	<u>(83)</u>
Total Revenues	<u>129,056</u>	<u>131,576</u>	<u>2,520</u>
<u>Expenditures:</u>			
Public works			
Capital outlays.....	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>129,056</u>	<u>131,576</u>	<u>2,520</u>
Net Change in Fund Balance	129,056	131,576	2,520
FUND BALANCE - BEGINNING	<u>139,980</u>	<u>139,980</u>	<u>0</u>
FUND BALANCE - ENDING.....	<u>\$ 269,036</u>	<u>\$ 271,556</u>	<u>\$ 2,520</u>

See accompanying note to budgetary comparison schedule.

**MARLBOROUGH TOWNSHIP
NOTE TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
DECEMBER 31, 2020**

Note 1 – Funds and Basis of Accounting:

The Budgetary Comparison Schedules are presented for the General Fund and the State Liquid Fuels Fund of the Township. They are prepared on the modified cash basis of accounting.

MARLBOROUGH TOWNSHIP NON-UNIFORM EMPLOYEES PENSION PLAN
SCHEDULES OF CHANGES IN PLAN'S NET PENSION
LIABILITY AND RELATED RATIOS

	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost (beginning of year).....	\$ 19,587	\$ 25,597	\$ 26,621	\$ 26,308	\$ 27,360	\$ 20,798	\$ 21,630
Interest (includes interest on service cost).....	32,705	37,224	41,200	41,930	46,049	40,346	42,897
Differences between expected and actual experience.....	0	1,414	0	(54,222)	0	(127,208)	0
Changes of assumptions.....	0	14,812	0	2,094	0	0	0
Benefit payments, including refunds of employee contributions	(11,486)	(8,447)	(5,644)	(4,243)	(16,667)	(25,542)	(25,542)
Net change in total pension liability.....	\$ 40,806	\$ 70,600	\$ 62,177	\$ 11,867	\$ 56,742	\$ (91,606)	\$ 38,985
Total pension liability – beginning.....	453,365	494,171	564,771	626,948	638,815	695,557	603,951
Total pension liability – ending.....	\$ 494,171	\$ 564,771	\$ 626,948	\$ 638,815	\$ 695,557	\$ 603,951	\$ 642,936
Plan Fiduciary Net Position							
Contributions – employer.....	\$ 13,346	\$ 14,635	\$ 18,039	\$ 15,965	\$ 9,768	\$ 11,286	\$ 696
Contributions – state aid.....	15,491	19,604	21,873	22,941	23,422	20,482	19,695
Net investment income.....	15,304	(5,896)	31,897	76,794	(42,060)	114,266	92,809
Benefit payments, including refunds of employee contributions.....	(11,486)	(8,447)	(5,644)	(4,243)	(16,667)	(25,542)	(25,542)
Administrative expense.....	(3,700)	(7,200)	(4,700)	(7,800)	(4,700)	(8,300)	(5,000)
Net change in plan fiduciary net position.....	\$ 28,955	\$ 12,696	\$ 61,465	\$ 103,657	\$ (30,237)	\$ 112,192	\$ 82,658
Plan fiduciary net position – beginning.....	398,352	427,307	440,003	501,468	605,125	574,888	687,080
Plan fiduciary net position – ending.....	\$ 427,307	\$ 440,003	\$ 501,468	\$ 605,125	\$ 574,888	\$ 687,080	\$ 769,738
Net pension liability – ending.....	\$ 66,864	\$ 124,768	\$ 125,480	\$ 33,690	\$ 120,669	\$ (83,129)	\$ (126,802)
Plan fiduciary net position as a percentage of total pension liability.....	86.5%	77.9%	80.0%	94.7%	82.7%	113.8%	119.7%
Covered employee payroll.....	\$ 223,236	\$ 284,628	\$ 294,094	\$ 283,344	\$ 246,138	\$ 231,108	\$ 246,230
Net pension liability as a percentage of covered employee payroll.....	30.0%	43.8%	42.7%	11.9%	49.0%	(36.0)%	(51.5)%

Notes to Schedules:

Assumption Changes – In 2015, the mortality assumption was changed from the RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 to the RP-2000 Table projected to 2017 using Scale AA.

Benefit Changes – None.

*This schedule will be presented on a prospective basis.

**MARLBOROUGH TOWNSHIP POLICE PENSION PLAN
SCHEDULES OF CHANGES IN PLAN'S NET PENSION
LIABILITY AND RELATED RATIOS**

	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost (beginning of year).....	\$ 22,668	\$ 31,674	\$ 32,941	\$ 37,161	\$ 38,647	\$ 40,924	\$ 42,561
Interest (includes interest on service cost).....	86,560	88,739	91,006	96,309	99,505	104,467	108,508
Differences between expected and actual experience.....	0	(30,065)	0	32,348	0	19,736	0
Changes of assumptions.....	0	32,250	0	4,521	0	0	0
Benefit payments, including refunds of employee contributions	<u>(89,289)</u>	<u>(89,289)</u>	<u>(89,289)</u>	<u>(89,289)</u>	<u>(89,289)</u>	<u>(89,289)</u>	<u>(89,289)</u>
Net change in total pension liability.....	\$ 19,939	\$ 33,309	\$ 34,658	\$ 81,050	\$ 48,863	\$ 75,838	\$ 61,780
Total pension liability – beginning.....	<u>1,258,547</u>	<u>1,278,486</u>	<u>1,311,795</u>	<u>1,346,453</u>	<u>1,427,503</u>	<u>1,476,366</u>	<u>1,552,204</u>
Total pension liability – ending.....	<u>\$ 1,278,486</u>	<u>\$ 1,311,795</u>	<u>\$ 1,346,453</u>	<u>\$ 1,427,503</u>	<u>\$ 1,476,366</u>	<u>\$ 1,552,204</u>	<u>\$ 1,613,984</u>
Plan Fiduciary Net Position							
Contributions – employer.....	\$ 34,314	\$ 35,333	\$ 37,148	\$ 40,346	\$ 33,508	\$ 33,111	\$ 32,342
Contributions – state aid.....	23,236	23,525	26,248	27,530	28,106	30,723	39,391
Contributions - member.....	5,640	5,822	6,565	6,807	7,213	8,791	9,310
Net investment income.....	39,711	(15,901)	71,024	159,676	(80,714)	217,429	171,863
Benefit payments, including refunds of employee contributions.....	<u>(89,289)</u>	<u>(89,289)</u>	<u>(89,289)</u>	<u>(89,289)</u>	<u>(89,289)</u>	<u>(89,289)</u>	<u>(89,289)</u>
Administrative expense.....	<u>(4,220)</u>	<u>(6,900)</u>	<u>(4,500)</u>	<u>(7,500)</u>	<u>(4,500)</u>	<u>(8,000)</u>	<u>(4,800)</u>
Net change in plan fiduciary net position.....	\$ 9,392	\$ (47,410)	\$ 47,196	\$ 137,570	\$ (105,676)	\$ 192,765	\$ 158,817
Plan fiduciary net position – beginning.....	<u>1,062,853</u>	<u>1,072,245</u>	<u>1,024,835</u>	<u>1,072,031</u>	<u>1,209,601</u>	<u>1,103,925</u>	<u>1,296,690</u>
Plan fiduciary net position – ending.....	<u>\$ 1,072,245</u>	<u>\$ 1,024,835</u>	<u>\$ 1,072,031</u>	<u>\$ 1,209,601</u>	<u>\$ 1,103,925</u>	<u>\$ 1,296,690</u>	<u>\$ 1,455,507</u>
Net pension liability – ending.....	<u>\$ 206,241</u>	<u>\$ 286,960</u>	<u>\$ 274,422</u>	<u>\$ 217,902</u>	<u>\$ 372,441</u>	<u>\$ 255,514</u>	<u>\$ 158,477</u>
Plan fiduciary net position as a percentage of total pension liability.....	83.9%	78.1%	79.6%	84.7%	74.8%	83.5%	90.2%
Covered employee payroll.....	\$ 209,544	\$ 220,890	\$ 226,844	\$ 264,710	\$ 274,288	\$ 292,936	\$ 326,000
Net pension liability as a percentage of covered employee payroll.....	98.4%	129.9%	121.0%	82.3%	135.8%	87.2%	48.6%

Notes to Schedules:

Assumption Changes – In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA.

Benefit Changes – None.

*This schedule will be presented on a prospective basis.

**MARLBOROUGH TOWNSHIP NON-UNIFORMED PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution....	\$ 28,837	\$ 34,239	\$ 39,912	\$ 38,906	\$ 33,190	\$ 31,768	\$ 20,391
Contributions made.....	<u>28,837</u>	<u>34,239</u>	<u>39,912</u>	<u>38,906</u>	<u>33,190</u>	<u>31,768</u>	<u>20,391</u>
Contribution Deficiency (Excess).....	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Covered-employee payroll.....	\$ 223,236	\$ 284,628	\$ 294,094	\$ 283,344	\$ 246,138	\$ 231,108	\$ 246,230
Contributions as a percentage of covered-employee payroll.....	12.92%	12.03%	13.57%	13.73%	13.48%	13.75%	8.28%

* This schedule will be presented on a prospective basis.

**MARLBOROUGH TOWNSHIP POLICE PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution...	\$ 57,550	\$ 58,857	\$ 63,396	\$ 67,876	\$ 61,614	\$ 63,834	\$ 71,733
Contributions made.....	<u>57,550</u>	<u>58,857</u>	<u>63,396</u>	<u>67,876</u>	<u>61,614</u>	<u>63,834</u>	<u>71,733</u>
Contribution Deficiency (Excess).....	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Covered-employee payroll.....	\$ 209,544	\$ 220,890	\$ 226,844	\$ 264,710	\$ 274,288	\$ 292,936	\$ 326,000
Contributions as a percentage of covered-employee payroll.....	27.46%	26.65%	27.95%	25.64%	22.46%	21.79%	22.00%

* This schedule will be presented on a prospective basis.