

TOWNSHIP OF LOWER MAKEFIELD

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2020

INTRODUCTORY SECTION

TOWNSHIP OF LOWER MAKEFIELD

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
Township of Lower Makefield
Yardley, Pennsylvania

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

Management's Responsibility for the Financial Statements

Township of Lower Makefield'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, each major fund and the aggregate remaining fund information of the Township of Lower Makefield 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
Township of Lower Makefield
Yardley, Pennsylvania

Emphasis of Matter

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

As discussed in Note Q, on September 17, 2020, the Township of Lower Makefield entered into an Asset Purchase Agreement with Aqua Pennsylvania Wastewater, Inc. for the purchase of the wastewater collection and treatment system. The sale is anticipated to close in the fourth quarter of 2021. Prior to closing, the Township intends to terminate the Municipal Sewer Authority of the Township of Lower Makefield.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lower Makefield’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 listed in the table of contents 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 presented, in all material respects, in relation to the basic financial statements as a whole.



Limerick, Pennsylvania
July 23, 2021

TOWNSHIP OF LOWER MAKEFIELD
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2020

The management of Lower Makefield Township is pleased to present this narrative overview and analysis of the financial activities of Lower Makefield Township for the fiscal year ended December 31, 2020. The information is being presented as a comparative analysis of the previous year.

Lower Makefield Township is a Township of the Second Class under Pennsylvania Law. The governing body of the Township is the Board of Supervisors comprised of five (5) members, who are elected at large and serve six (6) year staggered terms. The Board is empowered with legislative functions that include enacting ordinances and resolutions, adopting a budget, levying taxes, providing for appropriations and awarding bids and contracts, and making appointments to various boards and commissions.

FINANCIAL HIGHLIGHTS

- In 2020, the Township approved the sale of its Sanitary Sewer System to Aqua, PA at a cost of \$53,000,000 and successfully negotiated a \$3,000,000 down payment.
- In 2020, the Township’s overall revenue collection was stable and aggressively scaled back projects and part time staff to end the year ahead of budgeted expectations.
- Even in the midst of the pandemic the Township’s property tax collections remained stable.

	Total Transfers	Total Transfer Tax
2019	577	\$1,530,595.69
2020	593	\$1,508,985.76

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Together, they provide a comprehensive financial look at the Township. The components of the report include the Independent Auditor 's 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.

Management's Discussion and Analysis (MD&A), prepared by Township management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A also provides analysis of some 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 Notes to the Basic Financial Statements. The 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.

TOWNSHIP OF LOWER MAKEFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

- The Statement of Net Position focuses on resources available for future operations. This statement presents a snapshot 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 such programs rely upon 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.
- 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 presented in their own columns, and the remaining funds are combined into a column "Other 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 Funds represent the Township's Sewer, Pool, and Golf Funds 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 the government. 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 (RSI) is additional information consisting of budgetary comparisons for the General Fund and Special Project Fund, trend data on infrastructure condition, pension plan information and OPEB plan information.

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net position and Statement of Activities

Our analysis of the Township as a whole begins with the Statement of Net Position. One of the most important questions asked about the Township's finances is "What is the Township's overall financial condition as compared to the previous year?" The Statement of Net Positions and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. In these statements, we divide the Township into two kinds of activities:

- Governmental Activities - Most of the Township's basic services are reported here, including police, public works, planning and zoning, library, parks and recreation, and administration. Real estate and business taxes, fees and charges and grants finance most of these activities.
- Business Type Activities - The Township charges a fee to customers to help it cover most of the cost of certain services it provides. The Township's sewer system, pool and golf course are reported here.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
ASSETS						
Cash and cash equivalents	\$ 13,023,786	\$ 10,909,755	\$ 3,621,388	\$ 317,936	\$ 16,645,174	\$ 11,227,691
Other assets	990,453	503,825	3,364,551	2,640,274	4,355,004	3,144,099
Capital assets	88,212,085	88,659,017	32,039,769	33,276,203	120,251,854	121,935,220
TOTAL ASSETS	102,226,324	100,072,597	39,025,708	36,234,413	141,252,032	136,307,010
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows	241,896	296,500	8,466	7,457	250,362	303,957
Deferred OPEB outflows	633,328	-	-	-	633,328	-
Deferred charges	-	-	93,367	108,416	93,367	108,416
TOTAL DEFERRED OUTFLOWS OF RESOURCES	875,224	296,500	101,833	115,873	977,057	412,373
LIABILITIES						
Other liabilities	7,103,588	4,278,100	3,498,928	4,853,904	10,602,516	9,132,004
Long-term liabilities	20,757,460	22,838,653	24,755,633	26,439,936	45,513,093	49,278,589
TOTAL LIABILITIES	27,861,048	27,116,753	28,254,561	31,293,840	56,115,609	58,410,593
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	1,440,290	504,047	95,755	24,681	1,536,045	528,728
Deferred OPEB inflows	34,335	-	-	-	34,335	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,474,625	504,047	95,755	24,681	1,570,380	528,728
NET POSITION						
Invested in capital assets	82,862,025	81,638,640	6,121,491	5,842,313	88,983,516	87,480,953
Restricted	1,943,456	1,872,702	-	-	1,943,456	1,872,702
Unrestricted	(11,039,606)	(10,763,045)	4,655,734	(810,548)	(6,383,872)	(11,573,593)
TOTAL NET POSITION	\$ 73,765,875	\$ 72,748,297	\$ 10,777,225	\$ 5,031,765	\$ 84,543,100	\$ 77,780,062

Assets in the business type activity column reflect the Township's investment in its sewer system, community pool and golf course. The Township operates and maintains thirteen pump stations and approximately 230 miles of sewer lines. The community pool consists of four swimming pools, a snack bar area and bathhouse, the golf course is an 18-hole upscale affordable municipal course with practice facility, clubhouse, maintenance building and historic manor house.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program revenues						
Charges for services	\$ 2,213,213	\$ 2,417,245	\$ 14,355,188	\$ 12,428,759	\$ 16,568,401	\$ 14,846,004
Operating grants and contributions	2,480,342	3,446,834	-	-	2,480,342	3,446,834
General revenues						
Property taxes	11,119,535	10,663,444	-	-	11,119,535	10,663,444
Real estate transfer taxes	1,509,076	1,530,496	-	-	1,509,076	1,530,496
Local service taxes and per-capita taxes	562,668	569,473	11,976	7,504	574,644	576,977
Public utility taxes	12,577	11,284	-	-	12,577	11,284
Franchise taxes	737,996	759,379	-	-	737,996	759,379
Investment earnings	97,798	138,592	-	-	97,798	138,592
Miscellaneous	714,342	794,214	-	-	714,342	794,214
Gain on sale of capital assets	10,354	60,200	-	27,500	10,354	87,700
TOTAL REVENUES	19,457,901	20,391,161	14,367,164	12,463,763	33,825,065	32,854,924
EXPENSES						
General government	2,671,100	2,475,258	-	-	2,671,100	2,475,258
Public safety	10,659,208	10,633,112	-	-	10,659,208	10,633,112
Public works (highways and streets)	3,041,013	3,295,356	-	-	3,041,013	3,295,356
Culture and recreation	1,041,450	1,203,499	-	-	1,041,450	1,203,499
Interest on long-term debt	269,862	313,279	-	-	269,862	313,279
Sewer	-	-	6,062,163	7,410,988	6,062,163	7,410,988
Community pool	-	-	608,190	1,008,821	608,190	1,008,821
Golf course	-	-	2,709,041	3,075,442	2,709,041	3,075,442
TOTAL EXPENSES	17,682,633	17,920,504	9,379,394	11,495,251	27,062,027	29,415,755
EXCESS (DEFICIENCY) BEFORE TRANSFERS	1,775,268	2,470,657	4,987,770	968,512	6,763,038	3,439,169
TRANSFER						
Transfers in	-	-	757,690	315,385	757,690	315,385
Transfers out	(757,690)	(315,385)	-	-	(757,690)	(315,385)
CHANGE IN NET POSITION	1,017,578	2,155,272	5,745,460	1,283,897	6,763,038	3,439,169
NET POSITION, BEGINNING	72,748,297	70,593,025	5,031,765	3,747,868	77,780,062	74,340,893
NET POSITION, ENDING	\$ 73,765,875	\$ 72,748,297	\$ 10,777,225	\$ 5,031,765	\$ 84,543,100	\$ 77,780,062

For the Township of Lower Makefield's governmental activities, total revenues and transfers in exceeded total expenses and transfers out by \$1,017,578 in 2020. In 2020, there was a 0.76 mill increase in the Tax. Revenues decreased in 2020 by \$933,260, or 4.6%, expenses decreased by \$237,871, or 1.3%.

For the Township of Lower Makefield's business-type activities, net position increased \$5,745,460 in 2020 as a result of increases in the Sewer Fund of \$5,333,592 and Golf Fund of \$527,171; the decrease in Pool Fund net position in 2020 was \$115,303.

TOWNSHIP OF LOWER MAKEFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

Governmental Activities

The Township generates governmental revenues from a variety of sources. Total revenue for governmental activities in 2020 was \$19,457,901; 2019 was \$20,391,161; and 2018 was \$19,140,750. Revenues by source are as follows:

Revenue	Amount		% of Total	
	2020	2019	2020	2019
Property taxes	\$ 11,119,535	\$ 10,663,444	57.15%	52.29%
Real estate transfer tax	1,509,076	1,530,496	7.76%	7.51%
Local services taxes and per-capita taxes	562,668	569,473	2.89%	2.79%
Public utility taxes	12,577	11,284	0.06%	0.06%
Franchise taxes	737,996	759,379	3.79%	3.72%
Investment earnings	97,798	138,592	0.50%	0.68%
Miscellaneous	714,342	794,214	3.67%	3.89%
Gain on sale of capital assets	10,354	60,200	0.05%	0.30%
Charges for services	2,213,213	2,417,245	11.37%	11.85%
Operating grants and contributions	2,480,342	3,446,834	12.75%	16.90%
	<u>\$ 19,457,901</u>	<u>\$ 20,391,161</u>	<u>100.00%</u>	<u>100.00%</u>

As seen above, revenues decreased when comparing 2020 and 2019, by \$933,260 or 4.6%. Property taxes increased by \$456,091. In December of 2010, the Township approved the enactment of a Local Services Tax, or LST at the legally allowed maximum of \$52 per annum for all people working within the Township borders earning more than \$12,000 per annum. This revenue source yielded over \$562,668 in 2020 and \$569,473 in 2019.

The Township's governmental programs consist of various operating departments, including police, public works, planning and zoning, park and recreation and several administrative departments. Total expenditures for fiscal 2020 were \$17,682,633; 2019 were \$17,920,504; and \$18,437,128 in 2018. Expenditures by source were as follows:

Expenses	Amount		% of Total	
	2020	2019	2020	2019
General government	\$ 2,671,100	\$ 2,475,258	15.11%	13.81%
Public safety	10,659,208	10,633,112	60.28%	59.33%
Highways and streets	3,041,013	3,295,356	17.20%	18.39%
Culture and recreation	1,041,450	1,203,499	5.89%	6.72%
Interest on long-term debt	269,862	313,279	1.53%	1.75%
	<u>\$ 17,682,633</u>	<u>\$ 17,920,504</u>	<u>100.00%</u>	<u>100.00%</u>

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township of Lower Makefield's investment in capital assets for its governmental and business-type activities as of December 31, 2020, total \$120,251,854 and were \$121,935,220 in 2019 (net of accumulated depreciation). Township investment in capital assets includes land and land improvements, building improvements, equipment, vehicles and infrastructure (see Table 3). Infrastructure includes roadways, bike paths, curbing and sidewalks, storm sewers, basins, bridges and culverts, easements, streetlights and signs.

Additions to capital assets, land and improvements during 2020 include:

Construction in progress - other	\$ 146,601
Equipment and vehicles	\$ 575,316
Infrastructure	\$ 21,900
Pool furniture and fixtures	\$ 21,197
Sewer capital contribution - Morrisville	\$ 264,504
Sewer capital contribution - Yardley	\$ 50,476
Sewer equipment and capital repairs	\$ 24,370
Sewer land	\$ 25,000
Sewer CIP	\$ 99,174

	Governmental Activities		Business-Type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Land*	\$ 23,859,951	\$ 23,859,951	\$ 7,790,999	\$ 7,765,999	\$ 31,650,950	\$ 31,625,950
Construction in progress	1,039,622	987,161	167,979	68,805	1,207,601	1,055,966
Infrastructure	50,289,307	50,289,307	-	-	50,289,307	50,289,307
TOTAL CAPITAL ASSETS NOT DEPRECIATED	<u>75,188,880</u>	<u>75,136,419</u>	<u>7,958,978</u>	<u>7,834,804</u>	<u>83,147,858</u>	<u>82,971,223</u>
Land improvements	10,236,161	10,236,161	8,160,524	8,160,524	18,396,685	18,396,685
Infrastructure	1,424,458	1,308,418	48,640,022	48,303,845	50,064,480	49,612,263
Buildings and improvements	10,894,065	10,894,065	3,416,400	3,416,400	14,310,465	14,310,465
Furniture and equipment	4,042,389	4,020,564	2,421,709	2,397,339	6,464,098	6,417,903
Vehicles	7,725,818	7,267,045	-	-	7,725,818	7,267,045
TOTAL CAPITAL ASSETS DEPRECIATED	<u>34,322,891</u>	<u>33,726,253</u>	<u>62,638,655</u>	<u>62,278,108</u>	<u>96,961,546</u>	<u>96,004,361</u>
Accumulated depreciation	<u>(21,299,686)</u>	<u>(20,203,655)</u>	<u>(38,557,864)</u>	<u>(36,836,709)</u>	<u>(59,857,550)</u>	<u>(57,040,364)</u>
TOTAL CAPITAL ASSETS	<u>\$ 88,212,085</u>	<u>\$ 88,659,017</u>	<u>\$ 32,039,769</u>	<u>\$ 33,276,203</u>	<u>\$ 120,251,854</u>	<u>\$ 121,935,220</u>

*Land is recorded at historical cost; market values are significantly higher.

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

Depreciable capital assets are depreciated using the straight-line method. Useful lives are as follows:

	<u>Years</u>
Infrastructure	20
Land improvements	5-40
Plant and pools	4-40
Building and building improvements	40
Furniture and equipment	5
Vehicles	3-10

In the case of road, curb, sidewalk and bike path infrastructure, the Township has elected to use the modified approach. Please see Page 74 in Required Supplementary Information section of the financial statements for a more detailed description of the method. Additional information on the Township's capital assets can be found in Notes A and D in the financial statements.

Total Liabilities

At the end of 2020, the Township had \$33,825,366 in outstanding principal for all Note Payables and Bonds. Total Long-Term Liabilities at the end of 2020 were \$48,546,731, which includes capital leases, OPEB and pension liabilities and compensated absences.

Debt

Outstanding debt at year end (net of premiums, discounts, and amortization) for the years ended December 31, 2020 and 2019 is as follows:

<u>Governmental Activities</u>	<u>2020</u>	<u>2019</u>
General Obligation Bonds		
Series B of 2013	\$ 803,616	\$ 803,616
Series of 2015	1,039,080	2,043,160
Series of 2016	6,507,610	6,829,104
Series of 2018	1,397,402	1,537,056
Notes Payable		
Bucks County	97,832	145,765
	<u>9,845,540</u>	<u>11,358,701</u>
<u>Business-Type Activities</u>		
General Obligation Bonds		
Series A of 2013	1,909,438	1,926,798
Series B of 2013	1,988,918	1,988,918
Series of 2015	708,529	1,392,057
Series of 2016	12,729,679	13,494,266
Series of 2018	8,581,714	8,631,851
	<u>25,918,278</u>	<u>27,433,890</u>
Capital leases	424,704	467,467
Net OPEB obligation	6,203,865	5,173,288
Net pension liability	4,639,863	6,326,045
Compensated absences	1,514,481	1,422,568
	<u>48,546,731</u>	<u>52,181,959</u>
Total long-term liabilities	<u>\$ 48,546,731</u>	<u>\$ 52,181,959</u>

TOWNSHIP OF LOWER MAKEFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

The Township of Lower Makefield services an area of seventeen square miles and a population of 32,559 (2010 United States Census). The Township is located in the southeastern portion of Bucks County, just across the river from Trenton, New Jersey and twenty-five miles northeast of Philadelphia. Economically, the Township is largely residential in nature, with some agricultural activity. Commercial development can be found on a limited basis, most of which support the residential community.

As shown in the data below, the Township of Lower Makefield is considerably wealthier than Bucks County as a whole. Both Bucks County and the Township of Lower Makefield are substantially wealthier than the Commonwealth of Pennsylvania and the nation. Several factors that create this wealth are the higher educational levels of our residents and the Township's ideal location for commuting to New York and Philadelphia, where higher paying jobs can be found.

	<u>Lower Makefield Township</u>	<u>Bucks County</u>	<u>Pennsylvania</u>	<u>United States</u>
Per capita income	\$ 54,282	\$ 34,917	\$ 26,933	\$ 28,051
Median family income	136,638	86,196	63,283	53,046
Percentage of population poverty level	1.5%	5.0%	9.6%	14.9%

Source: United States Census Bureau (2010 Census)

The 2021 Budget and Outlook

The total millage for the 2021 will be 21.01, which represents the same millage assessed for 2020. The millage breakout is as follows: General Fund 13.88 mills, Debt Service 2.79 mills, Fire Protection .90 mills, Fire Hydrants .33 mills, Parks and Recreation 2.43 mills, Ambulance and Rescue .38 mills, and Road Machinery .30 mills. The Township's Debt Service millage is set to cover the costs of bonds not associated with sewers or the golf course. The .30 road machinery millage allows the Township to continue replacing public works equipment, primarily through short term financing, that will allow the Township to maintain its basic service requirements for our residents. The sewer rate, which had been subject to significant rate increases in previous years, to offset required capital improvements, was held flat for 2021.

The Township did accept an offer for its sanitary sewer system and successfully negotiated a \$3,000,000 down payment on the system. In response, Moody's removed the negative outlook it had placed on the Township in 2019. The Township anticipates the sale to close during the 4th quarter of 2021. That closing will result in significant debt reduction and the offset of significant future sewage infrastructure debt as well. If the Township chooses to pay off its golf debt, as part of this transaction it will have about \$8,000,000 in debt remaining. Absent the sale the Township would have faced an additional \$50,000,000+ in costs for a new treatment plant with total Township principal and interest debt exceeding \$100,000,000. In the meantime, the Township continues to meet its capital investment requirements as outlined in the Township's 537 Plan with DEP

TOWNSHIP OF LOWER MAKEFIELD
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2020

Our \$3,000,000 deposit cannot be deemed revenue in 2020 as it would need to be refunded if the sale does not close. As such it is currently reported as a liability. For our 2020 financials the fund balance will not include that amount in its fund balance. Once the sale closes, that \$3,000,000 will be listed as revenue and provide the Township a \$4,000,000+ fund balance and position the Township to have its bond rating, that was reduced in 2019, restored to Aa1.

In 2019, the Township introduced a second health plan that all new non-uniform employees will be insured. This Health Savings high deductible plan will continue to grow in numbers as employees retire. The plan has had its desired affect by managing costs moving forward. Our entire premium rate increased by only 3% in our most recent renewal with our Health Savings Plan rising by only 1.9%.

The Township building reopened in June 2021 with all employees now working back at the Township buildings.

The overwhelming majority of the Township’s revenue is generated from our property tax. Our total collection rate has averaged over 99% each year, and 2020 was no exception. Most property owners pay their taxes during discount and the face period of collection. In assessing where we were before the pandemic, during the pandemic and now in coming out of the pandemic we see the following collection trend in household collection comparisons:

	Total HH#	HH paying thru Face Period
2019	12,457	11,955
2020	12,457	11,980*
2021	12,457	12,060

*In 2020 the face period was extended to July 30th

For budgeting purposes, we estimate a 98.5% collection rate for the year. For 2021 we already stand at 96.8% through the face period (June 30th) of collection.

2021 Transfer taxes

The Township continues to meet is budgeted goals for transfer taxes. The first 6 months have steadily seen property sales continue as in previous years.

	Total Transfers thru 6-30-21	Total Transfer tax thru 6-30-21	2021 Budget
2021	300	\$766,460.21	\$1,500,000

The Township is also seeing significant permit applications for property renovations and fully anticipates exceeding its overall 2021 budgeted revenues.

TOWNSHIP OF LOWER MAKEFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to show the Township's accountability for the monies it receives and disburses. If you have any questions about this report or to request additional financial information, please contact Kurt Ferguson, Township Manager, 1100 Edgewood Road, Yardley, Pennsylvania 19067.

TOWNSHIP OF LOWER MAKEFIELD

STATEMENT OF NET POSITION

DECEMBER 31, 2020

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 13,023,786	\$ 3,621,388	\$ 16,645,174
Receivables, net	938,029	3,277,054	4,215,083
Inventory	-	47,417	47,417
Prepaid expenses	52,424	40,080	92,504
Capital assets, net	88,212,085	32,039,769	120,251,854
TOTAL ASSETS	102,226,324	39,025,708	141,252,032
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources, pension activity	241,896	8,466	250,362
Deferred outflows of resources, OPEB activity	633,328	-	633,328
Deferred charges on refunding of bond	-	93,367	93,367
TOTAL DEFERRED OUTFLOWS OF RESOURCES	875,224	101,833	977,057
LIABILITIES			
Accounts payable	381,958	1,600,753	1,982,711
Accrued expenses	219,082	28,508	247,590
Unearned revenue	1,852,264	459,367	2,311,631
Security deposits	26,946	-	26,946
Refundable advance	3,000,000	-	3,000,000
Noncurrent liabilities			
Due within one year:			
Bonds and notes payable	1,483,352	1,410,300	2,893,652
Capital lease payable	139,986	-	139,986
Due in more than one year:			
Bonds and notes payable	8,362,188	24,507,978	32,870,166
Capital lease payable	284,718	-	284,718
Other post-employment benefits	6,203,865	-	6,203,865
Compensated absences	1,495,475	19,006	1,514,481
Net pension liability	4,411,214	228,649	4,639,863
TOTAL LIABILITIES	27,861,048	28,254,561	56,115,609
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	1,440,290	95,755	1,536,045
Deferred inflows of resources, OPEB activity	34,335	-	34,335
TOTAL DEFERRED INFLOWS OF RESOURCES	1,474,625	95,755	1,570,380
NET POSITION			
Net investment in capital assets	82,862,025	6,121,491	88,983,516
Restricted			
Special revenue funds	45,342	-	45,342
Other governmental funds	1,898,114	-	1,898,114
Unrestricted	(11,039,606)	4,655,734	(6,383,872)
TOTAL NET POSITION	\$ 73,765,875	\$ 10,777,225	\$ 84,543,100

See accompanying notes to the basic financial statements.

TOWNSHIP OF LOWER MAKEFIELD
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$ 2,671,100	\$ 850,705	\$ 355,183	\$ -	\$ (1,465,212)	\$ -	\$ (1,465,212)
Public safety	10,659,208	177,891	821,375	-	(9,659,942)	-	(9,659,942)
Public works	3,041,013	1,100,302	1,200,563	-	(740,148)	-	(740,148)
Parks and recreation	1,041,450	84,315	103,221	-	(853,914)	-	(853,914)
Interest on long-term debt	269,862	-	-	-	(269,862)	-	(269,862)
TOTAL GOVERNMENTAL ACTIVITIES	17,682,633	2,213,213	2,480,342	-	(12,989,078)	-	(12,989,078)
Business-type activities							
Sewer fund	6,062,163	11,679,432	-	-	-	5,617,269	5,617,269
Community pool fund	608,190	52,995	-	-	-	(555,195)	(555,195)
Golf course fund	2,709,041	2,622,761	-	-	-	(86,280)	(86,280)
TOTAL BUSINESS-TYPE ACTIVITIES	9,379,394	14,355,188	-	-	-	4,975,794	4,975,794
TOTAL PRIMARY GOVERNMENT	\$ 27,062,027	\$ 16,568,401	\$ 2,480,342	\$ -	(12,989,078)	4,975,794	(8,013,284)
GENERAL REVENUES							
Property taxes levied for general purposes					11,119,535	-	11,119,535
Transfer taxes					1,509,076	-	1,509,076
Local services and per capita taxes					562,668	-	562,668
PURTA Utility Tax					12,577	-	12,577
Franchise taxes					737,996	-	737,996
Investment earnings					97,798	11,976	109,774
Rent, reimbursement and miscellaneous					714,342	-	714,342
Gain on sale of capital assets					10,354	-	10,354
TRANSFERS					(757,690)	757,690	-
TOTAL GENERAL REVENUES AND TRANSFERS					14,006,656	769,666	14,776,322
CHANGE IN NET POSITION					1,017,578	5,745,460	6,763,038
NET POSITION AT BEGINNING OF YEAR					72,748,297	5,031,765	77,780,062
NET POSITION AT END OF YEAR					\$ 73,765,875	\$ 10,777,225	\$ 84,543,100

See accompanying notes to the basic financial statements.

TOWNSHIP OF LOWER MAKEFIELD

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	General Fund	Capital Reserve Fund	Bond Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 6,465,781	\$ -	\$ 4,645,907
Accounts receivable, net	520,780	-	-
Interfund receivable	3,476	-	306,416
Due from other governments	-	306,416	-
Prepaid expenses	12,173	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 7,002,210</u>	<u>\$ 306,416</u>	<u>\$ 4,952,323</u>
LIABILITIES			
Accounts payable	\$ 293,598	\$ -	\$ -
Accrued expenses	205,094	-	-
Interfund payables	-	306,416	32,139
Unearned revenues	1,852,264	-	-
Security deposits	20,946	-	-
Refundable advance	3,000,000	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>5,371,902</u>	<u>306,416</u>	<u>32,139</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, property taxes	78,074	-	-
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES			
Nonspendable			
Prepaid items	12,173	-	-
Restricted for			
Capital projects	-	-	4,920,184
Special projects	-	-	-
Street lights	-	-	-
9-11 memorial	-	-	-
Fire protection	-	-	-
Hydrant fund	-	-	-
Park and recreation	-	-	-
Park and recreation FIL	-	-	-
Traffic impact	-	-	-
Regency bridge	-	-	-
Tree fund	-	-	-
Highway aid	-	-	-
Ambulance rescue	-	-	-
Road machinery	-	-	-
Patterson farm	-	-	-
Unassigned	1,540,061	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>1,552,234</u>	<u>-</u>	<u>4,920,184</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	<u>\$ 7,002,210</u>	<u>\$ 306,416</u>	<u>\$ 4,952,323</u>

See accompanying notes to the basic financial statements.

Debt Service Fund	Special Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 30,454	\$ 1,881,644	\$ 13,023,786
19,185	-	91,648	631,613
-	32,139	-	342,031
-	-	-	306,416
<u>-</u>	<u>-</u>	<u>40,251</u>	<u>52,424</u>
<u>\$ 19,185</u>	<u>\$ 62,593</u>	<u>\$ 2,013,543</u>	<u>\$ 14,356,270</u>
\$ -	\$ 17,251	\$ 71,109	\$ 381,958
-	-	13,988	219,082
3,476	-	-	342,031
-	-	-	1,852,264
-	-	6,000	26,946
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>
<u>3,476</u>	<u>17,251</u>	<u>91,097</u>	<u>5,822,281</u>
<u>15,709</u>	<u>-</u>	<u>24,332</u>	<u>118,115</u>
-	-	40,251	52,424
-	-	-	4,920,184
-	45,342	-	45,342
-	-	101,147	101,147
-	-	10,651	10,651
-	-	46,118	46,118
-	-	18,236	18,236
-	-	282,058	282,058
-	-	204,005	204,005
-	-	138,354	138,354
-	-	578,840	578,840
-	-	104,305	104,305
-	-	86,445	86,445
-	-	3,931	3,931
-	-	158,841	158,841
-	-	124,932	124,932
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,540,061</u>
<u>-</u>	<u>45,342</u>	<u>1,898,114</u>	<u>8,415,874</u>
<u>\$ 19,185</u>	<u>\$ 62,593</u>	<u>\$ 2,013,543</u>	<u>\$ 14,356,270</u>

TOWNSHIP OF LOWER MAKEFIELD

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2020

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 8,415,874
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$109,511,771 and the accumulated depreciation is \$21,299,686.	88,212,085
Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the governmental funds.	118,115
Deferred inflows and outflows of resources related to pension and OPEB activities are not financial resources and therefore are not reported in the governmental funds.	(599,401)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Bonds and notes payable, including premiums	(9,845,540)
Capital lease payable	(424,704)
Other post-employment benefits	(6,203,865)
Net pension liability	(4,411,214)
Compensated absences	<u>(1,495,475)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 73,765,875</u>

See accompanying notes to the basic financial statements.

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

	General Fund	Capital Reserve Fund	Bond Fund
REVENUES			
Real estate taxes	\$ 7,342,970	\$ -	\$ -
Real estate transfer taxes	1,509,076	-	-
Local services and per capita taxes	562,668	-	-
Licenses, permits and fees	1,851,530	-	-
Fines, forfeits and costs	67,779	-	-
Interest earnings	34,247	17	47,263
Rental income	338,100	-	-
Intergovernmental revenues	748,392	306,416	-
Charges for services	708,003	-	-
Contributions	-	-	-
Miscellaneous	37,288	-	-
TOTAL REVENUES	<u>13,200,053</u>	<u>306,433</u>	<u>47,263</u>
EXPENDITURES			
General government	2,113,468	-	-
Public safety	6,822,071	-	-
Public works	1,432,412	-	-
Parks and recreation	-	-	-
Capital outlay	-	476,245	-
Insurance	422,304	-	-
Employee benefits and taxes	2,154,738	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	<u>12,944,993</u>	<u>476,245</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OF REVENUES OVER EXPENDITURES	<u>255,060</u>	<u>(169,812)</u>	<u>47,263</u>
OTHER FINANCING SOURCES (USES)			
Refund prior year expenditure	110,153	-	-
Proceeds from capital leases	-	-	-
Transfers in	300,000	194,826	-
Transfers out	(941,044)	-	(32,139)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(530,891)</u>	<u>194,826</u>	<u>(32,139)</u>
NET CHANGE IN FUND BALANCES	(275,831)	25,014	15,124
FUND BALANCES AT BEGINNING OF YEAR, restated*	<u>1,828,065</u>	<u>(25,014)</u>	<u>4,905,060</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,552,234</u>	<u>\$ -</u>	<u>\$ 4,920,184</u>

See accompanying notes to the basic financial statements.

Debt Service Fund	Special Project Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,477,743	\$ -	\$ 2,287,917	\$ 11,108,630
-	-	-	1,509,076
-	-	-	562,668
-	-	-	1,851,530
-	-	-	67,779
550	-	15,721	97,798
-	-	107,512	445,612
-	-	1,377,892	2,432,700
-	-	180,080	888,083
-	108,229	94,071	202,300
-	-	117,067	154,355
<u>1,478,293</u>	<u>108,229</u>	<u>4,180,260</u>	<u>19,320,531</u>
-	-	-	2,113,468
-	-	954,736	7,776,807
-	-	1,437,041	2,869,453
-	-	962,376	962,376
-	142,956	221,826	841,027
-	-	-	422,304
-	-	-	2,154,738
1,427,833	-	-	1,427,833
342,837	-	-	342,837
<u>1,770,670</u>	<u>142,956</u>	<u>3,575,979</u>	<u>18,910,843</u>
<u>(292,377)</u>	<u>(34,727)</u>	<u>604,281</u>	<u>409,688</u>
-	-	5,958	116,111
-	-	81,225	81,225
321,650	69,148	276,650	1,162,274
<u>(15,000)</u>	<u>-</u>	<u>(931,781)</u>	<u>(1,919,964)</u>
<u>306,650</u>	<u>69,148</u>	<u>(567,948)</u>	<u>(560,354)</u>
14,273	34,421	36,333	(150,666)
<u>(14,273) *</u>	<u>10,921</u>	<u>1,861,781</u>	<u>8,566,540</u>
<u>\$ -</u>	<u>\$ 45,342</u>	<u>\$ 1,898,114</u>	<u>\$ 8,415,874</u>

TOWNSHIP OF LOWER MAKEFIELD

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (150,666)
<p>Capital outlays are reported in the Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Adjustments consist of:</p>	
Capital outlays	743,817
Depreciation expense	(1,190,749)
<p>Repayment of bond and lease principal is an expenditure in the Governmental Funds, but the repayments reduce long-term liabilities in the statement of net position.</p>	
	1,551,821
<p>Borrowing of debt is a revenue in the Governmental Funds but increases long-term liabilities in the statement of net position.</p>	
	(81,225)
<p>Governmental funds report the effect of premiums when debt is issued, but these amounts are deferred and amortized in the statement of activities.</p>	
	85,328
<p>Taxes not collected within 60 days of year end are not recognized as revenue in the Governmental Funds, but are recognized as revenue in the statement of activities.</p>	
	10,905
<p>Compensated absences for unused sick time do not require the use of current financial resources and therefore, are not reported as expenditures in Governmental Funds, but are reported as expenses in the statement of activities.</p>	
	(90,390)
<p>Net pension liability and related deferrals are reported in the statement of activities, however they do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Funds.</p>	
	570,321
<p>Other post-employment benefits and related deferrals are reported in the statement of activities, however they do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Funds.</p>	
	<u>(431,584)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,017,578</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF LOWER MAKEFIELD

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2020

	Sewer Fund	Community Pool Fund	Golf Course Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,023,172	\$ 29,071	\$ 569,145	\$ 3,621,388
Accounts receivable, net	3,266,864	-	10,190	3,277,054
Inventory	-	-	47,417	47,417
Prepaid expenses	-	-	40,080	40,080
TOTAL CURRENT ASSETS	<u>6,290,036</u>	<u>29,071</u>	<u>666,832</u>	<u>6,985,939</u>
CAPITAL ASSETS, net	<u>16,748,813</u>	<u>777,417</u>	<u>14,513,539</u>	<u>32,039,769</u>
TOTAL ASSETS	<u>23,038,849</u>	<u>806,488</u>	<u>15,180,371</u>	<u>39,025,708</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflow	8,466	-	-	8,466
Deferred charges on refunding of bond	56,154	-	37,213	93,367
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>64,620</u>	<u>-</u>	<u>37,213</u>	<u>101,833</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	1,579,583	8,981	12,189	1,600,753
Accrued expenses	6,591	10,190	11,727	28,508
Unearned revenue	86,416	-	372,951	459,367
Current portion of long-term debt	740,300	-	670,000	1,410,300
TOTAL CURRENT LIABILITIES	<u>2,412,890</u>	<u>19,171</u>	<u>1,066,867</u>	<u>3,498,928</u>
LONG-TERM LIABILITIES				
Net pension liability	228,649	-	-	228,649
Compensated absences	12,059	6,947	-	19,006
Bonds and notes payable	11,989,379	-	12,518,599	24,507,978
TOTAL LONG-TERM LIABILITIES	<u>12,230,087</u>	<u>6,947</u>	<u>12,518,599</u>	<u>24,755,633</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflow	95,755	-	-	95,755
NET POSITION				
Net investment in capital assets	4,019,134	777,417	1,324,940	6,121,491
Unrestricted	4,345,603	2,953	307,178	4,655,734
TOTAL NET POSITION	<u>\$ 8,364,737</u>	<u>\$ 780,370</u>	<u>\$ 1,632,118</u>	<u>\$ 10,777,225</u>

See accompanying notes to the basic financial statements.

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

	Sewer Fund	Community Pool Fund	Golf Course Fund	Total
OPERATING REVENUES				
Charges for services	\$ 11,428,436	\$ 42,515	\$ 2,622,761	\$ 14,093,712
Miscellaneous	17,246	10,480	-	27,726
TOTAL OPERATING REVENUES	11,445,682	52,995	2,622,761	14,121,438
OPERATING EXPENSES				
Operations	4,395,916	494,735	2,098,448	6,989,099
Depreciation	1,306,782	113,455	300,918	1,721,155
TOTAL OPERATING EXPENSES	5,702,698	608,190	2,399,366	8,710,254
OPERATING INCOME (LOSS)	5,742,984	(555,195)	223,395	5,411,184
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	10,403	177	1,396	11,976
Tapping fees	233,750	-	-	233,750
Interest expense	(394,592)	-	(410,011)	(804,603)
Amortization	35,127	-	100,336	135,463
TOTAL NONOPERATING REVENUES (EXPENSES)	(115,312)	177	(308,279)	(423,414)
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	5,627,672	(555,018)	(84,884)	4,987,770
INTERFUND TRANSFERS				
Transfers in	348,980	451,201	612,055	1,412,236
Transfers out	(643,060)	(11,486)	-	(654,546)
TOTAL INTERFUND TRANSFERS	(294,080)	439,715	612,055	757,690
CHANGE IN NET POSITION	5,333,592	(115,303)	527,171	5,745,460
NET POSITION AT BEGINNING OF YEAR	3,031,145	895,673	1,104,947	5,031,765
NET POSITION AT END OF YEAR	\$ 8,364,737	\$ 780,370	\$ 1,632,118	\$ 10,777,225

See accompanying notes to the basic financial statements.

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

	Sewer Enterprise Fund	Community Pool Fund	Golf Course Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 10,553,581	\$ 52,995	\$ 2,783,951	\$ 13,390,527
Cash payments to suppliers	(5,704,870)	(304,958)	(1,045,357)	(7,055,185)
Cash payments to employees	(183,584)	(168,986)	(916,561)	(1,269,131)
Cash payments to other governments	(13,812)	(11,134)	(86,805)	(111,751)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,651,315</u>	<u>(432,083)</u>	<u>735,228</u>	<u>4,954,460</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Tapping fees	233,750	-	-	233,750
Interfund transfers	(294,080)	439,715	612,055	757,690
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(60,330)</u>	<u>439,715</u>	<u>612,055</u>	<u>991,440</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(463,524)	(21,197)	-	(484,721)
Principal paid on long-term debt	(720,100)	-	(645,000)	(1,365,100)
Interest paid on long-term debt	(394,592)	-	(410,011)	(804,603)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,578,216)</u>	<u>(21,197)</u>	<u>(1,055,011)</u>	<u>(2,654,424)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings from investments	10,403	177	1,396	11,976
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,023,172	(13,388)	293,668	3,303,452
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	42,459	275,477	317,936
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,023,172</u>	<u>\$ 29,071</u>	<u>\$ 569,145</u>	<u>\$ 3,621,388</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 5,742,984	\$ (555,195)	\$ 223,395	\$ 5,411,184
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	1,306,782	113,455	300,918	1,721,155
Pension expense	(54,949)	-	-	(54,949)
(Increase) decrease in				
Accounts receivable	(893,120)	-	3,879	(889,241)
Due from other funds	1,019	-	103,999	105,018
Prepaid expenses	-	-	(3,222)	(3,222)
Inventory	-	-	63,168	63,168
Increase (decrease) in				
Accounts payable	1,129	3,652	(7,223)	(2,442)
Unearned revenue	-	-	53,312	53,312
Compensated absences	352	1,171	-	1,523
Accrued expenses	(1,452,882)	4,834	(2,998)	(1,451,046)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 4,651,315</u>	<u>\$ (432,083)</u>	<u>\$ 735,228</u>	<u>\$ 4,954,460</u>

See accompanying notes to the basic financial statements.

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

	Pension Trust Funds		
	Police Pension	Non-Uniform Pension	Deferred Contribution Plan
ASSETS			
Cash and cash equivalents	\$ 396,684	\$ 171,162	\$ -
Investments	13,522,811	9,544,555	740,396
Accounts receivable	-	-	-
TOTAL ASSETS	<u>13,919,495</u>	<u>9,715,717</u>	<u>740,396</u>
LIABILITIES			
Accounts payable	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net position restricted for pensions	13,919,495	9,715,717	740,396
Net position restricted for other purposes	-	-	-
Net position restricted for custodial purposes	-	-	-
TOTAL NET POSITION	<u>\$ 13,919,495</u>	<u>\$ 9,715,717</u>	<u>\$ 740,396</u>

See accompanying notes to the basic financial statements.

Deferred Retirement Option Plan Fund	Custodial Fund	Total Fiduciary Funds
\$ -	\$ 718,918	\$ 1,286,764
628,611	-	24,436,373
-	151,927	151,927
<u>628,611</u>	<u>870,845</u>	<u>25,875,064</u>
-	129,165	129,165
<u>-</u>	<u>129,165</u>	<u>129,165</u>
-	-	24,375,608
628,611	-	628,611
<u>-</u>	<u>741,680</u>	<u>741,680</u>
<u>\$ 628,611</u>	<u>\$ 741,680</u>	<u>\$ 25,745,899</u>

TOWNSHIP OF LOWER MAKEFIELD

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2020

	Pension Trust Funds		
	Police Pension	Non-Uniform Pension	Deferred Contribution Pension
ADDITIONS			
Contributions			
Employer	\$ 874,896	\$ 468,595	\$ 75,779
Member	92,179	41,949	75,779
Transfer from police pension	-	-	-
Developers	-	-	-
Investment income	1,734,295	1,227,769	85,242
TOTAL ADDITIONS	<u>2,701,370</u>	<u>1,738,313</u>	<u>236,800</u>
DEDUCTIONS			
Administrative expenses	42,226	33,314	-
Benefits	734,417	602,936	-
Transfer to deferred retirement option plan	109,126	-	-
Funds released for professional services	-	-	-
Funds returned to developer	-	-	-
Other	-	-	-
TOTAL DEDUCTIONS	<u>885,769</u>	<u>636,250</u>	<u>-</u>
CHANGE IN NET POSITION	1,815,601	1,102,063	236,800
NET POSITION			
BEGINNING OF YEAR	<u>12,103,894</u>	<u>8,613,654</u>	<u>503,596</u>
END OF YEAR	<u>\$ 13,919,495</u>	<u>\$ 9,715,717</u>	<u>\$ 740,396</u>

See accompanying notes to the basic financial statements.

Deferred Retirement Option Plan Fund	Custodial Fund	Total Fiduciary Funds
\$ -	\$ -	\$ 1,419,270
-	-	209,907
109,126	-	109,126
-	639,482	639,482
11,126	2,457	3,060,889
<u>120,252</u>	<u>641,939</u>	<u>5,438,674</u>
-	-	75,540
50,202	-	1,387,555
-	-	109,126
-	420,883	420,883
-	42,246	42,246
-	27,016	27,016
<u>50,202</u>	<u>490,145</u>	<u>2,062,366</u>
70,050	151,794	3,376,308
<u>558,561</u>	<u>589,886</u>	<u>22,369,591</u>
<u>\$ 628,611</u>	<u>\$ 741,680</u>	<u>\$ 25,745,899</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The Township of Lower Makefield (the Township) is located in Bucks County, Pennsylvania, was formed in 1692; exists as a Second-Class Township and is a "local government unit" as defined under the Local Government Unit Debt Act of General Assembly of the Commonwealth of Pennsylvania.

The five-member governing body of the Township is the Board of Supervisors. A Township manager is appointed by and serves at the direction of the Board of Supervisors to administer the daily operations of the Township. Principal services provided by the Township include public safety, maintenance of the roads and highways, culture and recreation, maintenance of the sewer system and general governmental administration.

The financial statements of the Township have been prepared in conformity with United States generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Township are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

In evaluating the Township as a reporting entity, management has addressed all potential component units for which the Township may or may not be financially accountable and as such, be included in the Township's financial statements. In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Township is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Management has elected to include the Municipal Sewer Authority of the Township of Lower Makefield (the Authority) as a blended component unit in the December 31, 2020 annual financial report. The Authority is reported as if it were a part of the Township because its sole purpose is to finance and construct the Township's facilities. The Authority issues a separately audited financial statement. Copies of this report may be obtained from the Township's Finance Director.

The Police Pension Plan and Non-Uniformed Pension Plan are single employer defined benefit pension plans. Although the plans are separate legal entities they are reported as if they are part of the government as they are governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plans are reported as a fiduciary funds and a copy of each component unit's financial statements can be obtained at the Township's office located at 1100 Edgewood Rd, Yardley, PA.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management has elected not to include the following potential component units in the December 31, 2020 annual financial report:

- Yardley Makefield Fire Company
- Lower Makefield Farmland Preservation, Inc.
- Yardley Makefield Rescue Squad

These entities are under the direction of a separate independent board. These entities are organized under a separate charter and therefore, not included in the annual financial report.

Basis of Presentation and Accounting

The Township's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all non-fiduciary activities of the primary government and its blended component unit. All fiduciary activities are reported only in the fund financial statements. Government activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges to external customers for support.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements. Governmental Funds financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the providers have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues for each segment of the business type activities of the Township and for each function or program of the Township's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Administrative overhead charges of the general government are included in the direct expenses. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Township.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of the interfund activity has been eliminated from the government wide financial statements.

Fund Financial Statements

Separate Fund Financial Statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. The focus of Fund Financial Statements is on major funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by the measurement focus. The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Those revenues generally susceptible to accrual are real estate taxes, real estate transfer taxes, and local services and per capita taxes. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other postemployment benefits, compensated absences, and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which report on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

In applying the susceptible to accrual concept in intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Township. Therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses, permits, and fees, fines, forfeitures, and costs, charges for services, rental income, and other miscellaneous income are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position (deficit). The statement of revenues, expenses and changes in net position (deficit) presents increases (i.e., revenues) and decreases (i.e., expenses) in total Net Position. The statement of cash flows provides information about how the Township finances and meets the cash flow needs of its proprietary activities.

Proprietary Funds distinguished operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Funds' ongoing operations. The principal operating revenues of the Township's Enterprise Funds are sewer charges, golf fees, and pool membership fees. Operating expenses for the Township's Enterprise Funds include supplies, administrative costs and depreciation on capital assets. All revenue or expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Township functions or activities. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues, and expenditures or expenses, as appropriate.

The Township has the following funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in current financial resources, rather than upon net income determination.

The Township reports the following major Governmental Funds:

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Reserve Fund (Capital Project Fund) - The Capital Reserve Fund is used to account for financial resources, including bond and loan proceeds, to be used for acquisitions or construction of major capital assets (other than those financed by the Special Project Fund, the 9-11 Memorial Fund, and Proprietary Funds).

Bond Fund – The Bond Fund contains bond proceeds restricted for capital projects.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs.

Special Project Fund - The Special Project Fund is used to account for non-recurring financial resources that are not part of any other special revenue funds.

Other Special Revenue Funds - The other special revenue funds of the Township are considered non-major (presented in a single column) and are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Township's Other Special Revenue Funds include: Liquid Fuels, Hydrant, Ambulance, Fire Protection, 9-11 Memorial, Parks and Recreation, Street Lights, Parks and Recreation Fee-in-Lieu, Traffic Impact, Regency Bridge, Tree, Road Machinery and Patterson Farm.

Proprietary Funds

Proprietary funds are used to account for operations that are organized to be self-supporting through user charges. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the Township has not and does not intend to apply any Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989 to the government-wide financial statements and the proprietary funds.

The Township reports the following major Proprietary Funds:

Sewer Fund

The Sewer Fund accounts for the activities of the sewer system infrastructure, sewage pumping stations and collection systems.

Community Pool Fund

The Community Pool Fund accounts for the operations of the Township's municipal pool.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Golf Course Fund

The Golf Course Fund accounts for the construction and operation of the Township's municipal golf course.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Township as a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

The Township reports the following Fiduciary Funds:

Pension Trust Funds

The Pension Trust Funds account for the assets and liabilities held by the Township in a trustee capacity for the police officers and non-uniform employees' pension plans.

Deferred Retirement Option Plan Fund

The Deferred Retirement Option Plan Fund accounts for the assets and liabilities held by the Township in a trustee capacity for policy officers within forty-eight months of retirement. (See Note J).

Custodial Fund

The Custodial Fund accounts for the assets held as an agent for the various developer escrows.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Township considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents.

Investments

Investments are stated at fair value. State statutes authorize the Township to invest in obligations of the United States Treasury, short-term obligations of the United States Government or its agencies or instrumentalities, backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision and insured certificates of deposit.

As of December 31, 2020, only the Township's fiduciary funds held investments.

Interest earnings attributable to the Township's concentration accounts is allocated to the Township's various funds based on the ratio of each participating fund's average balance to the total pooled average balance.

Accounts Receivable

Real estate tax receivables are recognized when levied to the extent that they are available as current assets. Real estate taxes are levied March 1. An elected tax collector bills and collects all real estate taxes and remits them to the Township. Taxes unpaid in the current year are liened January 15 of the succeeding year. Taxes are paid as follows: two percent (2%) discount, March 1 through April 30; face amount May through June 30; and a ten percent (10%) penalty thereafter.

Other fees and assessments include franchise fees, transfer taxes, and streetlight and solid waste collection assessments and are recognized when billed.

Accounts receivable includes all invoices owed by other governments, individuals and private enterprises for services rendered and/or materials supplied. Revenue is recognized when the invoice is prepared.

Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" on the Governmental Funds balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory and Prepaid Expenditures/Expenses

Inventories are valued using the average cost method. Inventory in the Golf Course Fund is capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

The inventories on hand in the Golf Course Fund at December 31, 2020, consist of the following:

Pro shop	\$ 35,612
Food and beverage	<u>11,805</u>
	<u>\$ 47,417</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures/expenses in both the government wide and fund financial statements.

Deferred Charges

Deferred charges consist of bond and note deferred losses on early retirement of debt, which are amortized over the life of the new debt.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructures (e.g., roads, bridges, curbs, sidewalks, drainage systems and lighting systems) and construction in progress, are reported in the applicable governmental or business type activities columns in the government wide financial statements. The Township defines capital assets as assets with an initial, individual cost equal to or greater than \$5,000 (amount not rounded) or purchased with debt proceeds and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest and real estate taxes incurred during the construction phase of capital assets of business type activities are included as part of the capitalized value of the assets constructed and associated land.

In the case of road, curb, sidewalk and bike path infrastructure, the Township has elected to use the modified approach and the assets are not depreciated. See page 74 for a more detailed description of the method.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>Years</u>
Infrastructure	20
Land improvements	5-40
Plant and pools	4-40
Building and building improvements	40
Furniture and equipment	5
Vehicles	3-10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will at times 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 thus 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 and proprietary fund statement of net position. The deferred charge on refunding results from the difference in 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 pension outflow is reported in the government-wide and proprietary fund statement of net position and is the result of changes in assumptions and differences between expected and actual experience of the pension plan. The deferred OPEB outflow is reported on the government-wide statement of net position and is the result of differences between expected and actual experience of the plan and changes in assumptions and cost method.

In addition to liabilities, the statement of net position will at times 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 thus 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 revenue, which arises only under a modified accrual basis of accounting, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenue 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 and proprietary fund statement of net position and is the result of the differences between expected and actual experience of the pension plan and differences 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 differences between expected and actual experience of the plan.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences, Post-Employment Benefits and Net Pension Liability

The Township accounts for compensated absences by complying with GASB Statement No. 16 *Accounting for Compensated Absences*. This statement requires a liability be reported for certain compensated absences as the benefits are earned by employees instead of when they are paid. Certain Township employees are entitled to vacation pay based on years of service. The unpaid vacation time incurred as of December 31, 2020 is reported as compensated absences in the government-wide financial statements and accrued expenses in the proprietary fund financial statements. Police officers are entitled to a maximum of sixty days' sick pay upon retirement and the accrued sick time is reported as compensated absences in the government-wide financial statements. In addition, per the terms of the Township's police and public works contract, officers and public works employees are due certain other benefits after retirement. See Note H - Post Retirement Health Benefits.

These post-retirement health benefits include thirty-six months of medical, dental, prescription, and life insurance coverage for eligible retirees and their dependents. The CSA that was enacted effective January 1, 2010 extend the thirty-month window an additional sixty months if an officer elected to retire by December 31, 2010.

During 2015, the Township adopted GASB 68 which is the inclusion of the Net Pension Liability. See Note G - Defined Benefit Pension Plans. During 2018, the Township adopted GASB 75 which is the inclusion of the Total OPEB liability. See Note H - Post Retirement Health Benefits.

Long-Term Obligations

In the government-wide financial statements and Proprietary Fund in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or Proprietary Fund statement of net position. Bond/note premiums and discounts, as well as deferred losses on early retirement of debt, are deferred and amortized over the life of the bonds. Bond/notes payable are reported net of the applicable bond premium or discount.

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

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government wide and Proprietary Funds financial statements. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, granters or laws or regulations of other governments. All other net position amounts are considered unrestricted. The Township applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Equity

The Township follows GASB Statement No. 54, "*Fund Balance Reporting and Government Fund Type Definitions*." This statement provides defined fund balance categories to make the nature and extent of the constraints placed upon a government's fund balance more transparent. Fund balances of the government funds are classified as follows:

Non-Spendable - Amounts that cannot be spent because of their form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions of enabling legislation or because of constraints that are externally imposed by creditors, granters, contributors, or the laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Township Board of Supervisors. The Board of Supervisors is the highest decision-making authority of the Township. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Supervisors.

Assigned - Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned - Amounts available for any purpose.

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.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real Estate Tax Calendar

Property taxes are levied no later than the fourth Monday in March of each year based on assessed values as of the preceding January 1 for all real property located in the Township. Taxpayers are granted discounts if payments are made by April 30 and are subject to penalties if payments are not made by June 30. An elected tax collector monitors, collects and remits property taxes to the Township.

The Township also annually levies a \$10 per capita tax on all residents over the age of eighteen. In addition, a Local Services Tax on all people employed within the township boundaries with annual salaries over \$12,000 are assessed at a \$52 annual charge. Real estate transfer taxes received by the Township are .5% on the transfer of title of real property in the Township.

The tax collector, who is responsible for collecting taxes on behalf of the Township, County and School District, is an elected official. The Township regards the tax collector's office as a separate entity and, therefore, does not account for its activity in the financial statements.

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 follows state statute as it relates to custodial credit risk. As of December 31, 2020, the bank balance of all Township funds on deposit with financial institutions, including Fiduciary Funds totaled \$18,880,443, of which, \$890,207 was covered by FDIC and \$17,190,236 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the Township's name	\$ <u>17,190,236</u>
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TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2020, the Township had the following investments and maturities in its Pension Trust and Deferred Retirement Option Plan Funds:

Investment Type	Fair Value				Total
	Police Pension Fund	Non-Uniform Pension Fund	Deferred Retirement Option Plan	Deferred Contribution Pension Fund	
Fixed income mutual funds	\$ 4,519,381	\$ -	\$ -	\$ 406,765	\$ 4,926,146
Equity mutual funds	9,003,430	6,385,389	-	297,522	15,686,341
Mixed assets	-	3,159,166	-	-	3,159,166
Stable value/cash management funds	-	-	628,611	36,109	664,720
	<u>\$ 13,522,811</u>	<u>\$ 9,544,555</u>	<u>\$ 628,611</u>	<u>\$ 740,396</u>	<u>\$ 24,436,373</u>

Investment Type	Investment Maturities			Total
	Less than One Year	One to Five Years	Five to Ten Years	
Fixed income mutual funds	\$ 4,926,146	\$ -	\$ -	\$ 4,926,146
Equity mutual funds	15,686,341	-	-	15,686,341
Mixed assets	3,159,166	-	-	3,159,166
Investment contract	664,720	-	-	664,720
	<u>\$ 24,436,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,436,373</u>

Interest Rate Risk

As a means of limiting its expose to fair value losses arising from interest rates, the Township's Pension Trust Funds' investment policy limits investments to the following criteria:

Asset Allocation	Minimum	Maximum
Cash	0%	10%
Fixed income	30%	50%
Equities	50%	70%

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Restrictions

Fixed Income

- Average credit quality -AA, maximum of 10% in BBB.
- Minimum issuer credit quality - investment grade.
- Duration range - 80% to 120% of index duration
- No maturity may exceed 30 years.

Equities

- Mutual funds are acceptable vehicles for equity allocation.
- The allocation may include international and small cap funds.

The Township's Pension Trust Funds met these requirements. All other investments of the Township follow state statute as it relates to interest rate risk.

Credit Risk

The Township's Pension Trust Funds' credit risk policy is described under interest rate risk restrictions.

Concentration of Credit Risk

The Township's Pension Trust Funds' concentration of credit risk is described in Note G.

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 fair value of the asset. Level 1 inputs are quotes prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The Township's Pension Trust Fund investments are level 1 investments.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable are comprised of the following:

	Governmental Type Funds			
	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Real estate taxes	\$ 98,266	\$ 19,185	\$ 30,813	\$ 148,264
Other fees and assessments	422,514	-	60,835	483,349
	\$ 520,780	\$ 19,185	\$ 91,648	\$ 631,613
			Proprietary Funds	
			Enterprise Funds	Fiduciary Funds
Golf Course			\$ 10,190	\$ -
Sewer billings			3,266,864	-
Due from developers			-	151,927
			\$ 3,277,054	\$ 151,927

Accounts receivable for the sewer billings is reported net of allowance for doubtful accounts of \$16,592. No bad debt expense was recorded for the year ended December 31, 2020.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE D - CAPITAL ASSETS

Changes in capital asset activity for the year ended December 31, 2020, were as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
GOVERNMENTAL ACTIVITIES				
Capital assets not subject to depreciation				
Land	\$ 23,859,951	\$ -	\$ -	\$ 23,859,951
Infrastructure	50,289,307	-	-	50,289,307
Construction in progress	987,161	146,601	(94,140)	1,039,622
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	75,136,419	146,601	(94,140)	75,188,880
Capital assets subject to depreciation				
Infrastructure	1,308,418	116,040	-	1,424,458
Land improvements	10,236,161	-	-	10,236,161
Building and improvements	10,894,065	-	-	10,894,065
Vehicles	7,267,045	522,767	(63,994)	7,725,818
Furniture and equipment	4,020,564	52,549	(30,724)	4,042,389
	33,726,253	691,356	(94,718)	34,322,891
Accumulated depreciation	(20,203,655)	(1,190,749)	94,718	(21,299,686)
TOTAL CAPITAL ASSETS SUBJECT TO DEPRECIATION, net	13,522,598	(499,393)	-	13,023,205
TOTAL GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	88,659,017	(352,792)	(94,140)	88,212,085
BUSINESS-TYPE ACTIVITIES				
Capital Assets not being depreciated				
Land	7,765,999	25,000	-	7,790,999
Construction in progress	68,805	99,174	-	167,979
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	7,834,804	124,174	-	7,958,978
Capital assets subject to depreciation				
Land improvements	8,160,524	-	-	8,160,524
Sewer infrastructure and pools	48,303,845	336,177	-	48,640,022
Buildings and improvements	3,416,400	-	-	3,416,400
Furniture and equipment	2,397,339	24,370	-	2,421,709
	62,278,108	360,547	-	62,638,655
Accumulated depreciation	(36,836,709)	(1,721,155)	-	(38,557,864)
TOTAL CAPITAL ASSETS SUBJECT TO DEPRECIATION, net	25,441,399	(1,360,608)	-	24,080,791
TOTAL BUSINESS-TYPE ACTIVITY CAPITAL ASSETS, net	33,276,203	(1,236,434)	-	32,039,769
TOTAL CAPITAL ASSETS, net	\$ 121,935,220	\$ (1,589,226)	\$ (94,140)	\$ 120,251,854

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE D - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions and business-type functions as follows:

GOVERNMENTAL	
General government	\$ 183,145
Public safety	673,906
Public works	248,655
Parks and recreations	<u>85,043</u>
	\$ <u>1,190,749</u>
BUSINESS - TYPE	
Sewer Fund	\$ 1,306,782
Golf Course Fund	300,918
Pool Fund	<u>113,455</u>
	\$ <u>1,721,155</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE E - LONG-TERM LIABILITIES

The following is a summary of long-term activity of the Township for the year ended December 31, 2020:

	Principal Outstanding January 1, 2020	Additions	Deletions/ Maturities	Principal Outstanding December 31, 2020	Due Within One year
GOVERNMENTAL ACTIVITIES					
General obligation bonds					
Series B of 2013	\$ 803,616	\$ -	\$ -	\$ 803,616	\$ -
Series of 2015	1,955,000	-	(960,000)	995,000	995,000
Series of 2016	6,462,000	-	(299,900)	6,162,100	309,700
Series of 2018	1,370,000	-	(120,000)	1,250,000	130,000
Notes payable					
Bucks County	145,765	-	(47,933)	97,832	48,652
Deferred amounts					
Bond premiums	622,320	-	(85,328)	536,992	-
TOTAL BONDS					
AND NOTES	11,358,701	-	(1,513,161)	9,845,540	1,483,352
Capital Leases	467,467	81,225	(123,988)	424,704	139,986
Other post-employment benefits	5,173,288	1,030,577	-	6,203,865	-
Compensated absences	1,405,085	97,468	(7,078)	1,495,475	-
Net pension liability	5,972,382	-	(1,561,168)	4,411,214	-
TOTAL GOVERNMENT					
ACTIVITIES	24,376,923	1,209,270	(3,205,395)	22,380,798	1,623,338
BUSINESS-TYPE ACTIVITIES					
General obligation bonds					
Series A of 2013	1,915,000	-	(15,000)	1,900,000	15,000
Series B of 2013	1,988,918	-	-	1,988,918	-
Series of 2015	1,285,000	-	(630,000)	655,000	655,000
Series of 2016	12,738,000	-	(720,100)	12,017,900	740,300
Series of 2018	7,955,000	-	-	7,955,000	-
Deferred amounts					
Bond premiums	1,551,972	-	(150,512)	1,401,460	-
TOTAL BONDS					
AND NOTES	27,433,890	-	(1,515,612)	25,918,278	1,410,300
Compensated absences	17,483	1,523	-	19,006	-
Net pension liability	353,663	-	(125,014)	228,649	-
TOTAL					
BUSINESS-TYPE					
ACTIVITIES	27,805,036	1,523	(1,640,626)	26,165,933	1,410,300
TOTAL LONG-TERM					
LIABILITIES	<u>\$ 52,181,959</u>	<u>\$ 1,210,793</u>	<u>\$ (4,846,021)</u>	<u>\$ 48,546,731</u>	<u>\$ 3,033,638</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE E - LONG-TERM LIABILITIES (Continued)

The following is a summary of long-term activity of the Township for the year ended December 31, 2020:

Funds to repay outstanding bonds and notes will be provided from future taxes, other general revenues and charges for services. Total interest expense incurred during the year ended December 31, 2020 was \$1,147,440. Interest costs incurred and charged to expenditures for the year ended December 31, 2020 were \$342,837 in the Debt Service Fund, \$394,592 in the Sewer Fund and \$410,011 in the Golf Course Fund.

County of Bucks

Note payable for the purpose of acquiring radio equipment principal and interest are due annually at a rate of 1.92% through November 2022.

\$ 97,832

General Obligation Bonds, Series A of 2013

Issued in 2013 for the purpose of funding the litigation settlement payment and establishing a golf course construction fund. The bond proceeds will be payable annually beginning in December 2014, interest will be payable semi-annually beginning December 2013, at fixed intervals, ranging from 2.0% to 3.5%, with maturity scheduled for December 2024.

1,900,000

General Obligation Bonds, Series B of 2013

Issued in 2013 for the purpose of funding the litigation settlement payment and establishing a golf course construction fund. The bond proceeds will be payable annually beginning in December 2025, interest will be payable annually beginning December 2025, at fixed intervals, ranging from 4.4% to 5.45%, with maturity scheduled for December 2032.

2,792,534

Subtotal forwarded

\$ 4,790,366

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE E - LONG-TERM LIABILITIES (Continued)

Subtotal forwarded \$ 4,790,366

General Obligation Bonds, Series of 2015

Issued in 2015 for the purpose of refunding the townships 2010 general obligation bonds. The bond proceeds will be payable annually beginning in December 2015, interest will be payable annually beginning December 2015, at fixed intervals, ranging from .25% to 4.00%, with maturity scheduled for December 2021.

1,650,000

General Obligation Bonds, Series of 2016

Issued in 2016 for the purpose of refunding the townships 2011 general obligation bonds and the remaining proceeds to be used for future capital projects. The bond proceeds will be payable annually-beginning March 2017 at fixed intervals ranging from 2.00% to 5.00% with maturity scheduled for March 2036.

18,180,000

General Obligation Bonds, Series of 2018

Issued in 2018 for the purpose of refunding the townships 2002 general obligation bonds and 2004 general obligation bonds and the remaining proceeds to be used for the payment of related expenses to replace notes with bonds as permitted by the Debt Act. The bond proceeds will be payable annually beginning December 2018 at fixed intervals, ranging from 1.65% to 3.150% with a maturity scheduled for June 2033.

9,205,000

\$ 33,825,366

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE E - LONG-TERM LIABILITIES (Continued)

Debt Service Requirements

A summary of long-term debt service requirements to maturity, including principal and interest are as follows:

Year Ending December 31,	Principal	Interest	Total Debt Service
2021	\$ 2,893,652	\$ 1,042,347	\$ 3,935,999
2022	2,334,180	958,668	3,292,848
2023	2,370,000	870,455	3,240,455
2024	2,470,000	772,749	3,242,749
2025	2,315,364	663,474	2,978,838
2026-2030	12,398,865	2,052,247	14,451,112
2031-2035	8,063,305	613,729	8,677,034
2036	980,000	15,925	995,925
	<u>\$ 33,825,366</u>	<u>\$ 6,989,594</u>	<u>\$ 40,814,960</u>

The Township is subject to the Local Governmental Unit Debt Act of the Commonwealth of Pennsylvania, which limits the amount of net bonded debt the Township may have outstanding as of any point of time. The Township's bonded indebtedness as of the statement of net assets date is not in excess of statutory limits.

The various bond indentures contain limitations and restrictions on annual debt service requirements and maintenance of flow of monies through various sinking funds. Management believes the Township is in compliance with all such significant financial limitations and restrictions.

NOTE F - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund transfers are summarized as follows for the year-ended December 31, 2020:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 300,000	\$ 941,044
Capital Reserve Fund	194,826	-
Bond Fund	-	32,139
Debt Service Fund	321,650	15,000
Special Project Fund	69,148	-
Other Governmental Funds	276,650	931,781
Enterprise Funds		
Sewer Fund	348,980	643,060
Community Pool Fund	451,201	11,486
Golf Course Fund	612,055	-
	<u>\$ 2,574,510</u>	<u>\$ 2,574,510</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE F - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 3,476	\$ -
Bond Fund	306,416	32,139
Capital Reserve Fund	-	306,416
Special Project Fund	32,139	-
Debt Service Fund	<u>-</u>	<u>3,476</u>
	<u>\$ 342,031</u>	<u>\$ 342,031</u>

NOTE G - DEFINED BENEFIT PENSION PLANS

Description of Plans

The Township of Lower Makefield sponsors a single employer defined benefit pension plan for both police officers and non-uniformed employees of the Township. These plans are included in the Pension Trust Fund of the Township and are controlled by various ordinances adopted pursuant to Pennsylvania Act 205.

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

	<u>Police Pension Plan</u>	<u>Non-Uniform Pension Plan</u>
Active employees	37	17
Retirees and beneficiaries currently receiving benefits	22	36
Terminated employees entitled to benefits but not yet receiving them	<u>3</u>	<u>10</u>
Total Membership	<u>62</u>	<u>63</u>

Police Pension Plan

The Township sponsors a Public Employee Retirement System (PERS) to provide retirement and disability benefits as well as the return of members' contributions in the event of death. For the year ended December 31, 2020, the plan's assets were managed by RBC Wealth Management.

Benefits Provided

The following table provides information concerning the Township's Police Pension Plan:

Covered Employees: All full-time uniformed employees.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Normal Retirement Date:	Age 53 and the completion of 25 years of service for all participants.
Disability Retirement Date:	The first day of the month following the date on which the member incurs a total and permanent service-related disability. The Township Supervisors shall determine if a member is eligible to receive a disability benefit under the Plan after securing the opinion of one or more practicing physicians licensed to practice medicine.
Drop Retirement Date:	The first day of the month following eligibility for a normal retirement date.
Vesting:	None for the first 12 years of service; thereafter, 100%.
Retirement Benefit:	The monthly pension shall be 50% of the average compensation of the participant's last 36 months of employment, plus a service increment of \$100 per month, if officer completes 25 years or more of benefit service. The monthly benefit attributable to the contractually limited service increment shall not exceed \$500 per month. The normal retirement benefit is payable monthly during the lifetime of the retired officer.
Death Benefit:	<p>Pre-Retirement - Upon the death of a member, the beneficiary shall receive a lump sum death benefit equal to a refund of the member's contributions plus interest earned at the rate of five percent (5%) per annum.</p> <p>Post-Retirement Survivors Benefit - The widow of a member who has attained eligibility for retirement, or a member who retired on pension, shall receive during the spouse's lifetime, seventy-five percent (75%) of the pension the member was receiving or would have been receiving had he been retired at the time of his death.</p> <p>If no such widow survives, or if the spouse survives and subsequently dies or remarries, then the children under the age of eighteen (18) [or are attending college and have not yet attained age twenty-three (23)], shall be entitled to the same benefit described above.</p>
Disability Benefit Service Related:	A disability pension shall be provided to an officer with a total and permanent service-related disability equal to 50% of the officer's average monthly salary at the time of disability, reduced by Social Security disability benefits provided for the same illness or injury.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Deferred Retirement Option Program (DROP) (See Note J)

As of December 31, 2020, two Police Pension Plan members are participating in the DROP and are considered retired for pension purposes. The DROP is in accordance with pre Act 44. Therefore, assets and liabilities associated with the DROP accounts are not included for purposes of GASB 68.

Non-Uniform Pension Plan

The Township sponsors a Public Employee Retirement System (PERS) to provide retirement benefits as well as death and disability benefits. For the year ended December 31, 2020, the plan's assets were managed by RBC Wealth Management.

The following table provides information concerning the Township's Non-Uniform Employees' Pension Plan:

Covered Employees:	All full-time non-uniformed employees. Participation is frozen effective January 1, 2012.
Normal Retirement Date:	The later of the first day of the month following the attainment of age sixty-five (65) or the fifth (5th) anniversary of his date of employment.
Early Retirement Date:	The first day of the month following the latter of the attainment of age fifty-five (55) or the completion of five (5) years of service.
Vesting:	None for the first five years of service; thereafter 100%.
Normal Retirement Benefit:	2.0% of the Average Monthly Compensation of a member multiplied by years of benefit service not exceeding thirty (30) years of service. The minimum monthly benefit shall not be less than \$200.00 provided the participant works until the Normal Retirement Date.
Early Retirement Benefit:	The accrued Normal Retirement Benefit actuarially reduced by five-tenths percent (.5%) for each month that a member's Early Retirement Date precedes the Normal Retirement Date.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the amounts necessary to fund the plans. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Summary of Significant Accounting Policies

Basis of Accounting

Pension plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed.

Method Used to Value Investments

Investments are reported at fair value. Market related value of assets is used to determine the indicated contribution.

Financial Reporting

A separate financial statement is not issued on the pension plans.

Contributions

Act 205 requires that annual contributions to the plans be based upon the plan's minimum municipal obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. In accordance with the plan's governing document, all employees are required to contribute 3% of compensation to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Plan Expenses

Plan expenses are paid from plan assets.

Investments

Investment Policy

The police and non-uniform pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. The investment policy of the plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among various investments in domestic equity securities, international equity securities; domestic fixed instruments and other asset classes as may be deemed prudent.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

The plan's investment policy establishes that the portfolio may be invested in the following asset classes with the following target asset allocation:

<u>Police Pension Plan</u>		<u>Non-Uniform Pension Plan</u>	
<u>Asset Class</u>	<u>Target</u>	<u>Asset Class</u>	<u>Target</u>
Domestic equity large cap	45%	Domestic equity large cap	46%
Domestic equity small cap	5%	Domestic equity small cap	5%
International equity	15%	International equity	15%
Fixed income	32%	Fixed income	32%

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.94% for the Police Pension Plan and 14.03% for the Non-Uniform Pension Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer. The Township does not currently invest more than 5% of its assets in any one of its equities, corporate or international bond issuers.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability

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

	<u>Non-Uniform</u>	<u>Police</u>	<u>Total</u>
Total pension liability	\$ 11,052,848	\$ 17,222,227	\$ 28,275,075
Plan fiduciary net position	<u>9,715,717</u>	<u>13,919,495</u>	<u>23,635,212</u>
NET PENSION LIABILITY	<u>\$ 1,337,131</u>	<u>\$ 3,302,732</u>	<u>\$ 4,639,863</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>87.9%</u>	<u>80.8%</u>	<u>83.6%</u>

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biannually. 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 year ended December 31, 2020. This report was based upon the plan's actuarial assumptions, asset valuation method, and cost method described below:

Police Pension Plan

1. Liabilities - All plan benefits are valued using the entry age normal cost valuation method.
2. Economic Assumptions
 - a. Investment Return - 8.0% per annum, net of investment expenses.
 - b. Salary Increases - 5.0% compounded annually.
3. Demographic Assumptions
 - a. Mortality
 - Healthy Lives - The Blue-Collar RP-2000 Mortality Table projected to 2017 using Scale AA.
 - Disabled Lives - Current liability mortality for males under Revenue Ruling 96-7.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

- b. Retirement Age - Normal retirement age, or age on valuation date if greater.
- c. Marital Status - 80% of active members are assumed to be married. Female spouse is assumed to be 3 years younger than male spouse.
- d. Form of Annuity - Joint & 75% survivor.

Non-Uniformed Pension Plan

- 1. Liabilities - All plan benefits are valued using the entry age normal cost valuation method.
- 2. Economic Assumptions
 - a. Investment Return - 8.0% per annum, net of investment expenses.
 - b. Salary Increases - 5.0% compounded annually.
- 3. Demographic Assumptions
 - a. Mortality - The RP-2000 Mortality Table projected to 2017 using Scale AA.
 - b. Termination - T-1 table of the pension Actuary's Handbook.
 - c. Disability - None assumed.
 - d. Retirement Age - Normal retirement age, or age on valuation date if greater.
 - e. Form of Annuity - Single life annuity.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Police and Non-Uniformed Pension Plan

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 pension plan investment expense and inflation of 2.17%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 pension plan's target asset allocation as of December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity large cap	6.19%
Domestic equity mid cap	7.37%
Domestic equity small cap	7.37%
International equity	8.04%
Fixed income	2.77%
Cash	0.11%

Changes in the Net Pension Liability

Changes in the Police Defined Benefit Pension Plan net pension liability recognized over the measurement period are as follows:

	<u>Increase/(Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
BALANCES AT DECEMBER 31, 2019	\$ 16,361,728	\$ 12,103,894	\$ 4,257,834
Changes for the year			
Service cost	399,965	-	399,965
Interest	1,307,074	-	1,307,074
Contributions - employer	-	348,046	(348,046)
Contributions - state aid	-	526,850	(526,850)
Contributions - member	-	92,179	(92,179)
Net investment income	-	1,695,866	(1,695,866)
Benefit payments	(846,540)	(846,540)	-
Administrative expense	-	(800)	800
NET CHANGES	<u>860,499</u>	<u>1,815,601</u>	<u>(955,102)</u>
BALANCE AT DECEMBER 31, 2020	<u>\$ 17,222,227</u>	<u>\$ 13,919,495</u>	<u>\$ 3,302,732</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Changes in the Non-Uniformed Defined Benefit Plan net pension liability recognized over the measurement period are as follows:

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
BALANCES AT DECEMBER 31, 2019	\$ 10,681,865	\$ 8,613,654	\$ 2,068,211
Changes for the year			
Service cost	137,318	-	137,318
Interest	841,232	-	841,232
Contributions - employer	-	468,595	(468,595)
Contributions - member	-	41,949	(41,949)
Net investment income	-	1,201,386	(1,201,386)
Benefit payments	(607,567)	(607,567)	-
Administrative expense	-	(2,300)	2,300
NET CHANGES	<u>370,983</u>	<u>1,102,063</u>	<u>(731,080)</u>
BALANCE AT DECEMBER 31, 2020	\$ <u>11,052,848</u>	\$ <u>9,715,717</u>	\$ <u>1,337,131</u>

Discount Rate

The discount rate used to measure the total pension liability is 8.00%. The projections 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 on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (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 recognized pension expense of \$570,961 (Police) and \$147,260 (Non-Uniformed). At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Police Deferred Outflows of Resources</u>	<u>Non-Uniformed Deferred Outflows of Resources</u>	<u>Total</u>
Differences Between expected and actual experience	\$ -	\$ 49,509	\$ 49,509
Changes in assumptions	<u>200,853</u>	<u>-</u>	<u>200,853</u>
	<u>\$ 200,853</u>	<u>\$ 49,509</u>	<u>\$ 250,362</u>
	<u>Police Deferred Inflows of Resources</u>	<u>Non-Uniformed Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience	\$ 328,292	\$ -	\$ 328,292
Net difference between projected and actual earnings on pension plan investments	<u>647,774</u>	<u>559,979</u>	<u>1,207,753</u>
	<u>\$ 976,066</u>	<u>\$ 559,979</u>	<u>\$ 1,536,045</u>

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

<u>Year Ending December 31,</u>	<u>Police</u>	<u>Non-Uniform</u>	<u>Total</u>
2021	\$ (140,390)	\$ (96,800)	\$ (237,190)
2022	(12,211)	(30,039)	(42,250)
2023	(396,109)	(278,505)	(674,614)
2024	(164,380)	(105,126)	(269,506)
2025	(16,329)	-	(16,329)
Thereafter	<u>(45,794)</u>	<u>-</u>	<u>(45,794)</u>
	<u>\$ (775,213)</u>	<u>\$ (510,470)</u>	<u>\$ (1,285,683)</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liabilities of the Township, calculated using the discount rate of 8.0%, as well as what the Township's net pension liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease <u>7.00%</u>	Discount Rate <u>8.00%</u>	1% Increase <u>9.00%</u>
Net pension liability - Police	\$ <u>5,307,713</u>	\$ <u>3,302,732</u>	\$ <u>1,606,610</u>
Net pension liability - Non-Uniform	\$ <u>2,333,602</u>	\$ <u>1,337,131</u>	\$ <u>463,815</u>

NOTE H - POST RETIREMENT HEALTH BENEFITS

Plan Description

The Township provides health benefits to eligible employees and retirees through three separate single-employer defined benefit plans for benefits other than pension. The retiree group health plan provides the first thirty months of benefits for eligible retirees and their dependents. Benefit coverage includes medical, dental, prescription, and life insurance.

Plan Membership – At January 1, 2020, plan membership consisted of the following:

	<u>Administrative</u>	<u>Public Works</u>	<u>Police</u>
Fully eligible active employees	1	1	0
Other active employees not fully eligible	17	17	39
Retirees and beneficiaries currently receiving benefits	<u>14</u>	<u>3</u>	<u>14</u>
Total	<u>32</u>	<u>21</u>	<u>53</u>

Investments

The Township does not have a GASB qualified trust, and therefore, there are no investments.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE H - POST RETIREMENT HEALTH BENEFITS (Continued)

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation at January 1, 2020 with update procedures used to roll forward the plan’s fiscal plan year ending December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Administrative Plan

1. Actuarial Methods
 - a. Liabilities – All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.
2. Economic Assumptions
 - a. Investment return – There are no invested assets.
 - b. Salary increases – 5% compounded annually.
 - c. Discount rate – 1.93%. The discount rate is based on the S&P 20 year AA municipal bond rate.
3. Demographic Assumptions
 - a. Mortality – 2010 Public General Amount Based Mortality Tables for Male and Female Employees projected to 2025 using Scale MP-2019.
 - b. Termination – T-1 Table of Pension Actuary’s Handbook.
 - c. Disability – None assumed.
 - d. Retirement is assumed to occur at a minimum of age 65 with 5 years of service.

Public Works Plan

1. Actuarial Methods
 - a. Liabilities – All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.
2. Economic Assumptions
 - a. Investment return – There are no invested assets.
 - b. Salary increases – 5% compounded annually.
 - c. Discount rate – 1.93%. The discount rate is based on the S&P 20 year AA municipal bond rate.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE H - POST RETIREMENT HEALTH BENEFITS (Continued)

3. Healthcare Cost Trend Rate
 - a. Non-Medicare Medical and Rx costs are assumed to increase by 7.75% during 2021, reduced by 0.25% per year thereafter to an ultimate level of 5% per year.
 - b. Medicare Medical and Rx costs are assumed to remain level during 2021 and increase by 5% per year thereafter.
 - c. HRA costs are assumed to increase by 2.5% per year for 40 years.
 - d. Dental costs are assumed to increase by 3% per year.
4. Demographic Assumptions
 - a. Mortality – 2010 Public General Amount Based Mortality Tables for Male and Female Employees projected to 2025 using Scale MP-2019.
 - b. Termination – T-1 Table of Pension Actuary's Handbook.
 - c. Disability – None assumed.
 - d. Retirement is assumed to occur at a minimum of age 65 with 5 years of service.
 - e. Participation – 100% of retirees, spouses and eligible dependents who are eligible to participate are assumed to do so for the first 30 months of coverage. No retirees are assumed to participate in Township coverage beyond the first 30 months.
 - f. 80% of all future retirees are assumed to have a spouse participating in coverage. Female spouses are assumed to be 3 years younger than male spouses.
 - g. Children – 20% of all future retirees are assumed to have a child participating in coverage. Retirees are assumed to be 40 years older than their child.

Police Plan

1. Actuarial Methods
 - a. Liabilities – All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.
2. Economic Assumptions
 - a. Investment return – There are no invested assets.
 - b. Salary increases – 5% compounded annually.
 - c. Discount rate – 1.93%. The discount rate is based on the S&P 20 year AA municipal bond rate.
3. Healthcare Cost Trend Rate
 - a. Non-Medicare Medical and Rx costs are assumed to increase by 7.75% during 2021, reduced by 0.25% per year thereafter to an ultimate level of 5% per year.
 - b. Medicare Medical and Rx costs are assumed to remain level during 2021 and increase by 5% per year thereafter.
 - c. HRA costs are assumed to increase by 2.5% per year for 40 years.
 - d. Dental costs are assumed to increase by 3% per year.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE H - POST RETIREMENT HEALTH BENEFITS (Continued)

4. Demographic Assumptions
 - a. Mortality – 2010 Public Safety Amount Based Mortality Tables for Male and Female Employees projected to 2025 using Scale MP-2019.
 - b. Termination – T-1 Table of Pension Actuary’s Handbook.
 - c. Disability – 100% of the United Auto Workers Table.
 - d. Retirement is assumed to occur at a minimum of age 58 with 28 years of service. This assumes a 3-year DROP period.
 - e. Participation – 100% of retirees, spouses and eligible dependents who are eligible to participate are assumed to do so. No retirees are assumed to participate in Township coverage beyond the Township paid period.
 - f. 80% of all future retirees are assumed to have a spouse participating in coverage. Female spouses are assumed to be 3 years younger than male spouses.
 - g. Children – 20% of all future retirees are assumed to have a child participating in coverage. Retirees are assumed to be 40 years older than their child.

Changes in the Total OPEB Liability

Administrative Plan	<u>Total OPEB Liability</u>
BALANCES AT JANUARY 1, 2020	\$ <u>227,058</u>
Changes for the year	
Service cost	10,468
Interest cost	5,685
Differences between expected and actual experience	14,687
Changes in assumptions	47,497
Benefit payments	<u>(10,264)</u>
NET CHANGES	<u>68,073</u>
 BALANCES AT DECEMBER 31, 2020	 \$ <u><u>295,131</u></u>
	 <u>Total OPEB Liability</u>
Public Works Plan	
BALANCES AT JANUARY 1, 2020	\$ <u>890,184</u>
Changes for the year	
Service cost	56,758
Interest cost	19,561
Differences between expected and actual experience	(17,704)
Changes in assumptions	97,107
Benefit payments	<u>(25,622)</u>
NET CHANGES	<u>130,100</u>
 BALANCES AT DECEMBER 31, 2020	 \$ <u><u>1,020,284</u></u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE H - POST RETIREMENT HEALTH BENEFITS (Continued)

Police Plan	<u>Total OPEB Liability</u>
BALANCES AT JANUARY 1, 2020	\$ <u>4,056,046</u>
Changes for the year	
Service cost	328,371
Interest cost	93,634
Differences between expected and actual experience	(20,637)
Changes in assumptions	544,416
Benefit payments	<u>(113,380)</u>
NET CHANGES	<u>832,404</u>
 BALANCES AT DECEMBER 31, 2020	 \$ <u><u>4,888,450</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Township, calculated using the discount rate of 1.93% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (0.93%) or 1 percent higher (2.93%) than the current rate:

	<u>1% Decrease 0.93%</u>	<u>Current Discount Rate 1.93%</u>	<u>1% Increase 2.93%</u>
Administrative Plan	\$ 341,989	\$ 295,131	\$ 257,202
Public Works Plan	1,092,151	1,020,284	955,513
Police Plan	<u>5,281,382</u>	<u>4,888,450</u>	<u>4,526,136</u>
 Total Net OPEB liability	 \$ <u><u>6,715,522</u></u>	 \$ <u><u>6,203,865</u></u>	 \$ <u><u>5,738,851</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following is a sensitivity analysis of the net OPEB liability to changes in the healthcare trend rate. The table below presents the total OPEB liability calculated using the current trend rate as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent higher and 1 percent lower than expected:

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Administrative Plan	\$ 295,131	\$ 295,131	\$ 295,131
Public Works Plan	952,968	1,020,284	1,096,693
Police Plan	<u>4,363,950</u>	<u>4,888,450</u>	<u>5,506,098</u>
 Total Net OPEB liability	 \$ <u><u>5,612,049</u></u>	 \$ <u><u>6,203,865</u></u>	 \$ <u><u>6,897,922</u></u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE H - POST RETIREMENT HEALTH BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2020, the Township recognized OPEB expense of \$24,036 (Administrative Plan), \$85,584 (Public Works Plan), and \$471,230 (Police Plan). At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Administrative Deferred Outflows of Resources	Public Works Deferred Outflows of Resources	Police Deferred Outflows of Resources	Total
Differences between expected and actual experience	\$ 12,825	\$ -	\$ -	\$ 12,825
Changes in assumptions and cost method	<u>41,476</u>	<u>85,776</u>	<u>493,251</u>	<u>620,503</u>
	<u>\$ 54,301</u>	<u>\$ 85,776</u>	<u>\$ 493,251</u>	<u>\$ 633,328</u>
	Administrative Deferred Inflows of Resources	Public Works Deferred Inflows of Resources	Police Deferred Inflows of Resources	Total
Differences between expected and actual experience	\$ -	\$ 15,638	\$ 18,697	\$ 34,335

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 December 31,	Administrative Deferred Outflows of Resources	Public Works Deferred Outflows of Resources	Police Deferred Outflows of Resources	Total
2021	\$ 7,884	\$ 9,265	\$ 49,225	\$ 66,374
2022	7,884	9,265	49,225	66,374
2023	7,884	9,265	49,225	66,374
2024	7,884	9,265	49,225	66,374
2025	7,884	9,265	49,225	66,374
Thereafter	<u>14,881</u>	<u>23,813</u>	<u>228,429</u>	<u>267,123</u>
Total	<u>\$ 54,301</u>	<u>\$ 70,138</u>	<u>\$ 474,554</u>	<u>\$ 598,993</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE I - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions are invested with an outside trustee, ICMA Retirement Corporation.

On August 21, 2000, the Board of Supervisors passed a resolution to comply with GASB Statements No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, reestablishing the ICMA Retirement Corporation Deferred Compensation Plan and Trust. The resolution directs that the assets of the plan shall be held in trust, with the Township serving as Trustee, for the exclusive benefit of plan participants and their beneficiaries, and the assets shall not be diverted to any other purpose. The assets have been removed from the Township's financial statements.

NOTE J - DEFERRED RETIREMENT OPTION PLAN

The Township sponsors a Deferred Retirement Option Plan (DROP) for members of the police department who have not retired prior to the implementation date (May 2005) of the DROP. Employees may enter into the DROP on the first day of any month following completion of twenty-five years of credited service and attaining the age of fifty-five. When electing to participate in the DROP, the employee must resign from employment no less than twelve months and no more than forty-eight months from the execution of the DROP option. An employee may elect in writing to terminate participation in the DROP any time up to six months before the previously selected resignation date. Once termination is elected, the employee is barred from any future participation in the program.

After the effective date of the DROP option, the employee shall no longer earn or accrue additional years of continuous service for pension purposes. Earnings or increases in earnings thereafter shall not be recognized or used for the calculation or determination of any benefits payable by the Police Pension Fund. The monthly retirement benefits that would have been payable had the employee elected to cease employment and receive a normal retirement benefit shall, upon the employee commencing participation in the DROP, be paid into the separate account established to receive that participant's monthly pension payments. All other contractual benefits shall continue to accrue, with the exception of those provisions relating to the Police Pension Plan.

Upon the termination date set forth in the employee's DROP option notice or such date as the Township separates the employee from employment, the retirement benefits payable to the employee or employee's beneficiary, if applicable, shall be paid to the employee or beneficiary and shall no longer be paid to the employee's DROP account. Within thirty days following termination of an employee's employment, the balance in the employee's DROP account shall be paid to the employee in a single lump-sum payment or, at the employee's option, in any fashion permitted by law.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE J - DEFERRED RETIREMENT OPTION PLAN (Continued)

The Township has entered into an administrative service agreement with The International City Management Association Retirement Corporation (RC). RC acts as investment adviser to the Vantage Trust (the Trust). The Trust is a common law trust governed by an elected Board of Trustees for the commingled investment of retirement funds held by state and local government units for their employees. The Township has adopted the Declaration of Trust of the Trust and agrees to the commingled investments of assets of the DROP within the Trust. Cost of management of the DROP shall be paid directly from the Police Pension Fund and not by the Township.

Any amendments to the DROP Ordinance shall be consistent with the provisions covering deferred retirement option plans set forth in the collective bargaining agreement and shall be binding upon all future DROP participants and existing participants.

No DROP payment shall be made unless and until the Pennsylvania Legislature authorizes the adoption of the DROP program for police officers employed by a Township of the Second Class or a final judicial determination issues from the Pennsylvania Appellate Court that such DROP benefits is lawful for police officers employed by a Township of the Second Class. In the event that either of these two situations occurs, the DROP will be modified only to the extent necessary to become compliant with the maximum then allowed by law for DROP programs. If neither of these occurs by the DROP date, the participant shall receive his full pension benefits as set forth in the Police Pension Ordinance as if no such DROP election were made.

NOTE K - TRANSACTIONS WITH DEVELOPERS

In connection with the development agreements for the construction of residential housing within the Township, the Township receives contributions from developers to finance various infrastructure and related costs and to fund legal, engineering and other costs of administering regulatory responsibilities concerning development of real estate.

The Township also receives developer deposits applicable to plan review and development billing activities. In such instances, the Township is required to hold such deposits in escrow and refund amounts not ultimately required to fund anticipated administrative costs. Potentially refundable deposits are accounted for in Custodial Funds, which reflects a net position balance of \$741,680 as of December 31, 2020.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE L - LEASES, COMMITMENTS AND CONTINGENT LIABILITIES

Lease Agreement - The Municipal Sewer Authority of the Township of Lower Makefield

On December 1, 1991, the Township entered into a lease agreement with the Municipal Sewer Authority of the Township of Lower Makefield (Authority), which superseded the 1978 lease agreement. The Authority leases the sewer system to the Township for operation and use for one dollar (\$1) per annum. The lease expired on March 14, 2005 and was renewed on August 2, 2006 for a period of twenty-five years, expiring on December 31, 2031. The payments remain at \$1 per annum.

Treatment Capacity Agreement

The Authority has entered into agreements with certain adjoining municipal authorities in order to guarantee treatment capacity at the Municipal Authority of the Borough of Morrisville's sewage treatment plant and to guarantee the right to connect to and transport through the Yardley Borough Sewer Authority's system. Under terms of the agreement, the Authority has made capital contributions representing its pro rata share for joint use or expansion of the facilities. During the year ended December 31, 2020, capital contributions in the form of system improvements and expansion were \$314,980.

Equipment Leases

The Township leases maintenance equipment to be used at the Makefield Highlands Golf Club. In 2020, the Township entered into a lease agreement for golf carts to be used at the Makefield Highlands Golf Club. The lease terms call for six monthly rental payments of \$12,750 per year, with payments due May through October of each year under the lease. The first payment is due May 1, 2021, and the lease runs through October 2025. Total rent expense for the year ended December 31, 2020, for the maintenance equipment and the golf cart leases was \$119,910.

The future minimum lease payments are as follows:

<u>Year Ending</u> <u>December 31,</u>		
2021	\$	76,500
2022		76,500
2023		76,500
2024		76,500
2025		<u>76,500</u>
	\$	<u><u>382,500</u></u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE L - LEASES, COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Capital Leases

The Township has entered into lease agreements, as lessee, for financing the acquisition of various vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Equipment	\$ 612,317
Accumulated depreciation	<u>(67,180)</u>
	<u>\$ 545,137</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020, are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2021	\$ 149,840
2022	136,782
2023	109,728
2024	<u>47,866</u>
	444,216
Amount representing interest	<u>(19,512)</u>
	<u>\$ 424,704</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$ 424,704</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE L - LEASES, COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Management Agreement

In 2019, the Township extended its management agreement with Highland Golf Management Company, LLC and Spirit Golf, LLC to manage the day-to-day operations of the Makefield Highlands Golf Club. The agreement extended the terms through December 31, 2022 and called for monthly management fee payments of \$7,833 per month.

The future minimum management fee payments are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2021	94,000
2022	<u>94,000</u>
	<u>\$ 188,000</u>

Sewer Billing Service Contact

Effective December 1, 2015, the Township agreed to a sewer billing service contract with Bucks County Water Sewer Authority (BCWSA) that will expire on November 30, 2021. The contract states the Township will reimburse BCWSA costs for data conversion, license cost, personnel and billing supplies. In addition, a management fee of 10% of cost is paid to BCWSA on a monthly basis.

Self-Insured Unemployment Compensation

The Township is self-insured for unemployment compensation coverage. During 2020, there were several claims totaling \$58,810.

Litigation

The Township is party to legal proceedings. The Township is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the Township.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE M - RISK MANAGEMENT

The Township is exposed to various risk of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township participates in a public entity risk pool (Delaware Valley Insurance Trust (OVIT)) operated as a common risk management and insurance program for municipalities. The Trust retains the first \$250,000 of each general liability, police professional liability and automobile liability loss. OVIT assumes the first \$100,000 of each first party property loss public official liability claim. Reinsurance coverage is through commercial companies. The Trust also serves a group purchaser of boiler and machinery and crime and public official policies for its members.

The calculation of premium contributions, loss assessments and any redistribution or surplus is predicated on each participant's individual loss history. An experience modification factor is applied to annual membership contributions.

The Township continues to carry commercial insurance for all other risk of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from all risks have not exceeded commercial and OVIT insurance coverage in any of the past three years.

NOTE N - MUNICIPAL SEWER AUTHORITY

In accordance with agreements with the Municipal Sewer Authority of the Township of Lower Makefield, all repairs, renewals, replacements, improvements, additions and extensions and all real estate made or acquired by (or dedicated to) the Township in connection with the sewer system shall become the property of the Authority and part of the sewer system by the Township over a period of twelve years.

NOTE O - COMMUNICATION EASEMENT AGREEMENT

In June 2018, the Township entered into a thirty-five year communication easement agreement with a Company over real property currently leased by the Company from the Township. A one-time payment in the sum of \$2,020,000 was made to the Township in advance to execute the agreement for the thirty-five year term. Upon payment, rent for the balance of the thirty-five year term ended. The advance payments to the Township will be recognized as revenue over the term of the lease. As of December 31, 2020, \$1,839,168 is unearned. This amount is included in unearned revenues as a liability on the General Fund Balance Sheet.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE P - RISKS 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 is still on-going and the duration and extent of any future financial impact on the Township's financial position, operations and cash flows is uncertain and cannot be reasonably estimated at this time.

NOTE Q - ASSET PURCHASE AGREEMENT

On September 17, 2020, the Township entered into an Asset Purchase Agreement with Aqua Pennsylvania Wastewater, Inc. for the purchase of the sanitary wastewater collection and treatment system ("the System"). The purchase price for the system was \$53,000,000. As part of the purchase agreement, Aqua Pennsylvania Wastewater, Inc. advanced \$3,000,000 to the Township. This deposit is refundable if the sale does not close. The closing date and receipt of the remaining funds by the Township is not anticipated until the fourth quarter of 2021. As such, \$3,000,000 is reported as a refundable advance on the General Fund Balance Sheet. Prior to closing, the Township intends to terminate the Municipal Sewer Authority of the Township of Lower Makefield pursuant to the Pennsylvania Municipal Authorities Act and take ownership of the System, to the extent any parts of the System or the System improvements are not already owned by the Township.

NOTE R - RESTATEMENT OF FUND BALANCE

Effective January 1, 2020, the Township is reporting its Bond Fund and Debt Service Fund as separate funds. Previously, these funds were combined and reported under the Debt Service Fund, with a portion of the combined fund balance restricted for capital projects and a portion restricted for debt service.

As a result of the change in presentation, Debt Service Fund beginning fund balance decreased \$4,905,060, from \$4,890,787 to (\$14,273), and Bond Fund beginning fund balance increased \$4,905,060, from \$0 to \$4,905,060.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF LOWER MAKEFIELD
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amount Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 9,494,002	\$ 9,414,714	\$ (79,288)
Licenses, permits and fees	1,654,500	1,851,530	197,030
Fines, forfeits and costs	71,500	67,779	(3,721)
Interest earnings and rental income	405,000	372,347	(32,653)
Intergovernmental revenues	725,600	748,392	22,792
Charges for services	720,750	708,003	(12,747)
Contributions	500	-	(500)
Miscellaneous	45,000	37,288	(7,712)
TOTAL REVENUES	<u>13,116,852</u>	<u>13,200,053</u>	<u>83,201</u>
EXPENDITURES			
General government	1,983,850	2,113,468	(129,618)
Public safety	7,318,921	6,822,071	496,850
Public works	1,823,117	1,432,412	390,705
Insurance	393,294	422,304	(29,010)
Employee benefits	2,260,334	2,154,738	105,596
TOTAL EXPENDITURES	<u>13,779,516</u>	<u>12,944,993</u>	<u>834,523</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(662,664)</u>	<u>255,060</u>	<u>917,724</u>
OTHER FINANCING SOURCES (USES)			
Refund of prior year expenditures	90,000	110,153	20,153
Transfers in	250,000	300,000	50,000
Transfers out	(485,514)	(941,044)	(455,530)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(145,514)</u>	<u>(530,891)</u>	<u>(385,377)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (808,178)</u>	<u>(275,831)</u>	<u>\$ 532,347</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>1,828,065</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 1,552,234</u>	

See accompanying notes to the budgetary comparison statements.

TOWNSHIP OF LOWER MAKEFIELD
BUDGETARY COMPARISON STATEMENT
SPECIAL PROJECT FUND
YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Interest earnings	\$ 100	\$ -	\$ (100)
Intergovernmental revenues	1,044,000	-	(1,044,000)
Contributions	<u>32,000</u>	<u>108,229</u>	<u>76,229</u>
TOTAL REVENUES	<u>1,076,100</u>	<u>108,229</u>	<u>(967,871)</u>
EXPENDITURES			
Capital outlay	<u>2,432,338</u>	<u>142,956</u>	<u>2,289,382</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,356,238)</u>	<u>(34,727)</u>	<u>1,321,511</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>1,356,238</u>	<u>69,148</u>	<u>1,287,090</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>34,421</u>	<u>\$ 34,421</u>
FUND BALANCES AT BEGINNING OF YEAR		<u>10,921</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 45,342</u>	

See accompanying notes to the budgetary comparison statements.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BUDGETARY COMPARISON STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE A - BUDGETARY INFORMATION

The Township's process for establishing its annual operating budget involves submission of the budget by the Township Manager to the Board of Supervisors for its approval and adoption. The Township Manager, Finance Director and Budget Review Committee are responsible for the preparation of the annual budget.

The budgetary process consists of the evaluation and review of appropriation requests of the operating directors and various Township departments. Revenue estimates are made throughout the process to determine the amount of Township property taxes and other revenue required to balance the budget.

The Board of Supervisors is required to introduce the budget for the following year by twenty days prior to the end of the fiscal year, after which it is advertised and reviewed at public hearings held by the Board of Supervisors of the Township. After the close of the public hearings, the Board of Supervisors approves and adopts the budget on or before December 31, the close of the Township's fiscal year.

The Township Supervisors may authorize supplemental appropriations for any lawful purpose via resolution. In addition, the Supervisors are permitted to transfer funds from one Township account to another; however, such transfers are not permitted during the first three months of the fiscal year. Appropriations lapse at the close of the fiscal year to the extent by have not been expended. It is the Township's policy to maintain budgetary control at the fund level.

The Township prepares budgets for Governmental Funds on a basis of accounting, which is consistent with United States general accepted accounting principles.

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2020, expenditures exceeded appropriations in the following fund object levels (the legal level of the budgetary control):

<u>General Fund</u>	
General government	\$ (129,618)
Insurance	\$ (29,010)

These over expenditures were funded by available fund balance and transfers in the respected fund.

TOWNSHIP OF LOWER MAKEFIELD
TREND DATA ON INFRASTRUCTURE CONDITION
YEAR ENDED DECEMBER 31, 2020

The Township has elected to use the modified approach to account for maintenance of its streets system. The Township annually inspects its streets, and the Township engineers use the Micro PAVER program, developed by the United States Army Corps of Engineers, as part of a pavement management system to describe the condition of all roadways in the Township. The streets are rated on their life expectancy before milling and overlay work is needed. The rating is the probable number of years remaining before resurfacing work is needed. The Township's streets as a whole are given an overall rating, indicating the average condition of all streets operated by the Township. The assessment of condition is made by visual and mechanical tests designed to reveal any condition that would reduce highway user benefits below the maximum level service. The Township's policy is to maintain the street condition at a level of sixty-five or better. The results of the last inspection were:

<u>Period</u>	<u>Evaluation Rating</u>
2014	67.00
2017	103.41
2020	106.30

The budgeted expenditures and amounts actually expensed for maintenance and preservation for the past five years are as follows:

<u>Period</u>	<u>Budget</u>	<u>Actual</u>
2016	\$ 1,054,815	\$ 1,075,669
2017	\$ 1,370,000	\$ 1,285,338
2018	\$ 1,145,000	\$ 963,312
2019	\$ 875,000	\$ 1,078,551
2020	\$ 991,877	\$ 961,494

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF CHANGES IN THE NET POLICE PENSION PLAN
LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 399,965	\$ 380,919	\$ 345,035
Interest	1,307,074	1,243,678	1,195,846
Differences between expected and actual experience	-	(244,432)	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	<u>(846,540)</u>	<u>(855,849)</u>	<u>(613,022)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	860,499	524,316	927,859
Total pension liability, beginning	<u>16,361,728</u>	<u>15,837,412</u>	<u>14,909,553</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>17,222,227</u>	<u>16,361,728</u>	<u>15,837,412</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	348,046	176,743	223,063
State aide	526,850	553,014	459,070
Member	92,179	72,666	69,493
Net investment income	1,695,866	1,958,084	(1,039,024)
Benefit payments, including refunds of member contributions	<u>(846,540)</u>	<u>(855,849)</u>	<u>(613,022)</u>
Administrative expense	<u>(800)</u>	<u>(6,268)</u>	<u>(2,110)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,815,601	1,898,390	(902,530)
Plan fiduciary net position, beginning	<u>12,103,894</u>	<u>10,205,504</u>	<u>11,108,034</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>13,919,495</u>	<u>12,103,894</u>	<u>10,205,504</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 3,302,732</u>	<u>4,257,834</u>	<u>\$ 5,631,908</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>80.8%</u>	<u>74.0%</u>	<u>64.4%</u>
COVERED PAYROLL	<u>\$ 3,777,569</u>	<u>3,594,354</u>	<u>\$ 3,363,814</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>87.4%</u>	<u>118.5%</u>	<u>167.4%</u>

NOTES TO SCHEDULE

Assumption changes - In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-200 Table projected to 2017 using Scale AA.

Change in benefit terms: none

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	328,605	\$ 324,509	\$ 309,056
	1,128,769	1,066,588	1,020,453
	(251,682)	-	-
	359,941	-	-
	<u>(657,652)</u>	<u>(794,727)</u>	<u>(741,830)</u>
	907,981	596,370	587,679
	<u>14,001,572</u>	<u>13,405,202</u>	<u>12,817,523</u>
	<u>14,909,553</u>	<u>14,001,572</u>	<u>13,405,202</u>
	176,857	209,735	281,180
	449,649	406,842	388,163
	61,862	46,945	29,940
	1,403,735	473,031	(241,454)
	(657,652)	(794,727)	(741,830)
	<u>(6,050)</u>	<u>(1,000)</u>	<u>(6,707)</u>
	1,428,401	340,376	(290,708)
	<u>9,679,633</u>	<u>9,339,257</u>	<u>9,629,965</u>
	<u>11,108,034</u>	<u>9,679,633</u>	<u>9,339,257</u>
\$	<u><u>3,801,519</u></u>	<u><u>4,321,939</u></u>	<u><u>4,065,945</u></u>
	<u>74.5%</u>	<u>69.1%</u>	<u>69.7%</u>
\$	<u><u>3,276,201</u></u>	<u><u>3,164,517</u></u>	<u><u>3,083,827</u></u>
	<u>116.0%</u>	<u>136.6%</u>	<u>131.8%</u>

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS
LAST SIX FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 874,896	\$ 729,757	\$ 682,133
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>874,896</u>	<u>729,757</u>	<u>682,133</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 3,777,569</u>	<u>\$ 3,594,354</u>	<u>\$ 3,363,814</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>23.16%</u>	<u>20.3%</u>	<u>20.3%</u>

NOTES TO SCHEDULE

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported. Therefore, the actuarially determined contribution rate for calendar year ended 2020 is based upon the January 1, 2019 actuarial valuation and calendar years ended 2019 and 2018 are based upon the January 1, 2017 actuarial valuation and calendar years ended 2017 and 2016 are based upon the January 1, 2015 actuarial valuation and calendar year ended 2015 is based upon the January 1, 2013 actuarial valuation.

Assumption changes - In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-200 Table projected to 2017 using Scale AA.

Change in benefit terms: none

Methods and assumptions used to determine contribution rates:

- Actuarial cost method
- Amortization method
- Asset valuation method
- Inflation
- Salary increases
- Investment rate of return
- Retirement age
- Mortality

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

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 626,506	\$ 616,577	\$ 669,343
<u>626,506</u>	<u>616,577</u>	<u>669,343</u>
\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
\$ <u>3,276,201</u>	\$ <u>3,164,517</u>	\$ <u>3,083,327</u>
<u>19.1%</u>	<u>19.5%</u>	<u>21.7%</u>

January 1, 2019

Entry age normal
Level dollar closed
Market value of assets
2.25%
5.0%
8.0%
Normal retirement age
RP2000 Table

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF CHANGES IN THE NET NON-UNIFORM
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 137,318	\$ 130,779	\$ 158,556
Interest	841,232	812,727	771,817
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	168,807	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	<u>(607,567)</u>	<u>(579,911)</u>	<u>(540,124)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	370,983	532,402	390,249
Total pension liability, beginning	<u>10,681,865</u>	<u>10,149,463</u>	<u>9,759,214</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>11,052,848</u>	<u>10,681,865</u>	<u>10,149,463</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	468,595	381,418	390,176
Member	41,949	45,274	48,182
Net investment income	1,201,386	1,439,548	(610,498)
Benefit payments, including refunds of member contributions	<u>(607,567)</u>	<u>(579,911)</u>	<u>(540,124)</u>
Administrative expense	<u>(2,300)</u>	<u>(5,950)</u>	<u>(1,450)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,102,063	1,280,379	(713,714)
Plan fiduciary net position, beginning	<u>8,613,654</u>	<u>7,333,275</u>	<u>8,046,989</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>9,715,717</u>	<u>8,613,654</u>	<u>7,333,275</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 1,337,131</u>	<u>\$ 2,068,211</u>	<u>\$ 2,816,188</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>87.9%</u>	<u>80.6%</u>	<u>72.3%</u>
COVERED PAYROLL	<u>\$ 1,476,752</u>	<u>\$ 1,597,351</u>	<u>\$ 1,696,430</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>90.5%</u>	<u>129.5%</u>	<u>166.0%</u>

NOTES TO SCHEDULE

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

Benefit changes - In 2017, participants who meet the eligibility of Rule of 80 (minimum of age 60) during January 1, 2017 to December 31, 2018 are eligible for a special early retirement window.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	151,006	\$ 189,059	\$ 180,056
	738,351	721,329	677,694
	220,140	-	-
	(806,422)	-	-
	321,965	-	-
	<u>(417,055)</u>	<u>(373,431)</u>	<u>(269,183)</u>
	207,985	536,957	588,567
	<u>9,551,229</u>	<u>9,014,272</u>	<u>8,425,705</u>
	<u>9,759,214</u>	<u>9,551,229</u>	<u>9,014,272</u>
	385,095	404,119	368,300
	53,292	41,322	46,553
	1,126,696	333,001	(207,138)
	(417,055)	(373,431)	(269,183)
	<u>(6,750)</u>	<u>(1,850)</u>	<u>(7,894)</u>
	1,141,278	403,161	(69,362)
	<u>6,905,711</u>	<u>6,502,550</u>	<u>6,571,912</u>
	<u>8,046,989</u>	<u>6,905,711</u>	<u>6,502,550</u>
\$	<u><u>1,712,225</u></u>	<u><u>2,645,518</u></u>	<u><u>2,511,722</u></u>
	<u>82.5%</u>	<u>72.3%</u>	<u>72.1%</u>
\$	<u><u>1,757,346</u></u>	<u><u>1,984,189</u></u>	<u><u>1,965,213</u></u>
	<u>97.4%</u>	<u>133.3%</u>	<u>127.8%</u>

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF NET NON-UNIFORM
PENSION PLAN CONTRIBUTIONS
LAST SIX FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 468,595	\$ 381,418	\$ 390,176
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>468,595</u>	<u>381,418</u>	<u>390,176</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
COVERED PAYROLL	\$ <u>1,476,752</u>	\$ <u>1,597,351</u>	\$ <u>1,696,430</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>31.7%</u>	<u>23.9%</u>	<u>23.0%</u>

NOTES TO SCHEDULE

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported. Therefore, the actuarially determined contribution rate for calendar year ended 2020 is based upon the January 1, 2019 actuarial valuation and calendar years ended 2019 and 2018 are based upon the January 1, 2017 actuarial valuation and calendar years ended 2017 and 2016 are based upon the January 1, 2015 actuarial valuation and calendar year ended 2015 is based upon the January 1, 2013 actuarial valuation.

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

Benefit Changes - In 2017, participants who meet the eligibility of Rule of 80 (minimum of age 60) during January 1, 2017 to December 31, 2018 are eligible for a special retirement window.

Methods and assumptions used to determine contribution rates:

- Asset valuation method
- Salary increases
- Investment rate of return
- Retirement age
- Mortality
- Termination
- Disability
- Form of annuity

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

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 385,095	\$ 404,119	\$ 368,300
<u>385,095</u>	<u>404,119</u>	<u>368,300</u>
\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
\$ <u>1,757,346</u>	\$ <u>1,984,198</u>	\$ <u>1,965,213</u>
<u>21.9%</u>	<u>20.4%</u>	<u>18.7%</u>

January 1, 2019

Market Value of Assets
5%
8%
Normal retirement age
RP2000 table
T-1 table actuary handbook
None assumed
Single life annuity

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF INVESTMENT RETURNS
POLICE AND NON-UNIFORM DEFINED BENEFIT PENSION PLAN
LAST SIX FISCAL YEARS

	<u>Year</u>	<u>Police</u>	<u>Non-Uniform</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2015	-2.52%	-3.12%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2016	5.12%	5.11%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2017	14.48%	16.30%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2018	-9.30%	-7.64%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2019	19.24%	19.85%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2020	13.94%	14.03%

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF CHANGES IN THE ADMINISTRATIVE
TOTAL OPEB PLAN LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 10,467	\$ 6,379	\$ 6,075
Interest	5,685	7,861	7,740
Differences Between Expected and Actual Experience	14,687	-	-
Changes in Assumptions & Cost Method	47,498	-	-
Benefit payments	<u>(10,264)</u>	<u>(10,797)</u>	<u>(10,517)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	68,073	3,443	3,298
 TOTAL OPEB LIABILITY, BEGINNING	 <u>227,058</u>	 <u>223,615</u>	 <u>220,317</u>
 TOTAL OPEB LIABILITY, ENDING	 <u>\$ 295,131</u>	 <u>\$ 227,058</u>	 <u>\$ 223,615</u>
 COVERED ADMINISTRATIVE PAYROLL	 <u>\$ 1,352,307</u>	 <u>\$ 1,004,206</u>	 <u>\$ 956,387</u>
 TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED ADMINISTRATIVE PAYROLL	 <u>21.8%</u>	 <u>22.6%</u>	 <u>23.4%</u>

NOTE TO SCHEDULE

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

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF CHANGES IN THE PUBLIC WORKS
TOTAL OPEB PLAN LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 56,758	\$ 41,009	\$ 39,056
Interest	19,561	30,435	28,650
Differences Between Expected and Actual Experience	(17,704)	-	-
Changes in Assumptions & Cost Method	97,107	-	-
Benefit payments	<u>(25,622)</u>	<u>(19,653)</u>	<u>(17,648)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	130,100	51,791	50,058
 TOTAL OPEB LIABILITY, BEGINNING	 <u>890,184</u>	 <u>838,393</u>	 <u>788,335</u>
 TOTAL OPEB LIABILITY, ENDING	 <u>\$ 1,020,284</u>	 <u>\$ 890,184</u>	 <u>\$ 838,393</u>
 COVERED PUBLIC WORKS PAYROLL	 <u>\$ 1,336,408</u>	 <u>\$ 1,561,031</u>	 <u>\$ 1,486,696</u>
 TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PUBLIC WORKS PAYROLL	 <u>76.3%</u>	 <u>57.0%</u>	 <u>56.4%</u>

NOTE TO SCHEDULE

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

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF CHANGES IN THE POLICE
TOTAL OPEB PLAN LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 328,371	\$ 222,666	\$ 212,063
Interest	93,634	139,072	131,080
Differences Between Expected and Actual Experience	(20,637)	-	-
Changes in Assumptions & Cost Method	544,416	-	-
Benefit payments	<u>(113,380)</u>	<u>(113,037)</u>	<u>(137,728)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	832,404	248,701	205,415
 TOTAL OPEB LIABILITY, BEGINNING	 <u>4,056,046</u>	 <u>3,807,345</u>	 <u>3,601,930</u>
 TOTAL OPEB LIABILITY, ENDING	 <u>\$ 4,888,450</u>	 <u>\$ 4,056,046</u>	 <u>\$ 3,807,345</u>
 COVERED POLICE PAYROLL	 <u>\$ 4,710,270</u>	 <u>\$ 4,462,044</u>	 <u>\$ 4,249,566</u>
 TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	 <u>103.8%</u>	 <u>90.9%</u>	 <u>89.6%</u>

NOTE TO SCHEDULE

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

SUPPLEMENTARY INFORMATION SECTION

TOWNSHIP OF LOWER MAKEFIELD
BUDGETARY COMPARISON STATEMENT
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Real estate taxes	\$ 1,486,283	\$ 1,477,743	\$ (8,540)
Interest earnings	1,400	550	(850)
TOTAL REVENUES	<u>1,487,683</u>	<u>1,478,293</u>	<u>(9,390)</u>
EXPENDITURES			
Debt service			
Principal	1,441,654	1,427,833	13,821
Interest	344,017	342,837	1,180
TOTAL EXPENDITURES	<u>1,785,671</u>	<u>1,770,670</u>	<u>15,001</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(297,988)</u>	<u>(292,377)</u>	<u>5,611</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	223,057	321,650	(98,593)
Operating transfers out	-	(15,000)	15,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>223,057</u>	<u>306,650</u>	<u>(83,593)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (74,931)</u>	14,273	<u>\$ 89,204</u>
FUND BALANCES AT BEGINNING OF YEAR		<u>(14,273)</u>	
FUND BALANCES AT END OF YEAR		<u>\$ -</u>	

See accompanying notes to the budgetary comparison statements.

TOWNSHIP OF LOWER MAKEFIELD
BUDGETARY COMPARISON STATEMENT
CAPITAL RESERVE FUND
YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Interest earnings			
Intergovernmental revenues	\$ -	\$ 17	\$ 17
Miscellaneous income	-	306,416	306,416
TOTAL REVENUES	<u>-</u>	<u>306,433</u>	<u>306,433</u>
EXPENDITURES			
Capital outlay	<u>152,500</u>	<u>476,245</u>	<u>(323,745)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(152,500)</u>	<u>(169,812)</u>	<u>(17,312)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>152,500</u>	<u>194,826</u>	<u>42,326</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>25,014</u>	<u>\$ 25,014</u>
FUND BALANCES AT BEGINNING OF YEAR		<u>(25,014)</u>	
FUND BALANCES AT END OF YEAR		<u>\$ -</u>	

See accompanying notes to the budgetary comparison statements.

TOWNSHIP OF LOWER MAKEFIELD
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Street Light Fund	9-11 Memorial Fund	Fire Protection Fund	Hydrant Fund	Park and Recreation Fund	Park and Recreation FIL Fund	Traffic Impact Fund	Regency Bridge Fund	Tree Fund	Liquid Fuels Fund	Ambulance Rescue Fund	Road Machinery	Patterson Farm Fund	Total Other Governmental Funds
ASSETS														
CURRENT ASSETS														
Cash and cash equivalents	\$ 102,663	\$ 13,197	\$ 46,350	\$ 40,997	\$ 262,738	\$ 204,005	\$ 138,354	\$ 575,540	\$ 104,305	\$ 102,593	\$ 3,458	\$ 158,469	\$ 128,975	\$ 1,881,644
Accounts receivable	1,078	-	6,200	2,302	72,643	-	-	3,300	-	-	2,599	2,026	1,500	91,648
Prepaid expenses	-	-	40,251	-	-	-	-	-	-	-	-	-	-	40,251
TOTAL ASSETS	\$ 103,741	\$ 13,197	\$ 92,801	\$ 43,299	\$ 335,381	\$ 204,005	\$ 138,354	\$ 578,840	\$ 104,305	\$ 102,593	\$ 6,057	\$ 160,495	\$ 130,475	\$ 2,013,543
LIABILITIES														
Accounts payable	\$ 2,594	\$ 2,546	\$ -	\$ 23,173	\$ 25,705	\$ -	\$ -	\$ -	\$ -	\$ 16,148	\$ -	\$ -	\$ 943	\$ 71,109
Accrued expenses	-	-	1,353	-	12,635	-	-	-	-	-	-	-	-	13,988
Security deposits	-	-	-	-	1,400	-	-	-	-	-	-	-	4,600	6,000
TOTAL LIABILITIES	2,594	2,546	1,353	23,173	39,740	-	-	-	-	16,148	-	-	5,543	91,097
DEFERRED INFLOWS OF RESOURCES														
Unavailable revenue, property taxes	-	-	5,079	1,890	13,583	-	-	-	-	-	2,126	1,654	-	24,332
FUND BALANCES														
Nonspendable														
Prepaid items	-	-	40,251	-	-	-	-	-	-	-	-	-	-	40,251
Restricted for														
Street lights	101,147	-	-	-	-	-	-	-	-	-	-	-	-	101,147
9-11 memorial	-	10,651	-	-	-	-	-	-	-	-	-	-	-	10,651
Fire protection	-	-	46,118	-	-	-	-	-	-	-	-	-	-	46,118
Hydrant fund	-	-	-	18,236	-	-	-	-	-	-	-	-	-	18,236
Park and recreation	-	-	-	-	282,058	-	-	-	-	-	-	-	-	282,058
Park and recreation FIL	-	-	-	-	-	204,005	-	-	-	-	-	-	-	204,005
Traffic impact	-	-	-	-	-	-	138,354	-	-	-	-	-	-	138,354
Regency bridge	-	-	-	-	-	-	-	578,840	-	-	-	-	-	578,840
Tree fund	-	-	-	-	-	-	-	-	104,305	-	-	-	-	104,305
Highway aid	-	-	-	-	-	-	-	-	-	86,445	-	-	-	86,445
Ambulance rescue	-	-	-	-	-	-	-	-	-	-	3,931	-	-	3,931
Road machinery	-	-	-	-	-	-	-	-	-	-	-	158,841	-	158,841
Patterson farm	-	-	-	-	-	-	-	-	-	-	-	-	124,932	124,932
TOAL FUND BALANCES	101,147	10,651	86,369	18,236	282,058	204,005	138,354	578,840	104,305	86,445	3,931	158,841	124,932	1,898,114
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 103,741	\$ 13,197	\$ 92,801	\$ 43,299	\$ 335,381	\$ 204,005	\$ 138,354	\$ 578,840	\$ 104,305	\$ 102,593	\$ 6,057	\$ 160,495	\$ 130,475	\$ 2,013,543

TOWNSHIP OF LOWER MAKEFIELD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	Street Light Fund	9-11 Memorial Fund	Fire Protection Fund	Hydrant Fund	Park and Recreation Fund	Park and Recreation FIL Fund	Traffic Impact Fund	Regency Bridge Fund	Tree Fund	Liquid Fuels Fund	Ambulance Rescue Fund	Road Machinery	Patterson Farm Fund	Total Other Governmental Funds
REVENUES														
Real estate taxes	\$ -	\$ -	\$ 476,343	\$ 165,548	\$ 1,286,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,137	\$ 158,797	\$ -	\$ 2,287,917
Interest earnings	376	68	916	211	4,027	510	500	1,836	390	3,481	346	2,617	443	15,721
Rental income	-	-	-	-	39,865	-	-	-	-	-	-	-	67,647	107,512
Intergovernmental revenues	-	-	289,032	-	-	-	-	-	-	1,088,860	-	-	-	1,377,892
Charges for services	68,735	-	27,030	-	84,315	-	-	-	-	-	-	-	-	180,080
Contributions	-	48	-	-	-	94,023	-	-	-	-	-	-	-	94,071
Miscellaneous income	-	-	-	-	1,981	-	1,236	113,850	-	-	-	-	-	117,067
TOTAL REVENUES	69,111	116	793,321	165,759	1,416,280	94,533	1,736	115,686	390	1,092,341	201,483	161,414	68,090	4,180,260
EXPENDITURES														
Public safety	-	-	749,736	-	-	-	-	-	-	-	205,000	-	-	954,736
Public works	37,446	-	-	149,295	-	-	5,016	-	-	1,202,346	-	-	42,938	1,437,041
Parks and recreation	-	35,682	-	-	926,694	-	-	-	-	-	-	-	-	962,376
Capital outlays	-	-	-	-	26,116	-	-	-	4,755	-	-	190,955	-	221,826
TOTAL EXPENDITURES	37,446	35,682	749,736	149,295	952,810	-	5,016	-	4,755	1,202,346	205,000	190,955	42,938	3,575,979
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,665	(35,566)	43,585	16,464	463,470	94,533	(3,280)	115,686	(4,365)	(110,005)	(3,517)	(29,541)	25,152	604,281
OTHER FINANCING SOURCES (USES)														
Refund of prior year expenditures	-	-	686	-	5,272	-	-	-	-	-	-	-	-	5,958
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-	-	81,225	-	81,225
Transfers in	-	26,650	-	-	250,000	-	-	-	-	-	-	-	-	276,650
Transfers out	-	-	(49,300)	-	(882,481)	-	-	-	-	-	-	-	-	(931,781)
TOTAL OTHER FINANCING SOURCES (USES)	-	26,650	(48,614)	-	(627,209)	-	-	-	-	-	-	81,225	-	(567,948)
NET CHANGE IN FUND BALANCES	31,665	(8,916)	(5,029)	16,464	(163,739)	94,533	(3,280)	115,686	(4,365)	(110,005)	(3,517)	51,684	25,152	36,333
FUND BALANCES AT BEGINNING OF YEAR	69,482	19,567	91,398	1,772	445,797	109,472	141,634	463,154	108,670	196,450	7,448	107,157	99,780	1,861,781
FUND BALANCES AT END OF YEAR	\$ 101,147	\$ 10,651	\$ 86,369	\$ 18,236	\$ 282,058	\$ 204,005	\$ 138,354	\$ 578,840	\$ 104,305	\$ 86,445	\$ 3,931	\$ 158,841	\$ 124,932	\$ 1,898,114