

HORSHAM TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2020

HORSHAM TOWNSHIP

FINANCIAL STATEMENTS

December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Township Council
Horsham Township

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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 of 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.

Basis for Adverse Opinion

The financial statements do not include financial data for the Township's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Township's primary government unless the Township also issues financial statements for the financial reporting entity that include the financial data for its component units. The Township has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units have not been presented. The amounts are not available so the effect of the omission cannot be determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the reporting entity of the Township of Horsham, Pennsylvania, as of December 31, 2020, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Horsham Township, Pennsylvania, as of December 31, 2020 and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund, and library operating fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

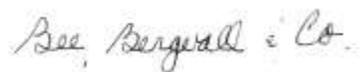
Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, and the historical trend information on pages 66 through 72 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Horsham Township, Montgomery County, Pennsylvania, financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

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

A handwritten signature in cursive script that reads "Bee, Bergvall & Co.".

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

Warrington, PA
February 10, 2022

HORSHAM TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

The management of Horsham Township offers readers of the Municipality's financial statement a narrative overview and analysis of the financial activities of Horsham Township for the fiscal year ending December 31, 2020. Please read this analysis in conjunction with the Township's financial statements which follow the MDA section.

Financial Highlights

Government-wide Financial Statements (Full Accrual)

TABLE 1:

Table 1 identifies the "Statement of Net Position." The "Total Net Position" of an organization is derived by totaling assets and deferred outflows, and then subtracting liabilities and deferred inflows. In 2019 Horsham Township's "Total Net Position" was \$68,933,738 and this increased to \$70,594,023 in 2020. The change represented an increase of \$1.7 million, or more than a 2% increase. The most significant impact on this number was the increase in funds received from developers. Also, noteworthy in this table, is a decrease in long term liabilities due to pension investment activity.

The statement of net position is impacted by at least three important components. The first of the three, restricted net assets, is cash set aside for a particular or specific purpose. Restricted funding is available to meet ongoing local government obligations to citizens and/or creditors, but there are limits on how those funds can be expended. When possible, the municipality uses restricted funding in a manner that frees its use of discretionary assets. The State Aid Fund is noteworthy in this regard. In 2020, a primary source of restricted funding - Capital Improvements Fund - derived from primarily from developers and grants restricted for capital improvements.

A second component is "net investment in capital assets". This category had been decreasing over the last several years due primarily to depreciation. In 2019, the number reversed prior year reductions and grew \$4.7 million - an important part of this being the completion of a multi-million-dollar municipal building. In 2020, the amount remained virtually unchanged from 2019. It should be noted, however, that data collected for these purposes is based on criteria, such as infrastructure life, that are estimates and may not be completely reflective of actual life expectancy. In any event, net investment in capital assets is expected to stabilize in future years, as large capital projects such as the new Township building and road construction is completed.

And, a third noteworthy component of net position is unrestricted and is the amount available for general expenditures.

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MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

TABLE 2:

In 2020 the “Net Position - Ending” approximated \$70.5 million - an increase of \$1.7 million from the prior year. More specifically, revenues increased for 2020, while expenditures decreased. Table 2 enables the reader to see a breakdown of revenue into nine categories and expenditures into five categories. Looking closer at revenue, its largest source, overwhelmingly, continues to be the “local and enabling act tax.” The local and enabling tax has two sources - an earned income tax and the local services tax. The earned income tax is the much larger of the two. It is based on wages and, at a fixed rate with consistent circumstances, can be expected to increase year after year.

The second and lesser component of the local and enabling act tax is the Local Services Tax (a \$52 per year employment tax with those earning in excess of a \$12,000 wage base), varies with employment numbers, but should also generally be consistent from year to year. Together, these two categories, comprising the heading of “local and tax enabling act tax” are about 54% of all revenue. Other than inflationary increases and macroeconomic growth, there is little the municipality can do to make this amount significantly grow year after year.

The second largest source of revenue is property taxes. Property taxes are 13% of total revenue. While overall property values - the municipality’s total assessment - have increased, the property tax rate (millage) has remained relatively flat for many years. Consequently, property tax revenue is level, at a little over two and a half million, every year. However, it should be noted that even large percentage increases in the millage rates, because property taxes are only about 13% of all revenue, will only have a minimal impact on revenue generation.

The third largest revenue source is grants and contributions - both operating and capital. Operating grants and contributions have been over \$2 million for both 2020 and 2019 while capital grants and contributions increased to \$670,000 from \$38,000 in 2019. There have been added efforts at obtaining discretionary grants and so this number can be expected to continue its increase over the next few years. It should be noted, however, that many grants are based on fixed formulas that are annual and beyond municipal control. Reasons for receiving grants and contributions are related to pensions, recycling, fire control, etc. While the municipality can always apply for operating grants and contributions this source of revenue is often project specific and likely offset, or partially offset, by an increase in expenditures.

The fourth largest revenue source is “charges for services.” Every year the municipality reviews what it charges for services and updates its fee structure. In its review the municipality does a peer comparison with other nearby local governments and attempts to determine charges that are somewhere in the middle of the pack - not charging too high or too low for services. Costs are summarized by placing them into the format of an annual resolution that is approved by the Board of Supervisors. This revenue source decreased by 8% from the prior year most likely due the work stoppages as a result of the pandemic.

Concluding a look at revenue, and switching to expenditures, there are five expenditure identified categories in Table 2. These five broad categories are as follows: police and emergency services (41%), administrative (27%), public works (18%), library and parks (10%), and licenses and permits (4%). All of these categories decreased from the prior year and explanations for the decreases include a reduction in staff in all departments, as well as COVID limitations. Overall expenditures decreased from 2019 to 2020 by \$1.6 million and revenue exceeded expenditures in 2020 by an approximate \$1.7 million.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

Fund Financial Statements (Modified Accrual)

On December 31, 2020, Horsham Township's governmental funds had a total fund balance that increased from more than \$18 million to almost \$20 million (page 22). The amount represented a reversal prior year's decrease, due significantly to building construction. Generally, the surpluses are primarily saved in a particular, specified fund. When assets are restricted this would include the Liquid Fuels Fund or Escrow Fund; and, when unrestricted, this would include the General Fund.

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Cash Basis)

The financial statements are prepared in conformity with the Generally Accepted Accounting Principles (GAAP) with the exception of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, which is prepared on a cash basis as opposed to an accrual basis. "Cash Basis" is defined as "a method of bookkeeping by which revenues and expenditures are recorded when they are received and paid." "Accrual Basis" is defined as "a method of accounting that recognizes revenue when earned, rather than when collected and expenses when incurred, rather than when paid."

The "Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds" (pages 24-25) identifies a fund balance ending for 2020 of \$20.0 million (up from \$18.3 million in 2019). The amount is comprised of Capital Improvement (37%) and General (32%), with lesser percentages connected to Other Governmental (30%). This compares to 2019 for Capital Improvement (36%) and General (34%), with lesser percentages connected to Other Governmental (29%). The biggest changes being an increase in the Capital Improvements fund balance of \$822,000 from 2019 to 2020.

Overview of the Financial Statements

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

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of Horsham Township's finances, in a manner similar to a private-sector business.

The Statement of Net Position (on page 19) presents information on all of Horsham Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Horsham Township is improving or deteriorating. The following table reflects the condensed statement of net position. In 2020, total net position increased from \$68.9 million to \$70.6 million, or about 2.4%.

HORSHAM TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

Table 1
Statement of Net Position

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 21,166,143	\$ 19,575,036
Capital assets	<u>82,367,757</u>	<u>82,988,690</u>
Total Assets	<u>103,533,900</u>	<u>102,563,726</u>
Deferred outflows	<u>4,694,216</u>	<u>4,134,059</u>
Long-term liabilities	32,434,007	34,751,029
Other liabilities	<u>767,508</u>	<u>617,116</u>
Total Liabilities	<u>33,201,515</u>	<u>35,368,145</u>
Deferred inflows	<u>4,432,578</u>	<u>2,395,902</u>
Net investment in capital assets	73,686,802	73,960,567
Restricted	4,703,095	3,334,402
Unrestricted	<u>(7,795,874)</u>	<u>(8,361,231)</u>
Total Net Position	<u>\$ 70,594,023</u>	<u>\$ 68,933,738</u>

The Statement of Activities (on pages 20 and 21) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net position are reported on the accrual basis of accounting. This accounting method records revenues and expenses as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., uncollected taxes and earned but unused vacation leave).

HORSHAM TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

The following chart shows the revenues and expenses of the governmental activities for 2020 and 2019.

**Table 2
Changes in Net Position**

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,019,509	\$ 2,202,800
Operating grants and contributions	2,045,967	2,075,390
Capital grants and contributions	669,826	38,400
General revenues:		
Property taxes	2,829,640	2,791,612
Transfer tax	980,932	883,120
Local and enabling act tax	11,139,846	11,020,422
Franchise fees	563,927	574,392
Investment income	343,981	677,349
Other	<u>1,612,079</u>	<u>167,170</u>
Total Revenues	<u>22,205,707</u>	<u>20,430,655</u>
Expenses		
Administrative	5,607,561	5,853,665
Licenses and permits	870,828	1,059,053
Police and emergency services	8,383,502	8,971,145
Public works	3,732,623	3,956,557
Library and parks	<u>1,950,908</u>	<u>2,326,636</u>
Total Expenses	<u>20,545,422</u>	<u>22,167,056</u>
Changes in Net Position	1,660,285	(1,736,401)
Net Position - Beginning, restated	<u>68,933,738</u>	<u>70,670,139</u>
Net Position - Ending	<u>\$ 70,594,023</u>	<u>\$ 68,933,738</u>

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

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

HORSHAM TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Horsham Township maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet (on page 22) and in the governmental fund statement of revenues, expenditures, and changes in fund balances (on page 24) for the general fund, and capital improvement, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Reconciliations are provided (on pages 23 and 25) for the comparison of the governmental fund Balance Sheet to the government-wide Statement of Net Position and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances to the government-wide Statement of Activities.

General Fund - The General Fund is the general operating fund of the Township. Horsham Township adopts an annual appropriated general fund budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Library Operating Fund - The Library Operating Fund is the general operating fund for the Township Library. Horsham Township adopts an annual appropriated operating fund budget for its Library fund.

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes. State Liquid Fuels /Highway Aid Fund are the fund into which Horsham Township's state allocation is deposited.

Capital Projects Funds - These funds are used to account for financial resources to be used for property acquisition and the development and construction of major capital facilities (other than those financed by proprietary funds).

Fiduciary Funds - Trust and custodial funds are used to account for assets held by Horsham Township in a trustee capacity or as an agent for individuals, other governments, and/or other funds. These include Pension Trust and Custodial funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those programs are not available to support Horsham Township's own programs.

Notes to Financial Statements - These notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Horsham Township's progress in funding its obligation to provide pension benefits to its employees.

HORSHAM TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

General Fund Budgetary Highlights

General Fund expenditures for 2020 were under budget by \$1.85 million. Of the various expenditure categories public safety and highways and roads represented half of the 2020 difference. Explanations for this variance for highways and roads include budgeting for a worst-case scenario of road materials sensitive to petroleum prices; and for public safety the contractual issues that did not have a fully complete year at the time of 2020 budget formulation.

The 2020 expenditures, along with revenues that exceeded budget, resulted in excess of revenue over expenditures by \$3.2 million. Of the several revenue categories earned income tax represented a majority of the over budget revenue. There are several reasons for the budgetary and actual differences, and these include a conservative budgeting approach, time constraints for project completion, unforeseen circumstances, and stagnant revenue sources. Future budgets will attempt to narrow - not increase - these differences.

The municipality periodically reviews and revises its budget to deal with unexpected fluctuations of expenditures and revenues. General Fund expenditures for recent years came in under the budget, and revenues came in over budget. Overall, these were favorable budgetary results, but future budgets should strive even more vigorously to bring budgeted revenue more in-line with actual revenue and expenditures - something that is difficult because of forecast uncertainty and the risk of underestimation. A good example of the difficulty is exemplified in the area of tax collection - the impact of other municipalities adopting the earned income tax (EIT), changes in employment that may impact the local services tax (LST), and private sector employment decisions - decisions to close a headquarters or transfer operations - which may be contingent on decisions unrelated to the municipality. Each year the municipality determines its EIT and LST projections on information provided by the income tax collector.

In the six of ten categories of General Fund revenue exceeding budget in 2020, the greatest of these the category of "Earned Income Tax". The actual amount received was 11% more than the amount budgeted. The other categories that exceeded budget amounts and the category's percent of all revenue were as follows: charges for services (5.8%), investment income and rent (69.7%), local tax enabling act (.4%), other (7%), and property tax (.7%).

HORSHAM TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

The \$943,000 or 6% that was over budget for revenue in 2020 was less than in recent prior years. Explanations for deviation of budget and actual in the revenue categories include a conservative budget approach of preferring to underestimate these revenues, unpredictable variations, incomplete or unavailable data during the budget process such as the annual fee resolution's passage after the budget has concluded, the sale of significant properties that often can't be predicted, and the earlier explanations specifically identified in this narrative such as the adoption of earned income taxes by other municipalities. However, it has been the case, that the municipality is working to narrow the deviations.

As in 2019, General Fund actual expenditures were below budget in six of the seven reported categories. The six in 2020, and their percentage below budget, are as follows: highways and roads (21%), general government (24%), library and parks (6%), capital projects (16%), miscellaneous (6%), public safety (6%), and debt service equaled budget. Important reasons for variations included the timetable and cost uncertainty of preparing for capital improvements, the cost of petroleum and its impact on asphalt prices, employment or workforce variations, etc.

The sum of all the variances was about 91% of the final budget. The 9% difference was a close approximation of prior year activity. This range should be regarded as a close approximation of actual expenditures. The reasons for the differences, the deviations, vary from category to category, but can generally be explained by unexpected, unique, and recurring factors. An unexpected factor, in recent years, was the discovery of contaminants in the municipal water supply; and a unique and anticipated factor was the planning for a new municipal building. In addition, the following are four paragraphs identify recurring factors.

First, salaries in several classifications did not hit a budget target. This can in part be explained by personnel changes that impact how labor is charged, allocated funding for positions that weren't filled, and/or changes in personnel or job classification. Also, there is budget unpredictability due to various categories of compensation that are discretionary or at least "not fixed." These discretionary type wages include overtime, compensation in lieu of vacation, sick pay incentive, education incentive, fitness bonus, festive pay, etc.

Second, professional services and other services for planning and zoning and other departments often deviate from budget, and this is due to hourly rates that aren't determined until after the budget process, third party work assignments that are dictated by land development and other projects, timetables that aren't under the municipality's direct control, contingency budgeting for things such as cost overruns or "what-if" scenarios, and an inability to fully anticipate how many professional hours are necessary as on-going projects encounter expanded professional involvement.

Third, highways and roads had several classifications that deviated from budget. These deviations can be explained by a host of factors: the type of non-discretionary work performed such as snow removal or equipment maintenance, inclement weather, unanticipated equipment maintenance or replacement, and the fluctuating and erratic cost of petroleum in road materials that are needed for the municipality's annual road maintenance projects.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Fourth, miscellaneous benefit categories such as Blue Cross and FICA were below budget in large part due to the budget allowances for coverage changes that do not materialize, providing for unknown medical rate inflation, allowing for changes in personnel, etc. Overestimating benefit categories is preferred to underestimation, and an overestimation buffer should be expected for upcoming budget cycles.

Annual budget transfers aren't made until the 4th quarter and it is therefore important to note that the municipality monitors its budget throughout the year, preparing for these adjustments prior to the 4th quarter. As the municipality monitors its budget throughout the year there are several challenges it faces related to sustained budgetary levels. In terms of revenue, one revenue source that has been under scrutiny is the earned income tax. The earned income tax is a local tax representing 1% of a resident's wages. Half of the earned income taxes are given to the Hatboro-Horsham School District, and the other half is given to Horsham Township. The amount collected varies from year to year based on a host of variables that include the following: inflation rates that affect the amount of a resident's year-to-year earned income, the adoption of the tax by other municipalities resulting in withheld amounts going to another jurisdiction, and social influences such as demographics shifts that increase or decrease the number and type of individuals having income that is eligible for the earned income tax. The EIT represents approximately 60% of the General Fund revenues - an increase from the 55% amount in 2019.

A second tax that had been under stress is the Local Services Tax (LST) which became effective in 2010. The LST, a flat tax of \$52, but with greater restrictions for those eligible to pay the tax, generated substantially more than the OPT in subsequent years. As taxpayers become more familiar with the OPT the municipality is recognizing more current and less delinquent and prior-year payments, and will be budgeting to reflect those changes. It is expected that the LST will be a relatively constant, significant, and somewhat flat revenue source in the near future. However, with the recent hire of an economic development specialist and development at the former Willow Grove Naval Air Station, it is expected that the LST will increase in the longer term.

Finally, a third tax that received municipal attention is real estate (or property) taxes. This tax has been relatively stable with slight increases in recent years due to development and the resulting increase in the municipality's assessed valuation. New housing developments, along Limekiln Pike and in other areas, as well as development at the former naval base and on vacant land such as golf courses, will increase the amount of property tax collections in future years.

HORSHAM TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Impacts on Revenues and Expenses

Normal Impacts

There are essentially eight basic and recurring impacts on revenues and expenses in the municipality. These are as follows:

Revenues

- **Economic Conditions:** Can reflect a declining, stable or growing economic environment and has a substantial impact on property, income, transfer or other tax revenue, as well as public spending habits for building permits and elective user fees.
- **Increase/Decrease in Township Approved Rates:** While certain tax rates are set by statute, the Township Council has significant authority to impose and periodically increase/decrease rates (real estate tax millage, building fees, user charges, etc.).
- **Changing Patterns in Intergovernmental and Grant Revenues (both recurring and non-recurring):** Certain recurring revenues (state-shared revenues, block grants, etc.) may experience significant changes periodically, while non-recurring (one time) grants are less predictable and often distorting in their impact on year to year comparisons.
- **Market Impacts on Investment Income:** The Township's investment portfolio is managed using a longer average maturity on capital funds. Market conditions cause investment income to fluctuate with the economic conditions.

Expenses

- **Introduction of New Programs:** Within the functional expense categories (Public Safety, Public Works, etc.), individual programs may be added or deleted to meet changing community needs.
- **Increase/Decrease in Authorized Personnel:** Change in service demand may cause the Township Council to increase/decrease authorized staffing. Staffing costs represent a significant portion of the Township's program expenses.
- **Salary Increases (annual adjustment and merit):** The ability to attract and retain human resources requires Horsham Township to maintain a competitive salary and range position in the marketplace.
- **Inflation:** While overall inflation appears to be reasonably modest, the Township may experience unusual commodity specific increases. The potential for this type of impact is most common in the areas of fuel, utilities, large equipment and construction.

HORSHAM TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Current Year Impacts

Revenues for the Township's governmental activities were \$22.2 million in 2020 and \$20.4 million in 2019. Sources of revenues for fiscal years 2020 and 2019 are comprised of the following items:

Governmental Activities - Revenues by Source For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>% of Total</u> <u>Revenues</u>	<u>2019</u>	<u>% of Total</u> <u>Revenues</u>
Revenues				
Program revenues:				
Charges for services	\$ 2,019,509	9.2	\$ 2,202,800	10.8
Operating grants and contributions	2,045,967	9.2	2,075,390	10.2
Capital grants and contributions	669,826	3.0	38,400	0.2
General revenues:				
Property taxes	2,829,640	12.7	2,791,612	13.7
Transfer tax	980,932	4.4	883,120	4.3
Local and enabling act tax	11,139,846	50.2	11,020,422	53.9
Franchise fees	563,927	2.5	574,392	2.8
Investment income	343,981	1.5	677,349	3.3
Miscellaneous	<u>1,612,079</u>	<u>7.3</u>	<u>167,170</u>	<u>0.8</u>
Total Revenues	<u>\$ 22,205,707</u>	<u>100.0</u>	<u>\$ 20,430,655</u>	<u>100.0</u>

Total revenues have increased, year-to-year, for the last several years: \$18,322,278 in 2016, \$18,571,382 in 2017, and \$18,756,812 in 2018, \$20,430,655 in 2019, and \$22,205,707 in 2020. Reasons for these variations include a single large property owner completing several real estate transactions during the year and generating revenue through the real estate transfer tax, and fluctuations in grants and contributions that are non-recurring and project dependent. The annual budgeting of revenues considers these variations, often selecting the lowest revenue per line item in the last three years as the budgeted amount.

Of all the general revenue the local and tax enabling act taxes comprise the greatest revenue source, followed by the property tax and the transfer tax. Horsham Township does not levy a business privilege or mercantile tax. Horsham Township can't adopt either of these taxes at any point in the near future as the imposition of these taxes are grandfathered and no longer an option.

Taken as a whole, after taxes, the second largest revenue component is operating grants and contributions, followed by charges for services. Of the two, the municipality has greatest control over charges for services - a fee resolution directly impacting the amount of revenue generated. Historically, charges for services represented 8-11% of total revenues. A fee resolution, enabling increases that can maintain the line item's proportionality to the larger revenue amounts, is annually passed by the Township Council. In 2020 revenue for this line item now represents more than 9.2% of all revenue vs. 10.2% in 2019.

HORSHAM TOWNSHIP

MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

The cost of all governmental activities in 2020 significantly decreased from the prior year of 2019, by about \$1.6 million dollars. It may have been that 2019 was an unusual year. There were some emerging and unexpected events, but there were also several planned increases.

By category, the largest expenditure continues to be “police and emergency expenses” which comprised 40.4% in 2019 and 40.8% in 2020. This is followed by “administrative” at 27.3%, “public works” at 18.2%, “library and parks” at 9.5%, and “licenses and permits” at 4.2%. These allocations approximate 2019 in so far as these categories have the same ranking order.

The following schedule compares the total cost and net cost of services by functional category for 2020 and 2019:

Governmental Activities - Expenses by Function
For the Years Ended December 31, 2020 and December 31, 2019

Expenses	<u>2020</u>	<u>% of Total</u> <u>Expenses</u>	<u>2019</u>	<u>% of Total</u> <u>Expenses</u>
Administrative	\$ 5,607,561	27.3	\$ 5,853,665	26.4
Licenses and permits	870,828	4.2	1,059,053	4.8
Police and emergency services	8,383,502	40.8	8,971,145	40.5
Public works	3,732,623	18.2	3,956,557	17.8
Library and parks	<u>1,950,908</u>	<u>9.5</u>	<u>2,326,636</u>	<u>10.5</u>
Total Expenses	<u>\$ 20,545,422</u>	<u>100.0</u>	<u>\$ 22,167,056</u>	<u>100.0</u>

Table 3 is titled “Changes in Capital Assets”. There are three terms that are usually attached to this section and highly important for further explanation. The three terms are infrastructure assets, capital asset and debt administration, and long term debt.

Infrastructure Assets - At one point, a Township’s largest asset group (infrastructure - roads, bridges, storm sewers, streetlights, traffic signals, etc.) was not reported or depreciated in government financial statements. This changed in the last decade and newer statements require that assets be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life, or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The Township has chosen to depreciate assets over their useful life. For example, if a road project is considered maintenance, the cost of the project will be charged as expense. An “overlay” of a road will be considered maintenance, whereas a “rebuild” of a road will be capitalized. The Township utilizes PennDot requirements to determine when a road is classified as being maintained or rebuilt. Other departments have similar guidelines and challenges.

HORSHAM TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Capital Assets - The investment in capital assets includes, land, buildings and systems, improvements, machinery and equipment, park facilities, roads and bridges. Horsham Township's investment in capital assets for its governmental activities as of December 31, 2016, was \$77.5 million and this decreased to \$76.2 million in 2017. However, as capital improvements progressed, this increased to \$78.5 million in 2018 and by the end of 2019 to almost \$83 million. The balance decreased in 2020 to \$82.4 million mostly due to yearly depreciation.

**Table 3
Change in Capital Assets**

	Ending Balance <u>12/31/2019</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>12/31/2020</u>
Non-Depreciable Assets				
Land	\$ 10,339,029	\$ 259,626	\$ -	\$ 10,598,655
Construction in progress	8,712,010	524,519	(9,236,529)	-
Other Capital Assets				
Buildings and improvements	9,159,995	9,320,917	(209,000)	18,271,912
Library building and contents	8,125,460	86,207	(82,726)	8,128,941
Police building contents	5,619,409	-	-	5,619,409
Machinery, vehicles and equipment	4,659,942	162,742	(73,336)	4,749,348
Infrastructure	82,073,298	633,149	-	82,706,447
Less: accumulated depreciation				
Accumulated depreciation on capital assets	<u>(45,700,453)</u>	<u>(2,371,564)</u>	<u>365,062</u>	<u>(47,706,955)</u>
Total Government-wide	<u>\$ 82,988,690</u>	<u>\$ 8,615,596</u>	<u>\$ (9,236,529)</u>	<u>\$ 82,367,757</u>

Major capital asset events during the 2020 fiscal year included the following: new vehicles and machinery, computers and related equipment, library collection additions, road and park improvements, inlet repairs, municipal building construction, and signalization. In prior years many of the capital asset events were the same - for example, every year the municipality makes road improvements; however, the scope of these projects changes from year to year and is based on need, competing projects, and resource availability. It is expected that asset value will increase in the next few years, for the reasons already discussed, but also as the municipality acquires open space, develops the naval base, and makes planned improvements or replacements to its infrastructure.

Long Term Debt - At the end of 2020, Horsham Township had a total bonded debt outstanding of approximately \$4.65 million for the library and \$3.98 million for capital improvements. The outstanding debt of the municipality is backed by the full faith and credit of the government. During the time period covered by his audit Horsham Township maintained an Aa1 rating on the Township's General Obligation bonds from Moody's Investor's Service.

HORSHAM TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Horsham Township does not operate in an independent, isolated economy. It is part of a much larger regional, national, and world economy. It is economically interdependent: forces and events that occur far beyond the municipality's boundaries impact the local government. This occurs in both subtle and obvious ways. Horsham Township officials considered many obvious and subtle economic factors when it formulated recent budgets and will continue to do so in the formulation of future budgets.

Three economic factors that were considered in the budget process are employment rates, the real estate market, and petroleum prices. First, there is the employment rate. Employment rates are important for several reasons. First, the rate impacts the number of wage earners eligible to pay - and the amount of - employment taxes such as the earned income tax and the local services tax. Second, lower employment rates make it more difficult for other municipalities to raise tax revenue; creating added pressure for other municipalities to pass taxes and ultimately decreasing the amount that Horsham Township can collect. Third, employment rates affect the value of property, the value of property impacting revenue that can be generated from the real estate transfer tax and property tax.

The first economic factor is the number of wage earners eligible to pay and the amount of employment taxes each pays toward the earned income tax and the local services tax. According to statistics provided by the municipality's earned income tax collector, H. A. Berkheimer, the top ten largest employers, as reported by the earned income tax collector for the first quarter of 2020, were the following: United Parcel Service (1,837), Johnson & Johnson Services (908), Toll Bros., Inc. (894), Hatboro-Horsham School District (864), Comcast of Willow Grove (628), Reed Technology & Information Service (584), Penn Mutual Payroll Administration (547), United Healthcare Services (532), Excel Companion Care (518), and Arris Global (503).

A second economic factor is the real estate market. A property owner's ability to pay for and impacts housing prices, and this in turn affects the amount of taxes collected by the municipality. The taxes most directly affected by this potential problem are the real estate transfer tax and property taxes.

A third economic factor is gas prices. The price of gasoline directly impacts the cost of operating municipal vehicles, purchasing and delivering road materials, and often necessitates the payment of a fuel surcharge on routine purchases. In short, in order to maintain the same level of municipal services there may become a need for additional revenue to offset spikes in gas prices.

These are just three economic factors that affect Horsham Township's municipal budgets. There are many more. The challenge for now and in the foreseeable future is for Township officials to identify the factors and work toward maximizing the effectiveness and efficiency of its organization so that both Horsham Township's annual budget and its tax rates are maintained at current, stable levels.

Requests for Information

This fiscal report is designed to give our citizens, taxpayers, customers, investors and creditors a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions concerning any of the information should be addressed to the Township Manager, Horsham Township, 1025 Horsham Road, Horsham, PA 19044.

HORSHAM TOWNSHIP
STATEMENT OF NET POSITION

December 31, 2020

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 9,003,910
Investments	8,079,500
Receivables	4,082,733
Land	10,598,655
Other capital assets (net of accumulated depreciation)	71,769,102
Total Assets	103,533,900
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources for non-uniform pension	645,745
Deferred outflows of resources for police pension	1,130,769
Deferred outflows of resources for OPEB	2,917,702
Total Deferred Outflows of Resources	4,694,216
 <u>LIABILITIES</u>	
Accounts payable and other current liabilities	708,137
Accrued interest payable	59,371
Non-current liabilities:	
Due within one year	245,000
Due after one year	32,189,007
Total Liabilities	33,201,515
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows of resources for non-uniform pension	913,137
Deferred inflows of resources for police pension	2,445,872
Deferred inflows of resources for OPEB	1,073,569
Total Deferred Inflows of Resources	4,432,578
 <u>NET POSITION</u>	
Net investment in capital assets	73,686,802
Restricted for:	
Library	1,056,171
Highway and streets	3,190,691
Street light/fire hydrant	456,233
Unrestricted	(7,795,874)
Total Net Position	\$ 70,594,023

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

HORSHAM TOWNSHIP

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	<u>Governmental Activities</u>		
	<u>Total</u>	<u>Adminis- trative</u>	<u>Licenses and Permits</u>
Expenses:			
Program expenses	\$ 17,901,679	\$ 5,053,138	\$ 870,828
Depreciation	2,371,564	282,244	-
Interest on debt	272,179	272,179	-
Total Expenses	<u>20,545,422</u>	<u>5,607,561</u>	<u>870,828</u>
Program Revenues:			
Charges for services	2,019,509	113,957	813,683
Operating grants and contributions	2,045,967	28,060	-
Capital grants and contributions	669,826	259,626	-
Total Program Revenues	<u>4,735,302</u>	<u>401,643</u>	<u>813,683</u>
Net (Expense) Revenue	<u>(15,810,120)</u>	<u>(5,205,918)</u>	<u>(57,145)</u>
General Revenues:			
Taxes:			
Property	2,829,640		
Transfer	980,932		
Local and enabling act	11,139,846		
Franchise fees	563,927		
Grants and contributions not restricted to specific programs	31,173		
Investment income	343,981		
Gain (loss) on sale of capital assets	10,327		
Miscellaneous	<u>1,570,579</u>		
Total General Revenues	<u>17,470,405</u>		
Change in Net Position	1,660,285		
Net Position - Beginning	<u>68,933,738</u>		
Net Position - Ending	<u>\$ 70,594,023</u>		

Governmental Activities		
Police and Emergency Services	Public Works	Library & Parks
\$ 8,153,528	\$ 2,400,591	\$ 1,423,594
229,974	1,332,032	527,314
-	-	-
<u>8,383,502</u>	<u>3,732,623</u>	<u>1,950,908</u>
132,196	924,437	35,236
836,888	815,064	365,955
-	10,200	400,000
<u>969,084</u>	<u>1,749,701</u>	<u>801,191</u>
<u>(7,414,418)</u>	<u>(1,982,922)</u>	<u>(1,149,717)</u>

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

HORSHAM TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2020

	<u>General</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,834,300	\$ 3,869,074	\$ 3,300,536	\$ 9,003,910
Investments	2,037,500	3,218,000	2,824,000	8,079,500
Receivables	3,151,408	400,000	32,659	3,584,067
Loan receivable from Fire Company	-	-	-	-
Revolving loan receivable	-	91,500	-	91,500
Interest receivable from Fire Company	-	-	-	-
Interest receivable on revolving loan	-	2,237	-	2,237
Total Assets	<u>\$ 7,023,208</u>	<u>\$ 7,580,811</u>	<u>\$ 6,157,195</u>	<u>\$ 20,761,214</u>
 <u>LIABILITIES</u>				
Accounts payable and accrued wages	<u>\$ 543,396</u>	<u>\$ 98,269</u>	<u>\$ 66,472</u>	<u>\$ 708,137</u>
Total Liabilities	<u>543,396</u>	<u>98,269</u>	<u>66,472</u>	<u>708,137</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	36,669	-	23,609	60,278
Unavailable revenue - special assessments	-	-	2,182	2,182
Total Deferred Inflows of Resources	<u>36,669</u>	<u>-</u>	<u>25,791</u>	<u>62,460</u>
 <u>FUND BALANCE</u>				
Restricted for:				
Capital projects	-	-	-	-
Street and highways	-	-	3,190,691	3,190,691
Street light/fire hydrant	-	-	457,209	457,209
Libraries	-	-	1,072,443	1,072,443
Committed for:				
Storm water	-	-	62,100	62,100
Capital projects	-	7,482,542	978,342	8,460,884
Park and recreation	-	-	304,147	304,147
Unassigned	<u>6,443,143</u>	<u>-</u>	<u>-</u>	<u>6,443,143</u>
Total Fund Balances	<u>6,443,143</u>	<u>7,482,542</u>	<u>6,064,932</u>	<u>19,990,617</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 7,023,208</u>	 <u>\$ 7,580,811</u>	 <u>\$ 6,157,195</u>	 <u>\$ 20,761,214</u>

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

HORSHAM TOWNSHIP

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

For the Year Ended December 31, 2020

Amounts reported for governmental activities in the statement of net position (page 19)
are different because:

Total fund balances-total governmental funds (pages 24-25) \$ 19,990,617

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

Cost of capital assets	\$ 130,074,712	
Accumulated depreciation	<u>(47,706,955)</u>	82,367,757

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. 404,929

Because the focus of governmental funds is on short-term financing,
some assets will not be available to pay for current-period expenditures.
Those assets (for example, receivables) are offset by deferred revenues
in the governmental funds and thus are not included in fund balance. 62,460

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

Deferred outflows of resources - non-uniform pension	645,745	
Deferred outflows of resources - police pension	1,130,769	
Deferred outflows of resources - OPEB	2,917,702	
Deferred inflows of resources - non-uniform pension	(913,137)	
Deferred inflows of resources - police pension	(2,445,872)	
Deferred inflows of resources - OPEB	<u>(1,073,569)</u>	261,638

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

Other post retirement benefits (22,138,308)

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

Bonds and notes payable	(8,630,000)	
Unamortized bond premium	(50,955)	
Interest payable	(59,371)	
Net pension liability	(1,386,510)	
Compensated absences	<u>(228,234)</u>	<u>(10,355,070)</u>

Net position of the governmental activities (page 19) \$ 70,594,023

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

HORSHAM TOWNSHIP

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

For the Year Ended December 31, 2020

	<u>General</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
Property	\$ 1,594,749	\$ -	\$ 1,192,370	\$ 2,787,119
Transfer	980,932	-	-	980,932
Earned income tax	9,980,948	-	-	9,980,948
Local service tax	1,442,813	-	-	1,442,813
Fees, licenses and permits	589,292	-	-	589,292
Investment income and rent	117,910	75,804	150,267	343,981
Intergovernmental revenues	872,724	400,000	922,634	2,195,358
Fines and forfeitures	121,325	-	8,895	130,220
Charges for services	1,006,896	-	30,391	1,037,287
Other	137,316	1,425,000	1,126,882	2,689,198
Total Revenues	<u>16,844,905</u>	<u>1,900,804</u>	<u>3,431,439</u>	<u>22,177,148</u>
Expenditures				
Current:				
General government	1,187,026	-	-	1,187,026
Public safety	7,931,743	-	60,017	7,991,760
Highways and roads	1,607,614	-	1,506,647	3,114,261
Library and parks	540,241	-	694,513	1,234,754
Miscellaneous	4,812,003	-	3,137	4,815,140
Debt service:				
Principal	175,154	-	170,000	345,154
Interest	154,895	-	120,300	275,195
Capital projects	264,431	1,079,191	199,995	1,543,617
Total Expenditures	<u>16,673,107</u>	<u>1,079,191</u>	<u>2,754,609</u>	<u>20,506,907</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>171,798</u>	<u>821,613</u>	<u>676,830</u>	<u>1,670,241</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	9,100	-	1,227	10,327
Transfers in	-	-	290,839	290,839
Transfers out	-	-	(290,839)	(290,839)
Total Other Financing Sources (Uses)	<u>9,100</u>	<u>-</u>	<u>1,227</u>	<u>10,327</u>
Excess (Deficiency) of Revenues and				
Other Financing Sources (Uses)	180,898	821,613	678,057	1,680,568
Fund Balance - Beginning	<u>6,262,245</u>	<u>6,660,929</u>	<u>5,386,875</u>	<u>18,310,049</u>
Fund Balance - Ending	<u>\$ 6,443,143</u>	<u>\$ 7,482,542</u>	<u>\$ 6,064,932</u>	<u>\$ 19,990,617</u>

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

HORSHAM TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

Amounts reported for governmental activities in the statement of activities (pages 20-21)
are different because:

Net change in fund balances-total governmental funds (pages 23-24)	\$	1,680,568
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 1,750,631	
Depreciation expense	<u>(2,371,564)</u>	(620,933)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(241,394)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of debt	345,154	
Amortization expense	<u>2,014</u>	347,168

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

Net pension liability and deferred items	1,593,785	
Net OPEB liability and deferred items	(1,057,872)	
Compensated absences	(42,578)	
Interest expense	<u>1,541</u>	<u>494,876</u>

Change in net position of governmental activities (pages 20-21)	\$	<u>1,660,285</u>
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The notes to the financial statements are an integral part of this statement.

HORSHAM TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND - (CASH BASIS)

For the Year Ended December 31, 2020

	GENERAL FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes:				
Property	\$ 1,581,500	\$ 1,581,500	\$ 1,592,964	\$ 11,464
Transfer	750,000	750,000	718,611	(31,389)
Earned income tax	8,750,000	8,750,000	9,715,584	965,584
Local tax enabling act	1,477,500	1,477,500	1,482,942	5,442
Fees, licenses and permits	601,050	601,050	592,630	(8,420)
Investment income and rent	70,000	70,000	118,791	48,791
Intergovernmental revenues	964,500	964,500	872,724	(91,776)
Fines and forfeitures	140,000	140,000	121,326	(18,674)
Charges for services	904,350	904,350	956,855	52,505
Other	135,850	135,850	145,374	9,524
Total Revenues	15,374,750	15,374,750	16,317,801	943,051
Expenditures				
Current:				
General government	1,569,125	1,569,125	1,191,947	(377,178)
Public safety	9,975,808	10,006,227	9,454,219	(552,008)
Highways and roads	1,936,650	1,990,665	1,576,954	(413,711)
Library and parks	785,000	785,000	543,232	(241,768)
Miscellaneous	3,410,451	3,410,451	3,219,498	(190,953)
Capital projects	441,650	441,650	370,318	(71,332)
Debt service	230,356	230,434	230,434	-
Total Expenditures	18,349,040	18,433,552	16,586,602	(1,846,950)
Excess (Deficiency) of Revenues Over Expenditures	(2,974,290)	(3,058,802)	(268,801)	2,790,001
Other Financing Sources (Uses)				
Transfers out	(548,670)	(464,158)	-	464,158
Total Other Financing Sources (Uses)	(548,670)	(464,158)	-	464,158
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	(3,522,960)	(3,522,960)	(268,801)	3,254,159
Fund Balance - Beginning	3,522,960	3,522,960	4,139,561	616,601
Fund Balance - Ending	\$ -	\$ -	\$ 3,870,760	\$ 3,870,760

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

HORSHAM TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2020

	<u>Police Pension Trust Fund</u>	<u>Custodial Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 475,022	\$ 3,559,410	\$ 4,034,432
Receivables			
Accrued interest	-	-	-
Contributions receivable	20,019	-	20,019
Revolving loan receivable	-	441,899	441,899
Revolving loan interest receivable	-	142,694	142,694
Total Receivables	<u>20,019</u>	<u>584,593</u>	<u>604,612</u>
Investments			
Exchange - Traded Fund	<u>27,337,702</u>	<u>-</u>	<u>27,337,702</u>
Assets with PMRS	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>27,337,702</u>	<u>-</u>	<u>27,337,702</u>
 TOTAL ASSETS	 <u>\$ 27,832,743</u>	 <u>\$ 4,144,003</u>	 <u>\$ 31,976,746</u>
<u>LIABILITIES AND NET POSITION</u>			
Liabilities			
Accounts payable	\$ 19,894	\$ -	\$ 19,894
Escrow deposits	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>19,894</u>	<u>-</u>	<u>19,894</u>
Net Position			
Net position restricted for			
Assets held in trust for pensions	27,812,849	-	27,812,849
Individuals, organizations, and developers	<u>-</u>	<u>4,144,003</u>	<u>4,144,003</u>
Total Net Position	<u>\$ 27,812,849</u>	<u>\$ 4,144,003</u>	<u>\$ 31,956,852</u>

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

HORSHAM TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2020

	<u>Police Pension</u> <u>Trust Fund</u>	<u>Custodial</u> <u>Funds</u>	<u>Total</u>
Additions			
Contributions			
Member contributions	\$ 269,483	\$ -	\$ 269,483
Employer contributions	999,563	-	999,563
State contributions	600,708	-	600,708
Escrow receipts	-	1,284,648	1,284,648
Total Contributions	<u>1,869,754</u>	<u>1,284,648</u>	<u>3,154,402</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	3,295,788	-	3,295,788
Interest	504,863	11,834	516,697
Total Investment Earnings	3,800,651	11,834	3,812,485
Less: investment expense	79,666	-	79,666
Net Investment Income	<u>3,720,985</u>	<u>11,834</u>	<u>3,732,819</u>
Total Additions	<u>5,590,739</u>	<u>1,296,482</u>	<u>6,887,221</u>
Deductions			
Benefit payments	1,795,391	-	1,795,391
Escrow disbursements	-	1,308,136	1,308,136
Administrative costs	20,382	-	20,382
Total Deductions	<u>1,815,773</u>	<u>1,308,136</u>	<u>3,123,909</u>
Change in net position	3,774,966	(11,654)	3,763,312
Net position restricted -beginning	<u>24,037,883</u>	<u>4,155,657</u>	<u>28,193,540</u>
Net position restricted -ending	<u>\$ 27,812,849</u>	<u>\$ 4,144,003</u>	<u>\$ 31,956,852</u>

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

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

I. Summary of significant accounting policies

A. Reporting entity

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

The following component units are not included in the financial statements:

Horsham Fire Company

Horsham Land Redevelopment Authority

Horsham Township Charitable Foundation

Complete financial statements for the Horsham Fire Company may be obtained at the entity's administrative offices located at the following address: Horsham Fire Company No. 1, 315 Meetinghouse Road, Horsham, PA 19044. Complete financial statements for the Horsham Land Redevelopment Authority and the Horsham Township Charitable Foundation and may be obtained at the Township Building located at 1025 Horsham Road, Horsham, PA 19044.

B. Government-wide and fund financial statements

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

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

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

I. Summary of significant accounting policies (Continued)

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

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

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

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

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

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

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

I. Summary of significant accounting policies (Continued)

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

The government reports the following major governmental funds:

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

The *capital improvement fund* is used to account for financial resources for property acquisition and the development and construction of major capital facilities.

The government reports the following fiduciary fund types:

The *pension trust fund* accounts for the activities of the Police Pension plan, which accumulate resources for pension benefit payments to qualified employees.

The *custodial fund* accounts for monies held by the Township on a purely custodial basis. Assets in the custodial fund equal liabilities.

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

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

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

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity

1. Deposits and investments

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

With the exception of Police Pension Trust Fund, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's asset, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above.

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

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

Investments for the government are reported at fair value. The Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the pool's amortized cost-based net asset value per share, which approximates fair value. There are no limitations or restrictions on withdrawals.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

I. Summary of significant accounting policies (Continued)

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

2. *Receivables and payables*

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2020, all trade receivables were deemed to be fully collectible. The property tax receivable allowance is equal to 2% of outstanding property taxes at December 31, 2020.

Property taxes are levied as of January 1 on property values assessed as of the same date. Any change to the January 1 amount is handled as an interim bill or credit. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 1; face amount May 1 through June 30; and a 10% penalty thereafter. Any unpaid bills at December 31 are subject to lien, with the exception of interim bills dated after September 1, and penalties and interest are assessed. The Township employs an appointed tax collector to collect the property tax levied. The tax collector remits Township taxes several times per month and is paid a salary.

3. *Use of estimates*

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

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

I. Summary of significant accounting policies (Continued)

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

4. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar municipal owned items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of at least \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	45
Roads and bridges	75
Storm sewers	100
Library collection	7
Lighting	20
Machinery, vehicles and equipment	5-25

5. *Compensated absences*

The Township does not allow employees to carry over sick pay until retirement. However, vacation pay can be carried over, on a limited basis, from year-to-year. As such, a liability for compensated absences has been included in the government-wide financial statements.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

I. Summary of significant accounting policies (Continued)

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

6. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt 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.

7. *Deferred outflows/inflows of resources*

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

The Township has the following items that qualify for reporting in this category:

1. *Changes in assumptions* are reported in the government-wide statement of net position. A difference results when assumptions are changed. This amount is deferred and recognized as an outflow of resources in the period that the amount becomes available.
2. *Differences between expected and actual experience* are reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.
3. *Pension contributions made after the measurement date* are reported in the government-wide statement of net position. The pension measurement date is December 31, 2019. These amounts are deferred and recognized as an outflow of resources in the next period.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

I. Summary of significant accounting policies (Continued)

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

7. *Deferred outflows/inflows of resources* (continued)

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

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

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

I. Summary of significant accounting policies (Continued)

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

8. *Fund equity*

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

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

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

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

Assigned Fund Balance - includes amounts intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The governing body, the Township Council, has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

I. Summary of significant accounting policies (Continued)

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

8. Fund equity (continued)

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

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

9. Net position

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

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

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

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

Net Investment in Capital Assets	
Capital assets not being depreciated	\$ 10,598,655
Capital assets being depreciated, net of accumulated depreciation	71,769,102
Less: Long-term debt outstanding	(8,630,000)
Less: Unamortized debt premium	<u>(50,955)</u>
Total Net Investment in Capital Assets	<u>\$ 73,686,802</u>

E. Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available to be released. See Note IV. F.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

II. Stewardship, compliance, and accountability

A. Budgetary information

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

During the 4th quarter of the fiscal year, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed operating budget for the following year. The Township makes available to the public its proposed operating budget for all funds. The Operating budget includes expenditures and the means of financing them. The Board holds public hearings and a final budget must be prepared and adopted by Council with or without amendment on or before the twentieth of December and shall become effective immediately upon adoption and shall constitute for the ensuing year appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the taxes therein proposed, and shall be published immediately.

All budget revisions require the approval of the Township Council. At any time during the fiscal year at the request of the Manager, Council may, by resolution, transfer part or all of any unencumbered balance appropriated to a department, office, agency or other organizational level to another. Also, Council may amend the budget at any time during the fiscal year by ordinance, provided that such amendment shall not result in expenditures exceeding the estimated income, except that, if there is available unencumbered revenues in excess of those estimated in the budget, Council may by ordinance, make supplemental appropriations not to exceed such excess. At year end, the Board passes a resolution to move under expended funds to over expended categories. The budgetary information in these financial statements includes these amendments.

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

Budget for the General is adopted on the cash basis of accounting. The following is a reconciliation of Excess (Deficiency) of Revenues over Expenditures from cash basis (budget basis) to modified accrual basis.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

II. Stewardship, compliance, and accountability (Continued)

A. Budgetary information (continued)

	<u>General</u>
Budgetary (Cash) Basis	\$ (268,801)
Accrued revenues at December 31, 2019	(2,568,848)
Accrued revenues at December 31, 2020	3,105,052
Accrued liabilities at December 31, 2019	445,736
Accrued liabilities at December 31, 2020	<u>(532,241)</u>
GAAP Basis	<u>\$ 180,898</u>

B. Excess of expenditures over appropriations

For the year ended December 31, 2020, expenditures did not exceed appropriations in any category of the general fund.

III. Detailed notes on all funds

A. Deposits and investments

Horsham Township had the following depository accounts. All deposits are carried at cost plus accrued interest. The government passes an annual depository resolution. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

The investment in externally pooled investments and certificates of deposit are considered cash equivalents due to the short maturities of those investments and are included above. The Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the pool's amortized cost-based net asset value per share, which approximates fair value. There are no limitations or restrictions on withdrawals.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

As of December 31, 2020, the government had the following investments:

		<u>Maturities in Years</u>		
		<u>< 1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>
GOVERNMENTAL FUNDS				
Externally Pooled Investments	\$ 7,448,955	\$ 7,448,955	\$ -	\$ -
Certificates of Deposit	<u>8,079,500</u>	<u>1,971,000</u>	<u>6,108,500</u>	<u>-</u>
Total Governmental Funds	<u>\$ 15,528,455</u>	<u>\$ 9,419,955</u>	<u>\$ 6,108,500</u>	<u>\$ -</u>
 FIDUCIARY FUNDS				
Exchange - Traded Fund	\$ 27,337,702	\$ 27,337,702	\$ -	\$ -
Externally Pooled Investments	2,032,932	2,032,932	-	-
Certificates of Deposit	<u>2,001,500</u>	<u>113,000</u>	<u>1,888,500</u>	<u>-</u>
Total Fiduciary Funds	<u>\$ 31,372,134</u>	<u>\$ 29,483,634</u>	<u>\$ 1,888,500</u>	<u>\$ -</u>

Interest rate risk: This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The government frequently uses short-term investments with less than one-year maturity as a means of managing its exposure to fair value losses arising from increasing and decreasing interest rates.

Credit risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Section I, Note D. The government's investment policy (when not in violation of state law) requires for fixed income securities (here defined as bonds, preferred stocks, and money market instruments) to perform above its peer group (those maintaining portfolios of similar term structure and credit quality). The government's investment in the external investment pool was rated AAAM by Standard & Poor's.

Concentration of credit risk: This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. It is the government's policy that the pension investment portfolio should hold no more than 5% of the fixed income securities be invested in one issuer except U. S. Treasury securities or AAA-rated securities issued by government-sponsored enterprises (upon which there is no limit). Asset allocation is set at 55% equities, 40% fixed income (+ or - 15%) and 5% cash equivalents (+ or - 5%) and should be diversified among capitalization ranges, and between domestic and international equities.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

Custodial credit risk - deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2020, the government's bank balance was \$1,117,191. Of the bank balance, \$250,000 was covered by federal depository insurance. Any balances exceeding federal depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. Any financial institution holding more than \$250,000 in Township funds must provide the municipality with information that it is in compliance with Act 72.

Investment Pool: The Township has carrying deposits in external investment pools, held with PLGIT Bank. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above. These deposits are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The investment in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. The Township can withdraw funds from the external investment pool without limitation or fees upon adequate notice. The investment pool was rated AAAM by Standard & Poor's and has average maturities of less than 30 days. The Investment Pool operates in accordance with appropriate state laws and regulations.

Custodial credit risk - investments: For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All investments are "held in the name of the government" and thus not exposed to custodial credit risk.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

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

GOVERNMENTAL FUNDS	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Externally Pooled Investments	\$ 7,448,955	\$ -	\$ 7,448,955	\$ -
Total Governmental Funds	<u>\$ 7,448,955</u>	<u>\$ -</u>	<u>\$ 7,448,955</u>	<u>\$ -</u>

FIDUCIARY FUNDS	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange-Traded Fund	\$ 27,337,702	\$ 27,337,702	\$ -	\$ -
State Investment Pool	<u>2,032,932</u>	<u>-</u>	<u>2,032,932</u>	<u>-</u>
Total Fiduciary Funds	<u>\$ 29,370,634</u>	<u>\$ 27,337,702</u>	<u>\$ 2,032,932</u>	<u>\$ -</u>

B. Receivables

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

	<u>General</u>	<u>Capital Improvement</u>	<u>Nonmajor and Other Funds</u>	<u>Pension Funds</u>	<u>Custodial Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 2,916,766	\$ -	-	\$ -	\$ -	\$ 2,916,766
Accounts	234,642	400,000	32,659	20,019	-	687,320
Loan from Horsham						
Redevelopment Authority	-	91,500	-	-	441,899	533,399
Interest from Horsham						
Redevelopment Authority	<u>-</u>	<u>2,237</u>	<u>-</u>	<u>-</u>	<u>142,694</u>	<u>144,931</u>
Total Receivables	<u>\$ 3,151,408</u>	<u>\$ 493,737</u>	<u>\$ 32,659</u>	<u>\$ 20,019</u>	<u>\$ 584,593</u>	<u>\$ 4,282,416</u>

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

III. Detailed notes on all funds (Continued)

B. Receivables (continued)

Horsham Fire Company Term Note

Horsham Fire Company borrowed \$975,000 from Horsham Township for the construction of a new fire house and related facilities located at 1023 Horsham Road, Horsham, Pennsylvania. The purpose for which the Note proceeds may be used will include, without limitation, any and all site improvements, public improvements, public improvements, land development, construction of a new fire house facility and acquisition and installation of fixtures and equipment necessary for firefighting purposes. The Fire Company has agreed to pay interest on the unpaid balance of principal at a per annum rate equivalent to 65% of the New York Prime Rate as set forth in the Wall Street Journal, adjusted from time to time. The annual interest rate is computed on a 365/365-day basis, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal is outstanding. Each annual payment hereunder shall be comprised of a principal payment in the amount of \$65,000 plus all accrued but unpaid interest calculated at the aforesaid rate up to June 1 of the year in which the payment is due. At December 31, 2020, the loan was paid in full.

The Horsham Land Redevelopment Authority has a tax exempt demand note securing a revolving line of credit with Horsham Township. The principal balance outstanding shall not exceed \$750,000 at any single time. As collateral security, the Authority grants Horsham Township a security interest in, a lien upon and a right of set-off against all funds, balances or other property of any kind that the Authority has an interest in or custody of. The Authority has agreed to pay interest on the unpaid balance of principal at a per annum rate equivalent to 65% of the New York Prime Rate as set forth in the *Wall Street Journal*, adjusted from time to time. The annual interest rate is computed on a 365/365-day basis, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal is outstanding. At December 31, 2020, the rate was 4.75%. The interest receivable at December 31, 2020 was \$144,931.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

III. Detailed notes on all funds (Continued)

C. Capital assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 10,339,029	\$ 259,626	\$ -	\$ 10,598,655
Construction in progress	<u>8,712,010</u>	<u>524,519</u>	<u>(9,236,529)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>19,051,039</u>	<u>784,145</u>	<u>(9,236,529)</u>	<u>10,598,655</u>
Capital assets, being depreciated:				
Buildings and improvements	9,159,995	9,320,917	(209,000)	18,271,912
Library building and contents	8,125,460	86,207	(82,726)	8,128,941
Police building contents	5,619,409	-	-	5,619,409
Machinery, vehicles and equipment	4,659,942	162,742	(73,336)	4,749,348
Infrastructure	<u>82,073,298</u>	<u>633,149</u>	<u>-</u>	<u>82,706,447</u>
Total capital assets being depreciated	<u>109,638,104</u>	<u>10,203,015</u>	<u>(365,062)</u>	<u>119,476,057</u>
Less accumulated depreciation for:				
Buildings and improvements	3,662,097	556,893	(209,000)	4,009,990
Library building and contents	3,438,987	277,807	(82,726)	3,634,068
Police building contents	1,374,469	121,576	-	1,496,045
Machinery, vehicles and equipment	3,597,980	335,981	(73,336)	3,860,625
Infrastructure	<u>33,626,920</u>	<u>1,079,307</u>	<u>-</u>	<u>34,706,227</u>
Total accumulated depreciation	<u>45,700,453</u>	<u>2,371,564</u>	<u>(365,062)</u>	<u>47,706,955</u>
Total capital assets, being depreciated, net	<u>63,937,651</u>	<u>7,831,451</u>	<u>-</u>	<u>71,769,102</u>
Governmental-type activities capital assets, net	<u>\$ 82,988,690</u>	<u>\$ 8,615,596</u>	<u>\$ (9,236,529)</u>	<u>\$ 82,367,757</u>

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

Governmental Activities:	
Administrative	\$ 282,244
Police and emergency services	229,974
Public works	1,332,032
Library and parks	<u>527,314</u>
Total	<u>\$ 2,371,564</u>

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

III. Detailed notes on all funds (Continued)

D. Interfund receivables, payables, and transfers

Interfund transfers:

	<u>Transfers out</u>	<u>Transfers In</u>
Non-major fund	\$ 290,839	\$ 290,839
Total	<u>\$ 290,839</u>	<u>\$ 290,839</u>

Transfers are used to (1) move revenue from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Leases

Operating Leases

The government leases many pieces of office equipment under non-cancelable operating leases. Total liabilities under these leases are considered immaterial to the financial statements.

F. Long-term debt

General Obligation Bonds and Notes

The bond is subject to redemption prior to maturity at the option of the Township, as described in the Trust Indenture.

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. In 2016, the Township issued \$5,540,000 in general obligation bond used for the current refunding of the Township's GO Bond Series 2011 and costs of issuing the bonds. The coupon rate of the new debt ranges from 2%-3% through 2042. In 2018, the Township issued \$4,060,000 in general obligation bond used for the construction of the new municipal complex. The coupon rate of the new debt ranges from 3%-5% through 2042.

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

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

General obligation bond currently outstanding is as follows:

In 2015, the Township entered into a non-interest bearing note with Montgomery County for the amount of \$500,700 for the purpose of purchasing radio equipment for the Township's police, fire and emergency personnel. The notes will be paid in five annual installments and was paid in full by the end of 2020.

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Governmental Activities	0.0% to 5.0%	\$ <u>8,630,000</u>

Annual debt service requirements to maturity for the general obligation bond and note are as follows:

<u>Year</u>	<u>Principal</u>	<u>Bond Payable</u>		<u>Total</u>
		<u>Interest</u>		
2021	\$ 245,000	\$ 267,506	\$ 512,506	
2022	255,000	260,206	515,206	
2023	265,000	252,556	517,556	
2024	275,000	244,556	519,556	
2025	280,000	238,056	518,056	
2026-2030	1,485,000	1,085,592	2,570,592	
2031-2035	1,715,000	859,418	2,574,418	
2036-2040	1,995,000	567,490	2,562,490	
2041-2045	1,475,000	244,488	1,719,488	
2046-2048	<u>640,000</u>	<u>46,944</u>	<u>686,944</u>	
Total	<u>\$ 8,630,000</u>	<u>\$ 4,066,812</u>	<u>\$ 12,696,812</u>	

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 8,875,000	\$ -	\$ 245,000	\$ 8,630,000	\$ 245,000
Deferred amount:					
On debt issuance	<u>52,969</u>	<u>-</u>	<u>2,014</u>	<u>50,955</u>	<u>-</u>
Total Bonds Payable	8,927,969	-	247,014	8,680,955	245,000
Note payable	100,154	-	100,154	-	-
Compensated absences	185,656	42,622	44	228,234	-
Net pension liability	5,713,632	1,084,730	5,411,852	1,386,510	-
OPEB obligation	<u>19,823,618</u>	<u>2,314,690</u>	<u>-</u>	<u>22,138,308</u>	<u>-</u>
Governmental activity					
Long-Term Liabilities	<u>\$ 34,751,029</u>	<u>\$ 3,442,042</u>	<u>\$ 5,759,064</u>	<u>\$ 32,434,007</u>	<u>\$ 245,000</u>

Debt service for general obligation bonds and notes is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences, net pension liability, and net OPEB obligations are generally liquidated by the general fund.

IV. Other information

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

The Township participates in the following public entity risk pools. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdraw from the Trust by giving 150 days written notice to the Executive Committee. Settled claims from these risks have not exceeded insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

A. Risk management (continued)

- Delaware Valley Property and Liability Trust pool: The insurance expense for the year ended December 31, 2020 was \$254,144. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2020, there were no additional assessments due or anticipated; instead the pool declared a dividend of which the Township's share was \$47,750.
- Delaware Valley Workers' Compensation Trust (DVWCT), a risk retention pool: The insurance expense for the year ended December 31, 2020 was \$191,768. The Trust declared a dividend in 2020. Horsham Township's share of the dividend distribution was \$35,037. In 2020, the Township paid \$5,010 as a result of the 2019 payroll audit. No additional contributions are anticipated although an audit of the reported 2020 payroll will be performed in 2021.
- Delaware Valley Health Trust (DVHT), a risk retention pool: The insurance expense for the year ended December 31, 2020 was \$2,009,935. The Trust did not declare a dividend in 2020.

B. Contingent liabilities

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

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

In 2020, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. As a result, economic uncertainties have arisen that could negatively impact the Township finances including investment income. The potential impact is unknown at this time.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

C. Employee retirement systems and pension plans

Defined Benefit Pension Plan

The Township sponsors two defined benefit pension plans, the Non-Uniform Pennsylvania Municipal Retirement System (PMRS) Plan and the Police Pension Plan. All full time police and non-uniform employees participate in the plans. Following are details of these two plans. The Police Pension Plan is reported as Pension Trust Funds in the accompanying financial statements and does not issue stand-alone reports. The most recent actuarial valuation was as of January 1, 2019. Details below are from the valuation.

Plan Description

Police Pension Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full time police officers of the township. An employee enters the plan on the day he becomes a full-time police officer. The Police Pension Advisory Committee consists of seven members who are appointed by the Township Council: four elector/citizens of the Township, the chief of police, the township manager, and a representative of the police department selected by the officers of the department.

Non-Uniform Defined Benefit Pension Plan - The Horsham Township Non-Uniform Pension Plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system, which consists of over 900 participating employer plans.

It is the responsibility of PMRS to act as a common investment agent for participating municipal pension plan. PMRS maintains each municipality's plans separately with that municipality's contributions and related employees' contributions and account earnings and activity. Assets are held separately and may only be used for the payment of plan benefits to its members. Management of the plan is vested with PMRS, which consists of an 11-member Board - the State Treasurer, Secretary of the Commonwealth, and eight other members appointed by the Governor. All assets of the Non-Uniformed Plan are held in a trust and the assets of PMRS and, therefore, will be excluded from the Township's financial statements. The assets of the Non-Uniformed Plan will be managed by the Board of PMRS and are placed in the custody of the Treasurer of the Commonwealth. A copy of the plan's financial statements can be obtained by writing to the Pennsylvania Municipal Retirement System, PO Box 1165, Harrisburg, PA 17108.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

The following table provides information concerning types of covered employees and benefit provisions for each of the Township's Plans as part of the December 31, 2020 actuarial Valuation:

	<u>Police</u>	<u>Non-Uniform</u>
Inactive employees (or their beneficiaries)		
currently receiving benefits	33	16
Inactive employees entitled to benefits		
but not yet receiving them	2	3
Active employees (1)	<u>39</u>	<u>48</u>
Total Membership	<u>74</u>	<u>67</u>

(1) includes 3 DROP members

Benefits Provided

Police Pension Defined Benefit Pension Plan: The pension plan provides retirement benefits as well as death and disability benefits. All benefits vest after 12 years of credited service. Normal retirement is for officers attaining age 50 with 25 years of service. Early retirement is available at age 45 with 10 years of service. Employees who retire at or after age 52 with 25 years of credited service are entitled to monthly retirement benefit, payable for life, in an amount equal to 50% of their final three-year average compensation plus a service increment of 2% of the final average earnings for each year of service past normal retirement up to age 65. Retirement prior to Normal Retirement Date is prorated based on completed service and is actuarially reduced for early commencement.

If the officer dies before retirement age, the spouses receive 100% of the officer's accrued benefit payable until the spouse reaches age 65. In absence of a spouse, the officer's children receive the benefit until they reach the age of 18 (age 23 if attending college). If the member dies after retirement age, the spouse receives 50% of the benefit.

A disability pension is available to participants disabled in the line of duty. The disability pension is equal to 50% of the final average earnings, prorated on actual service over total projected service, and actuarially reduced for early commencement. If an officer is still working and past normal retirement requirements or killed in the line of duty, the Plan also provides certain death benefits to the surviving spouse and/or dependents. The amount of these benefits is 100% of the officer's accrued benefit, payable until the spouse reaches age 65. In the absence of a spouse, the officer's children receive the benefit until they reach age 18 or under the age of 23 if registered at an accredited institution of higher learning and carrying a minimum of 7 credit hours per semester. If the member dies after retirement age, the spouse receives 50% of the benefit. If there is no spouse, then the children receive the benefit.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

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

Non-Uniform Defined Benefit Pension Plan: The pension plan provides retirement, death, and disability benefits to plan members and their beneficiaries. All benefits are vested after ten years of credited service. Normal retirement is available for plan members at age 52 with 25 years credited service or at age 65, or elect early retirement with 24 years of service. The normal retirement benefit is a monthly benefit equal to 1.25% times credit service times Final Average Salary but in no event is the basic benefit greater than 50% of Final Average Salary. Final Average Salary is based upon the last 3 years' annualized salary. Covered employees are required to contribute 3.0% of their salary to the Pension Fund. At retirement, a member may select a survivor benefit. If eligible to retire at the time of death, the beneficiary receives the present value of accrued benefits. A 50% disability benefit is provided to a member who is unable to perform gainful employment regardless of age or service. This benefit is offset by worker's compensation benefit. A 30% disability benefit is provided to a member who has at least 10 years of service and who is unable to perform gainful employment.

Measurement Focus and Basis of Accounting

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

Method Used to Value Investments: Pension Plan investments are reported at fair value. Fair value is based on quoted market values. Securities that are traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The Non Uniform plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable securities. Police Pension Plan equity and fixed income securities are reported at fair value.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Contributions

Member contributions are determined on an annual basis. For the year ended December 31, 2020, the Police member contribution was 5% of salary. Non-Uniform members were required to contribute 3% of salary. Administrative costs, including investment manager fees, custodial trustee fees and actuarial fees, are charged to the Plans and funded through investment earnings.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the pensions. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The pension plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The Township's annual required contribution is equal to its Minimum Municipal Obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension during the year. State law requires that state aid be used first to fund the plan, then employee contribution and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$600,708 for the year ended December 31, 2020.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return: The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Police Pension Plan - For the year ended December 31, 2020, the annual money-weighted rate of return on Plan investments, net of investment expense was 16.37%

Non-Uniform Pension Plan - For the Measurement Date of December 31, 2019, the annual money-weighted rate of return on Plan investments, net of investment expense was 21.10%.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Net Pension Liability

The components of the net pension liability of participating entities were as follows:

Police Pension Plan - For the year ended December 31, 2020.

Non-Uniform Plan - For the Measurement Date of December 31, 2019.

	<u>Police</u>	<u>Non-Uniform</u>
Total pension liability	\$ 29,116,423	\$ 9,573,965
Plan fiduciary net position	<u>(27,812,849)</u>	<u>(9,491,029)</u>
Net pension liability	<u>\$ 1,303,574</u>	<u>\$ 82,936</u>

Plan fiduciary net position as a percentage of the total pension liability	96%	99%
--	-----	-----

Actuarial Assumptions: The total pension liability in the January 1, 2019 for the Police and January 1, 2017 for the Non-Uniformed actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non-Uniform</u>
Inflation	3.0%	3.0%
Salary Increases	4.75%	** (average, including inflation)
Investment Rate of Return	7.50%	5.25%
Post retirement Cost of Living Increase	0.0%	3.0%

**age related with merit and inflation component

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males and females. This table does not include projected mortality improvements.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to December 31, 2016 and the actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2018.

The net pension liability for Police was measured as of December 31, 2020 and for Non-Uniform as of the Measurement Date of December 31, 2019. The total pension liability for both plans was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. For the Police Pension Plan, Discount rate decreased to 7.5% from 7.75%. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end for the Non-Uniform Plan.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Police 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) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	70%	10.0%
Fixed Income	27%	3.0%
Cash	3%	1.0%

Non-Uniform Pension Plan: PMRS has not performed a formal cash flow projection but has applied an alternative method to confirm the sufficiency of the pension plan's projected Net Position. The result would be greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U. S. Equity	40%	4.7%-7.1%
International Equity	25%	2.9%-7.6%
Fixed Income	15%	0.0%
Real Estate	20%	5.3%
Cash	0%	0.0%

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent for Police and 5.25 percent for Non-Uniform. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members.

Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Discount Rate: (continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<u>Police Pension Plan</u>			
Balance at December 31, 2019	\$ 28,421,352	\$ 24,037,883	\$ 4,383,469
Changes for the year:			
Service cost	475,971	-	475,971
Interest	2,099,208	-	2,099,208
Change of benefit terms	-	-	-
Differences between expected and actual experience	(64,335)	-	(64,335)
Change of assumptions	-	-	-
Contributions - employer	-	1,600,271	(1,600,271)
Contributions - employee	-	269,483	(269,483)
Net investment income	-	3,800,651	(3,800,651)
Benefit payments, including refunds of employee contributions	(1,815,773)	(1,815,773)	-
Administrative expense	-	(79,666)	79,666
Other changes	-	-	-
Net Changes	695,071	3,774,966	(3,079,895)
Balance at December 31, 2020	\$ 29,116,423	\$ 27,812,849	\$ 1,303,574

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<u>Non-Uniformed Pension Plan</u>			
Balance at December 31, 2018	\$ 9,184,306	\$ 7,854,143	\$ 1,330,163
Changes for the year:			
Service cost	197,984	-	197,984
Interest	484,970	-	484,970
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	160,891	(160,891)
Contributions - employee	-	101,958	(101,958)
Net investment income	-	1,683,832	(1,683,832)
Benefit payments, including refunds of employee contributions	(293,295)	(293,295)	-
Administrative expense	-	(16,500)	16,500
Other changes	-	-	-
Net Changes	389,659	1,636,886	(1,247,227)
Balance at December 31, 2019	\$ 9,573,965	\$ 9,491,029	\$ 82,936

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% <u>Decrease</u>	Current <u>Discount</u>	1% <u>Increase</u>
Net pension liability	(6.50%)	Rate (7.50%)	(8.50%)
Police	\$ 4,692,064	\$ 1,303,574	\$ 1,552,717
Non-Uniform	\$ 1,324,250	\$ 82,936	\$ (974,755)

Deferred Outflows and Inflows of Resources: The Township recognized pension expense as follows: Police Pension Plan - For the year ended December 31, 2020, the pension expense was \$146,325. Non-Uniform Pension Plan - For the Measurement Date of December 31, 2019, the pension expense was \$26,872.

At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pension related from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ 589,558	\$ 186,120
Changes in assumptions	541,211	-
Net difference between projected and actual earnings on pension plan investments	-	2,259,752
Total	<u>\$ 1,130,769</u>	<u>\$ 2,445,872</u>
<u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ 357,160	\$ -
Contributions made after measurement date	166,655	-
Changes in assumptions	121,930	17,142
Net difference between projected and actual earnings on pension plan investments	-	895,995
Total	<u>\$ 645,745</u>	<u>\$ 913,137</u>

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

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

Year Ended December 31:	<u>Police</u>	<u>Non-Uniformed</u>
2021	\$ (421,162)	\$ (201,937)
2022	(138,832)	(162,983)
2023	(742,212)	4,384
2024	(222,274)	(160,716)
2025	182,997	43,604
Thereafter	<u>26,380</u>	<u>43,601</u>
Total	<u>\$ (1,315,103)</u>	<u>\$ (434,047)</u>

Payable to the Pension Plan: There was no amounts payable for contributions to the pension plans.

Deferred Retirement Option Program

An active member who has met the eligibility requirements for the program, which are age 50 and 25 years of service, may elect to participate in the deferred retirement option program for a period of at least one year, but not more than five years. Monthly pension shall be calculated as of the date of participation in the program and shall be accumulated in a self-directed account and distributed in a lump sum at retirement. The member must retire within 36 months after entering the DROP. As of December 31, 2020, the DROP account balance of \$220,609 is held by the plan pursuant to the DROP.

D. Other post-employment benefits

The Township sponsors a single-employer defined benefit post-employment plan (the Plan, OPEB) for eligible employees of the Township. The Plan was established and is governed by the provisions of the collective bargaining agreement between the Township and the employees, to provide continuation of medical and vision insurance for employees who retire from the Horsham Township Pension Plan. The plan is funded on a pay-as-you-go basis and there is no irrevocable trust established for the plan. The most recent valuation was as of January 1, 2019.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

D. Other post-employment benefits (continued)

The plan does not issue a separate financial statement.

At January 1, 2019 for the Horsham Township OPEB Plan consisted of the following:

Retired participants	29
Active participants	<u>68</u>
Total Membership	<u><u>97</u></u>

Eligibility: For Non-Uniform employees who retire at age sixty-five, the Township agrees to provide the Aetna Medicare Supplement. COBRA benefits will be extended an additional 18 months to employees who retire at age 62, but total COBRA benefits allowed will not exceed 36 months. The Township agrees to provide employees who retire at age 62 with a minimum of 20 years of service, the Aetna Medicare Supplement benefit after exhausting COBRA benefits. There will be no post-retirement medical coverage for employees hired after January 1, 2010.

Eligibility: Police pension benefits shall be payable to police officers who have served in the Township for an aggregate total of at least 25 years, provided they have attained at least age 52 years, after which members of the force may retire from active duty on the first day of any month coincident with or next following the completion of the above requirements. The retired employee and spouse shall continue to be provided with hospital and Major Medical coverage. Until age 65, the retirees will be provided with coverage as described in Article III, Section II of their contract.

At 65 years of age, the Township shall provide Blue Cross 65 Special or its equivalent. Should the retiree, uniformed or non-uniformed, relocate out of the service area of the then current provider, he or she shall be provided with a monthly payment equal to the then current premium, to purchase health insurance on his or her own.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

D. Other post-employment benefits (continued)

The retired police officer shall also receive Life Insurance equal to one-half the amount for which he or she was insured as an employee, at the time of retirement. When he or she reaches the age of 65, the Life Insurance shall be one-quarter of the original insurance coverage.

The plans do not issue a stand-alone financial report.

Net OPEB Liability:

The Township's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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

Inflation	3.0%	
Wage Inflation	3.5%	
Salary Increases	4.75%	(average, including inflation)
Investment Rate of Return	2.12%	
Healthcare Cost Trend Rates	7% increase in the first year, decreasing by 0.5% per year to an ultimate rate of 5%	

Mortality rates were based on the RP-2000 Mortality tables for healthy males and females, using blended rates for small employers.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study from the period January 1, 2016 to December 31, 2018.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

D. Other post-employment benefits (continued)

The net OPEB liability was measured as of December 31, 2020 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. There was a change in the discount rate from 2.74% to 2.12% in 2020.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.12 percent, based upon Bond Buyer Municipal Bond Index AA, for the plan. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods.

Change in Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<u>OPEB</u>			
Balance at December 31, 2019	\$ 19,823,618	\$ -	\$ 19,823,618
Changes for the year:			
Service cost	725,034	-	725,034
Interest	557,431	-	557,431
Change of benefit terms	-	-	-
Differences between expected and actual experience	1,441,113	-	1,441,113
Change of assumptions	-	-	-
Contributions - employer	-	408,888	(408,888)
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including			
refunds of employee contributions	(408,888)	(408,888)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>2,314,690</u>	<u>-</u>	<u>2,314,690</u>
Balance at December 31, 2020	<u>\$ 22,138,308</u>	<u>\$ -</u>	<u>\$ 22,138,308</u>

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

D. Other post-employment benefits (continued)

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

	1% Decrease <u>(1.12%)</u>	Current Discount Rate <u>(2.12%)</u>	1% Increase <u>(3.12%)</u>
Net OPEB liability	\$ 25,444,216	\$ 22,138,308	\$ 19,430,607

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease Valuation <u>Rates</u>	Healthcare Cost Trend <u>Valuation Rates</u>	1% Increase Valuation <u>Rates</u>
Net OPEB liability	\$ 18,790,778	\$ 22,138,308	\$ 26,390,980

OPEB Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2020, the actuarial determined expense for the OPEB Plan was \$1,466,760.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

D. Other post-employment benefits (continued)

At December 31, 2020, the Township reported the following deferred outflows and inflows of resources related to OPEB:

<u>OPEB</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,917,702	\$ 1,073,569
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Total	<u>\$ 2,917,702</u>	<u>\$ 1,073,569</u>

E. Escrow cash deposits and investments

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2020, \$3,559,410 represents the balance of these monies held in escrow.

HORSHAM TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

IV. Other information (Continued)

E. Subsequent Events

Management has evaluated subsequent events that occurred after the balance sheet date but before November 17, 2020, the date the financial statements were available for release. No items were determined by management that requires recognition.

In August of 2021, the Township issued General Obligation Bonds, Series of 2021 in the amount of \$4,715,000 for the purpose of refunding the Township's General Obligation Bonds, Series 2016. The new bond maturing through 2042 and bear interest at a rate of 2%.

G. New Accounting Pronouncements

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

REQUIRED SUPPLEMENTAL INFORMATION

HORSHAM TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -
POLICE PENSION PLAN

December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability			
Service cost	\$ 475,971	\$ 481,609	\$ 393,117
Interest	2,099,208	1,989,972	1,916,181
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(64,335)	661,313	(134,641)
Changes of assumptions	-	720,041	-
Benefit payments, including refunds of employee contributions	<u>(1,815,773)</u>	<u>(1,254,065)</u>	<u>(1,367,946)</u>
Net change in total pension liability	695,071	2,598,870	806,711
Total pension liability - beginning	<u>28,421,352</u>	<u>25,822,482</u>	<u>25,015,771</u>
Total pension liability - ending (a)	<u>\$ 29,116,423</u>	<u>\$ 28,421,352</u>	<u>\$ 25,822,482</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,600,271	\$ 1,468,718	\$ 1,330,404
Contributions - employee	269,483	218,420	215,076
Net investment income	3,800,651	4,082,305	(1,345,116)
Benefit payments, including refunds of employee contributions	(1,815,773)	(1,254,065)	(1,367,946)
Administrative expense	(79,666)	(5,500)	(8,400)
Other	-	-	-
Net change in plan fiduciary net position	<u>3,774,966</u>	<u>4,509,878</u>	<u>(1,175,982)</u>
Plan fiduciary net position - beginning	<u>24,037,883</u>	<u>19,528,005</u>	<u>20,703,987</u>
Plan fiduciary net position - ending (b)	<u>\$ 27,812,849</u>	<u>\$ 24,037,883</u>	<u>\$ 19,528,005</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 1,303,574</u>	<u>\$ 4,383,469</u>	<u>\$ 6,294,477</u>
Plan fiduciary net position as a percentage of the total pension liability	95.5%	84.6%	75.6%
Covered-employee payroll	\$ 4,589,455	\$ 4,347,708	\$ 4,276,803
Township's net pension liability as a percentage of covered-employee payroll	28.4%	100.8%	147.2%
Annual money-weighted rate of return, net of investment expense	16.37%	26.56%	-9.48%

Notes to Schedule:

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

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 396,240	\$ 370,907	\$ 361,486	\$ 324,093
1,844,520	1,788,284	1,677,714	1,652,993
-	-	-	-
45,527	(273,967)	501,052	(104,654)
-	-	119,158	-
<u>(1,349,056)</u>	<u>(1,020,818)</u>	<u>(1,463,432)</u>	<u>(1,127,306)</u>
937,231	864,406	1,195,978	745,126
<u>24,078,540</u>	<u>23,214,134</u>	<u>22,018,156</u>	<u>21,273,030</u>
<u>\$ 25,015,771</u>	<u>\$ 24,078,540</u>	<u>\$ 23,214,134</u>	<u>\$ 22,018,156</u>
\$ 1,334,456	\$ 1,240,176	\$ 1,216,457	\$ 795,581
206,007	209,503	200,926	181,084
2,929,546	1,324,290	(144,082)	1,061,636
(1,349,056)	(1,020,818)	(1,463,432)	(1,127,306)
(7,025)	(8,350)	(7,350)	-
-	-	23,002	-
<u>3,113,928</u>	<u>1,744,801</u>	<u>(174,479)</u>	<u>910,995</u>
<u>17,590,059</u>	<u>15,845,258</u>	<u>16,019,737</u>	<u>15,108,742</u>
<u>\$ 20,703,987</u>	<u>\$ 17,590,059</u>	<u>\$ 15,845,258</u>	<u>\$ 16,019,737</u>
<u>\$ 4,311,784</u>	<u>\$ 6,488,481</u>	<u>\$ 7,368,876</u>	<u>\$ 5,998,419</u>
82.8%	73.1%	68.3%	72.8%
\$ 4,330,859	\$ 4,228,342	\$ 3,852,683	\$ 3,633,343
99.6%	153.5%	191.3%	165.1%
16.60%	8.12%	-0.97%	7.29%

HORSHAM TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

December 31, 2020

Fiscal year ended December 31,	Actuarially determined contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered payroll
2011	\$ 573,516	\$ 602,188	\$ (28,672)	\$ 3,892,508	(1) 15.5%
2012	575,702	575,702	-	3,892,508	(1) 14.8%
2013	789,861	789,861	-	3,378,449	(1) 23.4%
2014	795,581	795,581	-	3,378,449	(1) 23.5%
2015	1,214,965	1,216,457	(1,492)	3,852,683	31.6%
2016	1,240,176	1,240,176	-	4,228,342	29.3%
2017	1,334,456	1,334,456	-	4,330,859	30.8%
2018	1,330,404	1,330,404	-	4,276,803	31.1%
2019	1,468,718	1,468,718	-	4,347,708	33.8%
2020	1,600,271	1,600,271	-	4,589,455	34.9%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar - closed
Remaining amortization period	7 years
Asset valuation method	Market value
Inflation	3%
Salary increases	4.75% average, including inflation
Investment rate of return	7.50%
Retirement age	Age 55 and 28 years of service
Mortality	RP-2000 Mortality Table (Blue Collar) with Scale AA.

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

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

HORSHAM TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - NON-UNIFORM PENSION PLAN

December 31, 2020

	Measurement Year Ending		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 197,984	\$ 186,014	\$ 183,200
Interest	484,970	447,389	428,792
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	348,829	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(293,295)	(263,849)	(257,364)
Net change in total pension liability	389,659	718,383	354,628
Total pension liability - beginning	<u>9,184,306</u>	<u>8,465,923</u>	<u>8,111,295</u>
Total pension liability - ending (a)	<u>\$ 9,573,965</u>	<u>\$ 9,184,306</u>	<u>\$ 8,465,923</u>
Plan fiduciary net position			
Contributions - employer	\$ 160,891	\$ 145,766	\$ 152,202
Contributions - employee	101,958	94,744	93,311
Net investment income	1,683,832	(381,446)	1,221,568
Benefit payments, including refunds of employee contributions	(293,295)	(263,849)	(257,364)
Administrative expense	(16,500)	(19,583)	(18,974)
Other	-	-	-
Net change in plan fiduciary net position	1,636,886	(424,368)	1,190,743
Plan fiduciary net position - beginning	<u>7,854,143</u>	<u>8,278,511</u>	<u>7,087,768</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,491,029</u>	<u>\$ 7,854,143</u>	<u>\$ 8,278,511</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 82,936</u>	<u>\$ 1,330,163</u>	<u>\$ 187,412</u>
Plan fiduciary net position as a percentage of the total pension liability	99.1%	85.5%	97.8%
Covered-employee payroll	\$ 3,398,611	\$ 3,158,118	\$ 3,110,354
Township's net pension liability as a percentage of covered-employee payroll	2.4%	42.1%	6.0%
Annual money-weighted rate of return, net of investment expense	21.10%	-4.57%	17.84%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

Investment Return Assumption for municipal assets decreased from 5.5% to 5.25% in 2017

This schedule is presented to illustrate the requirement to show information for 10 years.

However, until a full 10-year trend is complete, available information is presented.

Measurement Year Ending		
<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 172,933	\$ 194,539	\$ 200,125
408,276	397,422	381,136
-	-	-
148,256	-	64,227
243,858	(38,567)	-
<u>(221,611)</u>	<u>(444,301)</u>	<u>(245,936)</u>
751,712	109,093	399,552
<u>7,359,583</u>	<u>7,250,490</u>	<u>6,850,938</u>
<u>\$ 8,111,295</u>	<u>\$ 7,359,583</u>	<u>\$ 7,250,490</u>
\$ 120,558	\$ 113,574	\$ 73,565
94,184	88,963	83,862
579,590	21,077	290,279
(221,611)	(444,301)	(245,936)
(20,133)	(16,729)	(15,152)
-	-	-
<u>552,588</u>	<u>(237,416)</u>	<u>186,618</u>
<u>6,535,180</u>	<u>6,772,596</u>	<u>6,585,978</u>
<u>\$ 7,087,768</u>	<u>\$ 6,535,180</u>	<u>\$ 6,772,596</u>
<u>\$ 1,023,527</u>	<u>\$ 824,403</u>	<u>\$ 477,894</u>
87.4%	88.8%	93.4%
\$ 3,139,448	\$ 2,965,420	\$ 3,051,948
32.6%	27.8%	15.7%
8.23%	-0.27%	5.20%

HORSHAM TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - NON-UNIFORM PENSION PLAN

December 31, 2020

Fiscal year ended December 31,	Actuarially determined contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered payroll
2010	\$ 91,161	\$ 91,161	\$ -	\$ 2,693,808	(1) 3.4%
2011	84,480	102,446	(17,966)	2,555,179	(1) 4.0%
2012	82,695	82,695	-	2,555,179	(1) 3.2%
2013	64,532	64,532	-	2,928,933	(1) 2.2%
2014	66,962	73,565	(6,603)	3,051,948	(1) 2.4%
2015	113,574	113,614	(40)	2,965,420	3.8%
2016	120,478	120,558	(80)	3,139,448	3.8%
2017	152,162	152,202	(40)	3,110,354	4.9%
2018	145,681	145,766	(85)	3,158,118	4.6%
2019	160,831	160,891	(60)	3,398,611	4.7%
2020	166,655	166,655	-	3,321,150	5.0%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar based upon the amortization periods in Act 205 10 years initial liability, 20 years gains and losses, 15 years change in assumption, 20 years changes due to plan provisions, 10 years changes in benefits
Remaining amortization period	
Asset valuation method	Based upon the municipal reserves
Inflation	2.8%
Salary increases	age related scale with merit and inflation component
Investment rate of return	5.25%
Retirement age	Normal Retirement Age
Mortality	RP2000 Table

Change in benefit terms: None since 1/1/2015

Investment Return Assumption for municipal assets decreased from 5.5% to 5.25% in 2017

(1) - covered employee payroll taken from 1/1/2008 through 1/1/2013 actuarial valuations

HORSHAM TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -
OPEB PLAN

December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability			
Service cost	\$ 725,034	\$ 519,731	\$ 537,801
Interest	557,431	705,162	621,713
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,441,113	2,080,120	(1,666,701)
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	<u>(408,888)</u>	<u>(321,488)</u>	<u>(375,953)</u>
Net change in total pension liability	2,314,690	2,983,525	(883,140)
Total pension liability - beginning	<u>19,823,618</u>	<u>16,840,093</u>	<u>17,723,233</u>
Total pension liability - ending (a)	<u>\$ 22,138,308</u>	<u>\$ 19,823,618</u>	<u>\$ 16,840,093</u>
Plan fiduciary net position			
Contributions - employer	\$ 408,888	\$ 321,488	\$ -
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(408,888)	(321,488)	-
Administrative expense	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 22,138,308</u>	<u>\$ 19,823,618</u>	<u>\$ 16,840,093</u>
Plan fiduciary net position as a percentage of the total pension liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 7,941,667	\$ 7,729,809	\$ 7,651,463
Township's net pension liability as a percentage of covered-employee payroll	278.8%	256.5%	220.1%

Notes to Schedule:

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

Investment Return Assumption for municipal assets decreased from 2.74% to 2.12% in 2020

See accompanying notes to supplementary schedules

SUPPLEMENTAL INFORMATION

HORSHAM TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2020

	Special Revenue Funds					Total
	Park and Recreation	Morale and Welfare	Street Light & Fire Hydrant	Highway Aid	Library Operating	
<u>ASSETS</u>						
Cash and cash equivalents	\$ 204,147	\$ -	\$ 456,564	\$ 719,325	\$ 312,781	\$ 1,692,817
Investments	100,000	-	-	670,000	799,000	1,569,000
Receivables	-	-	3,300	-	29,359	32,659
Total Assets	<u>\$ 304,147</u>	<u>\$ -</u>	<u>\$ 459,864</u>	<u>\$ 1,389,325</u>	<u>\$ 1,141,140</u>	<u>\$ 3,294,476</u>
<u>LIABILITIES</u>						
Accounts payable and accrued wages	\$ -	\$ -	\$ 473	\$ 19,599	\$ 45,088	\$ 65,160
Total Liabilities	<u>-</u>	<u>-</u>	<u>473</u>	<u>19,599</u>	<u>45,088</u>	<u>65,160</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - property taxes	-	-	-	-	23,609	23,609
Unavailable revenue - special assessments	-	-	2,182	-	-	2,182
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>2,182</u>	<u>-</u>	<u>23,609</u>	<u>25,791</u>
<u>FUND BALANCES</u>						
Restricted for:						
Street and highways	-	-	-	1,369,726	-	1,369,726
Street light and fire hydrant	-	-	457,209	-	-	457,209
Libraries	-	-	-	-	1,072,443	1,072,443
Committed for:						
Storm water	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Park and recreation	304,147	-	-	-	-	304,147
Total Fund Balances	<u>304,147</u>	<u>-</u>	<u>457,209</u>	<u>1,369,726</u>	<u>1,072,443</u>	<u>3,203,525</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 304,147</u>	<u>\$ -</u>	<u>\$ 459,864</u>	<u>\$ 1,389,325</u>	<u>\$ 1,141,140</u>	<u>\$ 3,294,476</u>

Capital Projects Funds					Total Nonmajor
<u>Outfall</u>	<u>Act 209</u>	<u>Storm</u>	<u>Park</u>		<u>Governmental</u>
<u>Contribution</u>	<u>East and West</u>	<u>Water</u>	<u>Improvement</u>	<u>Total</u>	<u>Funds</u>
\$ 144,119	\$ 865,965	\$ 62,100	\$ 535,535	\$ 1,607,719	\$ 3,300,536
-	955,000	-	300,000	1,255,000	2,824,000
-	-	-	-	-	32,659
<u>\$ 144,119</u>	<u>\$ 1,820,965</u>	<u>\$ 62,100</u>	<u>\$ 835,535</u>	<u>\$ 2,862,719</u>	<u>\$ 6,157,195</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,312</u>	<u>\$ 1,312</u>	<u>\$ 66,472</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,312</u>	<u>1,312</u>	<u>66,472</u>
-	-	-	-	-	23,609
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,182</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,791</u>
-	1,820,965	-	-	1,820,965	3,190,691
-	-	-	-	-	457,209
-	-	-	-	-	1,072,443
-	-	62,100	-	62,100	62,100
144,119	-	-	834,223	978,342	978,342
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,147</u>
<u>144,119</u>	<u>1,820,965</u>	<u>62,100</u>	<u>834,223</u>	<u>2,861,407</u>	<u>6,064,932</u>
<u>\$ 144,119</u>	<u>\$ 1,820,965</u>	<u>\$ 62,100</u>	<u>\$ 835,535</u>	<u>\$ 2,862,719</u>	<u>\$ 6,157,195</u>

HORSHAM TOWNSHIP

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

For the Year Ended December 31, 2020

	Special Revenue Funds					
	Park and Recreation	Morale and Welfare	Street Light & Fire Hydrant	Highway Aid	Library Operating	Total
Revenues						
Taxes:						
Property	\$ -	\$ -	\$ 173,586	\$ -	\$ 1,018,784	\$ 1,192,370
Investment income and rent	4,039	-	-	23,477	12,981	40,497
Intergovernmental revenues	-	-	-	807,288	114,846	922,134
Fines and forfeitures	-	-	-	-	8,895	8,895
Charges for services	23,299	-	-	-	7,092	30,391
Other	-	-	-	-	2,181	2,181
Total Revenues	<u>27,338</u>	<u>-</u>	<u>173,586</u>	<u>830,765</u>	<u>1,164,779</u>	<u>2,196,468</u>
Expenditures						
Current:						
Public safety	-	-	60,017	-	-	60,017
Highways and roads	-	-	37,637	868,898	-	906,535
Library and parks	54,300	-	-	-	640,213	694,513
Miscellaneous	2,598	-	-	-	-	2,598
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital projects	-	-	-	-	95,194	95,194
Total Expenditures	<u>56,898</u>	<u>-</u>	<u>97,654</u>	<u>868,898</u>	<u>735,407</u>	<u>1,758,857</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(29,560)</u>	<u>-</u>	<u>75,932</u>	<u>(38,133)</u>	<u>429,372</u>	<u>437,611</u>
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	-	-	1,227	1,227
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(290,839)	(290,839)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(289,612)</u>	<u>(289,612)</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	<u>(29,560)</u>	<u>-</u>	<u>75,932</u>	<u>(38,133)</u>	<u>139,760</u>	<u>147,999</u>
Fund Balance - Beginning	<u>333,707</u>	<u>-</u>	<u>381,277</u>	<u>1,407,859</u>	<u>932,683</u>	<u>3,055,526</u>
Fund Balance - Ending	<u>\$ 304,147</u>	<u>\$ -</u>	<u>\$ 457,209</u>	<u>\$ 1,369,726</u>	<u>\$ 1,072,443</u>	<u>\$ 3,203,525</u>

Capital Projects Funds					Total Nonmajor	
Outfall Contribution	Act 209 East and West	Storm Water	Park Improvement	Total	Sinking Fund Bond Issue	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,192,370
4,163	21,371	274	83,962	109,770	-	150,267
-	-	-	500	500	-	922,634
-	-	-	-	-	-	8,895
-	-	-	-	-	-	30,391
31,173	830,837	10,200	252,491	1,124,701	-	1,126,882
35,336	852,208	10,474	336,953	1,234,971	-	3,431,439
-	-	-	-	-	-	60,017
23,603	576,509	-	-	600,112	-	1,506,647
-	-	-	-	-	-	694,513
-	-	-	-	-	539	3,137
-	-	-	-	-	170,000	170,000
-	-	-	-	-	120,300	120,300
-	-	-	104,801	104,801	-	199,995
23,603	576,509	-	104,801	704,913	290,839	2,754,609
11,733	275,699	10,474	232,152	530,058	(290,839)	676,830
-	-	-	-	-	-	1,227
-	-	-	-	-	290,839	290,839
-	-	-	-	-	-	(290,839)
-	-	-	-	-	290,839	1,227
11,733	275,699	10,474	232,152	530,058	-	678,057
132,386	1,545,266	51,626	602,071	2,331,349	-	5,386,875
\$ 144,119	\$ 1,820,965	\$ 62,100	\$ 834,223	\$ 2,861,407	\$ -	\$ 6,064,932

HORSHAM TOWNSHIP

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2020

	<u>Pension Trust Fund</u>	
	<u>Police Pension</u>	<u>Total Pension Trust</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 475,022	\$ 475,022
Receivables		
Accrued interest	-	-
Contributions receivable	20,019	20,019
Loan receivable	-	-
Loan interest receivable	-	-
Total Receivables	<u>20,019</u>	<u>20,019</u>
Investments		
Exchange-Traded Fund	27,337,702	27,337,702
Assets with PMRS	-	-
Total Investments	<u>27,337,702</u>	<u>27,337,702</u>
 TOTAL ASSETS	 <u>\$ 27,832,743</u>	 <u>\$ 27,832,743</u>
 <u>LIABILITIES AND NET POSITION</u>		
Liabilities		
Accounts payable	\$ 19,894	\$ 19,894
Total Current Liabilities	<u>19,894</u>	<u>19,894</u>
 Net Position		
Net position restricted for		
Assets held in trust for pensions	27,812,849	27,812,849
Individuals, organizations, and developers	-	-
 Total Net Position	 <u>\$ 27,812,849</u>	 <u>\$ 27,812,849</u>

Custodial Funds

Litigation Escrow	Basin Maintenance	449 Cedar Hill Road	Private Public Partnership Escrow	Revolving Escrow	Total Custodial Funds	Total
\$ 84,503	\$ 230,104	\$ 6,846	\$ 470,870	\$ 2,767,087	\$ 3,559,410	\$ 4,034,432
-	-	-	-	-	-	-
-	-	-	-	-	-	20,019
-	-	-	-	441,899	441,899	441,899
-	-	-	-	142,694	142,694	142,694
-	-	-	-	584,593	584,593	604,612
-	-	-	-	-	-	27,337,702
-	-	-	-	-	-	-
-	-	-	-	-	-	27,337,702
<u>\$ 84,503</u>	<u>\$ 230,104</u>	<u>\$ 6,846</u>	<u>\$ 470,870</u>	<u>\$ 3,351,680</u>	<u>\$ 4,144,003</u>	<u>\$ 31,976,746</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,894</u>
-	-	-	-	-	-	19,894
-	-	-	-	-	-	27,812,849
84,503	230,104	6,846	470,870	3,351,680	4,144,003	4,144,003
<u>\$ 84,503</u>	<u>\$ 230,104</u>	<u>\$ 6,846</u>	<u>\$ 470,870</u>	<u>\$ 3,351,680</u>	<u>\$ 4,144,003</u>	<u>\$ 31,956,852</u>

HORSHAM TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2020

	<u>Pension Trust Funds</u>	
	<u>Police Pension</u>	<u>Total</u>
Additions		
Contributions		
Member contributions	\$ 269,483	\$ 269,483
Employer contributions	999,563	999,563
State contributions	600,708	600,708
Escrow receipts	-	-
Total Contributions	<u>1,869,754</u>	<u>1,869,754</u>
Investment Income		
Net appreciation (depreciation) in fair value of investments	3,295,788	3,295,788
Interest and dividends	<u>504,863</u>	<u>504,863</u>
Total investment earnings	3,800,651	3,800,651
Less: investment expense	<u>79,666</u>	<u>79,666</u>
Net Investment Income	<u>3,720,985</u>	<u>3,720,985</u>
Total Additions	<u>5,590,739</u>	<u>5,590,739</u>
Deductions		
Benefit payments	1,795,391	1,795,391
Escrow disbursements	-	-
Administrative costs	<u>20,382</u>	<u>20,382</u>
Total Deductions	<u>1,815,773</u>	<u>1,815,773</u>
Change in Net Position	<u>3,774,966</u>	<u>3,774,966</u>
Net position restricted -beginning	<u>24,037,883</u>	<u>24,037,883</u>
Net position restricted -ending	<u>\$ 27,812,849</u>	<u>\$ 27,812,849</u>

Custodial Funds

Litigation Escrow	Basin Maintenance	449 Cedar Hill Road	Private Public Partnership Escrow	Revolving Escrow	Total Custodial Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269,483
-	-	-	-	-	-	999,563
-	-	-	-	-	-	600,708
<u>572</u>	<u>5,687</u>	<u>32</u>	<u>3,190</u>	<u>1,275,167</u>	<u>1,284,648</u>	<u>1,284,648</u>
<u>572</u>	<u>5,687</u>	<u>32</u>	<u>3,190</u>	<u>1,275,167</u>	<u>1,284,648</u>	<u>3,154,402</u>
-	-	-	-	-	-	3,295,788
-	-	-	-	11,834	11,834	516,697
-	-	-	-	11,834	11,834	3,812,485
-	-	-	-	-	-	79,666
-	-	-	-	11,834	11,834	3,732,819
<u>572</u>	<u>5,687</u>	<u>32</u>	<u>3,190</u>	<u>1,287,001</u>	<u>1,296,482</u>	<u>6,887,221</u>
-	-	-	-	-	-	1,795,391
-	6,825	-	-	1,301,311	1,308,136	1,308,136
-	-	-	-	-	-	20,382
-	6,825	-	-	1,301,311	1,308,136	3,123,909
<u>572</u>	<u>(1,138)</u>	<u>32</u>	<u>3,190</u>	<u>(14,310)</u>	<u>(11,654)</u>	<u>3,763,312</u>
<u>83,931</u>	<u>231,242</u>	<u>6,814</u>	<u>467,680</u>	<u>3,365,990</u>	<u>4,155,657</u>	<u>28,193,540</u>
<u>\$ 84,503</u>	<u>\$ 230,104</u>	<u>\$ 6,846</u>	<u>\$ 470,870</u>	<u>\$ 3,351,680</u>	<u>\$ 4,144,003</u>	<u>\$ 31,956,852</u>