

**NORTHAMPTON TOWNSHIP  
BUCKS COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**



NORTHAMPTON TOWNSHIP

FINANCIAL STATEMENTS

December 31, 2020

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## INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors  
Northampton Township

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northampton Township, Bucks County, Pennsylvania as of and for the year ended December 31, 2020, which collectively comprise the 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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northampton Township, Bucks County, Pennsylvania, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison for the general and park and recreation funds, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other-Matters***

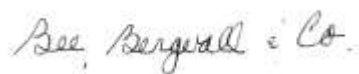
#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and historical trend information on pages 5 through 17 and 73 through 77 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northampton Township, Bucks County, Pennsylvania's financial statements as a whole. The combining and individual nonmajor fund financial statements 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 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. Such 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.



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

Warrington, PA  
October 11, 2021

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

As the Township Board of the Northampton Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Northampton Township for the fiscal year ended December 31, 2020. Please read in conjunction with the Township's financial statements which follow this section.

**Financial Highlights**

*Government-wide Financial Statements (Full Accrual)*

- The assets of Northampton Township for the governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$166,692,088 (*net position*). Of this amount, -\$11,264,309 (*unrestricted net position*) represents a negative balance and may not be used to meet the Township's ongoing obligations to citizens and creditors. Additionally, \$4,761,083 (*restricted net position*) represents a positive balance and must be used to meet the Township's existing capital obligations.

*Fund Financial Statements (Modified Accrual)*

- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$6,242,532 a decrease of \$1,260,612 (16.8%) when compared to the prior year. A large part of the reduction is attributable to expenditures in the 2018 GOB Bond Fund and the Capital Funds as well as losses in the Park & Recreation Fund due to the cancellation of programming because of COVID 19. The total combined fund balance is available for spending, within the "assigned" and "restricted" categories of the various funds.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,409,255 or 8.60% of total general fund expenditures, \$16,387,539. This is an increase of \$420,805 for the year.

# NORTHAMPTON TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Northampton Township's basic financial statements. The Township's basic financial statements comprise three components:

- 1) government-wide financial statements, (Full Accrual)
- 2) fund financial statements, (Modified Accrual)
- 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 the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator as to whether the Township's financial position is improving or deteriorating. The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported 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). Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental and business-type activities of the Township include:

- General Government
- Code Enforcement
- Public Safety
- Sanitation
- Public Works
- Culture & Recreation
- Debt Service



NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

**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. Northampton Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Northampton Township maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Park & Recreation Fund, Capital Asset Fire, Capital Reserve Fund, GOB 2018 Fund, which are considered to be major funds.

Data from the other governmental funds (Capital Asset Recreation, Road Maintenance, Capital Road Equipment, Capital Asset Library, Capital Asset Senior Center, , Ambulance, Fire, Library, Senior Center, and Highway Aid) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and park and recreation fund to demonstrate compliance with this budget.

**Proprietary funds.** Proprietary funds (Business-Type Activities) are used to account for services for which the Township charges a fee. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The acquisition of the Northampton Valley Country Club by the Township in September 2018 added the Country Club and the Country Club Capital to the existing list of Proprietary Funds. Together with the Refuse Fund and Street Light Fund there are now four Proprietary Funds. The basic proprietary fund financial statements can be found on pages 29-31 of this report.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds (Police Pension Fund and Non-Uniformed Pension Fund) are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 32 and 33 of this report.

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

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

The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information on pensions.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Northampton Township, assets exceeded liabilities by \$166,692,088 at the close of the most recent fiscal year. This represents a \$10,062,597 or 5.7% reduction from previous year. This change is mostly attributable to a depreciable reduction (\$7,416,038) in Assets, and losses due to COVID in both the Park & Recreation Fund and the Country Club because of program closures.

By far the most significant portion of the Township's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, and net of accumulated depreciation, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

**THE TOWNSHIP AS A WHOLE**

The following table reflects the condensed statement of net position:

**Table 1**  
**Statement of Net Position - December 31, 2020**  
**(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u> (Restated)	<u>2020</u>	<u>2019</u> (Restated)	<u>2020</u>	<u>2019</u> (Restated)
Current and other assets	\$ 9,863	\$ 20,669	\$ 784	\$ 1,844	\$ 10,647	\$ 22,513
Capital assets	<u>198,752</u>	<u>205,911</u>	<u>13,602</u>	<u>12,172</u>	<u>212,354</u>	<u>218,083</u>
Total Assets	<u>208,615</u>	<u>226,580</u>	<u>14,386</u>	<u>14,016</u>	<u>223,001</u>	<u>240,596</u>
Long term liabilities	32,358	37,467	15,289	12,682	47,647	50,149
Other liabilities	<u>7,180</u>	<u>12,162</u>	<u>1,481</u>	<u>1,528</u>	<u>8,661</u>	<u>13,690</u>
Total Liabilities	<u>39,538</u>	<u>49,629</u>	<u>16,770</u>	<u>14,210</u>	<u>56,308</u>	<u>63,839</u>
Net Position						
Invested in capital assets, net of debt	173,195	176,678	-	-	173,195	176,678
Restricted	4,761	4,305	(1)	567	4,760	4,872
Unrestricted	<u>(8,880)</u>	<u>(4,032)</u>	<u>(2,383)</u>	<u>(761)</u>	<u>(11,263)</u>	<u>(4,793)</u>
Total Net Position	<u>\$ 169,076</u>	<u>\$ 176,951</u>	<u>\$ (2,384)</u>	<u>\$ (194)</u>	<u>\$ 166,692</u>	<u>\$ 176,757</u>

A portion of the Township's net position (\$4,761,083) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (-\$11,264,309) shows a negative balance which is primarily due to the pension liability and post-employment benefit liability. GASB allows the financial statement reader to consider short-term and long-term analysis. At the end of the current fiscal year, the Township is able to report positive balances in two of the three categories of net position, both for the government as a whole, as well as for its separate governmental activities. The Township's net position decreased by \$10,062,597 during the current fiscal year as discussed below. Total Assets were decreased by \$17.6 million primarily due to the expenditures to complete the new Police Facility, losses due to Covid-19 and Depreciation Expense. Total Liabilities were decreased overall by \$7.5 million due to annual debt payments on GOB obligations offset by decreases in the pension liability.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

A comparison of 2020 vs. 2019 shows a decrease in Total Revenues (\$4,374,000 or 11.9%) due to Covid-19 restrictions, and a slight increase in Total Operating Expenses (\$292,000 or 0.7%) (Governmental and Business-Type Activities). Net Position decreased by \$10,065,000 by year-end 2020 (after restated beginning balance).

**Table 2**  
**Changes in Net position - 2020**  
**(in thousands)**

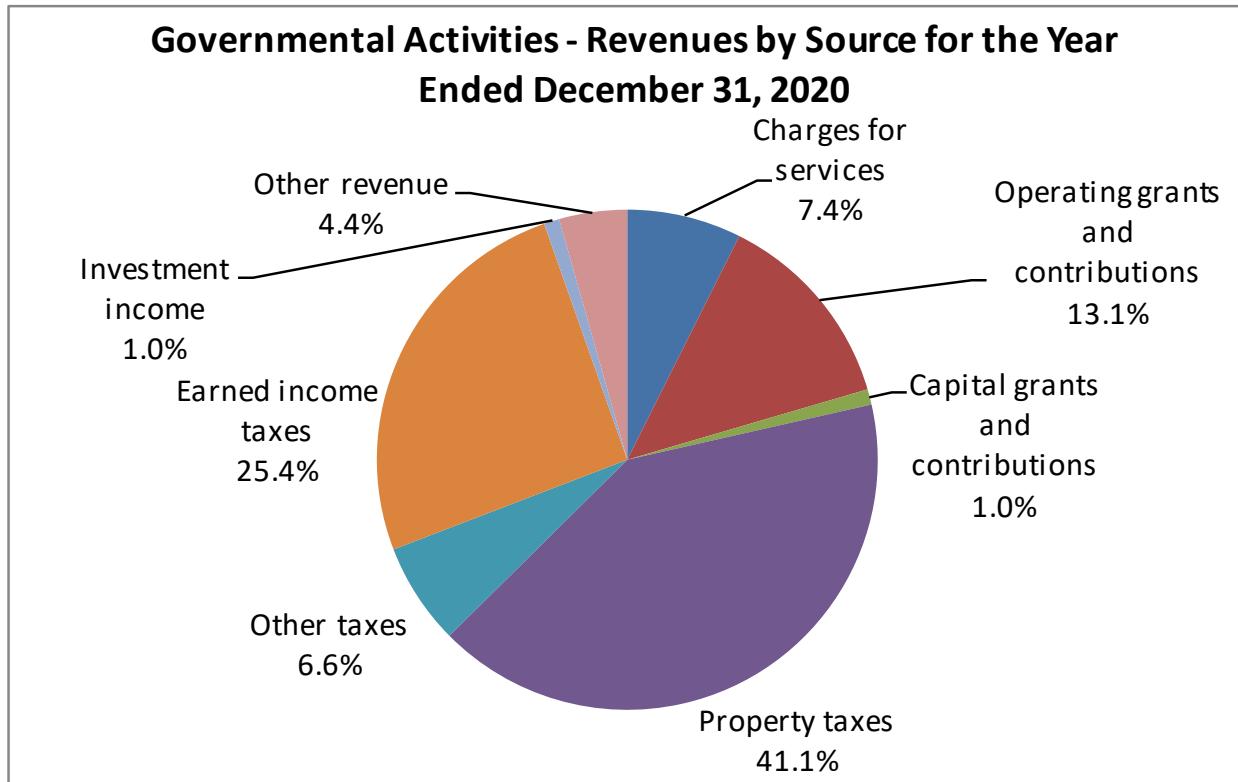
	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u> (Restated)	<u>2020</u>	<u>2019</u> (Restated)	<u>2020</u>	<u>2019</u> (Restated)
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 1,913	\$ 3,043	\$ 6,101	\$ 7,865	\$ 8,014	\$ 10,908
Operating grants and contributions	3,386	2,690	367	351	3,753	3,041
Capital grants and contributions	249	2,648	-	-	249	2,648
General revenues:						
Property taxes	10,695	8,630	-	-	10,695	8,630
Other taxes	8,314	9,396	-	-	8,314	9,396
Grants and contributions not restricted to specific programs	-	287	-	-	-	287
Investment income	248	460	4	44	252	504
Miscellaneous	1,129	1,322	-	-	1,129	1,322
Gain on sale of capital assets	-	44	-	-	-	44
Total Revenues	<u>25,934</u>	<u>28,520</u>	<u>6,472</u>	<u>8,260</u>	<u>32,406</u>	<u>36,780</u>
<b>EXPENSES</b>						
General government	5,212	3,580	-	-	5,212	3,580
Code enforcement	652	766	-	-	652	766
Public safety	10,253	10,059	-	-	10,253	10,059
Sanitation	-	-	4,364	3,992	4,364	3,992
Public works	12,228	11,933	-	43	12,228	11,976
Culture and recreation	4,052	6,227	4,298	4,301	8,350	10,528
Debt service	1,412	1,278	-	-	1,412	1,278
Total Expenses	<u>33,809</u>	<u>33,843</u>	<u>8,662</u>	<u>8,336</u>	<u>42,471</u>	<u>42,179</u>
Change in Net Position	(7,875)	(5,323)	(2,190)	(76)	(10,065)	(5,399)
Net Position - Beginning (Restated)	<u>176,951</u>	<u>182,274</u>	<u>(194)</u>	<u>(118)</u>	<u>176,757</u>	<u>182,156</u>
Net Position - Ending	<u>\$ 169,076</u>	<u>\$ 176,951</u>	<u>\$ (2,384)</u>	<u>\$ (194)</u>	<u>\$ 166,692</u>	<u>\$ 176,757</u>

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

For the fiscal year ended December 31, 2020, revenues for governmental activities totaled \$25,934,000, a decrease of \$2,586,000 (9.1%) under 2019. Negatively affected areas: Fee Charges for services, Capital Grants, Other Taxes and Investment Income. Real Estate Taxes were up due to a millage increase for 2020. Sources of revenue for the fiscal year 2020 are comprised of the following items:

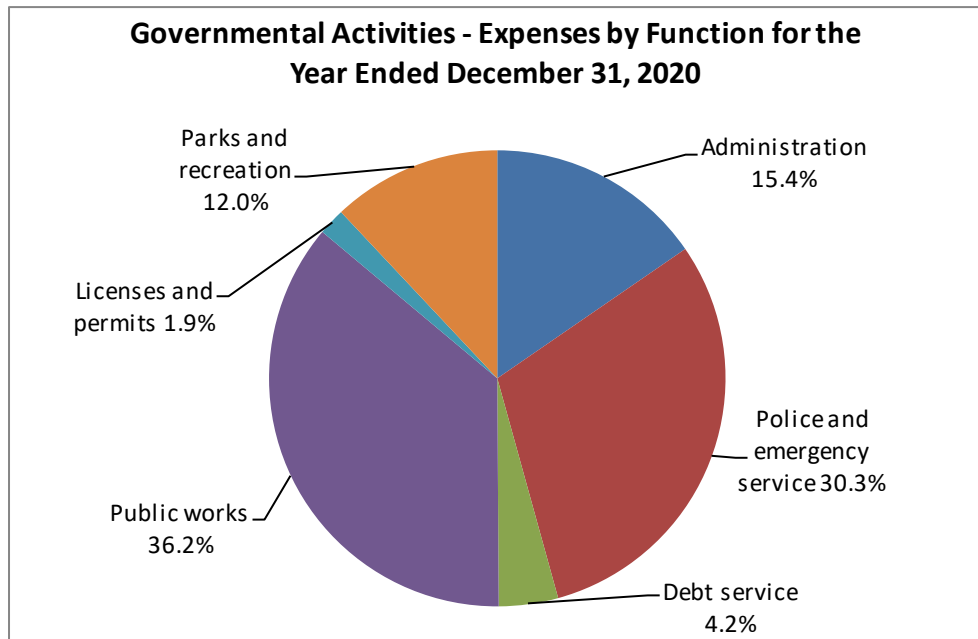


NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

For the 2020 fiscal year, expenses for government activities totaled \$33,809,000, a decrease of \$34,000 or 0.1% under 2019 expenses due to Covid-19 public services shut-downs.



The change in net position reflects the difference between total revenues and total expenses. For governmental activities and business-type in fiscal 2020, revenues (\$32,406,000) were exceeded by expenses (\$42,471,000) by \$10,065,000 resulting in a decrease in net position by that amount. The year ended with total Net Position of \$166,692,000.

**Financial Analysis of the Township's Funds**

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

**Governmental funds.** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *Restricted, Assigned, and Unassigned Fund Balances* may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year. However, the *Restricted* and the *Assigned* are ear-marked for specific purposes.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

As of the end of the current fiscal year, the Township's total governmental funds reported combined ending fund balances of \$6,242,532, a decrease of \$1,260,612 or (-16.8%) in comparison with the prior year. This decrease is the result of changes in various funds: (1) Park & Recreation Operating deficit of \$569,579 as a result of Covid-19, (2) Capital Reserve Funds deficit of \$562,464 utilization of previous years' reserves/revenues to fund scheduled projects, (3) GOB - Fund deficit of \$552,216 utilization of borrowed and grant funds to complete the new police facility.

The total fund balance for all funds (\$6,242,532) constitutes a Restricted Fund balance of \$4,636,061, an Assigned Fund balance of \$297,347, and an Unassigned Fund balance of \$1,309,124 (which is available for spending at the Township's discretion).

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, Unassigned Fund balance of the General Fund was \$1,409,255. Unreserved/Unassigned Fund balance represents 8.6% of total General Fund expenditures. This represents an increase over the 2019 percentage of 5.9%.

**General Fund Budget Highlights**

There were no budget amendments so the original and the final budget are the same. Budget variances are discussed as follows:

General Fund Total Revenues experienced a minor shortfall of \$226,445 (1.3%) when compared to the 2020 Budget. Transfer Taxes were \$56,148 (4.4%) over a conservative budget. Earned Income Taxes were \$50,571 (0.6%) under an aggressive budget. Fees & Licenses & Permits were \$93,731 (9.2%) under a flat budget. Interest & Rents were \$36,177 (13.6%) under a flat budget. Intergovernmental Revenues were \$32,641 (3.0%) over an aggressive budget. Charges for Services were \$80,830 under (6.4%) an aggressive budget and were affected by COVID shutdowns. Other General Fund revenues were \$30,855 (14.5%) under an aggressive 2020 budget.

General Fund Total Expenditures completed 2020 lower than the budget by -\$535,461 or 3.2%. As a result of management's continued efforts to control costs, and postpone expenses where possible. All Departments spent less than their allotted budgets in 2020.

A schedule showing the Township's original and final budget amount compared with amounts actually paid and received is provided on page 27.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

**Park & Recreation Fund Budget Highlights**

Covid-19 had a devastating effect on the Park & Recreation department. This Fund initially budgeted a minor 1.4% or +\$37,000 increase over the 2019 budget. Although tax revenue remained stable, most other sources were negatively affected in 2020. Fees/Charges for Services were 73.4% or \$1,290,111 less than 2019. Fees/Charges for Services were also 71.7% or \$1,184,959 under budget. Revenues from Interest & Rents also suffered. Total Revenues were down \$1,191,322 or 45.5% of the projected budget.

Due to the loss of recreational activity during the shut-down, the expenses for these services were compromised accordingly. Total Expenses were down \$577,743 or 22.5% under budget. Therefore, the major loss of revenue (\$1,191,322) was somewhat tempered by the reduction in related expenses (\$577,743). Together with the elimination of the Operating Fund's annual contribution/transfer to the Capital Fund (\$175,000), allowed for a more-palatable reduction of \$569,579 in the Fund Balance.

A schedule showing the Townships original and final budget amount compared with amounts actually paid and received is provided on page 28.

**Capital Asset and Debt Administration Capital Assets**

The Township's investment in capital assets for its governmental and business type activities as of December 31, 2020, amounts to \$212,353,000 (*net of accumulated depreciation \$149,759,000*). This investment in capital assets includes: land, buildings and system improvements, machinery and equipment, park facilities, infrastructure, etc. A total (gross) increase (\$4,532,000) in the Township's investment in capital assets for the current fiscal year was primarily the result of the completion of the new police facility (\$1,598,000), the purchase of various capital equipment (\$974,000) and the construction-in-progress (\$1,770,000) for the multiple capital projects in the Township.

**Table 3**  
**Changes in Capital Assets - Governmental Funds**  
**(in thousands)**

	Beginning Balance January 1, 2020	Net Additions/ Deletions	Ending Balance December 31, 2020
<b>Non-Depreciable Assets</b>			
Land	\$ 1,898	\$ -	\$ 1,898
Construction in progress	-	1,770	1,770
<b>Other Capital Assets</b>			
Machinery, vehicles and equipment	9,543	974	10,517
Land improvements	4,348	29	4,377
Buildings and improvements	30,226	1,598	31,824
Library	95	-	95
Infrastructure	311,470	161	311,631
Accumulated depreciation on capital assets	<u>(139,497)</u>	<u>(10,262)</u>	<u>(149,759)</u>
<b>Totals</b>	<u>\$ 218,083</u>	<u>\$ (5,730)</u>	<u>\$ 212,353</u>



NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

The Northampton Township Board of Supervisors continues to place significant resources to the area of capital improvements. Details on Capital Assets can be found on page 49.

This year's major capital improvements/additions include:

Construction in progress	\$ 1.8 million
Machinery, vehicles & equipment	974 thousand
Building & Improvements	1.6 million
Infrastructure	161 thousand

The \$1,769,711 represents the Construction-in-progress for the various Capital projects occurring in the Township. \$973,753 represents the new Machinery & Equipment purchased through capital lease financing. \$29,066 reflects expenditures toward administration building entrance improvements. \$1,599,306 represents a combination of additional police facility work and building improvements at the country club. The increase of \$160,576 Infrastructure is attributable to road, curb, storm sewer and bridge projects during the year.

**Long-term Debt**

At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$38,530,000. Of this amount, \$37,880,000 is comprised of General Obligation Bonds (GOB), and is considered debt that is backed by the full faith and credit of the government. The construction of the New Police Facility involved the purchase of the existing Sewer & Water Authority's administrative offices through a 25-year, 0% balloon payment. This agreement also added \$650,000 to this debt balance. There are no bonds secured solely by specified revenue sources (i.e., revenue bonds). The Township entered 2020 with total outstanding debt of \$40,270,000. After making principal payments (\$1,740,000), the outstanding debt balance at year-end is \$38,530,000.

Details on Long-term Debt can be found on page 52.

<u>Year of Issue</u>	<u>Amount of Original Issue</u>	<u>Average Interest Rate</u>	<u>Final Maturity</u>	<u>Balance January 1, 2020</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Balance December 31, 2020</u>
2010	\$ 16,410,000	variable - 3.02%	2021	\$ 3,460,000	\$ 1,685,000	\$ 163,981	\$ 1,775,000
2015A	3,050,000	variable - 2.75%	2022	800,000	-	22,000	800,000
2015B	2,255,000	5.00%	2023	2,230,000	25,000	110,250	2,205,000
2015	10,955,000	variable - 5.00%	2035	10,880,000	25,000	415,150	10,855,000
2018	650,000	0%	2043	650,000	-	-	650,000
2018	22,250,000	variable -4.00%	2043	22,250,000	5,000	143,090	22,245,000
				<u>\$ 40,270,000</u>	<u>\$ 1,740,000</u>	<u>\$ 854,471</u>	<u>\$ 38,530,000</u>

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

**Economic Factors and Next Year's Budgets and Rates**

Throughout 2020, the global epidemic affected everyone and everything. Most economies hit stand-stills during the initial periods of fear with no solutions. Contributions by American politics and social media only added to the negative uncertainty of this severe situation. By year end, hopes for preventative vaccines had relieved some fears and provided some necessary assistance to jump-start the economy and the stock market. Interest rates hit their rock-bottom and inflation concerns were nil. The social quarantine that began in March 2020 initially put a stop to almost everything. However compromised and guarded business activity began to creep into human lives with innovative efforts.

**General Fund:**

Although housing developments that were previously underway or planned for the very near future may have paused, many shut-in Township residents responded with permit requests for private pools and many other home improvements. Building & related fees for 2020 were \$196,541 or 28% over 2019 totals. Concerns about possible reductions in Earned Income Tax revenues had us monitoring receipts daily. Fortunately, this source was not affected whereas we actually saw an increase of \$206,871 or 3% over 2019. Oddly enough, social fears of congested areas created a demand for more open housing areas, and the real market began a boom that still continues into 2021. Transfer tax revenues increased by \$109,946 or 9% over 2019. Total revenues for the General Fund actually increased by \$721,828 during 2020. Minus the additional real estate taxes from a millage increase (\$444,087), a net increase of \$277,741 was experienced. Total expenses were more in-line with 2019, after allowing for some re-classification for the Fire Fund expenses, as they were segregated to their separate Fund in 2020.

All in all, the General Fund survived the global epidemic favorably with some mentionable revenue increases and minimal expense increases except for emergency/safety supplies that were mostly reimbursed by some governmental agencies. The General Fund entered 2020 with a positive fund balance of \$988,450 and finished the FY with a positive fund balance of \$1,409,255.

The 2021 budget included a .03% revenue increase and a 2.7% expense increase over the 2020 budget. This created the utilization of \$359,000 of the beginning fund balance on 1/01/2021. The Township adheres to this deficit spending practice to allow for a zero tax increase for fiscal year (2021). However, the Township plans for a tax increase in 2022.

**Park & Recreation Fund:**

Subsequent to the area school districts closing in March-April, our programs involving children and young adults were next in line for shutting down completely or possible compromised arrangements depending on the Governor's proclamations. At mid-year, Bucks County remains at a limited social distancing status and the summer season becoming too late to salvage.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

2020 Revenues fell \$1,292,484 or 47.6% under 2019 levels. Quite devastating for this (or any) Fund that maintains a marginal year-end fund balance. Fortunately, this drop in revenue for Fees for Services was partially off-set with some decreases in associated expenses. Total expenses fell \$702,268 or 26% below 2019 levels. This included the elimination of the budgeted \$175,000 scheduled transfer from P&R Operating to P&R Capital Funds. Park & Recreation Operating completed 2020 with a negative fund balance of \$100,925, and their Capital Fund finished 2020 with a negative fund balance of \$96,138.

Depending on the extent of Covid-19 or Covid-19 Variant restrictions in 2021, Park & Recreation revenues can again be compromised. As the 2021 budget sits, the Operating Fund is scheduled to end the year with a negative fund balance of \$11,925 (without any transfer to Capital), and their Capital Fund is expected to finish with a positive fund balance of \$247,862.

**Country Club:**

Considering its 100% dependency on user fees, this Fund was most affected by a total shutdown in mid-March. Golf revenues which make up 37% of total revenues, were only compromised by a closure period of 6 weeks when the course was re-opened in May. Year-end Golf revenues were surprisingly only down \$21,818 or 1.4% under 2019. By August 2021 Golf revenues have reached \$1,273,764 or 80.1% of the 2021 Budget. This department has clearly recovered COVID-19 and on its way to experience a successful 2021. Banquet/wedding operations remained closed past March, but had graduated to a level of limited public availability that was established according to state guidelines. A return to 100% accommodation was never established in 2020. Banquet revenues were off \$2,127,036 or 76.3% under 2019. Associated expenses were reduced accordingly by \$712,683 or 40.5% under 2019. The opening fund balance at 1/01/2020 of \$577,189 was reduced to a substantial negative figure of \$1,043,031 by 12/31/2020.

Upon the Governor's approval, banquet operations opened to 100% capacity on July 1<sup>st</sup>, 2021. Hopes to reach the 2021 budgeted revenues of \$2,405,010 (86% of 2019 actual), are dissipating as Covid-19 Variant threatens another shut-down in Fall of 2021. Fortunately, revenues for first seven months of 2021 (\$1,56,943) are \$394,972 over the entire 2020 Covid-19 year. Although a negative fund balance will remain with the Country Club a while longer, we are able to chip away at it until 100% capacity returns for good.

**Requests for Information**

This financial report is designed to provide a general overview of Northampton Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department of Northampton Township, 55 Township Road, Richboro, PA 18954.

NORTHAMPTON TOWNSHIP  
STATEMENT OF NET POSITION  
December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,052,605	\$ 279,023	\$ 3,331,628
Taxes receivable	3,549,485	-	3,549,485
Accounts receivable	2,513,617	450,646	2,964,263
Prepaid expenses	16,202	-	16,202
Inventory	-	54,133	54,133
Land	1,897,956	-	1,897,956
Construction in progress	256,853	1,512,858	1,769,711
Other capital assets (net of accumulated depreciation)	196,597,229	12,088,879	208,686,108
Total Assets	<u>207,883,947</u>	<u>14,385,539</u>	<u>222,269,486</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows for pension	600,123	-	600,123
Deferred outflows for OPEB	130,844	-	130,844
Total deferred outflows of resources	<u>730,967</u>	<u>-</u>	<u>730,967</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	1,130,702	552,310	1,683,012
Interest payable	120,226	71,970	192,196
Deposits	123,928	-	123,928
Deferred Revenue	-	740,461	740,461
Non-current liabilities:			
Due within one year	2,668,389	116,241	2,784,630
Due after one year	32,358,037	15,288,908	47,646,945
Total Liabilities	<u>36,401,282</u>	<u>16,769,890</u>	<u>53,171,172</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows for pension	3,137,193	-	3,137,193
Total deferred inflows of resources	<u>3,137,193</u>	<u>-</u>	<u>3,137,193</u>
<u>NET POSITION</u>			
Net investment in capital assets	173,195,314	-	173,195,314
Restricted for			
Public safety	2,684,179	-	2,684,179
Public works	719,828	-	719,828
Culture and recreation	194,437	-	194,437
Capital projects	485,465	-	485,465
Debt service	677,174	-	677,174
Unrestricted	(8,879,958)	(2,384,351)	(11,264,309)
Total Net Position	<u>\$ 169,076,439</u>	<u>\$ (2,384,351)</u>	<u>\$ 166,692,088</u>

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

NORTHAMPTON TOWNSHIP

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General Government	\$ 5,211,969	\$ 95,063	\$ 804,332	\$ -
Code Enforcement	651,730	1,008,346	-	-
Public Safety	10,252,624	255,486	524,338	14,811
Public Works	12,227,705	42,460	1,545,817	124,284
Culture and Recreation	4,052,193	511,935	511,570	110,000
Debt Service	1,412,073	-	-	-
Total Government Activities	<u>33,808,294</u>	<u>1,913,290</u>	<u>3,386,057</u>	<u>249,095</u>
Business -Type Activities				
Refuse	4,364,323	3,809,105	366,869	-
Country Club	4,297,649	2,290,918	-	-
Street Light	-	1,288	-	-
Total Business-Type Activities	<u>8,661,972</u>	<u>6,101,311</u>	<u>366,869</u>	<u>-</u>
Total Primary Government	<u>42,470,266</u>	<u>8,014,601</u>	<u>3,752,926</u>	<u>249,095</u>
General Revenues				
Taxes:				
Real Estate				
Transfer				
Earned Income Tax				
Local Service Tax				
Grants and Contributions not Restricted to Specific Programs				
Investment Earnings and Rents				
Gain on Sale of Capital Assets				
Miscellaneous				
Total General Revenues				
Change in Net Position				
Net Position - Beginning (Restated)				
Net Position - Ending				

Net (Expense) Revenue and  
Changes in Net Position  
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (4,312,574)	\$ -	\$ (4,312,574)
356,616	-	356,616
(9,457,989)	-	(9,457,989)
(10,515,144)	-	(10,515,144)
(2,918,688)	-	(2,918,688)
<u>(1,412,073)</u>	<u>-</u>	<u>(1,412,073)</u>
<u>(28,259,852)</u>	<u>-</u>	<u>(28,259,852)</u>
-	(188,349)	(188,349)
-	(2,006,731)	(2,006,731)
-	1,288	1,288
<u>-</u>	<u>(2,193,792)</u>	<u>(2,193,792)</u>
<u>(28,259,852)</u>	<u>(2,193,792)</u>	<u>(30,453,644)</u>
10,694,849	-	10,694,849
1,328,148	-	1,328,148
6,609,370	-	6,609,370
376,623	-	376,623
-	-	-
248,010	4,050	252,060
-	-	-
<u>1,129,088</u>	<u>909</u>	<u>1,129,997</u>
<u>20,386,088</u>	<u>4,959</u>	<u>20,391,047</u>
(7,873,764)	(2,188,833)	(10,062,597)
<u>176,950,203</u>	<u>(195,518)</u>	<u>176,754,685</u>
<u>\$ 169,076,439</u>	<u>\$ (2,384,351)</u>	<u>\$ 166,692,088</u>

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

NORTHAMPTON TOWNSHIP

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2020

	<u>General</u>	<u>Park &amp; Recreation</u>	<u>Capital Asset Fire</u>	<u>Capital Reserve</u>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 651,489	\$ 482,776
Taxes receivable	2,004,628	13,823	-	-
Accounts receivable	435,714	-	-	37,825
Prepaid expenses	-	4,261	-	-
Due from other funds	-	-	1,741,109	-
Total Current Assets	<u>2,440,342</u>	<u>18,084</u>	<u>2,392,598</u>	<u>520,601</u>
 TOTAL ASSETS	 <u>\$ 2,440,342</u>	 <u>\$ 18,084</u>	 <u>\$ 2,392,598</u>	 <u>\$ 520,601</u>
 <u>LIABILITIES</u>				
Accounts payable and accrued wages	\$ 840,703	\$ 45,169	\$ 3,139	\$ 83,562
Accrued expenses	-	-	-	-
Due to other funds	153,918	58,962	-	-
Deposits	-	-	-	54,928
Total Liabilities	<u>994,621</u>	<u>104,131</u>	<u>3,139</u>	<u>138,490</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	36,466	14,084	-	-
Total Deferred Inflows of Resources	<u>36,466</u>	<u>14,084</u>	<u>-</u>	<u>-</u>
 <u>FUND BALANCES</u>				
Restricted for:				
Public safety	-	-	2,389,459	103,645
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Assigned for:				
Capital projects	-	-	-	278,466
Culture and recreation	-	-	-	-
Unassigned	<u>1,409,255</u>	<u>(100,131)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,409,255</u>	<u>(100,131)</u>	<u>2,389,459</u>	<u>382,111</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 2,440,342</u>	 <u>\$ 18,084</u>	 <u>\$ 2,392,598</u>	 <u>\$ 520,601</u>

GOB-2018 Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,918,340	\$ 3,052,605
-	71,859	2,090,310
2,000,000	40,078	2,513,617
-	11,941	16,202
-	-	1,741,109
<u>2,000,000</u>	<u>2,042,218</u>	<u>9,413,843</u>
<u>\$ 2,000,000</u>	<u>\$ 2,042,218</u>	<u>\$ 9,413,843</u>
\$ -	\$ 158,129	\$ 1,130,702
-	-	-
1,514,535	13,694	1,741,109
-	69,000	123,928
<u>1,514,535</u>	<u>240,823</u>	<u>2,995,739</u>
-	125,022	175,572
-	125,022	175,572
-	180,286	2,673,390
-	713,300	713,300
-	126,111	126,111
-	637,795	637,795
485,465	-	485,465
-	-	278,466
-	18,881	18,881
-	-	1,309,124
<u>485,465</u>	<u>1,676,373</u>	<u>6,242,532</u>
<u>\$ 2,000,000</u>	<u>\$ 2,042,218</u>	<u>\$ 9,413,843</u>

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



NORTHAMPTON 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 18)  
are different because:

Total fund balances-total governmental funds (page 21-22).	\$	6,242,532	
Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.			
Cost of capital assets	\$	346,841,537	
Accumulated depreciation		<u>(148,089,500)</u>	198,752,037
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			1,459,175
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.			175,573
Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
Difference between expected and actual experience on pension plan liability & OPEB		(1,021,394)	
Change in assumptions on pension plan liability and OPEB		649,359	
Net difference between projected and actual earnings on pension plan investments		<u>(2,034,191)</u>	(2,406,226)
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		(22,595,213)	
Capital leases payable		(2,109,589)	
Interest payable		(120,226)	
Net pension liability		(4,470,636)	
Total post-employment benefits obligation		(2,664,965)	
Compensated absences		<u>(3,186,023)</u>	<u>(35,146,652)</u>
Net Position of governmental activities (page 18).	\$		<u>169,076,439</u>

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

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2020

	General	Park & Recreation	Capital Asset Fire	Capital Reserve
Revenues				
Taxes:				
Real estate	\$ 3,478,957	\$ 941,846	\$ -	\$ -
Transfer	1,328,148	-	-	-
Earned income tax	8,092,429	-	-	-
Local service tax	376,623	-	-	-
Fees, licenses and permits	930,269	-	-	-
Investment income and rent	229,323	1,359	6,433	2,285
Intergovernmental revenues	1,104,141	-	14,811	124,284
Fines and forfeitures	61,350	-	-	-
Charges for services	1,177,670	468,041	-	96,545
Other	182,145	13,432	-	225,461
Total Revenues	16,961,055	1,424,678	21,244	448,575
Expenditures				
Current:				
General government	1,935,610	-	-	115,134
Public safety	8,853,884	-	158,489	345,307
Highways and roads	2,474,648	-	-	616,076
Culture and recreation	26,591	1,994,257	-	-
Miscellaneous	3,096,806	-	-	-
Debt service:				
Principal	-	-	-	451,361
Interest	-	-	-	24,187
Other	-	-	-	-
Total Expenditures	16,387,539	1,994,257	158,489	1,552,065
Excess (Deficiency) of Revenues Over Expenditures	573,516	(569,579)	(137,245)	(1,103,490)
Other Financing Sources (Uses)				
Debt issuance	-	-	-	207,026
Transfers in	432,000	-	300,000	334,000
Transfers out	(584,711)	-	-	-
Total Other Financing Sources (Uses)	(152,711)	-	300,000	541,026
Net Change in Fund Balances	420,805	(569,579)	162,755	(562,464)
Fund Balance - Beginning (Restated)	988,450	469,448	2,226,704	944,575
Fund Balance - Ending	\$ 1,409,255	\$ (100,131)	\$ 2,389,459	\$ 382,111

GOB-2018 Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 6,270,866	\$ 10,691,669
-	-	1,328,148
-	-	8,092,429
-	-	376,623
-	-	930,269
-	8,610	248,010
-	1,819,082	3,062,318
-	-	61,350
-	86,354	1,828,610
-	318,942	739,980
<u>-</u>	<u>8,503,854</u>	<u>27,359,406</u>
284,699	-	2,335,443
-	1,773,626	11,131,306
-	1,741,912	4,832,636
-	2,356,937	4,377,785
-	375,723	3,472,529
-	2,162,493	2,613,854
267,517	681,916	973,620
-	18,001	18,001
<u>552,216</u>	<u>9,110,608</u>	<u>29,755,174</u>
<u>(552,216)</u>	<u>(606,754)</u>	<u>(2,395,768)</u>
-	928,130	1,135,156
-	295,711	1,361,711
-	(777,000)	(1,361,711)
<u>-</u>	<u>446,841</u>	<u>1,135,156</u>
(552,216)	(159,913)	(1,260,612)
1,037,681	1,836,286	7,503,144
<u>\$ 485,465</u>	<u>\$ 1,676,373</u>	<u>\$ 6,242,532</u>

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

NORTHAMPTON 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

Changes in Net Position

Amounts reported for governmental activities in the statement of activities (page 19-20)  
are different because:

Net change in fund balances-total governmental funds (page 24-25). \$ (1,260,612)

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	\$ 2,494,366	
Depreciation expense	<u>(9,653,551)</u>	(7,159,185)

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds. (1,426,200)

Bond issuance cost is recorded as an expenditure in the fund statements but  
recorded as an asset and amortized over the life of the bond in the statement  
of net position. This is the amount by which the bond issuance costs exceed  
amortization for the period. (49,390)

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.

Debt issuance	(1,519,950)	
Capital leases	873,853	
Interest payable	446	
Repayment of debt	<u>1,736,611</u>	1,090,960

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	1,123,713	
Compensated absences	9,016	
Net OPEB Liability	<u>(202,066)</u>	<u>930,663</u>

Change in net position of governmental activities (pages 19-20). \$ (7,873,764)

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

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2020

	GENERAL FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes:				
Real estate	\$ 3,468,500	\$ 3,468,500	\$ 3,478,957	\$ 10,457
Transfer	1,272,000	1,272,000	1,328,148	56,148
Earned income tax	8,143,000	8,143,000	8,092,429	(50,571)
Local service tax	400,000	400,000	376,623	(23,377)
Per Capita	500	500	-	(500)
Fees, licenses and permits	1,024,000	1,024,000	930,269	(93,731)
Interest and rent	265,500	265,500	229,323	(36,177)
Intergovernmental revenues	1,071,500	1,071,500	1,104,141	32,641
Fines and forfeitures	71,000	71,000	61,350	(9,650)
Charges for services	1,258,500	1,258,500	1,177,670	(80,830)
Other	213,000	213,000	182,145	(30,855)
Total Revenues	17,187,500	17,187,500	16,961,055	(226,445)
Expenditures				
Current:				
General government	2,099,500	2,099,500	1,935,610	(163,890)
Public safety	9,041,500	9,041,500	8,853,884	(187,616)
Highways and roads	2,635,500	2,635,500	2,474,648	(160,852)
Culture and recreation	30,000	30,000	26,591	(3,409)
Miscellaneous	3,116,500	3,116,500	3,096,806	(19,694)
Total Expenditures	16,923,000	16,923,000	16,387,539	(535,461)
Excess (Deficiency) of Revenues Over Expenditures	264,500	264,500	573,516	309,016
Other Financing Sources (Uses)				
Transfers in	418,500	418,500	432,000	13,500
Transfers out	(584,000)	(584,000)	(584,711)	(711)
Total Other Financing Sources (Uses)	(165,500)	(165,500)	(152,711)	12,789
Net Change in Fund Balances	99,000	99,000	420,805	\$ 321,805
Fund Balance, Beginning of Year			988,450	
Fund Balance, End of Year			\$ 1,409,255	

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

NORTHAMPTON TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - PARK & RECREATION

For the Year Ended December 31, 2020

	PARK & RECREATION FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes	\$ 939,000	\$ 939,000	\$ 941,846	\$ 2,846
Interest and rent	12,000	12,000	1,359	(10,641)
Charges for services	1,653,000	1,653,000	468,041	(1,184,959)
Other	12,000	12,000	13,432	1,432
Total Revenues	2,616,000	2,616,000	1,424,678	(1,191,322)
Expenditures				
Current:				
Culture and recreation	2,572,000	2,572,000	1,994,257	(577,743)
Total Expenditures	2,572,000	2,572,000	1,994,257	(577,743)
Excess (Deficiency) of Revenues Over Expenditures	44,000	44,000	(569,579)	(613,579)
Other Financing Sources (Uses)				
Transfers out	(175,000)	(175,000)	-	175,000
Total Other Financing Sources (Uses)	(175,000)	(175,000)	-	175,000
Net Change in Fund Balances	(131,000)	(131,000)	(569,579)	\$ (438,579)
Fund Balance, Beginning of Year			469,448	
Fund Balance, End of Year			\$ (100,131)	

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

NORTHAMPTON TOWNSHIP

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2020

	MAJOR		NONMAJOR	
	Refuse	Country Club	Street Light	Total
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 279,023	\$ -	\$ -	\$ 279,023
Taxes receivable	-	-	-	-
Accounts receivable	435,552	5,259	9,835	450,646
Due from other funds	50,578	-	-	50,578
Inventory	-	54,133	-	54,133
Total Current Assets	765,153	59,392	9,835	834,380
Noncurrent Assets				
Construction in progress	-	1,512,858	-	1,512,858
Capital assets, net	-	13,758,883	-	13,758,883
Less accumulated depreciation	-	(1,670,004)	-	(1,670,004)
Total Noncurrent Assets	-	13,601,737	-	13,601,737
Total Assets	\$ 765,153	\$ 13,661,129	\$ 9,835	\$ 14,436,117
<u>LIABILITIES</u>				
Current Liabilities				
Accounts payable	\$ 381,052	\$ 166,668	\$ 4,590	\$ 552,310
Interest payable	-	71,970	-	71,970
Due to Other Funds	-	45,333	5,245	50,578
Deferred Revenue	-	740,461	-	740,461
Total Current Liabilities	381,052	1,024,432	9,835	1,415,319
Non-current liabilities:				
Due within one year	-	116,241	-	116,241
Due after one year	-	15,288,908	-	15,288,908
Total Noncurrent Liabilities	-	15,405,149	-	15,405,149
Total Liabilities	381,052	16,429,581	9,835	16,820,468
<u>NET POSITION</u>				
Net investment in capital assets	-	-	-	-
Unrestricted	384,101	(2,768,452)	-	(2,384,351)
Total Net Position	\$ 384,101	\$ (2,768,452)	\$ -	\$ (2,384,351)

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

NORTHAMPTON TOWNSHIP

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

For the Year Ended December 31, 2020

	MAJOR		NONMAJOR	Total
	Refuse	Country Club	Street Light	
Operating Revenues				
Charges for services	\$ 3,809,105	\$ 2,290,918	\$ 1,288	\$ 6,101,311
Other revenues	909	-	-	909
Total Operating Revenues	3,810,014	2,290,918	1,288	6,102,220
Operating Expenses				
Solid waste collection and disposal	4,364,323	-	-	4,364,323
Street light repairs	-	-	-	-
Culture and recreation	-	3,116,625	-	3,116,625
Total Operating Expenses	4,364,323	3,116,625	-	7,480,948
Operating Income Before Depreciation	(554,309)	(825,707)	1,288	(1,378,728)
Depreciation and Amortization Expense	-	614,045	-	614,045
Operating Income (Loss)	(554,309)	(1,439,752)	1,288	(1,992,773)
Nonoperating Revenues (Expense)				
Intergovernmental revenue	366,869	-	-	366,869
Interest expense	-	(566,979)	-	(566,979)
Net earnings on investments	2,264	1,786	-	4,050
Total Nonoperating Revenues (Expenses)	369,133	(565,193)	-	(196,060)
Income (Loss) Before Operating Transfers	(185,176)	(2,004,945)	1,288	(2,188,833)
Change in Net Position	(185,176)	(2,004,945)	1,288	(2,188,833)
Net Position - Beginning (Restated)	569,277	(763,507)	(1,288)	(195,518)
Net Position - Ending	\$ 384,101	\$ (2,768,452)	\$ -	\$ (2,384,351)

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



NORTHAMPTON TOWNSHIP

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2020

	Business-type Activities			
	Refuse	Country Club	Street Light	Total
Cash flows from operating activities				
Cash received from customers	\$ 3,443,091	\$ 2,598,372	\$ (4,339)	\$ 6,037,124
Cash paid to employees for services	(223,284)	(1,332,758)	(200)	(1,556,242)
Cash paid to suppliers for goods and services	(3,847,347)	(1,775,570)	(706)	(5,623,623)
Net cash provided by (used in) operating activities	<u>(627,540)</u>	<u>(509,956)</u>	<u>(5,245)</u>	<u>(1,142,741)</u>
Cash flows from non-capital financing activities				
Due from/to funds	(50,578)	45,333	5,245	-
Intergovernmental revenues	366,869	-	-	366,869
Net cash provided by (used in) non-capital financing activities	<u>316,291</u>	<u>45,333</u>	<u>5,245</u>	<u>366,869</u>
Cash flows from capital and related financing activities				
Debt proceeds	-	217,154	-	217,154
Payments of long-term debt	-	(111,775)	-	(111,775)
Interest paid on long-term debt	-	565,718	-	565,718
Acquisition and construction of capital assets	-	(2,110,263)	-	(2,110,263)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(1,439,166)</u>	<u>-</u>	<u>(1,439,166)</u>
Cash flows from investing activities				
Interest and dividends on investments	2,264	1,786	-	4,050
Net cash provided by (used in) investing activities	<u>2,264</u>	<u>1,786</u>	<u>-</u>	<u>4,050</u>
Net increase (decrease) in cash and cash equivalents	(308,985)	(1,902,003)	-	(2,210,988)
Beginning cash and cash equivalents	588,008	1,929,441	-	2,517,449
Ending cash and cash equivalents	<u>\$ 279,023</u>	<u>\$ 27,438</u>	<u>\$ -</u>	<u>\$ 306,461</u>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used in) Operating Activities</b>				
Net operating income (loss)	\$ (554,309)	\$ (1,439,752)	\$ 1,288	\$ (1,992,773)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	614,045	-	614,045
Changes in assets and liabilities				
(Increase) decrease in receivables	(366,923)	81,201	(5,627)	(291,349)
(Increase) decrease in inventory	-	(3,691)	-	(3,691)
Increase (decrease) in accounts payable	298,861	(12,099)	(706)	286,056
Increase (decrease) accrued wages	(5,169)	(4,555)	(200)	(9,924)
Increase (decrease) compensated absences	-	28,642	-	28,642
Increase in deferred revenue	-	226,253	-	226,253
Net adjustments	<u>(73,231)</u>	<u>929,796</u>	<u>(6,533)</u>	<u>850,032</u>
Cash provided by (used in) operating activities	<u>\$ (627,540)</u>	<u>\$ (509,956)</u>	<u>\$ (5,245)</u>	<u>\$ (1,142,741)</u>

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

NORTHAMPTON TOWNSHIP

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

December 31, 2020

	Pension Trust Funds	Custodial Funds
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,009,593	\$ 929,854
Investments		
DROP account	271,899	-
US Government & agency securities	3,206,221	-
Bond and bond funds	11,129,353	-
Asset backed securities	502,557	-
Equities and stock funds	20,611,843	-
Exchange traded products	8,975,910	-
Total Investments	<u>44,697,783</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 45,707,376</u>	<u>\$ 929,854</u>
<u>LIABILITIES</u>		
Refund of member contributions payable	\$ 1,732	\$ -
Benefits payable	<u>1,138</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,870</u>	<u>-</u>
<u>NET POSITION</u>		
Restricted for		
Assets held in trust for pension	45,704,506	-
Developer	<u>-</u>	<u>929,854</u>
Total net position	<u>\$ 45,704,506</u>	<u>\$ 929,854</u>

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

NORTHAMPTON TOWNSHIP

STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS

For the Year Ended December 31, 2020

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
Additions		
Contributions		
Member contributions	\$ 240,816	\$ -
Employer contributions	1,130,850	-
State contributions	782,890	-
Escrow receipts	-	410,867
Total Contributions	<u>2,154,556</u>	<u>410,867</u>
Investment Earnings		
Net appreciation (depreciation) in fair value of investments	4,531,970	-
Interest and dividends	5,594	-
Total Investment Earnings	4,537,564	-
Less investment expense	<u>(113,266)</u>	<u>-</u>
Net Investment Earnings	<u>4,424,298</u>	<u>-</u>
Total Additions	<u>6,578,854</u>	<u>410,867</u>
Deductions		
Benefits	1,934,995	-
Escrow disbursements	-	4,961,616
Actuary fees	18,534	-
Total Deductions	<u>1,953,529</u>	<u>4,961,616</u>
Change in Net Position	4,625,325	(4,550,749)
Net Position		
Beginning of Year	<u>41,079,181</u>	<u>5,480,603</u>
End of Year	<u>\$ 45,704,506</u>	<u>\$ 929,854</u>

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1. Summary of Significant Accounting Policies**

The Township of Northampton, County of Bucks, Commonwealth of Pennsylvania was founded in 1722. The Township is a second-class township, which operates under a Council-Manager form of government and provides the following services: general township administration, public safety, code enforcement, sanitation, roads, culture and recreation.

The accounting policies of the Township conform to accounting principles generally accepted in the United States as applicable to governments. The follow is a summary of the more significant policies:

***A. Financial Reporting Entity***

The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents, and the financial reporting entity follows the same accountability. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes, but is not limited to, fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

Included within the reporting entity, in blended presentation is the Police Pension Plan and the Nonuniform Pension Plan (the Plans). The Plans are single employer defined benefit pension plans that provide pension benefits for all regular full-time employees. The Plans are separate legal entities, but they are reported as if they are part of the Township as they are governed by a board comprised of members appointed by the Board of Supervisors or by the Board of Supervisors themselves and the Township is responsible for funding the Plans. The activities of the Plans are blended as fiduciary funds and do not issue separate financial statements.

***B. Government-wide 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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

***B. Government-wide Financial Statements (continued)***

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*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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 proprietary fund and 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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1. 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 *park & recreation fund* accounts for the real estate taxes and program revenues related to programs and services provided for residents relating to culture and recreation.

The *capital asset fire fund* is used to account for financial resources to be used for the purchase of major capital assets for Northampton Township Volunteer Fire Co.

The *capital reserve* is used to account for financial resources to be used for the construction of major Township capital facilities.

The *GOB fund* is used to account for financial resources to be used for the construction of major Township capital facilities and infrastructure.

The government reports the following major proprietary funds:

The *refuse fund* accounts for the collection of amounts due from the activities of the Township's refuse activities.

The *Country Club fund* accounts for the activities of the Northampton Valley Country Club.

Additionally, the government reports the following fund types:

The *pension trust fund* accounts for the activities of the Police and Non-Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employees.

As required under GASB No. 84, the Township created a new fiduciary fund in 2020. The *Custodial fund* held by the Township are used to account for assets held on behalf of individuals and/or other governmental unites. The Township has one custodial fund consisting of an escrow fund.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the governments refuse function and various other functions of the government. 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.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Refuse fund recognizes collection fees as operating revenue. The Country Club recognizes golf, banquet, and other country club revenues as operating revenues. Operating expenses for enterprise funds include collection and disposal costs and expenses related to the Country Club. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

***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 Pension Trust Funds, 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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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

*1. Deposits and investments (continued)*

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 assets, 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 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 saving's accounts rates is minimal.

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

*2. 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.

*3. 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".



NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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

*3. Receivables and payables (continued)*

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.

Due to the immaterial nature of uncollectible accounts, all trade and property tax receivables are deemed fully collectible and an allowance has not been recorded.

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed February 1 and payable under the following terms: a 2% discount February 1 through April 1; face amount April 2 through June 1; and a 10% penalty after June 1. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

*4. Inventories*

Inventory is valued at cost (first-in, first-out) in the proprietary funds.

*5. Prepaid expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Expenditures for prepayments are recognized during the period benefited by the prepayment.

*6. Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar 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 more than \$7,500 (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 estimated fair market 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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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

6. *Capital assets (continued)*

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>
Land improvements	45
Buildings and improvements	45
Roads and bridges	75
Storm sewers	75
Lighting	20
Library	3-20
Trucks, vehicles and heavy equipment	5-25

7. *Compensated absences*

The Township has established policies for paying employees, at the time of termination or retirement, for certain accumulated but unused absences. On leaving, an employee will be compensated for all unused sick days up to 960 sick hours for Non-Uniformed Personnel, and up to 960 hours for full time Police Officers employed as of January 1, 1989 and up to 720 hours if employed after that time. The long-term liability was determined by multiplying the accumulated available vacation and sick days, for each employee by the applicable daily rate.

8. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Issuance costs are written off when incurred. Bonds payable are reported net of the applicable bond premium or discount.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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

*8. Long-term obligations (continued)*

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.

*9. 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 items that qualifies for reporting in this category:

*Change in assumptions* is reported in the government-wide statement of net position. A net difference results when actuarial assumptions are changed. This amount is deferred and amortized over a five-year period.

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 items that qualify for reporting in this category.

*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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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

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

*Difference between expected and actual experience on pension plan liability* is reported in the government-wide statement. A net 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.

Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and banquet deposits. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***10. Fund balance***

The 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 Board of Commissioners. 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).

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

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

*10. Fund balance (continued)*

**Assigned Fund Balance** - includes amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. The governing body, the Board of Supervisors, has by resolution authorized the finance committee, or Township Manager and Finance Director to assign fund balance, which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

**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. 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.

*11. 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.

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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 1. Summary of Significant Accounting Policies (Continued)**

***E. New Accounting Pronouncement***

Effective January 1, 2020, the Township implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. The statement changes the definition of fiduciary activities, providing more refined guidance on how to determine if an activity is fiduciary in nature and therefore should be reported as such. The statement defines types of fiduciary funds, eliminating agency funds and replacing them with Custodial Funds. Under this guidance, all fiduciary funds will now report a net position and a statement of changes in net position. Implementation of this guidance resulted in reclassification of the developer escrows in governmental activities to fiduciary activities and the creation of the custodial fund to account for that program. As a result, the beginning net position of the fiduciary funds increased from zero to \$5,480,603 which was the escrow deposit balance at January 1, 2020.

***F. Pending Pronouncements***

GASB has issued statements that will become effective in future years, including Statement Nos. 87 (Leases), 89 (Accounting for Interest Cost), 91 (conduit Debt Obligations), 92 (Omnibus 2020) 93 (Interbank Offered Rates), 97 (Public-Private and Public Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). Management has not yet determined the impact of these statements on the financial statements.

**NOTE 2. Stewardship, Compliance, and Accountability**

***A. Budgetary information***

Thirty days prior to the final supervisor's meeting in December, the Board of Supervisors submit a proposed operating budget for the fiscal year commencing the following January 1<sup>st</sup>. The operating budget includes proposed expenses and the means of financing them. The proposed operating budget is advertised in the newspaper at least thirty days prior to the final budget hearing. At the last Board of Supervisor's meeting in December, the budget is adopted by resolution. Within 30 days of adoption, the approved budget is advertised in the newspaper as being approved and available for inspection. Budgetary data are included in the Township management information system and are employed as a management control device during the year. Budgets for the General, Special Revenue, Capital Projects and GOB Funds are adopted on the modified accrual basis of accounting. All budget revisions require the approval of the Township Board of Supervisors. There were no budget revisions made during the year. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 2. Stewardship, Compliance, and Accountability (Continued)**

***B. Excess of expenditures over appropriations***

For the year ended December 31, 2020, expenditures exceeded appropriation in the general fund categories of public safety by \$110,384. These over expenditures were funded by lower than expected expenditures in other categories.

***C. Deficit Net Position and Fund Balance***

Governmental Activities had a deficit unrestricted net position balance of \$7,078,135 due to the recognition of pension liabilities and changes in deferred inflows of resources. The Country Club had a deficit unrestricted net position balance of \$2,768,452 primarily due to the closure of the Country Club through most of 2020 because of COVID. The Park and Recreation Fund and Capital Asset Recreation funds have deficit fund balances of \$100,131 and \$96,154, respectively, due to the closure of most park programs because of COVID. The deficits related to COVID are expected to be eliminated through future revenues.

***D. Prior Period Adjustment***

In 2020, funds were re-allocated to the Country Club from the 2018 General Obligation Bond issue. Additionally, GASB #84 was adopted. As a result beginning net asset and fund balances were adjusted as follows:

	Modified Accrual			
	<u>GOB-2018 Fund</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Fiduciary</u>
Beginning net asset balance	\$ 2,905,658	\$ 176,214,400	\$ 538,072	\$ -
Adjust for bond issue allocation change	(1,867,977)	735,803	(733,590)	-
Adjust for adoption of GASB #84	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,480,603</u>
Ending net asset balance	<u>\$ 1,037,681</u>	<u>\$ 176,950,203</u>	<u>\$ (195,518)</u>	<u>\$ 5,480,603</u>

**NOTE 3. Detailed Notes on all Funds**

***A. Deposits and investments***

*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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3. Detailed Notes on all Funds (Continued)**

**A. *Deposits and investments (continued)***

The Township has the following recurring fair value measurements as of December 31, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
<b>PRIMARY GOVERNMENT</b>			
Cash accounts	\$ 1,455,353	\$ 1,455,353	\$ 13,296
Money market	1,876,275	1,862,979	-
Total	<u>\$ 3,331,628</u>	<u>\$ 3,318,332</u>	<u>\$ 13,296</u>
<b>FIDUCIARY FUNDS</b>			
Money market	\$ 1,281,492	\$ 1,281,492	\$ -
US Government & agency securities	3,206,221	3,206,221	-
Corporate debt	7,113,041	7,113,041	-
Bond and bond funds	4,016,312	4,016,312	-
Asset backed securities	502,557	502,557	-
Equities and stock funds	20,611,843	20,611,843	-
Exchange traded products	8,975,910	8,975,910	-
Total Fiduciary Funds	<u>\$ 45,707,376</u>	<u>\$ 45,707,376</u>	<u>\$ -</u>

*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. Deposits are considered cash equivalents because of their short maturity dates and are included in deposits. The Township's bank deposits are covered by FDIC insurance or collateralized on a pooled basis as required by the Commonwealth's 2<sup>nd</sup> Class Township Code. As of December 31, 2020, the government's carrying amount of deposits was \$3,331,628 and the bank balance was \$5,013,061. Of the bank balance, \$816,590 was covered by depository insurance. 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 Township's cash equivalent investments in PLGIT are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The Township's position in the external investment pool is the same as the value of the pool shares and is reported at amortized cost which approximates fair value. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above. 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.



NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3. Detailed Notes on all Funds (Continued)**

**A. *Deposits and investments (continued)***

The Township can withdraw funds from the external investment pool without limitation or fee 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. The risks of default are eliminated due to constraints imposed upon allowable investment instruments through state limitations as discussed in Note 1, D, 1.

*Interest Rate Risk.* Interest rate risk is that changing interest rates will negatively impact the fair value of the Township’s investments in debt securities. The Township has no policy for interest rate risk. Securities subject to interest rate risk for Township fiduciary activities (pension plans) are as follows:

	Fair Value	Maturities in Years			
		< 1 year	1-5 years	6-10 years	over 10 years
Fiduciary Funds					
US Government Securities	\$ 3,206,221	\$ 521,643	\$ 1,460,230	\$ 1,224,348	\$ -
Corporate Debt	7,113,041	547,195	4,546,959	1,868,721	150,166
Municipal Debt	337,460	-	239,747	-	97,713
Fixed Income Funds	3,678,852	-	2,374,299	-	1,304,553
Asset Backed Securities	502,557	47,838	40,312	-	414,407
Total Fiduciary Funds	\$ 14,838,131	\$ 1,116,676	\$ 8,661,547	\$ 3,093,069	\$ 1,966,839

*Credit Risk.* It is the credit quality rating of debt securities owned by the Township. It is the Township’s policy to invest its fiduciary funds in debt security portfolios with a minimum average credit rating of “AAA”. Credit ratings for debt and money market fund that are subject to credit risk are as follows:

FIDUCIARY FUNDS	Fair Value	Ratings				
		AAA	AA+/AA/AA-	A+/A/A-	BBB+/BBB/BBB-	Not rated
Corporate Bonds	\$ 7,113,041	\$ 110,190	\$ 1,206,439	\$ 3,639,049	\$ 2,056,873	\$ 100,490
Municipal Debt	337,460	-	337,460	-	-	-
Fixed Income Funds	3,678,852	-	-	-	-	3,678,852
Asset Backed Securities	502,557	152,943	-	-	-	349,614
Total Fiduciary Funds	\$ 11,631,910	\$ 263,133	\$ 1,543,899	\$ 3,639,049	\$ 2,056,873	\$ 4,128,956

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3. Detailed Notes on all Funds (Continued)**

**A. *Deposits and investments (continued)***

Fiduciary Activity (Pension Funds) Investments

*Foreign Currency Risk.* This is the risk that changes in currency exchange rates will negatively impact the fair value of Township investments in foreign equities. The Township has no investment policy for foreign currency risk. As of December 31, 2020, the Township has no fiduciary plan investments subject to foreign currency risk.

*Custodial Credit Risk Investments.* Township pension funds are administered by two fund managers, First National Bank and Trust Company of Newtown holds and manages 4.7% of total pension plan assets. Goldberg, Yolles, & Lepore Consulting Group (Wells Fargo Advisors custodian) manages 95.3% of total pension plan assets. Custodial credit risk is the risk that, in the event of the failure of the funds custodian, the Township will not be able to recover the value of plan investments or collateral security that are in custodian's possession. The Township does not have an investment policy for custodial credit risk for fiduciary investments. Pension plan assets exposed to custodial credit risk are insured by both the Securities Investor Protection Corporation for the first \$500,000 of plan assets for each custodian.

*Asset Allocation.* It is the policy of the Township to allocate pension fund investments as follows: Equity exposure is set at 70% maximum and 40% minimum, the remainder being invested in fixed income securities.

*Concentration of Credit Risk.* It is the risk associated with lack of diversification of Township investment portfolios. It is Township's policy to have no individual investment that exceeds 5% of the total assets of the fund. As of December 31, 2020 the Township's Pension Funds had the following investments in any one issuer that represent 5% or more of Fiduciary Net Position:

iShares Core S&P 500	\$ 5,560,276
Vanguard Index Midcap	\$ 3,415,634

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3. Detailed Notes on all Funds (Continued)**

***B. Receivables***

Receivables as of the year end for the government’s individual major funds, non-major funds, business-type fund, and fiduciary funds in the aggregate:

	<u>General</u>	<u>Park &amp; Recreation</u>	<u>Capital Reserve</u>	<u>GOB 2018-Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total Governmental</u>
Receivables:						
Taxes	\$ 2,004,628	\$ 13,823	\$ -	\$ -	\$ 71,859	\$ 2,090,310
Accounts	<u>435,714</u>	<u>-</u>	<u>37,825</u>	<u>2,000,000</u>	<u>40,078</u>	<u>2,513,617</u>
Total Receivables	<u>\$ 2,440,342</u>	<u>\$ 13,823</u>	<u>\$ 37,825</u>	<u>\$ 2,000,000</u>	<u>\$ 111,937</u>	<u>\$ 4,603,927</u>

	<u>Country Club</u>	<u>Street Refuse</u>	<u>Street Light</u>	<u>Total Proprietary</u>
Receivables:				
Accounts	\$ 5,259	\$ 435,552	\$ 9,835	\$ 450,646
Total Receivables	<u>\$ 5,259</u>	<u>\$ 435,552</u>	<u>\$ 9,835</u>	<u>\$ 450,646</u>

In 2010, the Township amended an agreement from 2002 from the sale of a Township property. The agreement with Giaino Brothers of Richboro was for \$271,350 at interest rate 6.0%. Payments were to be made monthly at \$3,013 with a final balloon payment on November 1, 2013. The collectability of the amount is in doubt and at December 31, 2019 an allowance for doubtful accounts was established for \$238,764 which includes unpaid and accrued interest. In 2020, this account was settled for \$25,000 and the remaining balance and allowance was written off.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3. Detailed Notes on all Funds (Continued)**

**C. *Capital assets***

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

	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b>Government-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,897,956	\$ -	\$ -	\$ 1,897,956
Construction in progress	<u>-</u>	<u>256,853</u>	<u>-</u>	<u>256,853</u>
Total capital assets, not being depreciated	<u>1,897,956</u>	<u>256,853</u>	<u>-</u>	<u>2,154,809</u>
Capital assets, being depreciated:				
Land improvements	4,347,534	29,066	-	4,376,600
Buildings and improvements	29,783,229	1,277,358	-	31,060,587
Vehicles and equipment	9,311,321	770,513	-	10,081,834
Library	95,201	-	-	95,201
Infrastructure	<u>298,911,930</u>	<u>160,576</u>	<u>-</u>	<u>299,072,506</u>
Total capital assets, being depreciated	<u>342,449,215</u>	<u>2,237,513</u>	<u>-</u>	<u>344,686,728</u>
Less accumulated depreciation for:				
Land improvements	1,407,530	105,472	-	1,513,002
Buildings and improvements	8,520,462	850,341	-	9,370,803
Vehicles and equipment	6,090,945	595,891	-	6,686,836
Library	71,767	3,552	-	75,319
Infrastructure	<u>122,345,245</u>	<u>8,098,295</u>	<u>-</u>	<u>130,443,540</u>
Total accumulated depreciation	<u>138,435,949</u>	<u>9,653,551</u>	<u>-</u>	<u>148,089,500</u>
Total capital assets, being depreciated, net	<u>204,013,266</u>	<u>(7,416,038)</u>	<u>-</u>	<u>196,597,228</u>
Total Government Type Capital Assets	<u>\$ 205,911,222</u>	<u>\$ (7,159,185)</u>	<u>\$ -</u>	<u>\$ 198,752,037</u>
	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,512,858	\$ -	\$ 1,512,858
Total capital assets, not being depreciated	<u>-</u>	<u>1,512,858</u>	<u>-</u>	<u>1,512,858</u>
Capital assets, being depreciated:				
Country Club	11,536,378	321,948	-	11,858,326
Vehicles	24,920	-	-	24,920
Equipment and improvements	<u>1,672,398</u>	<u>203,240</u>	<u>-</u>	<u>1,875,638</u>
Total	<u>13,233,696</u>	<u>525,188</u>	<u>-</u>	<u>13,758,884</u>
Less accumulated depreciation for:				
Country Club	904,465	470,305	-	1,374,770
Truck	4,598	3,560	-	8,158
Equipment and improvements	<u>152,544</u>	<u>134,532</u>	<u>-</u>	<u>287,076</u>
Total accumulated depreciation	<u>1,061,607</u>	<u>608,397</u>	<u>-</u>	<u>1,670,004</u>
Total capital assets, being depreciated, net	<u>12,172,089</u>	<u>(83,209)</u>	<u>-</u>	<u>12,088,880</u>
Total Busines Type Capital Assets	<u>\$ 12,172,089</u>	<u>\$ 1,429,649</u>	<u>\$ -</u>	<u>\$ 13,601,738</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3. Detailed Notes on all Funds (Continued)**

***C. Capital assets (continued)***

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

Governmental Activities:	
General Government	\$ 90,698
Public Safety	659,187
Public Works	8,393,121
Culture and Recreation	<u>510,545</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 9,653,551</u>
Business-type Activities	
Culture and Recreation	<u>\$ 608,397</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 608,397</u>

***D. Interfund receivables, payables, and transfers***

Interfund receivable and payables are the result of funding cash deficits and are as follows:

	Due From	Due To
	<u>Other Funds</u>	<u>Other Funds</u>
General Fund	\$ -	\$ 153,918
Park and Rec Fund	-	58,962
GOB 2018 Bond Fund	-	1,514,535
Capital Asset Fire	1,741,109	-
Country Club Fund	-	45,333
Refuse Fund	50,578	-
Other Proprietary Funds	-	5,245
Nonmajor Funds	<u>-</u>	<u>13,694</u>
Total	<u>\$ 1,791,687</u>	<u>\$ 1,791,687</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3. Detailed Notes on all Funds (Continued)**

***D. Interfund receivables, payables, and transfers (continued)***

The Township uses unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2020, consisted of the following amounts:

	Transfers from <u>Other Funds</u>	Transfers to <u>Other Funds</u>
General	\$ 432,000	\$ 584,711
Capital Asset Fire	300,000	-
Capital Reserve	334,000	-
Nonmajor Funds	<u>295,711</u>	<u>777,000</u>
Total	<u>\$ 1,361,711</u>	<u>\$ 1,361,711</u>

Interfund transfers are primarily the result of:

- (1) Reimbursement of expenses
- (2) Saving for future capital projects

***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.

Capital Leases

The assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>	Business <u>Activities</u>
Asset:		
Machinery and equipment	\$ 5,703,122	\$ 426,382
Less: Accumulated depreciation	<u>(1,709,264)</u>	<u>(85,276)</u>
Total	<u>\$ 3,993,858</u>	<u>\$ 341,106</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3. Detailed Notes on all Funds (Continued)**

*E. Leases (continued)*

Capital Leases (continued)

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

Year <u>Ending Dec 31</u>	Governmental <u>Activities</u>	Business <u>Activities</u>
2021	\$ 789,299	\$ 88,111
2022	712,093	88,111
2023	268,348	88,111
2024	192,002	36,970
2025	228,972	-
2026	145,695	-
Total minimum lease payments	2,336,409	301,303
Less: amounts representing interest	(226,820)	(31,786)
Present value of minimum lease payments	<u>\$ 2,109,589</u>	<u>\$ 269,517</u>

*F. Long-term debt*

General Obligation Bonds

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 and the purchase of the country club. The original amount of general obligation bonds issued was \$39,290,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 10-20 year serial bonds with varying amounts of principal maturing each year.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3. Detailed Notes on all Funds (Continued)**

***F. Long-term debt (continued)***

General Obligation Bonds

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	2.0 to 5.0%	\$ <u>23,447,134</u>
Business-type Activities:	1.9 to 4.0%	\$ <u>15,082,866</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
December 31				
2021	\$ 1,826,610	\$ 877,107	\$ 3,390	\$ 563,243
2022	1,491,610	812,323	3,390	563,172
2023	1,541,610	756,537	3,390	563,095
2024	934,278	677,653	440,722	557,547
2025	969,107	642,690	450,893	544,991
2026-2030	5,420,421	2,643,455	2,559,579	2,452,831
2031-2035	6,567,995	1,497,289	3,102,005	1,910,835
2036-2040	2,380,939	563,292	5,014,061	1,186,246
2041-2045	2,314,564	101,742	3,505,436	214,258
	<u>\$ 23,447,134</u>	<u>\$ 8,572,088</u>	<u>\$ 15,082,866</u>	<u>\$ 8,556,218</u>



NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3. 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			Ending		Due Within
	Balance, Restated	Additions	Reductions	Balance	One Year	
<b>Governmental Activities:</b>						
General obligation bonds	\$ 25,183,745	\$ -	\$ 1,736,611	\$ 23,447,134	\$ 1,826,610	
Deferred amounts:						
For issuance premiums	153,186	-	8,837	144,349	-	
For issuance discounts	<u>(1,054,498)</u>	<u>-</u>	<u>(58,229)</u>	<u>(996,269)</u>	<u>-</u>	
Total bonds payable	24,282,433	-	1,687,219	22,595,214	1,826,610	
Capital leases	1,463,492	1,519,950	873,853	2,109,589	716,779	
Net pension liability	6,545,197	-	2,074,561	4,470,636	-	
Net OPEB obligation	2,462,899	202,066	-	2,664,965	-	
Compensated absences	<u>3,195,039</u>	<u>1,735,037</u>	<u>1,744,054</u>	<u>3,186,022</u>	<u>125,000</u>	
Governmental Activities						
Long-Term Liabilities	<u>\$ 37,949,060</u>	<u>\$ 3,457,053</u>	<u>\$ 6,379,687</u>	<u>\$ 35,026,426</u>	<u>\$ 2,668,389</u>	

	Beginning			Ending		Due Within
	Balance, Restated	Additions	Reductions	Balance	One Year	
<b>Business-type Activities:</b>						
General obligation bonds	\$ 15,086,255	\$ -	\$ 3,389	\$ 15,082,866	\$ 3,390	
Deferred amounts:						
For issuance premiums	96,674	-	66,180	30,494	-	
For issuance discounts	<u>(71,831)</u>	<u>-</u>	<u>(2,999)</u>	<u>(68,832)</u>	<u>-</u>	
Capital leases	160,749	217,154	108,386	269,517	107,851	
Compensated absences	62,462	70,174	41,532	91,104	5,000	
	<u>\$ 15,334,309</u>	<u>\$ 287,328</u>	<u>\$ 216,488</u>	<u>\$ 15,405,149</u>	<u>\$ 116,241</u>	

Debt service for general obligation bonds is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences and net OPEB obligations are generally liquidated by the general fund. The liabilities related to the business type activities of the Country Club will be liquidated by the Country Club.

In 2018, the Township entered into a Purchase Money Promissory Note with the Authority in the sum of \$650,000, without interest, and shall be payable in full within 25 years from the July 11, 2018. The Authority recorded a discount on the note based on the Township's long-term borrowing rate of 3.67% totaling \$386,011. The discount is amortized each year. The balance at December 31, 2020 is \$366,279.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 3. Detailed Notes on all Funds (Continued)**

***F. Long-term debt (continued)***

The Township has prior series bonds which are considered to be defeased, since all future debt service payments on these bonds will be paid from an irrevocable trust by an escrow agent. The trust invests exclusively in government securities. At December 31, 2020, the principal amount of the bonds outstanding, but considered defeased totaled approximately \$2,600,000. Accordingly, such defeased obligations do not appear as liabilities on the balance sheet as of December 31, 2020.

**NOTE 4. 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 Delaware Valley Property & Liability Trust pool. The insurance expense for the year ended December 31, 2020 was \$320,351. 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 Northampton's share was \$40,410.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (DVWCT), a risk retention pool. The insurance expense for the year ended December 31, 2020 was \$487,428. The Trust declared a dividend in 2020. Northampton Township's share of the dividend distribution was \$37,206. As the result of the 2019 payroll audit, Northampton Township paid \$18,115. At December 31, 2020, there were no additional assessments due or anticipated. Instead, an audit of the reported 2020 payroll will be performed during the first quarter of 2021.

The Township is also a member in the Delaware Valley Health Trust pool. The insurance expense for the year ended December 31, 2020 was \$2,564,559. 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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

***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 claims and suits pending against the Township, none of which are currently likely to materially affect the financial position of the Township.

***C. Employee retirement systems and pension plans***

***Defined Benefit Pension Plan***

The Township sponsors two single employer defined benefit pension plans, the Police Pension Plan and the Non-Uniformed Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2019. Details below are from the valuation.

*Police Pension Defined Benefit Pension Plan* - The plan is a contributory, single employer defined benefit plan that covers all full time uniformed police officers of the Township. An employee enters the plan on the day he becomes a full-time police officer.

*Non-Uniformed Employees' Defined Benefit Pension Plan* - The plan is a contributory, single employer defined benefit plan that covers all full-time permanent, non-uniformed employees of the Township who join the Plan on the first day of the month coincident with or following the completion of one year of service and attainment of age 21.

The Pension Plans are controlled by the provisions of Ordinance No. 2010-548, as amended, adopted pursuant to Act 581. The Plans are governed by the Board of Supervisors which is responsible for the management of the plan assets. The Board of Supervisors has appointed a Pension Committee for each plan as the official bodies to which all related investment matters of the Funds are delegated. Each Pension Committee consists of three members, one member of the Board of Supervisors, one person appointed by the Board of Supervisors, and one participant in the plan. The Board of Supervisors has delegated the authority to manage the plans assets to Fidelity Investments, Goldberg, Yolles & Lapore LLC. The Custodian is First Clearing Corporation. All full time police and non-uniform employees participate in the plans. Neither of the plans prepares individual stand-alone financial statements.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

***C. Employee retirement systems and pension plans (continued)***

Plan Membership

At December 31, 2020, Northampton Township Pension Plans consisted of the following:

	<u>Police</u>	Non- <u>Uniformed</u>
Inactive employees (or their beneficiaries)		
currently receiving benefits	36	32
Inactive employees entitled to benefits		
but not yet receiving them	4	22
Active employees	<u>42</u>	<u>46</u>
	<u>82</u>	<u>100</u>

Four employees are in the DROP plan.

Benefits Provided

*Police Pension Plan:* The plan provides retirement benefits as well as death and disability benefits to all full-time members of the police force as of their date of hire. All benefits vest after 12 years of credited service. Employees who retire at or after age 55 with 25 years of credited service are entitled to monthly retirement benefit, payable for life, in an amount equal to 50% of their average eligible monthly compensation received during the last 36 months of employment plus a service increment of 1/40 of the normal retirement benefit for each year of service in excess of 25 years, up to a maximum of \$100. If hired before January 1, 1992, an employee can retire after age 50. A member who completes at least 20 years of service and terminates prior to reaching the normal retirement may receive an immediate pension. The pension is the accrued pension, reduced by an actuarial factor to account for early payment. If a participant continues working after his normal retirements date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the late retirement date. A disability pension is available to participants disabled in the line of duty. The disability pension is equal to 50% of the member's monthly salary at the time of disability. If an active member is killed in the line of duty, the Plan provides a monthly death benefit to the surviving spouse, or eligible child equal to 50% of the member's monthly salary at the time of death. If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had he been retired at the time of death.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

*C. Employee retirement systems and pension plans (continued)*

Benefits Provided (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. 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 three years. Monthly pension shall be calculated as of the date of participation in the program.

*Non-Uniformed Employees Pension Plan:* The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Normal retirement age is 65. The normal retirement pension is payable monthly during the participant's lifetime. The amount of monthly pension is equal to, if hired before January 1, 1994, the greater of A or B. If hired after January 1, 1994, B. A) A benefit equal to 1% of Final Monthly Average Salary (FMAS) up to \$1,000 plus 1.75% of FMAS in excess of \$1,000, multiplied by years of service prior to normal retirement date. The benefit shall not be less than \$10/month for each year of service. B) A monthly benefit equal to 1.5% FMAS multiplied by years of service, up to a maximum of 30 years, plus 1.0% of FMAS multiplied by years of service in excess of 30 years.

If a participant continues working after the normal retirement date, the pension does not start until the participant actually retires. The late retirement benefit is the greater of the benefit accrued to the retirement date or the actuarial equivalent of the normal retirement benefit. Early retirement is available after age 55 and 10 years of service. The early retirement benefit is the pension accrued to the date of early retirement reduced by 0.5% for each month by which the early retirement date precedes the normal retirement date. A death benefit is payable to a participant's surviving spouse, or beneficiary in an amount equal to the present value of his accrued benefit.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

*C. Employee retirement systems and pension plans (continued)*

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 by the custodian at fair value. Fixed income securities are reported at market value, investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date. Market related value of assets is used to determine the indicated contribution.

Contributions

Member contributions are determined each year according to funding needs. For Police, 5% member contributions were required in 2020. For Non-uniform, no member contributions were required in 2020. If an actuarial study shows that the condition of the Plan is such that payments may be reduced below the minimum percentages, or eliminated, the Township may, on an annual basis, by resolution, reduce or eliminate payments into the Police Pension Plan by participants. Administration costs and investment costs of the Plan are financed through an addition to the Actuarially Determined Employer Contributions.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

*C. Employee retirement systems and pension plans (continued)*

Contributions (continued)

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. 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 fund during the year. State law requires that state aid be used first to fund the Plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$782,890 for the pensions for the year ended December 31, 2020.

Investments

*Investment Policy:* The pension Board, with the assistance of Goldberg, Yolles & Lapore LLC., shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries.

*Rate of Return:* For the year ended December 31, 2020, the annual money-weighted rate of return on Plan investments, net of investment expense was 11.23% for Police and 11.06% for Non-Uniform. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

***C. Employee retirement systems and pension plans (continued)***

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2020 were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 31,099,537	\$ 19,075,605
Plan fiduciary net position	<u>(29,382,073)</u>	<u>(16,322,433)</u>
Net pension liability	<u>\$ 1,717,464</u>	<u>\$ 2,753,172</u>
Plan fiduciary net position as a percentage of the total pension liability	94.5%	85.6%

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

	<u>Police</u>	<u>Non-Uniformed</u>	
Inflation	3.0%	3.0%	
Salary Increases	5.0%	5.0%	(average, including inflation)
Investment Rate of Return	7.5%	7.5%	(including inflation)

Mortality rates were based on the RP-2014 mortality with 50% Blue Collar adjustment and mortality improvement based on the Social Security Administration's 2015 Demographic Assumptions.

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 the Plans was measured as of January 1, 2019 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement. There were no changes to assumptions or benefit terms.



NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

*C. Employee retirement systems and pension plans (continued)*

Net Pension Liability (continued)

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>
Domestic Equity	40%	5%-7%
International Equity	15%	5%-7%
Fixed Income	30%	1-3%
Alternative Investments	10%	5%-7%
Cash	5%	0-.1%

**Discount Rate:** The discount rate used to measure the total pension liability was 7.5 percent for both Police and Non-Uniformed. 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.



NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

***C. Employee retirement systems and pension plans (continued)***

Net Pension Liability (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 of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability			
Police	\$ 6,647,260	\$ 1,717,464	\$ (45,225)
Non-uniformed	4,851,873	2,753,172	962,932

*Deferred Outflows and Inflows of Resources:* For the year ended December 31, 2020, the Township recognized pension expense of \$244,695 for Police Pension and \$530,548 for Non-Uniformed Pension. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pension 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	\$ -	\$ 782,523
Changes in assumptions	274,309	-
Net difference between projected and actual earnings on pension plan investments	-	1,332,307
Total	<u>\$ 274,309</u>	<u>\$ 2,114,830</u>
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ -	\$ 320,479
Changes in assumptions	325,814	-
Net difference between projected and actual earnings on pension plan investments	-	701,884
Total	<u>\$ 325,814</u>	<u>\$ 1,022,363</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. 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			
<u>December 31:</u>		<u>Police</u>	<u>Non-Uniformed</u>
2021	\$	(447,769)	\$ (129,263)
2022		(195,065)	(17,198)
2023		(840,453)	(447,674)
2024		(329,897)	(102,414)
2025		(27,337)	-
Thereafter		<u>-</u>	<u>-</u>
Total	\$	<u>(1,840,521)</u>	\$ <u>(696,549)</u>

*Payable to the Pension Plan:* For the year ended December 31, 2020, there was no amount payable for contributions to the pension plan.

**Deferred Retirement Option Program**

The Police Pension Plan offers a Deferred Retirement Option Program (DROP) to officers who are eligible to retire. A member is eligible to enter the DROP program on or after his normal retirement date. The DROP program member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. As of December 31, 2020, the DROP account balance of \$271,899 is held by the plan pursuant to the DROP.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

***D. Other postemployment benefit plans***

Description of the Police OPEB Plan

The Township administers a single employer defined benefit plan to provide for certain postretirement healthcare benefits for the police. The OPEB Plan is governed by the Board of Supervisors.

The plan is administered by the Township. As of December 31, 2020, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GAS Statement No. 75. The most recent valuation was as of January 1, 2019. Details below are from the valuation.

In accordance with the Police Labor Contract effective January 1, 2007, the Township implemented a post-retirement healthcare benefit plan for police employees who retire from the Township. All officers will be eligible for coverage upon retirement after reaching the minimum age of 55 years and the completion of 25 years of service if hired after January 1, 1992 and age 50 with 25 years of service if hired prior to January 1, 1992. A retired officer's spouse, surviving spouse as long as he/she has not remarried, are also eligible for coverage under the plan. Plan benefits may be amended through Police Labor Contracts.

The plan does not issue a stand-alone financial report.

Benefits Provided

The Township will pay for medical insurance (including prescription drug coverage) and dental insurance for the first four years after retirement and for a spouse's first year after retirement. However, the employer cost will be limited to the single or couple premium in effect at retirement. After expiration of the employer covered benefits, the retiree and/or spouse may stay on the insurance at their own cost until Medicare eligibility.

Funding Policy

The premium payment is limited to the premium cost of the coverage as of the date the employee retires. This benefit is funded on a pay as you go basis. There are no legal or contractual requirements for employer contributions to the plan.

Beginning with the second year of post-retirement coverage, retiree will pay any premium increases over the base cost of coverage that was in effect at his or her date of retirement.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

***D. Other postemployment benefit plans (continued)***

Employees Covered by Benefit Terms

As of December 31, 2020, the most recent actuarial valuation, plan membership is as follows:

	<u>OPEB</u>
Inactive employees (or their beneficiaries) currently receiving benefits	1
Inactive employees entitled to benefits but not yet receiving them	0
Active employees	<u>43</u>
	<u>44</u>

The Township's total OPEB liability of \$2,462,899 was measured as of December 31, 2020, and 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:

	OPEB
Inflation and salary	2.75%
Investment Rate of Return	3.75%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates	Medical trend rate assumption for 2019 updated to 4.2%; future years remain at 5% Dental trend rate assumption for 2019 updated to 0%; future years remain at 3% Prescription drug trend rate assumption for 2019 updated to 8.8%,
Pension Retirement Age	If hired before January 1, 1992, age 51 with 25 years of service. If hired on or after January 1, 1992, age 55 with 25 years of service

The discount rate was based on the high quality long-term municipal bond rate published by the Federal Reserve as of the valuation date.

Mortality rates were based on the RP-2014 Mortality Table with 50% Blue Collar Adjustment and rates set forward 5 years for disabled lives.

There were no benefit or assumption changes since the valuation date. The valuation was a rollforward of the period January 1, 2019.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

***D. Other postemployment benefit plans (continued)***

Change in the Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
<b><u>OPEB Plan</u></b>	
Balance at December 31, 2019	\$ 2,462,899
Changes for the year:	
Service cost	126,142
Benefit payments	(20,779)
Interest	96,703
Changes in benefit terms	-
Changes in assumptions or other inputs	-
Differences between expected and actual experience	-
Net Changes	202,066
Balance at December 31, 2020	\$ 2,664,965

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:**

The following presents the total OPEB liability calculated using the discount rate of 3.75 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

	1% Decrease <u>(2.75%)</u>	Current Discount <u>Rate (3.75%)</u>	1% Increase <u>(4.75%)</u>
Total OPEB liability	\$ 2,888,040	\$ 2,664,965	\$ 2,461,896

**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 that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates (see assumption table for healthcare cost trend rate):

	Valuation <u>Rates -1%</u>	Valuation <u>Rates</u>	Valuation <u>Rates +1%</u>
Total OPEB liability	\$ 2,410,523	\$ 2,664,965	\$ 2,965,299

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

***D. Other postemployment benefit plans (continued)***

The schedules of changes in the OPEB liability are presented as required supplementary information (“RSI”) following the notes to the financial statements.

For the year ended December 31, 2020, the Township recognized OPEB expense of \$227,399. At December 31, 2020, there deferred outflows and inflows of resources related to OPEB are as follows:

<u>OPEB Plan</u>	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 81,608
Changes in assumptions	49,236
Net difference between projected and actual earnings on OPEB plan investments	-
Total	<u>\$ 130,844</u>

The amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

Year Ended December 31:	Governmental- Activities OPEB
2021	\$ 14,784
2022	14,784
2023	14,784
2024	14,784
2025	14,784
Thereafter	<u>56,924</u>
Total	<u>\$ 130,844</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. At December 31, 2020, \$929,854 represents the balance of these monies held in escrow.



NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**NOTE 4. Other Information (Continued)**

***F. Risks and Uncertainties***

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. Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. 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 amount, 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 December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world has caused significant volatility in the U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19. The current economic and employment conditions created by the COVID-19 virus could result in the impaired ability of the Township to provide all of its programs.

***G. 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 for release. In January 2021, the Township borrowed a Tax Anticipation Note for \$2.5 million at the rate of 0.8% for the period January 15, 2021 through May 15, 2021.

In April 2021, the Board authorized lease debt of up to \$450,000 over 6 years at a rate of 1.3913% for public works equipment. In June, 2021, the Board authorized lease debt of \$252,000 for 5 years at a rate of 1.543% for police vehicles. No other items for disclosure were noted.

In June 2021, the Township issued \$30,365,000 in General Obligation Bonds for construction of two fire stations and various capital projects of the Township. The bonds mature in 2046 and have an average interest rate of 4%.

In June 2021, the Township was notified that its share of the American Rescue Plan Act of 2021 funds was a maximum allocation of up to \$4,099,265.02. The Township has received half of that allocation and will receive the remainder at a future time. The funds can be used for specific purposes as outlined in the Act. The funds are available for use through December 31, 2026.

**REQUIRED  
SUPPLEMENTAL INFORMATION**

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Police Pension Plan

For the Year Ended December 31, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>							
Service cost	\$ 597,819	\$ 569,351	\$ 518,869	\$ 494,161	\$ 477,534	\$ 487,208	\$ 540,849
Interest	2,214,356	2,097,590	2,041,520	1,933,198	1,821,268	1,728,973	1,706,486
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(847,387)	-	(571,070)	-	-	(989,104)
Changes of assumptions	-	-	-	751,373	-	-	-
Benefit payments, including refunds of employee contributions	<u>(1,256,441)</u>	<u>(1,024,787)</u>	<u>(1,007,279)</u>	<u>(1,008,271)</u>	<u>(998,558)</u>	<u>(954,062)</u>	<u>(857,230)</u>
Net change in total pension liability	1,555,734	794,767	1,553,110	1,599,391	1,300,244	1,262,119	401,001
Total pension liability - beginning	<u>29,543,803</u>	<u>28,749,036</u>	<u>27,195,926</u>	<u>25,596,535</u>	<u>24,296,291</u>	<u>23,034,172</u>	<u>22,633,171</u>
Total pension liability - ending (a)	<u>\$ 31,099,537</u>	<u>\$ 29,543,803</u>	<u>\$ 28,749,036</u>	<u>\$ 27,195,926</u>	<u>\$ 25,596,535</u>	<u>\$ 24,296,291</u>	<u>\$ 23,034,172</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 984,333	\$ 955,101	\$ 854,000	\$ 833,727	\$ 861,904	\$ 935,752	\$ 888,000
Contributions - employee	240,816	237,641	222,306	208,622	202,677	210,328	199,170
Net investment income	2,943,310	4,254,701	(1,351,722)	2,819,161	1,375,025	(397,947)	703,085
Benefit payments, including refunds of employee contributions	(1,256,441)	(1,024,787)	(1,007,279)	(1,008,271)	(998,558)	(954,062)	(857,230)
Administrative expense	(80,877)	(85,649)	(78,242)	(86,249)	(70,546)	(76,228)	(6,519)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	2,831,141	4,337,007	(1,360,937)	2,766,990	1,370,502	(282,157)	926,506
<b>Plan fiduciary net position - beginning</b>	<u>26,550,932</u>	<u>22,213,925</u>	<u>23,574,862</u>	<u>20,807,872</u>	<u>19,437,370</u>	<u>19,719,527</u>	<u>18,793,021</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 29,382,073</u>	<u>\$ 26,550,932</u>	<u>\$ 22,213,925</u>	<u>\$ 23,574,862</u>	<u>\$ 20,807,872</u>	<u>\$ 19,437,370</u>	<u>\$ 19,719,527</u>
<b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ 1,717,464</u>	<u>\$ 2,992,871</u>	<u>\$ 6,535,111</u>	<u>\$ 3,621,064</u>	<u>\$ 4,788,663</u>	<u>\$ 4,858,921</u>	<u>\$ 3,314,645</u>
Plan fiduciary net position as a percentage of the total pension liability	94.5%	89.9%	77.3%	86.7%	81.3%	80.0%	85.6%
Covered payroll	\$ 4,834,046	\$ 4,539,717	\$ 4,446,895	\$ 4,205,973	\$ 3,989,739	\$ 4,079,367	\$ 3,818,254
Net pension liability as a percentage of covered payroll	35.5%	65.9%	147.0%	86.1%	120.0%	119.1%	86.8%
Annual money-weighted return, net of investment expenses	11.23%	19.43%	-5.76%	13.62%	7.04%	-2.02%	4.14%

**Notes to Schedule:**

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

Change in 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.

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Police Pension Plan

For the Year Ended December 31, 2020

**SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN**

<u>Fiscal Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a Percentage of Covered Payroll</u>
2011	\$ 715,014	\$ 644,559	\$ 70,455	\$ 3,611,531	(1) 17.8%
2012	703,105	634,774	68,331	3,860,005	(1) 16.4%
2013	881,042	882,032	(990)	3,860,005	(1) 22.9%
2014	887,837	888,000	(163)	3,818,254	23.3%
2015	935,752	935,752	-	4,079,367	22.9%
2016	853,878	861,905	(8,027)	3,989,739	21.6%
2017	833,727	833,727	-	4,205,973	19.8%
2018	853,433	854,000	(567)	4,446,895	19.2%
2019	955,096	955,101	(5)	4,539,717	21.0%
2020	984,310	984,333	(23)	4,834,046	20.4%

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 Closed
Remaining amortization period	10 years aggregate
Asset valuation method	4-year smoothing
Inflation	3%
Projected salary increases	5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Later of age 51 or 26 years of service for participants hired before January 1, 1992 and later of age 55 or 26 years of service for those hired after January 1, 1992, or attained age if currently eligible to retire.

Mortality	RP-2014 Mortality Table with 50% of the Blue Collar Adjustment, with rates set forward 5 years for disabled members. Mortality rates derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.
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Change in benefit terms: None since 1/1/2019

Change in assumptions: None since 1/1/2019

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

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Non-Uniformed Employees Pension Plan

For the Year Ended December 31, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>							
Service cost	\$ 318,629	\$ 333,377	\$ 355,587	\$ 338,654	\$ 335,522	\$ 341,598	\$ 321,375
Interest	1,354,955	1,280,944	1,227,862	1,151,841	1,036,959	972,524	908,895
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(330,661)	-	(379,098)	-	-	19,124
Changes of assumptions	-	-	-	1,011,734	-	-	-
Benefit payments, including refunds of employee contributions	<u>(678,554)</u>	<u>(549,313)</u>	<u>(497,282)</u>	<u>(490,455)</u>	<u>(463,034)</u>	<u>(435,288)</u>	<u>(407,680)</u>
Net change in total pension liability	995,030	734,347	1,086,167	1,632,676	909,447	878,834	841,714
Total pension liability - beginning	<u>18,080,575</u>	<u>17,346,228</u>	<u>16,260,061</u>	<u>14,627,385</u>	<u>13,717,938</u>	<u>12,839,104</u>	<u>11,997,390</u>
Total pension liability - ending (a)	<u>\$ 19,075,605</u>	<u>\$ 18,080,575</u>	<u>\$ 17,346,228</u>	<u>\$ 16,260,061</u>	<u>\$ 14,627,385</u>	<u>\$ 13,717,938</u>	<u>\$ 12,839,104</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 929,407	\$ 929,510	\$ 762,000	\$ 767,088	\$ 801,499	\$ 780,088	\$ 742,000
Contributions - employee	-	-	-	-	-	-	-
Net investment income	1,594,254	2,289,288	(739,182)	1,428,195	660,603	(189,522)	332,310
Benefit payments, including refunds of employee contributions	(678,554)	(549,313)	(497,282)	(490,455)	(463,034)	(435,288)	(407,680)
Administrative expense	(50,923)	(49,935)	(43,104)	(46,637)	(36,810)	(43,739)	(6,488)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>1,794,184</u>	<u>2,619,550</u>	<u>(517,568)</u>	<u>1,658,191</u>	<u>962,258</u>	<u>111,539</u>	<u>660,142</u>
<b>Plan fiduciary net position - beginning</b>	<u>14,528,249</u>	<u>11,908,699</u>	<u>12,426,267</u>	<u>10,768,076</u>	<u>9,805,818</u>	<u>9,694,279</u>	<u>9,034,137</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 16,322,433</u>	<u>\$ 14,528,249</u>	<u>\$ 11,908,699</u>	<u>\$ 12,426,267</u>	<u>\$ 10,768,076</u>	<u>\$ 9,805,818</u>	<u>\$ 9,694,279</u>
<b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ 2,753,172</u>	<u>\$ 3,552,326</u>	<u>\$ 5,437,529</u>	<u>\$ 3,833,794</u>	<u>\$ 3,859,309</u>	<u>\$ 3,912,120</u>	<u>\$ 3,144,825</u>
Plan fiduciary net position as a percentage of the total pension liability	85.6%	80.4%	68.7%	76.4%	73.6%	71.5%	75.5%
Covered payroll	\$ 3,515,707	\$ 3,487,914	\$ 3,864,377	\$ 3,743,396	\$ 3,721,891	\$ 4,034,906	\$ 3,941,799
Net pension liability as a percentage of covered payroll	78.3%	101.8%	140.7%	102.4%	103.7%	97.0%	79.8%
Annual money-weighted return, net of investment expenses	11.06%	19.28%	-5.98%	13.20%	6.64%	-1.97%	4.05%

**Notes to Schedule:**

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

Change in 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.

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Non-Uniformed Employees Pension Plan

For the Year Ended December 31, 2020

**SCHEDULE OF CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN**

Fiscal Year Ended <u>December 31.</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2011	\$ 523,800	\$ 474,000	\$ 49,800	\$ 3,348,227	(1) 14.2%
2012	528,505	479,001	49,504	3,476,663	(1) 13.8%
2013	733,265	734,063	(798)	3,476,663	(1) 21.1%
2014	741,199	742,000	(801)	3,941,799	18.8%
2015	780,088	780,088	-	4,034,906	19.3%
2016	794,035	801,499	(7,464)	3,721,891	21.5%
2017	767,088	767,088	-	3,743,396	20.5%
2018	761,231	762,000	(769)	3,864,377	19.7%
2019	929,489	929,510	(21)	3,487,914	26.6%
2020	929,371	929,407	(36)	3,515,707	26.4%

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 Closed
Remaining amortization period	10 years aggregate
Asset valuation method	4-year smoothing
Inflation	3%
Projected salary increases	5%, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Earlier of age 65 or age 63 and 30 years of service.
Mortality	RP-2014 Mortality Table with 50% of the Blue Collar Adjustment, with rates set forward 5 years for disabled members. Mortality rates derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

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

Change in assumptions: None since 1/1/2019

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

NORTHAMPTON TOWNSHIP

SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
AND RELATED RATIOS, – POLICE OPEB PLAN

For the Year Ended December 31, 2020

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>				
Service cost	\$ 126,142	\$ 122,766	\$ 111,764	\$ 108,773
Interest	96,703	89,849	77,953	73,772
Differences between expected and actual experience	-	100,050	-	-
Changes of assumptions	-	60,362	-	-
Benefit payments, including refunds of employee contributions	<u>(20,779)</u>	<u>(45,445)</u>	<u>(42,370)</u>	<u>(105,166)</u>
Net change in total OPEB liability	202,066	327,582	147,347	77,379
Total OPEB liability - beginning	<u>2,462,899</u>	<u>2,135,317</u>	<u>1,987,970</u>	<u>1,910,591</u>
Total OPEB liability - ending	<u>\$ 2,664,965</u>	<u>\$ 2,462,899</u>	<u>\$ 2,135,317</u>	<u>\$ 1,987,970</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 4,786,606	\$ 4,539,717	\$ 3,989,739	\$ 3,989,739
Total OPEB liability as a percentage of covered payroll	55.7%	54.3%	53.5%	49.8%

**Notes to Schedule:**

Medical trend rate assumption for 2019 updated to 4.2%; future years remain at 5%

Dental trend reate assumption for 2019 updated to 0%; future years remain at 3%

**Note on Cumulative Information:**

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

## **Combining and Individual Fund Statements and Schedules**



NORTHAMPTON TOWNSHIP

COMBINING BALANCE SHEET - NONMAJOR  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	Special Revenue Funds					Total
	Ambulance Squad	Fire Protection	Library	Senior Center	Highway Aid Fund	
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 5,198	\$ 190,423	\$ 192,500	\$ 74,368	\$ 496,485	\$ 958,974
Taxes receivable	1,184	9,696	14,746	-	-	25,626
Accounts receivable	-	-	-	-	-	-
Prepaid expenses	-	11,941	-	-	-	11,941
	-	11,941	-	-	-	11,941
 TOTAL ASSETS	<u>\$ 6,382</u>	<u>\$ 212,060</u>	<u>\$ 207,246</u>	<u>\$ 74,368</u>	<u>\$ 496,485</u>	<u>\$ 996,541</u>
 <u>LIABILITIES</u>						
Liabilities						
Accounts payable	\$ -	\$ 5,942	\$ 55,332	\$ 21,892	\$ -	\$ 83,166
Accrued wages	-	21,425	-	-	-	21,425
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>27,367</u>	<u>55,332</u>	<u>21,892</u>	<u>-</u>	<u>104,591</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - property taxes	1,166	9,623	68,326	-	-	79,115
Total Deferred Inflows of Resources	<u>1,166</u>	<u>9,623</u>	<u>68,326</u>	<u>-</u>	<u>-</u>	<u>79,115</u>
 <u>FUND BALANCES</u>						
Restricted for						
Public safety	5,216	175,070	-	-	-	180,286
Public works	-	-	-	-	496,485	496,485
Culture and recreation	-	-	83,588	-	-	83,588
Debt service	-	-	-	-	-	-
Assigned for						
Culture and recreation	-	-	-	52,476	-	52,476
Total Fund Balances	<u>5,216</u>	<u>175,070</u>	<u>83,588</u>	<u>52,476</u>	<u>496,485</u>	<u>812,835</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,382</u>	<u>\$ 212,060</u>	<u>\$ 207,246</u>	<u>\$ 74,368</u>	<u>\$ 496,485</u>	<u>\$ 996,541</u>

Capital Projects Funds							Total Nonmajor
Capital Asset Recreation	Road Maintenance	Capital Road Equipment	Capital Asset Library	Capital Asset Senior Ctr	Total	GOB Debt Service	Governmental Funds
\$ -	\$ 109,690	\$ 107,075	\$ 42,523	\$ 62,559	\$ 321,847	\$ 637,519	\$ 1,918,340
-	3,199	3,379	-	-	6,578	39,655	71,859
40,078	-	-	-	-	40,078	-	40,078
-	-	-	-	-	-	-	11,941
<u>\$ 40,078</u>	<u>\$ 112,889</u>	<u>\$ 110,454</u>	<u>\$ 42,523</u>	<u>\$ 62,559</u>	<u>\$ 368,503</u>	<u>\$ 677,174</u>	<u>\$ 2,042,218</u>
\$ 53,538	\$ -	\$ -	\$ -	\$ -	\$ 53,538	\$ -	\$ 136,704
-	-	-	-	-	-	-	21,425
13,694	-	-	-	-	13,694	-	13,694
69,000	-	-	-	-	69,000	-	69,000
<u>136,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,232</u>	<u>-</u>	<u>240,823</u>
-	3,180	3,348	-	-	6,528	39,379	125,022
-	3,180	3,348	-	-	6,528	39,379	125,022
-	-	-	-	-	-	-	180,286
-	109,709	107,106	-	-	216,815	-	713,300
-	-	-	42,523	-	42,523	-	126,111
-	-	-	-	-	-	637,795	637,795
(96,154)	-	-	-	62,559	(33,595)	-	18,881
<u>(96,154)</u>	<u>109,709</u>	<u>107,106</u>	<u>42,523</u>	<u>62,559</u>	<u>225,743</u>	<u>637,795</u>	<u>1,676,373</u>
<u>\$ 40,078</u>	<u>\$ 112,889</u>	<u>\$ 110,454</u>	<u>\$ 42,523</u>	<u>\$ 62,559</u>	<u>\$ 368,503</u>	<u>\$ 677,174</u>	<u>\$ 2,042,218</u>

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2020

	Special Revenue Funds					Total
	Ambulance Squad	Fire Protection	Library	Senior Center	Highway Aid Fund	
<b>Revenues</b>						
Real estate	\$ 289,363	\$ 1,732,143	\$ 998,021	\$ -	\$ -	\$ 3,019,527
Investment income and rent	157	736	808	275	3,064	5,040
Intergovernmental revenue	-	224,529	128,832	16,081	1,339,640	1,709,082
Charges for services	-	-	12,368	31,526	42,460	86,354
Other	-	-	14,335	3,485	-	17,820
Total Revenues	<u>289,520</u>	<u>1,957,408</u>	<u>1,154,364</u>	<u>51,367</u>	<u>1,385,164</u>	<u>4,837,823</u>
<b>Expenditures</b>						
Current:						
Public safety	289,992	1,483,634	-	-	-	1,773,626
Highways and roads	-	-	-	-	1,217,462	1,217,462
Culture and recreation	-	-	977,582	-	-	977,582
Miscellaneous	-	-	-	375,723	-	375,723
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Expenditures	<u>289,992</u>	<u>1,483,634</u>	<u>977,582</u>	<u>375,723</u>	<u>1,217,462</u>	<u>4,344,393</u>
<b>Excess (Deficiency) of Revenues</b>						
Over Expenditures	<u>(472)</u>	<u>473,774</u>	<u>176,782</u>	<u>(324,356)</u>	<u>167,702</u>	<u>493,430</u>
<b>Other Financing Sources (Uses)</b>						
Debt issuance	-	-	-	-	-	-
Transfers in	-	-	-	250,000	711	250,711
Transfers out	-	(300,000)	(227,000)	-	(250,000)	(777,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(300,000)</u>	<u>(227,000)</u>	<u>250,000</u>	<u>(249,289)</u>	<u>(526,289)</u>
Net Change in Fund Balances	(472)	173,774	(50,218)	(74,356)	(81,587)	(32,859)
Fund Balance - Beginning (Restated)	<u>5,688</u>	<u>1,296</u>	<u>133,806</u>	<u>126,832</u>	<u>578,072</u>	<u>845,694</u>
Fund Balance - Ending	<u>\$ 5,216</u>	<u>\$ 175,070</u>	<u>\$ 83,588</u>	<u>\$ 52,476</u>	<u>\$ 496,485</u>	<u>\$ 812,835</u>

Capital Projects Funds						GOB	Total Nonmajor
Capital Asset Recreation	Road Maintenance	Capital Road Equipment	Capital Asset Library	Capital Asset Senior Ctr	Total	Debt Service	Governmental Funds
\$ -	\$ 288,862	\$ 329,492	\$ -	\$ -	\$ 618,354	\$ 2,632,985	\$ 6,270,866
642	335	244	212	404	1,837	1,733	8,610
110,000	-	-	-	-	110,000	-	1,819,082
-	-	-	-	-	-	-	86,354
289,300	-	-	11,822	-	301,122	-	318,942
<u>399,942</u>	<u>289,197</u>	<u>329,736</u>	<u>12,034</u>	<u>404</u>	<u>1,031,313</u>	<u>2,634,718</u>	<u>8,503,854</u>
-	-	-	-	-	-	-	1,773,626
-	179,488	344,962	-	-	524,450	-	1,741,912
1,159,493	-	-	97,783	122,079	1,379,355	-	2,356,937
-	-	-	-	-	-	-	375,723
143,662	-	278,831	-	-	422,493	1,740,000	2,162,493
3,258	-	18,233	-	-	21,491	660,425	681,916
-	-	-	-	-	-	18,001	18,001
<u>1,306,413</u>	<u>179,488</u>	<u>642,026</u>	<u>97,783</u>	<u>122,079</u>	<u>2,347,789</u>	<u>2,418,426</u>	<u>9,110,608</u>
(906,471)	109,709	(312,290)	(85,749)	(121,675)	(1,316,476)	216,292	(606,754)
618,879	-	309,251	-	-	-	-	928,130
-	-	-	45,000	-	45,000	-	295,711
-	-	-	-	-	-	-	(777,000)
<u>618,879</u>	<u>-</u>	<u>309,251</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>446,841</u>
(287,592)	109,709	(3,039)	(40,749)	(121,675)	(343,346)	216,292	(159,913)
191,438	-	110,145	83,272	184,234	569,089	421,503	1,836,286
<u>\$ (96,154)</u>	<u>\$ 109,709</u>	<u>\$ 107,106</u>	<u>\$ 42,523</u>	<u>\$ 62,559</u>	<u>\$ 225,743</u>	<u>\$ 637,795</u>	<u>\$ 1,676,373</u>

NORTHAMPTON TOWNSHIP

COMBINING STATEMENT OF NET POSITION -  
FIDUCIARY FUNDS

For the Year Ended December 31, 2020

	Pension Trust Funds		Custodial	
	Police	Non-Uniform	Escrow	Total
	Pension	Pension	Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 410,946	\$ 598,647	\$ 929,854	\$ 1,939,447
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Investments				
DROP account	271,899	-	-	271,899
US Government & agency securities	2,226,105	980,116	-	3,206,221
Bond and bond funds	7,029,033	4,100,320	-	11,129,353
Asset backed securities	329,535	173,022	-	502,557
Equities and stock funds	13,317,117	7,294,726	-	20,611,843
Exchange traded products	5,799,545	3,176,365	-	8,975,910
Total Investments	28,973,234	15,724,549	929,854	44,697,783
TOTAL ASSETS	29,384,180	16,323,196	929,854	46,637,230
<u>LIABILITIES</u>				
Refund of member contributions payable	1,732	-	-	1,732
Benefits payable	375	763	-	1,138
TOTAL LIABILITIES	2,107	763	-	2,870
<u>NET POSITION</u>				
Restricted for				
Assets held in trust for pension	29,382,073	16,322,433	-	45,704,506
Developer	-	-	929,854	929,854
Total net position	\$ 29,382,073	\$ 16,322,433	\$ 929,854	\$ 46,634,360

NORTHAMPTON TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION - FIDUCIARY FUNDS

For the Year Ended December 31, 2020

	<u>Pension Trust Funds</u>		<u>Custodial</u>	<u>Total</u>
	<u>Police</u>	<u>Non-Uniform</u>	<u>Escrow</u>	
	<u>Pension</u>	<u>Pension</u>	<u>Fund</u>	
<b>Additions</b>				
<b>Contributions</b>				
Member contributions	\$ 240,816	\$ -	\$ -	\$ 240,816
Employer contributions	581,650	549,200	-	1,130,850
State contributions	402,683	380,207	-	782,890
Escrow receipts	-	-	410,867	-
<b>Total Contributions</b>	<u>1,225,149</u>	<u>929,407</u>	<u>410,867</u>	<u>2,154,556</u>
<b>Investment Earnings</b>				
Net appreciation (depreciation) in fair value of investments	2,940,703	1,591,267	-	4,531,970
Interest and dividends	<u>2,607</u>	<u>2,987</u>	<u>-</u>	<u>5,594</u>
<b>Total Investment Earnings</b>	2,943,310	1,594,254	-	4,537,564
Less investment expense	<u>(72,692)</u>	<u>(40,574)</u>	<u>-</u>	<u>(113,266)</u>
<b>Net Investment Earnings</b>	<u>2,870,618</u>	<u>1,553,680</u>	<u>-</u>	<u>4,424,298</u>
<b>Total Additions</b>	<u>4,095,767</u>	<u>2,483,087</u>	<u>410,867</u>	<u>6,578,854</u>
<b>Deductions</b>				
Benefits	1,256,441	678,554	-	1,934,995
Escrow disbursements	-	-	4,961,616	-
Actuary fees	<u>8,185</u>	<u>10,349</u>	<u>-</u>	<u>18,534</u>
<b>Total Deductions</b>	<u>1,264,626</u>	<u>688,903</u>	<u>4,961,616</u>	<u>1,953,529</u>
<b>Change in Net Assets</b>	2,831,141	1,794,184	(4,550,749)	4,625,325
<b>Net Position</b>				
Beginning of Year	<u>26,550,932</u>	<u>14,528,249</u>	<u>5,480,603</u>	<u>41,079,181</u>
End of Year	<u>\$ 29,382,073</u>	<u>\$ 16,322,433</u>	<u>\$ 929,854</u>	<u>\$ 45,704,506</u>