

**NORTHAMPTON TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2019

NORTHAMPTON TOWNSHIP

FINANCIAL STATEMENTS

December 31, 2019

TABLE OF CONTENTS

Independent Auditors' Report	3-4
Management's Discussion and Analysis	5-17
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19-20
Fund Financial Statements:	
Balance Sheet - Governmental Funds	21-22
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24-25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Park & Recreation	28
Statement of Net Position - Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	30
Statement of Cash Flows - Proprietary Funds	31
Statement of Fiduciary Net Position - Fiduciary Funds	32
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	33
Notes to Financial Statements	34-69
Required Supplemental Information:	
Schedule of Changes in the Net Pension Liability and Related Ratios - Police Pension Plan	71
Schedule of Contributions - Police Pension Plan	72
Schedule of Changes in the Net Pension Liability and Related Ratios - Non-Uniform Pension Plan	73
Schedule of Contributions - Non-Uniform Pension Plan	74
Schedule of Changes in Net OPEB Liability and Related Ratios - Police OPEB Plan	75

Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	77-78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	79-80
Combining Statement of Net Position - Fiduciary Funds	81
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Fiduciary Funds	82



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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, 2019, 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, 2019, 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

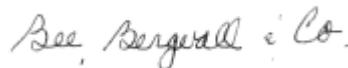
Required Supplementary Information

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 71 through 75, 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
July 31, 2020

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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, 2019. 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 \$176,752,472 (*net position*). Of this amount, -\$4,798,186 (*unrestricted net position*) represents a negative balance and may not be used to meet the Township's ongoing obligations to citizens and creditors. Additionally, \$4,872,917 (*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 \$9,371,121 an decrease of \$6,443,852 (41%) when compared to the prior year. A large part of any reduction is attributable to expenditures in the new 2018 GOB Bond Fund (\$4,772,441). 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 \$988,450 or 5.89% of total general fund expenditures, \$16,796,138. This decrease of \$738,652 represents an 42.77% Unassigned Fund Balance decrease for the year (in the General Fund). However, a deficit of -\$756,000 was budgeted for FY 2019.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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, 2019

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 18 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 Fund, and GOB Debt Service Fund, which are considered to be major funds.

Data from the other governmental funds (Capital Asset Recreation, Treasury & Justice, Capital Road Equipment, Capital Asset Library, Capital Asset Senior Center, Capital Asset Rescue, Ambulance, Fire, Library, Senior Center, Highway Aid, and Senior Center Operating) 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, 2019

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 \$176,752,472 at the close of the most recent fiscal year. This represents a \$5,397,923 or 3% reduction from previous year. This change is mostly attributable to a depreciable reduction (\$4,772,441) in Cash that sat in the 2018 Bond Fund at Y/E 2018.

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, 2019

THE TOWNSHIP AS A WHOLE

The following table reflects the condensed statement of net position:

Table 1
Statement of Net Position - December 31, 2019
(in thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 20,669	\$ 26,856	\$ 14,016	\$ 14,619	\$ 34,685	\$ 41,475
Capital assets	<u>205,911</u>	<u>204,472</u>	<u>-</u>	<u>-</u>	<u>205,911</u>	<u>204,472</u>
Total Assets	<u>226,580</u>	<u>231,328</u>	<u>14,016</u>	<u>14,619</u>	<u>240,596</u>	<u>245,947</u>
Long term liabilities	38,203	44,580	-	-	38,203	44,580
Other liabilities	<u>12,163</u>	<u>5,211</u>	<u>13,478</u>	<u>14,005</u>	<u>25,641</u>	<u>19,216</u>
Total Liabilities	<u>50,366</u>	<u>49,791</u>	<u>13,478</u>	<u>14,005</u>	<u>63,844</u>	<u>63,796</u>
Net Position						
Invested in capital assets, net of debt	176,678	175,446	-	-	176,678	175,446
Restricted	4,305	9,382	567	812	4,872	10,194
Unrestricted	<u>(4,769)</u>	<u>(3,291)</u>	<u>(29)</u>	<u>(198)</u>	<u>(4,798)</u>	<u>(3,489)</u>
Total Net Position	<u>\$ 176,214</u>	<u>\$ 181,537</u>	<u>\$ 538</u>	<u>\$ 614</u>	<u>\$ 176,752</u>	<u>\$ 182,151</u>

A portion of the Township's net position (\$4,872,000) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (-\$4,798,000) shows a negative balance and a result of new GASB reporting issues, require net pension liability and post employment benefit liability to be reflected in year-end financials. 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 \$5,399,000 during the current fiscal year as discussed below. Total Assets were decreased by (\$5,351,000) primarily due to the expenditures to complete the new Police Facility. Total Liabilities were increased overall (\$48,000) by annual debt the issuance of the 2018 General Obligation Bond, that included the Country Club, the completion of the New Police Facility, the purchase of the Rook Farm and other various capital items net of escrow increases.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

A comparison of 2019 vs. 2018 shows both an increase in Total Revenues (\$5,569,000 or 17.8%) and Total Operating Expenses (\$3,840,000 or 10%) (Governmental and Business-Type Activities). Net Position decreased by \$5,399,000 by year-end 2019.

Table 2
Changes in Net position - 2019
(in thousands)

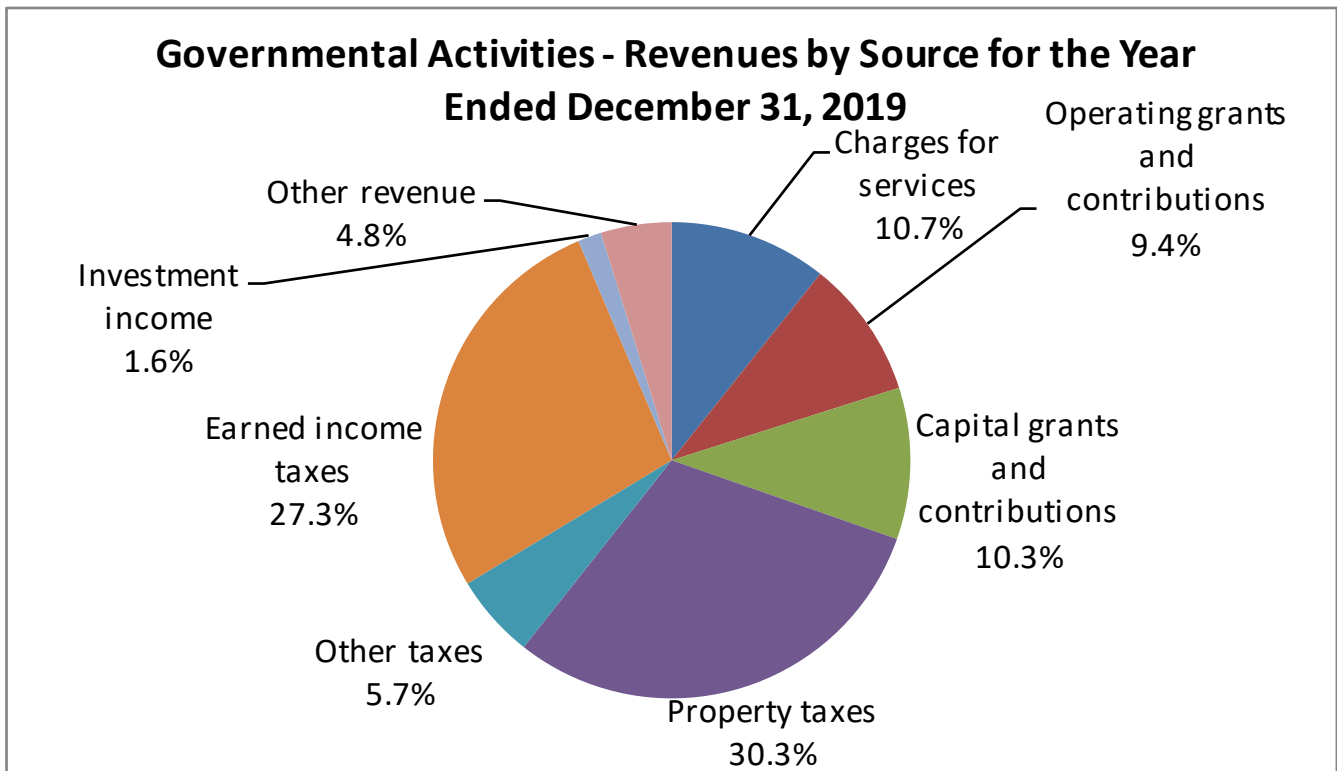
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
REVENUES						
Program revenues:						
Charges for services	\$ 3,043	\$ 3,146	\$ 7,865	\$ 4,842	\$ 10,908	\$ 7,988
Operating grants and contributions	2,690	2,610	351	293	3,041	2,903
Capital grants and contributions	2,648	6	-	-	2,648	6
General revenues:						
Property taxes	8,630	8,604	-	-	8,630	8,604
Other taxes	9,396	9,122	-	-	9,396	9,122
Grants and contributions not restricted to specific programs	287	193	-	-	287	193
Investment income	460	467	44	24	504	491
Miscellaneous	1,322	1,154	-	-	1,322	1,154
Gain on sale of capital assets	44	750	-	-	44	750
Total Revenues	<u>28,520</u>	<u>26,052</u>	<u>8,260</u>	<u>5,159</u>	<u>36,780</u>	<u>31,211</u>
EXPENSES						
General government	3,580	4,716	-	-	3,580	4,716
Code enforcement	766	780	-	-	766	780
Public safety	10,059	9,725	-	-	10,059	9,725
Sanitation	-	-	3,992	3,914	3,992	3,914
Public works	11,933	12,839	43	63	11,976	12,902
Culture and recreation	6,227	4,097	4,301	1,625	10,528	5,722
Debt service	1,278	580	-	-	1,278	580
Total Expenses	<u>33,843</u>	<u>32,737</u>	<u>8,336</u>	<u>5,602</u>	<u>42,179</u>	<u>38,339</u>
Change in Net Position	(5,323)	(6,685)	(76)	(443)	(5,399)	(7,128)
Net Position - Beginning	<u>181,537</u>	<u>188,222</u>	<u>614</u>	<u>1,057</u>	<u>182,151</u>	<u>189,279</u>
Net Position - Ending	<u>\$ 176,214</u>	<u>\$ 181,537</u>	<u>\$ 538</u>	<u>\$ 614</u>	<u>\$ 176,752</u>	<u>\$ 182,151</u>

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

For the fiscal year ended December 31, 2019, revenues for governmental activities totaled \$28,520,000, an increase of \$2,468,000 over 2018. Grant revenues were \$2,640,000 over previous FY. EIT saw some minor gain (\$319,000). Real Estate and Transfer Taxes were flat. Sources of revenue for the fiscal year 2019 are comprised of the following items:

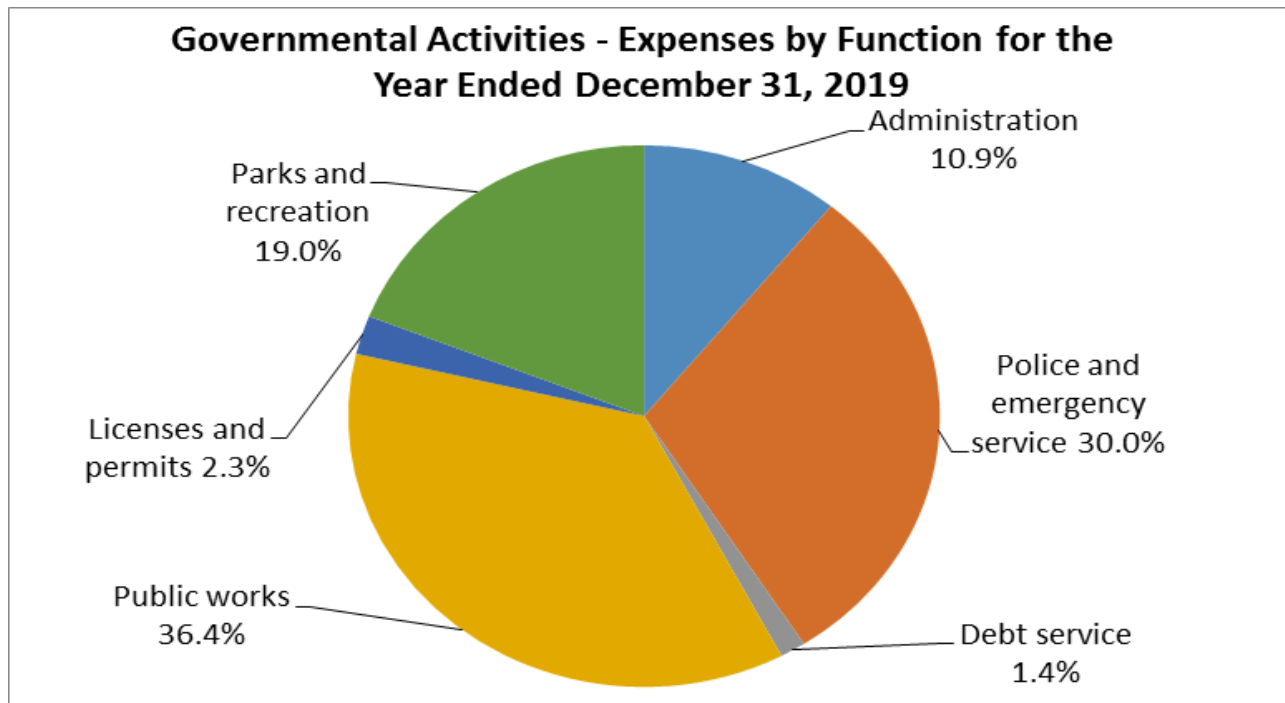


NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

For the 2019 fiscal year, expenses for government activities totaled \$33,843,000, an increase of \$1,106,000 or 3.4% over 2018 expenses due to normal salary and benefit increases and the interest on the 2018 debt.



The change in net position reflects the difference between total revenues and total expenses. For governmental activities and business-type in fiscal 2019, revenues (\$36,780,000) were exceeded by expenses (\$42,179,000) by \$5,399,000 resulting in a decrease in net position by that amount. The year ended with total Net Position of \$176,752,000.

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, 2019

As of the end of the current fiscal year, the Township's total governmental funds reported combined ending fund balances of \$9,371,121, a decrease of -\$6,443,852 or (-41%) in comparison with the prior year. This decrease is the result of changes in various funds: (1) General Fund deficit of \$739,000 is a combination of a 7.3% increase in operating expenses and a 76.4% decrease in interfund transfers, (2) Capital Reserve Fund with a deficit of \$466,000, utilized previous years' reserves/revenues to fund scheduled projects, (3) GOB - Fund utilized \$3,942,000 of borrowed and grant funds to complete the new police facility.

The total fund balance for all funds (\$9,371,121) constitutes a Restricted Fund balance of \$7,210,586, an Assigned Fund balance of \$1,172,085, and an Unassigned Fund balance of \$988,450, 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 \$988,450. Unreserved/Unassigned Fund balance represents 5.82% of total General Fund expenditures. This represents a decrease from the 2018 percentage of 11.03%.

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 -\$58,273 when compared to the 2019 Budget. Transfer Taxes came in under an aggressive budget by -209,798. Intergovernmental Revenues came in over budget +\$103,223 due to the reimbursement for public works labor at the Country Club. Charges for Services was under budget by -\$113,163 due to reduced Plan Review Fees, Mechanical Systems Permits and Plumbing Permits.

General Fund Total Expenditures completed 2019 lower than the budget by -\$54,862. As a result of management's continued efforts to control costs, and postpone expenses where possible. The largest fluctuation contributing to this slight windfall is the \$160,000 savings on Snow & Ice Removal for the 2019 winter season.

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, 2019

Park & Recreation Fund Budget Highlights

The Park & Rec Fund budgeted a minor .82% or +\$21,000 increase over 2018 actual revenues. Most revenue categories cooperated by completing 2019 with a \$159,000 increase over 2018 actuals, and a 5.4% (\$138,000) over the 2019 Budget. Fees for Services were the most successful revenue category realizing \$139,000 of the total increase over Budget.

Total Expenses were over the 2018 budget by 2.21% or \$58,000. Costs associated with generating Revenue Fees were the largest part of this minor Total Expenses difference from budget.

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, 2019, amounts to \$218,083,000 (*net of accumulated depreciation \$139,497,000*). This investment in capital assets includes: land, buildings and system improvements, machinery and equipment, park facilities, infrastructure, etc. The total (net) increase (\$10,116,000) 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 in June 2019, the completion of various Capital Projects that were financed through the 2015 and 2018 General Obligation Bond, the various Capital Items financed by the Capital Lease Program, and the purchase of the Rook Farm for designated Open Space.

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

	Beginning Balance <u>January 1, 2019</u>	Net Additions/ Deletions	Ending Balance <u>December 31, 2019</u>
Non-Depreciable Assets			
Land	\$ 20	\$ 1,878	\$ 1,898
Construction in progress	1,403	(1,403)	-
Other Capital Assets			
Machinery, vehicles and equipment	8,676	867	9,543
Land improvements	4,234	114	4,348
Buildings and improvements	23,240	6,986	30,226
Library	80	15	95
Infrastructure	309,811	1,659	311,470
Accumulated depreciation on capital assets	<u>(129,497)</u>	<u>(10,000)</u>	<u>(139,497)</u>
Totals	<u>\$ 217,967</u>	<u>\$ 116</u>	<u>\$ 218,083</u>

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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:

Land	1,877,956
Land Improvements	113,923
Machinery, vehicles & equipment	875,128
Building & Improvements	6,543,766
Infrastructure	1,658,502

The \$1,877,956 increase in Land represents the purchase of the Rook Farm as part of the Township's Open Space Program. \$875,128 for machinery, vehicles & equipment is a normal annual increase. For 2019 this included 5 Police/Municipal vehicles, a Street Paver, a Street Sweeper, and \$365,000 for field and ground maintenance. This entire amount was funded through a capital lease for 4 & 7 years.

The increase of \$6,543,766 for Buildings & Improvements includes the completion of the new Police Facility and various capital projects as part of the 2015 & 2018 Bonds. The increase of \$1,658,502 for 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 \$40,270,000. Of this amount, \$39,620,000 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 2018 with total outstanding debt of \$42,115,000. After making principal payments (\$1,845,000), the outstanding debt balance at year-end is \$40,270,000.

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, 2019</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Balance December 31, 2019</u>
2010	\$ 16,410,000	variable - 3.02%	2021	\$ 5,255,000	\$ 1,795,000	\$ 163,981	\$ 3,460,000
2015A	3,050,000	variable - 2.75%	2022	800,000	-	22,000	800,000
2015B	2,255,000	5.00%	2023	2,255,000	25,000	110,250	2,230,000
2015	10,955,000	variable - 5.00%	2035	10,905,000	25,000	415,150	10,880,000
2018	650,000	0%	2043	650,000	-	-	650,000
2018	22,250,000	variable -4.00%	2043	22,250,000	-	143,090	22,250,000
				<u>\$ 42,115,000</u>	<u>\$ 1,845,000</u>	<u>\$ 854,471</u>	<u>\$ 40,270,000</u>

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

Economic Factors and Next Year's Budgets and Rates

Throughout 2019, the economy continued its positive trend during its long recovery following the 2007-2008 recession. The stock market was peaking at unprecedented highs, unemployment was minimal, and growth was evident throughout the area. Housing developments were underway or planned for the very near future. The growth brought additional revenues (EIT, Transfer Tax, Building Permits) and the lower interest rates brought favorable financing opportunities for necessary capital projects (Open Space, New Police Facility, Capital Improvements). Only two real estate tax increases were necessary over a six-year period from 2014 through 2019 due to the economy's positive affect on these other revenues. 2019 finished with a General Fund Fund Balance of \$988,450 (6% ratio to total expenses). Previous years had been running double that with 10% - 13% ratios to total expenses. Fund Balance was tapped for the year to allow for expenses related to administrative changes in the Fire Department, some roster changes in the Police Department, and Pension MMO increases, without imposing a real estate millage increase.

However, the budget for 2020 did include a millage increase which provided dollars for the General Fund to re-build some reserves, for the Fire Fund to transition from part-time to full-time employees, for the Rescue/Ambulance Fund to bring the municipal contribution to its service provider to a regional acceptable level, and to establish a new Fund specifically for road maintenance. A 3.60 mill increase was approved to bring in an additional \$2.07M for these purposes.

As the first quarter of FY2020 was ending, a global pandemic of a virus called COVID-19 began infecting and killing humans, causing unprecedented medical, economic, and social changes in every country. Most individuals were quarantined in their homes, and most economies came to a brutal halt. All efforts were directed to controlling the virus, and subsequently returning the economies to previous levels. As of this writing, with only half of 2020 is behind us, and only uncertainty before us, only critical projections with multiple scenarios can be reviewed. The Funds projected for concern are:

General Fund: Earned Income Tax, the GF's largest revenue source (46%) with a 2020 budget of \$8,143,000 is mostly affected at mid-year. Although EIT is off 17% from 2019 YTD, figures may be down for two reasons (1) lower employment = lower EIT revenue, and/or (2) filing dates were extended at the State level from April 15th to July 15th. Therefore, projections need information from periods after July 15th for better precision. The current range of scenarios for EIT is running between -10% and -17% at this premature stage. Transfer Tax and Building Permit revenues slowed down substantially during April and May, coinciding with real estate sales and home improvement construction. However, these areas are seeing a revival as RE Agents and contractors return to work.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

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. The budgeted contribution (\$175,000) to P&R Capital Fund will certainly be eliminated. The current range of scenarios for the P&R Operating Fund 2020 deficit is between -\$500,000 and -\$1,250,000. With a beginning fund balance of only \$469,448, this fund is likely to end the year with a negative fund balance.

Country Club: Considering its 100% dependency on user fees, this Fund is 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. Mid-year Golf revenues are 84.3% of mid-year 2019 revenues, with the warmer months of the season before us. Banquet operations which remained closed for the second quarter, have recently graduated to a level of limited public availability that has been established according to state guidelines. A return to 100% accommodation shall be determined in the future. Banquet revenues that correspond to these changing degrees of safety are yet to be seen. Banquet revenues make up 62% of total revenues and at mid-year 2020 are 18.2% of mid-year 2019. Projections for this Fund are difficult at this time, however a range of \$0 to -\$500,000 for Y/E Fund Balance is reasonable considering COVID-19, and the transfers necessary for 2020 Capital Projects.

The future of this pandemic will determine the next six months of FY 2020, and the Budget for 2021. Although we will surely see negative effects on several Funds, hopefully all funds can finish 2020 with a positive balance. Never before have Large Fund Balances for rainy-day situations like this, been more appropriate. The recommended ratio of 15% to 20% (Fund Balance/Total Expenses) should become a more serious part of Budgets going forward.

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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,820,334	\$ 1,634,017	\$ 8,454,351
Taxes receivable	4,798,637	68,630	4,867,267
Accounts receivable	2,514,535	90,668	2,605,203
Inventory	-	50,442	50,442
Restricted assets:			
Cash and cash equivalents	5,480,603	-	5,480,603
Land	1,897,956	-	1,897,956
Other capital assets (net of accumulated depreciation)	204,013,266	12,172,089	216,185,355
Total Assets	225,525,331	14,015,846	239,541,177
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Prepaid expenses	18,659	-	18,659
Change in assumptions-pension plans	1,036,497	-	1,036,497
Total deferred outflows of resources	1,055,156	-	1,055,156
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	1,626,476	212,513	1,838,989
Interest payable	193,903	-	193,903
Deposits	5,574,224	-	5,574,224
Deferred Revenue	-	514,208	514,208
Non-current liabilities:			
Due within one year	2,276,304	68,877	2,345,181
Due after one year	38,203,305	12,682,176	50,885,481
Total Liabilities	47,874,212	13,477,774	61,351,986
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Net difference between projected and actual earnings on pension plan investments	1,031,166	-	1,031,166
Difference between projected and actual experience on pension plan liability	1,460,709	-	1,460,709
Total deferred inflows of resources	2,491,875	-	2,491,875
<u>NET POSITION</u>			
Net investment in capital assets	176,677,741	-	176,677,741
Restricted for			
Public safety	2,317,244	-	2,317,244
Public works	688,217	567,989	1,256,206
Culture and recreation	877,964	-	877,964
Debt service	421,503	-	421,503
Unrestricted	(4,768,269)	(29,917)	(4,798,186)
Total Net Position	\$ 176,214,400	\$ 538,072	\$ 176,752,472

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

NORTHAMPTON TOWNSHIP

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

		<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General Government	\$ 3,579,578	\$ 70,937	\$ 779,914	\$ -
Code Enforcement	766,169	759,643	-	-
Public Safety	10,058,825	339,572	297,664	-
Public Works	11,932,645	-	1,375,096	2,534,904
Culture and Recreation	6,227,116	1,873,051	237,473	113,000
Debt Service	1,277,917	-	-	-
Total Government Activities	<u>33,842,250</u>	<u>3,043,203</u>	<u>2,690,147</u>	<u>2,647,904</u>
Business -Type Activities				
Refuse	3,992,166	3,366,867	350,639	-
Country Club	4,301,394	4,449,470	-	-
Street Light	42,559	48,809	-	-
Total Business-Type Activities	<u>8,336,119</u>	<u>7,865,146</u>	<u>350,639</u>	<u>-</u>
Total Primary Government	<u>42,178,369</u>	<u>10,908,349</u>	<u>3,040,786</u>	<u>2,647,904</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				
Net Position - Ending				

Net (Expense) Revenue and Changes in Net Position Primary Government		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,728,727)	\$ -	\$ (2,728,727)
(6,526)	-	(6,526)
(9,421,589)	-	(9,421,589)
(8,022,645)	-	(8,022,645)
(4,003,592)	-	(4,003,592)
(1,277,917)	-	(1,277,917)
<u>(25,460,996)</u>	<u>-</u>	<u>(25,460,996)</u>
-	(274,660)	(274,660)
-	148,076	148,076
-	6,250	6,250
<u>-</u>	<u>(120,334)</u>	<u>(120,334)</u>
<u>(25,460,996)</u>	<u>(120,334)</u>	<u>(25,581,330)</u>
8,630,300	-	8,630,300
1,218,202	-	1,218,202
7,774,175	-	7,774,175
403,760	-	403,760
287,491	-	287,491
459,761	43,941	503,702
43,515	-	43,515
<u>1,322,262</u>	<u>-</u>	<u>1,322,262</u>
<u>20,139,466</u>	<u>43,941</u>	<u>20,183,407</u>
(5,321,530)	(76,393)	(5,397,923)
<u>181,535,930</u>	<u>614,465</u>	<u>182,150,395</u>
<u>\$ 176,214,400</u>	<u>\$ 538,072</u>	<u>\$ 176,752,472</u>

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

NORTHAMPTON TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2019

	<u>General</u>	<u>Park & Recreation</u>	<u>Capital Asset Fire</u>	<u>Capital Reserve</u>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ -	\$ 495,815	\$ 2,226,704	\$ 1,015,894
Taxes receivable	1,748,367	18,138	-	-
Accounts receivable	448,737	26,833	-	38,965
Prepaid expenses	-	-	-	-
Total Current Assets	<u>2,197,104</u>	<u>540,786</u>	<u>2,226,704</u>	<u>1,054,859</u>
Restricted Assets:				
Cash and cash equivalents	<u>5,480,603</u>	-	-	-
Total Restricted Assets	<u>5,480,603</u>	-	-	-
TOTAL ASSETS	<u>\$ 7,677,707</u>	<u>\$ 540,786</u>	<u>\$ 2,226,704</u>	<u>\$ 1,054,859</u>
<u>LIABILITIES</u>				
Accounts payable and accrued wages	\$ 1,184,807	\$ 57,254	\$ -	\$ 62,281
Escrow deposits payable	<u>5,467,984</u>	-	-	<u>48,003</u>
Total Liabilities	<u>6,652,791</u>	<u>57,254</u>	-	<u>110,284</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	<u>36,466</u>	<u>14,084</u>	-	-
Total Deferred Inflows of Resources	<u>36,466</u>	<u>14,084</u>	-	-
<u>FUND BALANCES</u>				
Restricted for:				
Public safety	-	-	2,226,704	83,556
Public works	-	-	-	-
Culture and recreation	-	469,448	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Assigned for:				
Capital projects	-	-	-	861,019
Culture and recreation	-	-	-	-
Unassigned	<u>988,450</u>	-	-	-
Total Fund Balances	<u>988,450</u>	<u>469,448</u>	<u>2,226,704</u>	<u>944,575</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 7,677,707</u>	<u>\$ 540,786</u>	<u>\$ 2,226,704</u>	<u>\$ 1,054,859</u>

GOB-2018 Fund	Other Governmental Funds	Total Governmental Funds
\$ 909,397	\$ 2,172,524	\$ 6,820,334
-	89,898	1,856,403
2,000,000	-	2,514,535
-	18,659	18,659
<u>2,909,397</u>	<u>2,281,081</u>	<u>11,209,931</u>
-	-	5,480,603
-	-	5,480,603
<u>\$ 2,909,397</u>	<u>\$ 2,281,081</u>	<u>\$ 16,690,534</u>
\$ 3,739	\$ 318,395	\$ 1,626,476
-	58,237	5,574,224
<u>3,739</u>	<u>376,632</u>	<u>7,200,700</u>
-	68,163	118,713
-	68,163	118,713
-	6,984	2,317,244
-	688,217	688,217
-	408,516	877,964
-	421,503	421,503
2,905,658	-	2,905,658
-	-	861,019
-	311,066	311,066
-	-	988,450
<u>2,905,658</u>	<u>1,836,286</u>	<u>9,371,121</u>
<u>\$ 2,909,397</u>	<u>\$ 2,281,081</u>	<u>\$ 16,690,534</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, 2019

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). \$ 9,371,121

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

Cost of capital assets	\$ 344,347,171	
Accumulated depreciation	<u>(138,435,949)</u>	205,911,222

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

2,942,234

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.

118,713

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

Difference between projected and actual experience on pension plan liability	(1,460,709)	
Change in assumptions on pension plan liability	1,036,497	
Net difference between projected and actual earnings on pension plan investments	<u>(1,031,166)</u>	(1,455,378)

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	(27,907,154)	
Capital leases payable	(369,320)	
Interest payable	(193,903)	
Net pension liability	(6,545,197)	
Total post-employment benefits obligation	(2,462,899)	
Compensated absences	<u>(3,195,039)</u>	<u>(40,673,512)</u>

Net Position of governmental activities (page 18).

\$ 176,214,400

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, 2019

	<u>General</u>	<u>Park & Recreation</u>	<u>Capital Asset Fire</u>	<u>Capital Reserve</u>
Revenues				
Taxes:				
Real estate	\$ 3,033,879	\$ 942,697	\$ -	\$ -
Transfer	1,218,202	-	-	-
Earned income tax	7,885,558	-	-	-
Local service tax	403,760	-	-	-
Fees, licenses and permits	960,688	-	-	-
Investment income and rent	248,622	14,919	41,250	20,129
Intergovernmental revenues	1,080,723	-	-	282,346
Fines and forfeitures	66,499	-	-	-
Charges for services	961,337	1,758,152	-	120,976
Other	379,959	1,393	-	45,765
Total Revenues	<u>16,239,227</u>	<u>2,717,161</u>	<u>41,250</u>	<u>469,216</u>
Expenditures				
Current:				
General government	1,997,058	-	-	405,824
Public safety	9,305,425	-	71,249	704,805
Highways and roads	2,524,498	-	-	366,415
Culture and recreation	43,451	2,522,317	-	-
Miscellaneous	2,925,706	-	-	-
Debt service:				
Principal	-	-	-	309,252
Interest	-	-	-	20,725
Total Expenditures	<u>16,796,138</u>	<u>2,522,317</u>	<u>71,249</u>	<u>1,807,021</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(556,911)</u>	<u>194,844</u>	<u>(29,999)</u>	<u>(1,337,805)</u>
Other Financing Sources (Uses)				
Debt issuance	-	-	-	287,950
Transfers in	629,259	-	100,000	584,000
Transfers out	<u>(811,000)</u>	<u>(175,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(181,741)</u>	<u>(175,000)</u>	<u>100,000</u>	<u>871,950</u>
Net Change in Fund Balances	(738,652)	19,844	70,001	(465,855)
Fund Balance - Beginning	<u>1,727,102</u>	<u>449,604</u>	<u>2,156,703</u>	<u>1,410,430</u>
Fund Balance - Ending	<u>\$ 988,450</u>	<u>\$ 469,448</u>	<u>\$ 2,226,704</u>	<u>\$ 944,575</u>

GOB-2018 Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,653,724	\$ 8,630,300
-	-	1,218,202
-	-	7,885,558
-	-	403,760
-	-	960,688
39,213	95,628	459,761
2,431,154	1,730,967	5,525,190
-	-	66,499
-	114,899	2,955,364
-	99,664	526,781
<u>2,470,367</u>	<u>6,694,882</u>	<u>28,632,103</u>
4,534,007	-	6,936,889
-	384,364	10,465,843
-	1,462,047	4,352,960
1,877,956	2,362,903	6,806,627
-	385,225	3,310,931
-	2,158,162	2,467,414
830,845	724,275	1,575,845
<u>7,242,808</u>	<u>7,476,976</u>	<u>35,916,509</u>
<u>(4,772,441)</u>	<u>(782,094)</u>	<u>(7,284,406)</u>
-	552,604	840,554
-	404,116	1,717,375
-	(731,375)	(1,717,375)
-	225,345	840,554
(4,772,441)	(556,749)	(6,443,852)
<u>7,678,099</u>	<u>2,393,035</u>	<u>15,814,973</u>
<u>\$ 2,905,658</u>	<u>\$ 1,836,286</u>	<u>\$ 9,371,121</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, 2019

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). \$ (6,443,852)

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	\$ 9,681,014	
Depreciation expense	<u>(9,645,213)</u>	35,801

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (111,383)

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. (12,734)

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	(840,554)	
Capital leases	683,478	
Interest payable	(15,321)	
Repayment of debt	<u>1,783,932</u>	1,611,535

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	91,768	
Compensated absences	(165,083)	
Net OPEB Liability	<u>(327,582)</u>	<u>(400,897)</u>

Change in net position of governmental activities (pages 19-20). \$ (5,321,530)

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, 2019

	GENERAL FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes:				
Real estate	\$ 3,023,000	\$ 3,023,000	\$ 3,033,879	\$ 10,879
Transfer	1,428,000	1,428,000	1,218,202	(209,798)
Earned income tax	7,841,000	7,841,000	7,885,558	44,558
Local service tax	408,500	408,500	403,760	(4,740)
Per Capita	5,000	5,000	-	(5,000)
Fees, licenses and permits	1,021,000	1,021,000	960,688	(60,312)
Interest and rent	266,500	266,500	248,622	(17,878)
Intergovernmental revenues	977,500	977,500	1,080,723	103,223
Fines and forfeitures	70,500	70,500	66,499	(4,001)
Charges for services	1,074,500	1,074,500	961,337	(113,163)
Other	182,000	182,000	379,959	197,959
Total Revenues	16,297,500	16,297,500	16,239,227	(58,273)
Expenditures				
Current:				
General government	1,918,500	1,918,500	1,997,058	78,558
Public safety	9,320,000	9,320,000	9,305,425	(14,575)
Highways and roads	2,623,500	2,623,500	2,524,498	(99,002)
Culture and recreation	48,000	48,000	43,451	(4,549)
Miscellaneous	2,941,000	2,941,000	2,925,706	(15,294)
Total Expenditures	16,851,000	16,851,000	16,796,138	(54,862)
Excess (Deficiency) of Revenues Over Expenditures	(553,500)	(553,500)	(556,911)	(3,411)
Other Financing Sources (Uses)				
Transfers in	608,500	608,500	629,259	20,759
Transfers out	(811,000)	(811,000)	(811,000)	-
Total Other Financing Sources (Uses)	(202,500)	(202,500)	(181,741)	20,759
Net Change in Fund Balances	(756,000)	(756,000)	(738,652)	\$ 17,348
Fund Balance, Beginning of Year	756,000	756,000	1,727,102	
Fund Balance, End of Year	\$ -	\$ -	\$ 988,450	

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, 2019

	PARK & RECREATION FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes	\$ 939,000	\$ 939,000	\$ 942,697	\$ 3,697
Interest and rent	10,000	10,000	14,919	4,919
Charges for services	1,619,000	1,619,000	1,758,152	139,152
Other	11,000	11,000	1,393	(9,607)
Total Revenues	2,579,000	2,579,000	2,717,161	138,161
Expenditures				
Current:				
Culture and recreation	2,464,000	2,464,000	2,522,317	58,317
Total Expenditures	2,464,000	2,464,000	2,522,317	58,317
Excess (Deficiency) of Revenues Over Expenditures	115,000	115,000	194,844	79,844
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	(60,000)	(60,000)	19,844	\$ 79,844
Fund Balance, Beginning of Year	60,000	60,000	449,604	
Fund Balance, End of Year	\$ -	\$ -	\$ 469,448	

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

NORTHAMPTON TOWNSHIP

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2019

	MAJOR		NONMAJOR	
	Refuse	Country Club	Street Light	Total
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ 588,008	\$ 1,046,009	\$ -	\$ 1,634,017
Taxes receivable	68,630	-	-	68,630
Accounts receivable	-	86,460	4,208	90,668
Inventory	-	50,442	-	50,442
Total Current Assets	656,638	1,182,911	4,208	1,843,757
Noncurrent Assets				
Capital assets, net	-	11,536,378	-	11,536,378
Equipment	-	1,697,318	-	1,697,318
Less accumulated depreciation	-	(1,061,607)	-	(1,061,607)
Total Noncurrent Assets	-	12,172,089	-	12,172,089
Total Assets	\$ 656,638	\$ 13,355,000	\$ 4,208	\$ 14,015,846
 <u>LIABILITIES</u>				
Current Liabilities				
Accounts payable	\$ 82,192	\$ 87,663	\$ 5,296	\$ 175,151
Accrued wages	5,169	31,993	200	37,362
Deferred Revenue	-	514,208	-	514,208
Total Current Liabilities	87,361	633,864	5,496	726,721
Non-current liabilities:				
Due within one year	-	68,877	-	68,877
Due after one year	-	12,682,176	-	12,682,176
Total Noncurrent Liabilities	-	12,751,053	-	12,751,053
Total Liabilities	87,361	13,384,917	5,496	13,477,774
<u>NET POSITION</u>				
Restricted	569,277	(29,917)	(1,288)	538,072
Total Net Position	\$ 569,277	\$ (29,917)	\$ (1,288)	\$ 538,072

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, 2019

	<u>MAJOR</u>		<u>NONMAJOR</u>	<u>Total</u>
	<u>Refuse</u>	<u>Country Club</u>	<u>Street Light</u>	
Operating Revenues				
Charges for services	\$ 3,366,867	\$ 4,449,470	\$ 48,809	\$ 7,865,146
Total Operating Revenues	<u>3,366,867</u>	<u>4,449,470</u>	<u>48,809</u>	<u>7,865,146</u>
Operating Expenses				
Solid waste collection and disposal	3,992,166	-	-	3,992,166
Street light repairs	-	-	42,559	42,559
Culture and recreation	-	<u>3,707,927</u>	-	<u>3,707,927</u>
Total Operating Expenses	<u>3,992,166</u>	<u>3,707,927</u>	<u>42,559</u>	<u>7,742,652</u>
Operating Income Before Depreciation	(625,299)	741,543	6,250	122,494
Depreciation Expenses	-	<u>593,467</u>	-	<u>593,467</u>
Operating Income (Loss)	<u>(625,299)</u>	<u>148,076</u>	<u>6,250</u>	<u>(470,973)</u>
Nonoperating Revenues (Expense)				
Intergovernmental revenue	350,639	-	-	350,639
Net earnings on investments	<u>23,382</u>	<u>20,559</u>	-	<u>43,941</u>
Total Nonoperating Revenues (Expenses)	<u>374,021</u>	<u>20,559</u>	<u>-</u>	<u>394,580</u>
Income (Loss)	<u>(251,278)</u>	<u>168,635</u>	<u>6,250</u>	<u>(76,393)</u>
Change in Net Position	(251,278)	168,635	6,250	(76,393)
Net Position - Beginning	<u>820,555</u>	<u>(198,552)</u>	<u>(7,538)</u>	<u>614,465</u>
Net Position - Ending	<u>\$ 569,277</u>	<u>\$ (29,917)</u>	<u>\$ (1,288)</u>	<u>\$ 538,072</u>

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, 2019

	<u>Business-type Activities</u>			
	<u>Refuse</u>	<u>Country Club</u>	<u>Street Light</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from customers	\$ 3,970,321	\$ 4,299,664	\$ 63,867	\$ 8,333,852
Cash paid to employees for services	(196,627)	(1,731,731)	(10,333)	(1,938,691)
Cash paid to suppliers for goods and services	(4,213,883)	(1,988,136)	(53,534)	(6,255,553)
Net cash provided by (used in) operating activities	<u>(440,189)</u>	<u>579,797</u>	<u>-</u>	<u>139,608</u>
Cash flows from non-capital financing activities				
Intergovernmental revenues	350,639	-	-	350,639
Net cash provided by (used in) non-capital financing activities	<u>350,639</u>	<u>-</u>	<u>-</u>	<u>350,639</u>
Cash flows from capital and related financing activities				
Debt proceeds	-	221,817	-	221,817
Payments of long-term debt	-	(61,068)	-	(61,068)
Acquisition and construction of capital assets	-	(675,294)	-	(675,294)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(514,545)</u>	<u>-</u>	<u>(514,545)</u>
Cash flows from investing activities				
Interest and dividends on investments	23,382	20,559	-	43,941
Net cash provided by (used in) investing activities	<u>23,382</u>	<u>20,559</u>	<u>-</u>	<u>43,941</u>
Net increase (decrease) in cash and cash equivalents	(66,168)	85,811	-	19,643
Beginning cash and cash equivalents	654,176	960,198	-	1,614,374
Ending cash and cash equivalents	<u>\$ 588,008</u>	<u>\$ 1,046,009</u>	<u>\$ -</u>	<u>\$ 1,634,017</u>
Reconciliation of Net Operating Income (Loss)				
to Net Cash Provided By (Used in) Operating Activities				
Net operating income (loss)	\$ (625,299)	\$ 148,076	\$ 6,250	\$ (470,973)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	593,467	-	593,467
Changes in assets and liabilities				
(Increase) decrease in receivables	603,454	82,726	15,058	701,238
(Increase) decrease in inventory	-	2,982	-	2,982
Increase (decrease) in accounts payable	(419,669)	(27,267)	(20,895)	(467,831)
Increase (decrease) accrued wages	1,325	(20,407)	(413)	(19,495)
Increase (decrease) compensated absences	-	32,752	-	32,752
Increase in deferred revenue	-	(232,532)	-	(232,532)
Net adjustments	<u>185,110</u>	<u>431,721</u>	<u>(6,250)</u>	<u>610,581</u>
Cash provided by (used in) operating activities	<u>\$ (440,189)</u>	<u>\$ 579,797</u>	<u>\$ -</u>	<u>\$ 139,608</u>

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

NORTHAMPTON TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2019

	<u>Pension Trust Funds</u>
<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ 1,515,016
Investments	
DROP account	391,426
US Government & agency securities	3,975,448
Bond and bond funds	8,510,742
Asset backed securities	622,363
Equities and stock funds	15,230,285
Exchange traded products	<u>10,856,341</u>
Total Investments	<u>39,586,605</u>
 TOTAL ASSETS	 <u>\$ 41,101,621</u>
<u>LIABILITIES</u>	
Refund of member contributions payable	\$ 16,162
Benefits payable	<u>6,278</u>
TOTAL LIABILITIES	<u>22,440</u>
 <u>NET POSITION</u>	
Restricted for pension benefits	 <u>\$ 41,079,181</u>

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

NORTHAMPTON TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2019

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Member contributions	\$ 237,641
Employer contributions	1,125,093
State contributions	<u>759,518</u>
Total Contributions	<u>2,122,252</u>
Investment Earnings	
Net appreciation (depreciation) in fair value of investments	6,530,215
Interest and dividends	<u>13,776</u>
Total Investment Earnings	6,543,991
Less investment expense	<u>(131,834)</u>
Net Investment Earnings	<u>6,412,157</u>
Total Additions	<u>8,534,409</u>
Deductions	
Benefits	1,562,717
Miscellaneous expense	11,384
Actuary fees	<u>3,750</u>
Total Deductions	<u>1,577,851</u>
Change in Net Position	6,956,558
Net Position Restricted for Pension Benefits:	
Beginning of Year	<u>34,122,623</u>
End of Year	<u>\$ 41,079,181</u>

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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.

Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. There are no component units, described as entities for which the government is considered to be financially accountable. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township.

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.

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*.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide Financial Statements (continued)

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, 2019

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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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. Operating expenses for enterprise funds include collection and disposal costs. 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, 2019

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, 2019

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. 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.

5. Restricted assets

Certain cash deposits have been classified as restricted assets on the balance sheet because they are held by the Township in a custodial capacity for developers and others. There is a corresponding restricted liability on the balance sheet for these funds.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

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.

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 one item that qualifies for reporting in this category:

Difference between projected and actual assumptions on pension plan liability 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.

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

9. Deferred outflows/inflows of resources (continued)

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.

Difference between projected and actual experience on pension plan liability 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.

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

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, 2019

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, 2019

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 1st. 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.

B. Excess of expenditures over appropriations

For the year ended December 31, 2019, expenditures exceeded appropriation in the general fund categories of general government by \$78,558. These over expenditures were funded by lower than expected expenditures in other categories. Expenditures also exceed appropriations in the culture and recreation category of the park and recreation fund. These over expenditures were funded by higher than anticipated revenues.

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, 2019

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, 2019:

	<u>Fair Value</u>	<u>Level 1</u>
PRIMARY GOVERNMENT		
Cash accounts	\$ 3,832,604	\$ 3,832,604
Money market	<u>9,605,137</u>	<u>9,605,137</u>
Total	13,437,741	<u>\$ 13,437,741</u>
PLGIT	<u>13,233</u>	
	<u>\$ 13,450,974</u>	
FIDUCIARY FUNDS		
Money market	\$ -	\$ -
US Government & agency securities	3,975,448	3,975,448
Corporate debt	5,051,145	5,051,145
Bond and bond funds	3,459,597	3,459,597
Asset backed securities	622,363	622,363
Equities and stock funds	15,230,285	15,230,285
Exchange traded products	<u>10,856,341</u>	<u>10,856,341</u>
Total Fiduciary Funds	<u>\$ 39,195,179</u>	<u>\$ 39,195,179</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 2nd Class Township Code. As of December 31, 2019, the government's carrying amount of deposits was \$13,450,975 and the bank balance was \$14,448,430. Of the bank balance, \$1,013,233 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. 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, 2019

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.

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	\$ 3,975,448	\$ 1,308,150	\$ 1,277,886	\$ 1,221,176	\$ 168,236
Corporate Debt	5,051,145	225,426	3,022,471	1,716,379	86,869
Municipal Debt	281,450	50,148	231,302	-	-
Fixed Income Funds	3,178,147	-	2,597,567	-	580,580
Asset Backed Securities	622,363	-	93,384	58,343	470,636
Total Fiduciary Funds	<u>\$ 13,108,553</u>	<u>\$ 1,583,724</u>	<u>\$ 7,222,610</u>	<u>\$ 2,995,898</u>	<u>\$ 1,306,321</u>

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	\$ 5,051,145	\$ 325,819	\$ 632,997	\$ 2,234,871	\$ 1,767,404	\$ 90,054
Municipal Debt	281,450	-	281,450	-	-	-
Fixed Income Funds	3,178,147	-	-	-	-	3,178,147
Asset Backed Securities	622,363	151,966	-	-	-	470,397
Total Fiduciary Funds	<u>\$ 9,133,105</u>	<u>\$ 477,785</u>	<u>\$ 914,447</u>	<u>\$ 2,234,871</u>	<u>\$ 1,767,404</u>	<u>\$ 3,738,598</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019, 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, 2019 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	\$ 8,040,918
Vanguard Index Midcap	\$ 2,815,422

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 & Recreation</u>	<u>Capital Reserve</u>	<u>GOB 2018-Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total Governmental</u>
Receivables:						
Taxes	\$ 1,748,367	\$ 18,138	\$ -	\$ -	\$ 89,898	\$ 1,856,403
Accounts	<u>448,737</u>	<u>26,833</u>	<u>38,965</u>	<u>2,000,000</u>	<u>-</u>	<u>2,514,535</u>
Total Receivables	<u>\$ 2,197,104</u>	<u>\$ 44,971</u>	<u>\$ 38,965</u>	<u>\$ 2,000,000</u>	<u>\$ 89,898</u>	<u>\$ 4,370,938</u>

	<u>Country Club</u>	<u>Refuse</u>	<u>Street Light</u>	<u>Total Proprietary</u>
Receivables:				
Taxes				
Accounts	\$ -	\$ 68,630	\$ -	\$ 68,630
Total Receivables	<u>86,460</u>	<u>-</u>	<u>4,208</u>	<u>90,668</u>
	<u>\$ 86,460</u>	<u>\$ 68,630</u>	<u>\$ 4,208</u>	<u>\$ 159,298</u>

In 2010, the Township amended an agreement from 2002 from the sale of a Township property. The agreement with Giaimo 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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 3. Detailed Notes on all Funds (Continued)

C. *Capital assets*

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Government-type activities:				
Capital assets, not being depreciated:				
Land	\$ 20,000	\$ 1,877,956	\$ -	\$ 1,897,956
Construction in progress	1,403,872	-	(1,403,872)	-
Total capital assets, not being depreciated	<u>1,423,872</u>	<u>1,877,956</u>	<u>(1,403,872)</u>	<u>1,897,956</u>
Capital assets, being depreciated:				
Land improvements	4,233,611	113,923	-	4,347,534
Buildings and improvements	23,239,463	6,543,766	-	29,783,229
Vehicles and equipment	8,676,315	875,128	(240,122)	9,311,321
Library	79,590	15,611	-	95,201
Infrastructure	297,253,428	1,658,502	-	298,911,930
Total capital assets, being depreciated	<u>333,482,407</u>	<u>9,206,930</u>	<u>(240,122)</u>	<u>342,449,215</u>
Less accumulated depreciation for:				
Land improvements	1,302,058	105,472	-	1,407,530
Buildings and improvements	7,699,749	820,713	-	8,520,462
Vehicles and equipment	5,709,526	621,541	(240,122)	6,090,945
Library	68,031	3,736	-	71,767
Infrastructure	114,251,494	8,093,751	-	122,345,245
Total accumulated depreciation	<u>129,030,858</u>	<u>9,645,213</u>	<u>(240,122)</u>	<u>138,435,949</u>
Total capital assets, being depreciated, net	<u>204,451,549</u>	<u>(438,283)</u>	<u>-</u>	<u>204,013,266</u>
Total Government Type Capital Assets	<u>\$ 205,875,421</u>	<u>\$ 1,439,673</u>	<u>\$ (1,403,872)</u>	<u>\$ 205,911,222</u>
	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Business-type Activities				
Capital assets, being depreciated:				
Country Club	\$ 11,093,221	\$ 443,157	\$ -	\$ 11,536,378
Truck	24,920	-	-	24,920
Equipment and improvements	1,440,260	232,138	-	1,672,398
Total	<u>12,558,401</u>	<u>675,295</u>	<u>-</u>	<u>13,233,696</u>
Less accumulated depreciation for:				
Country Club	443,010	461,455	-	904,465
Truck	1,038	3,560	-	4,598
Equipment and improvements	22,882	129,662	-	152,544
Total accumulated depreciation	<u>466,930</u>	<u>594,677</u>	<u>-</u>	<u>1,061,607</u>
Total capital assets, being depreciated, net	<u>12,091,471</u>	<u>80,618</u>	<u>-</u>	<u>12,172,089</u>
Total Business Type Capital Assets	<u>\$ 12,091,471</u>	<u>\$ 80,618</u>	<u>\$ -</u>	<u>\$ 12,172,089</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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	\$ 90,699
Public Safety	660,259
Public Works	8,413,369
Culture and Recreation	<u>480,886</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 9,645,213</u>
Business-type Activities	
Culture and Recreation	<u>\$ 594,677</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 594,677</u>

D. Interfund receivables, payables, and transfers

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, 2019, consisted of the following amounts:

	Transfers from <u>Other Funds</u>	Transfers to <u>Other Funds</u>
General	\$ 629,259	\$ 811,000
Park & Recreation	-	175,000
Capital Asset Fire	100,000	-
Capital Reserve	584,000	-
Nonmajor Funds	<u>404,116</u>	<u>731,375</u>
Total	<u>\$ 1,717,375</u>	<u>\$ 1,717,375</u>

Interfund transfers are primarily the result of:

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 3. Detailed Notes on all Funds (Continued)

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:

	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Activities</u>
Asset:		
Machinery and equipment	\$ 4,406,854	\$ 221,817
Less: Accumulated depreciation	<u>(1,709,264)</u>	<u>(44,363)</u>
Total	<u>\$ 2,697,590</u>	<u>\$ 177,454</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

<u>Year</u> <u>Ending Dec 31</u>	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Activities</u>
2020	\$ 559,444	\$ 61,068
2021	393,253	61,068
2022	339,943	58,488
2023	153,710	-
2024	83,277	-
2025	<u>41,148</u>	<u>-</u>
Total minimum lease payments	1,570,775	180,624
Less: amounts representing interest	<u>(107,283)</u>	<u>(19,875)</u>
Present value of minimum lease payments	<u>\$ 1,463,492</u>	<u>\$ 160,749</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 3. Detailed Notes on all Funds (Continued)

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.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>
Governmental Activities	2.0 to 5.0%
Business-type Activities:	1.9 to 4.0%

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

Year Ending	<u>Governmental Activities</u>		<u>Business-type</u>
December 31	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2020	\$ 1,737,191	\$ 1,075,733	\$ 2,809
2021	1,827,191	973,665	2,809
2022	1,492,191	908,869	2,809
2023	1,542,191	853,070	2,809
2024	1,009,831	773,234	365,169
2025-2029	5,636,293	3,281,390	2,033,707
2030-2034	6,839,663	2,084,322	2,480,337
2035-2039	4,073,201	921,318	3,811,799
2040-2044	3,612,248	243,027	3,797,752
	<u>\$ 27,770,000</u>	<u>\$ 11,114,628</u>	<u>\$ 12,500,000</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
General obligation bonds	\$ 29,615,000	\$ -	\$ 1,845,000	\$ 27,770,000
Deferred amounts:				
For issuance premiums	198,971	-	45,785	153,186
For issuance discounts	<u>(1,168,723)</u>	<u>-</u>	<u>(58,519)</u>	<u>(1,110,204)</u>
Total bonds payable	28,645,248	-	1,832,266	26,812,982
Capital notes	561,421	840,554	307,803	1,094,172
Capital leases	683,927	-	314,607	369,320
Net pension liability	11,972,640	-	5,427,443	6,545,197
Net OPEB obligation	2,135,317	327,582	-	2,462,899
Compensated absences	<u>3,029,956</u>	<u>1,606,146</u>	<u>1,441,063</u>	<u>3,195,039</u>
Governmental Activities				
Long-Term Liabilities	<u>\$ 47,028,509</u>	<u>\$ 2,774,282</u>	<u>\$ 9,323,182</u>	<u>\$ 40,479,609</u>
	Beginning Balance	Additions	Reductions	Ending Balance
Business-type Activities:				
General obligation bonds	\$ 12,500,000	\$ -	\$ -	\$ 12,500,000
Deferred amounts:				
For issuance premiums	100,882	-	4,208	96,674
Total bonds payable	12,529,051	-	1,209	12,527,842
Capital notes	-	221,817	61,068	160,749
Compensated absences	<u>29,710</u>	<u>68,130</u>	<u>35,378</u>	<u>62,462</u>
	<u>\$ 12,558,761</u>	<u>\$ 289,947</u>	<u>\$ 97,655</u>	<u>\$ 12,751,053</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, net pension obligations, 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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019, the principal amount of the bonds outstanding, but considered defeased totaled approximately \$5,200,000. Accordingly, such defeased obligations do not appear as liabilities on the balance sheet as of December 31, 2019.

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, 2019 was \$286,110. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2019 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Northampton's share was \$44,480.

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, 2019 was \$480,391. The Trust declared a dividend in 2019. Northampton Township's share of the dividend distribution was \$30,508. As the result of the 2018 payroll audit, Northampton Township received \$17,608. At December 31, 2019, there were no additional assessments due or anticipated. Instead, an audit of the reported 2019 payroll will be performed during the first quarter of 2020.

The Township is also a member in the Delaware Valley Health Trust pool. The insurance expense for the year ended December 31, 2019 was \$2,278,386. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2019 there were no additional assessments due or anticipated.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019

NOTE 4. Other Information (Continued)

C. Employee retirement systems and pension plans (continued)

Plan Membership

At December 31, 2019, Northampton Township Pension Plans consisted of the following:

	<u>Police</u>	Non- <u>Uniformed</u>
Inactive employees (or their beneficiaries) currently receiving benefits	36	33
Inactive employees entitled to benefits but not yet receiving them	4	23
Active employees	<u>41</u>	<u>47</u>
	<u>81</u>	<u>103</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, 2019

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, 2019

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 2019. For Non-uniform, no member contributions were required in 2019. 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, 2019

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 \$759,518 for the pensions for the year ended December 31, 2019.

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, 2019, the annual money-weighted rate of return on Plan investments, net of investment expense was 19.43% for Police and 19.28% 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, 2019

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, 2019 were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 29,543,803	\$ 18,080,575
Plan fiduciary net position	<u>(26,550,932)</u>	<u>(14,528,249)</u>
Net pension liability	<u>\$ 2,992,871</u>	<u>\$ 3,552,326</u>
Plan fiduciary net position as a percentage of the total pension liability	89.9%	80.4%

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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019

NOTE 4. Other Information (Continued)

C. Employee retirement systems and pension plans (continued)

Net Pension Liability (continued)

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2018	\$ 28,749,036	\$ 22,213,925	\$ 6,535,111
Changes for the year:			
Service cost	569,351	-	569,351
Interest	2,097,590	-	2,097,590
Change of benefit terms	-	-	-
Differences between expected and actual experience	(847,387)	-	(847,387)
Change of assumptions	-	-	-
Contributions - employer	-	955,101	(955,101)
Contributions - employee	-	237,641	(237,641)
Net investment income	-	4,254,701	(4,254,701)
Benefit payments, including refunds of employee contributions	(1,024,787)	(1,024,787)	-
Administrative expense	-	(85,649)	85,649
Other changes	-	-	-
Net Changes	794,767	4,337,007	(3,542,240)
Balance at December 31, 2019	\$ 29,543,803	\$ 26,550,932	\$ 2,992,871
	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Non-Uniformed Pension Plan</u>			
Balance at December 31, 2018	\$ 17,346,228	\$ 11,908,699	\$ 5,437,529
Changes for the year:			
Service cost	333,377	-	333,377
Interest	1,280,944	-	1,280,944
Change of benefit terms	-	-	-
Differences between expected and actual experience	(330,661)	-	(330,661)
Change of assumptions	-	-	-
Contributions - employer	-	929,510	(929,510)
Contributions - employee	-	-	-
Net investment income	-	2,289,288	(2,289,288)
Benefit payments, including refunds of employee contributions	(549,313)	(549,313)	-
Administrative expense	-	(49,935)	49,935
Other changes	-	-	-
Net Changes	734,347	2,619,550	(1,885,203)
Balance at December 31, 2019	\$ 18,080,575	\$ 14,528,249	\$ 3,552,326

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 <u>(6.5%)</u>	Current Discount <u>Rate (7.5%)</u>	1% Increase <u>(8.5%)</u>
Net Pension Liability			
Police	\$ 6,647,260	\$ 2,992,871	\$ (45,225)
Non-uniformed	5,604,158	3,552,326	1,803,408

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2019, the Township recognized pension expense of \$994,568 for Police Pension and \$943,903 for Non-Uniformed Pension. At December 31, 2019, 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	\$ -	\$ 1,009,844
Changes in assumptions	393,575	-
Net difference between projected and actual earnings on pension plan investments	-	688,483
Total	<u>\$ 393,575</u>	<u>\$ 1,698,327</u>
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ -	\$ 450,865
Changes in assumptions	497,294	-
Net difference between projected and actual earnings on pension plan investments	-	342,683
Total	<u>\$ 497,294</u>	<u>\$ 793,548</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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>
2020	\$	(237,122)	\$ (9,355)
2021		(254,546)	(26,851)
2022		(1,842)	85,214
2023		(647,230)	(345,262)
2024		(136,675)	-
Thereafter		<u>(27,337)</u>	<u>-</u>
Total	\$	<u>(1,304,752)</u>	\$ <u>(296,254)</u>

Payable to the Pension Plan: For the year ended December 31, 2019, 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, 2019, the DROP account balance of \$391,426 is held by the plan pursuant to the DROP.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019, 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, 2019

NOTE 4. Other Information (Continued)

D. Other postemployment benefit plans (continued)

Employees Covered by Benefit Terms

As of December 31, 2019, 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, 2019, 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 changes since the valuation date.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 4. Other Information (Continued)

D. Other postemployment benefit plans (continued)

Change in the Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
<u>OPEB Plan</u>	
Balance at December 31, 2018	\$ 2,135,317
Changes for the year:	
Service cost	122,766
Benefit payments	(45,445)
Interest	89,849
Changes in benefit terms	-
Changes in assumptions or other inputs	60,362
Differences between expected and actual experience	100,050
Net Changes	327,582
Balance at December 31, 2019	\$ 2,462,899

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%	Current	1%
	Decrease	Discount	Increase
	<u>(2.75%)</u>	<u>Rate (3.75%)</u>	<u>(4.75%)</u>
Total OPEB liability \$	2,678,545	\$ 2,462,899	\$ 2,266,539

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 4. Other Information (Continued)

D. Other postemployment benefit plans (continued)

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):

	<u>Valuation</u> <u>Rates -1%</u>	<u>Valuation</u> <u>Rates</u>	<u>Valuation</u> <u>Rates +1%</u>
Total OPEB liability	\$ 2,236,812	\$ 2,462,899	\$ 2,728,259

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, 2019, the Township recognized OPEB expense of \$227,399. At December 31, 2019, there deferred outflows and inflows of resources related to OPEB are as follows:

	<u>Deferred Outflows</u> <u>of Resources</u>
<u>OPEB Plan</u>	
Differences between expected and actual experience	\$ 90,829
Changes in assumptions	54,799
Net difference between projected and actual earnings on OPEB plan investments	-
Total	<u>\$ 145,628</u>

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

<u>Year Ended</u> <u>December 31:</u>	<u>Governmental-</u> <u>Activities</u> <u>OPEB</u>
2020	\$ 14,784
2021	14,784
2022	14,784
2023	14,784
2024	14,784
Thereafter	<u>71,708</u>
Total	<u>\$ 145,628</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 4. Other Information (Continued)

E. Escrow cash deposits and investments

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2019, \$5,480,603 represents the balance of these monies held in escrow.

F. 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.

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

In February, the Township borrowed \$500,000 over a four year term at a rate of 1.7840% and \$975,000 over a 7 year term at a rate of 1.880% as part of the 2020 Capital Equipment Replacement Program.

**REQUIRED
SUPPLEMENTAL INFORMATION**

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Police Pension Plan

For the Year Ended December 31, 2019

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability						
Service cost	\$ 569,351	\$ 518,869	\$ 494,161	\$ 477,534	\$ 487,208	\$ 540,849
Interest	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>(1,024,787)</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	794,767	1,553,110	1,599,391	1,300,244	1,262,119	401,001
Total pension liability - beginning	<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>\$ 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>
Plan fiduciary net position						
Contributions - employer	\$ 955,101	\$ 854,000	\$ 833,727	\$ 861,904	\$ 935,752	\$ 888,000
Contributions - employee	237,641	222,306	208,622	202,677	210,328	199,170
Net investment income	4,254,701	(1,351,722)	2,819,161	1,375,025	(397,947)	703,085
Benefit payments, including refunds of employee contributions	(1,024,787)	(1,007,279)	(1,008,271)	(998,558)	(954,062)	(857,230)
Administrative expense	(85,649)	(78,242)	(86,249)	(70,546)	(76,228)	(6,519)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>4,337,007</u>	<u>(1,360,937)</u>	<u>2,766,990</u>	<u>1,370,502</u>	<u>(282,157)</u>	<u>926,506</u>
Plan fiduciary net position - beginning	<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>
Plan fiduciary net position - ending (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>
Township's net pension liability - ending (a)-(b)	<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	89.9%	77.3%	86.7%	81.3%	80.0%	85.6%
Covered payroll	\$ 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	65.9%	147.0%	86.1%	120.0%	119.1%	86.8%
Annual money-weighted return, net of investment expenses	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, 2019

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2010	\$ 541,890	\$ 541,890	\$ -	\$ 3,611,531	(1) 15.0%
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%

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.

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

Change in assumptions: None since 1/1/2019

(1) - covered payroll taken from 1/1/2010 through 1/1/2013 actuarial valuations

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Non-Uniformed Employees Pension Plan

For the Year Ended December 31, 2019

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability						
Service cost	\$ 333,377	\$ 355,587	\$ 338,654	\$ 335,522	\$ 341,598	\$ 321,375
Interest	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	(549,313)	(497,282)	(490,455)	(463,034)	(435,288)	(407,680)
Net change in total pension liability	734,347	1,086,167	1,632,676	909,447	878,834	841,714
Total pension liability - beginning	17,346,228	16,260,061	14,627,385	13,717,938	12,839,104	11,997,390
Total pension liability - ending (a)	<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>
Plan fiduciary net position						
Contributions - employer	\$ 929,510	\$ 762,000	\$ 767,088	\$ 801,499	\$ 780,088	\$ 742,000
Contributions - employee	-	-	-	-	-	-
Net investment income	2,289,288	(739,182)	1,428,195	660,603	(189,522)	332,310
Benefit payments, including refunds of employee contributions	(549,313)	(497,282)	(490,455)	(463,034)	(435,288)	(407,680)
Administrative expense	(49,935)	(43,104)	(46,637)	(36,810)	(43,739)	(6,488)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	2,619,550	(517,568)	1,658,191	962,258	111,539	660,142
Plan fiduciary net position - beginning	11,908,699	12,426,267	10,768,076	9,805,818	9,694,279	9,034,137
Plan fiduciary net position - ending (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>
Township's net pension liability - ending (a)-(b)	<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	80.4%	68.7%	76.4%	73.6%	71.5%	75.5%
Covered payroll	\$ 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	101.8%	140.7%	102.4%	103.7%	97.0%	79.8%
Annual money-weighted return, net of investment expenses	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, 2019

SCHEDULE OF CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2010	\$ 432,152	\$ 432,152	\$ -	\$ 3,348,227	(1) 12.9%
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%

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 1/1/2010 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, 2019

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability			
Service cost	\$ 122,766	\$ 111,764	\$ 108,773
Interest	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>(45,445)</u>	<u>(42,370)</u>	<u>(105,166)</u>
Net change in total OPEB liability	327,582	147,347	77,379
Total OPEB liability - beginning	<u>2,135,317</u>	<u>1,987,970</u>	<u>1,910,591</u>
Total OPEB liability - ending	<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%
Covered payroll	\$ 4,539,717	\$ 3,989,739	\$ 3,989,739
Total OPEB liability as a percentage of covered payroll	54.3%	53.5%	49.8%

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, 2019

	Special Revenue Funds					Total
	Ambulance Squad	Fire Protection	Library	Senior Center	Highway Aid Fund	
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 5,346	\$ -	\$ 156,208	\$ 134,440	\$ 578,241	\$ 874,235
Taxes receivable	1,508	12,466	19,322	-	-	33,296
Prepaid expenses	-	18,659	-	-	-	18,659
	-	18,659	-	-	-	18,659
TOTAL ASSETS	\$ 6,854	\$ 31,125	\$ 175,530	\$ 134,440	\$ 578,241	\$ 926,190
<u>LIABILITIES</u>						
Accounts payable	\$ -	\$ 20,206	\$ 27,078	\$ 7,608	\$ 169	\$ 55,061
Deposits	-	-	-	-	-	-
Total Liabilities	-	20,206	27,078	7,608	169	55,061
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - property taxes	1,166	9,623	14,646	-	-	25,435
Total Deferred Inflows of Resources	1,166	9,623	14,646	-	-	25,435
<u>FUND BALANCES</u>						
Restricted for						
Public safety	5,688	1,296	-	-	-	6,984
Public works	-	-	-	-	578,072	578,072
Culture and recreation	-	-	133,806	-	-	133,806
Debt service	-	-	-	-	-	-
Assigned for						
Culture and recreation	-	-	-	126,832	-	126,832
Total Fund Balances	5,688	1,296	133,806	126,832	578,072	845,694
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,854	\$ 31,125	\$ 175,530	\$ 134,440	\$ 578,241	\$ 926,190

Capital Projects Funds							Total	GOB Debt Service	Total Nonmajor Governmental Funds
Capital Asset Recreation	Treasury & Justice	Capital Road Equipment	Capital Asset Library	Capital Asset Senior Ctr	Capital Asset Rescue				
\$ 500,415	\$ -	\$ 108,600	\$ 95,866	\$ 184,234	\$ -	\$ 889,115	\$ 409,174	\$ 2,172,524	
-	-	4,893	-	-	-	4,893	51,709	89,898	
-	-	-	-	-	-	-	-	18,659	
<u>\$ 500,415</u>	<u>\$ -</u>	<u>\$ 113,493</u>	<u>\$ 95,866</u>	<u>\$ 184,234</u>	<u>\$ -</u>	<u>\$ 894,008</u>	<u>\$ 460,883</u>	<u>\$ 2,281,081</u>	
\$ 250,740	\$ -	\$ -	\$ 12,594	\$ -	\$ -	\$ 263,334	\$ -	\$ 318,395	
58,237	-	-	-	-	-	58,237	-	58,237	
<u>308,977</u>	<u>-</u>	<u>-</u>	<u>12,594</u>	<u>-</u>	<u>-</u>	<u>321,571</u>	<u>-</u>	<u>376,632</u>	
-	-	3,348	-	-	-	3,348	39,380	68,163	
-	-	3,348	-	-	-	3,348	39,380	68,163	
-	-	-	-	-	-	-	-	6,984	
-	-	110,145	-	-	-	110,145	-	688,217	
191,438	-	-	83,272	-	-	274,710	-	408,516	
-	-	-	-	-	-	-	421,503	421,503	
-	-	-	-	184,234	-	184,234	-	311,066	
<u>191,438</u>	<u>-</u>	<u>110,145</u>	<u>83,272</u>	<u>184,234</u>	<u>-</u>	<u>569,089</u>	<u>421,503</u>	<u>1,836,286</u>	
<u>\$ 500,415</u>	<u>\$ -</u>	<u>\$ 113,493</u>	<u>\$ 95,866</u>	<u>\$ 184,234</u>	<u>\$ -</u>	<u>\$ 894,008</u>	<u>\$ 460,883</u>	<u>\$ 2,281,081</u>	

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2019

	Special Revenue Funds					Total
	Ambulance Squad	Fire Protection	Library	Senior Center	Highway Aid Fund	
Revenues						
Property taxes	\$ 73,286	\$ 608,881	\$ 1,000,924	\$ -	\$ -	\$ 1,683,091
Investment income and rent	563	2,784	6,610	31,344	19,993	61,294
Intergovernmental revenue	-	-	118,000	21,121	1,375,096	1,514,217
Charges for services	-	-	39,885	75,014	-	114,899
Other	-	-	25,238	13,985	-	39,223
Total Revenues	<u>73,849</u>	<u>611,665</u>	<u>1,190,657</u>	<u>141,464</u>	<u>1,395,089</u>	<u>3,412,724</u>
Expenditures						
Current:						
Public safety	70,504	303,860	-	-	-	374,364
Highways and roads	-	-	-	-	1,007,695	1,007,695
Culture and recreation	-	-	983,538	-	-	983,538
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	363,650	-	363,650
Total Expenditures	<u>70,504</u>	<u>303,860</u>	<u>983,538</u>	<u>363,650</u>	<u>1,007,695</u>	<u>2,729,247</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,345</u>	<u>307,805</u>	<u>207,119</u>	<u>(222,186)</u>	<u>387,394</u>	<u>683,477</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	227,000	-	227,000
Transfers out	(2,116)	(320,000)	(159,259)	-	(250,000)	(731,375)
Total Other Financing Sources (Uses)	<u>(2,116)</u>	<u>(320,000)</u>	<u>(159,259)</u>	<u>227,000</u>	<u>(250,000)</u>	<u>(504,375)</u>
Net Change in Fund Balances	<u>1,229</u>	<u>(12,195)</u>	<u>47,860</u>	<u>4,814</u>	<u>137,394</u>	<u>179,102</u>
Fund Balance - Beginning	4,459	13,491	85,946	122,018	440,678	666,592
Fund Balance - Ending	<u>\$ 5,688</u>	<u>\$ 1,296</u>	<u>\$ 133,806</u>	<u>\$ 126,832</u>	<u>\$ 578,072</u>	<u>\$ 845,694</u>

Capital Projects Funds								Total Nonmajor Governmental Funds	
Capital Asset Recreation	Treasury & Justice	GOB-2015 Fund	Capital Road Equipment	Capital Asset Library	Capital Asset Senior Ctr	Capital Asset Rescue	Total		GOB Debt Service
\$ -	\$ -	\$ -	\$ 329,803	\$ -	\$ -	\$ -	\$ 329,803	\$ 2,640,830	\$ 4,653,724
18,199	22	64	1,783	1,868	3,262	30	25,228	9,106	95,628
103,750	-	-	-	18,000	95,000	-	216,750	-	1,730,967
-	-	-	-	-	-	-	-	-	114,899
58,441	-	-	-	2,000	-	-	60,441	-	99,664
<u>180,390</u>	<u>22</u>	<u>64</u>	<u>331,586</u>	<u>21,868</u>	<u>98,262</u>	<u>30</u>	<u>632,222</u>	<u>2,649,936</u>	<u>6,694,882</u>
-	-	-	-	-	-	10,000	10,000	-	384,364
-	4,652	-	449,700	-	-	-	454,352	-	1,462,047
1,325,480	-	64	-	27,977	25,844	-	1,379,365	-	2,362,903
47,837	-	-	265,325	-	-	-	313,162	1,845,000	2,158,162
831	-	-	12,063	-	-	-	12,894	711,381	724,275
-	-	-	-	-	-	-	-	21,575	385,225
<u>1,374,148</u>	<u>4,652</u>	<u>64</u>	<u>727,088</u>	<u>27,977</u>	<u>25,844</u>	<u>10,000</u>	<u>2,169,773</u>	<u>2,577,956</u>	<u>7,476,976</u>
(1,193,758)	(4,630)	-	(395,502)	(6,109)	72,418	(9,970)	(1,537,551)	71,980	(782,094)
175,000	-	-	-	-	-	2,116	177,116	-	404,116
-	-	-	-	-	-	-	-	-	(731,375)
283,054	-	-	444,550	-	-	2,116	177,116	-	225,345
(910,704)	(4,630)	-	49,048	(6,109)	72,418	(7,854)	(807,831)	71,980	(556,749)
1,102,142	4,630	-	61,097	89,381	111,816	7,854	1,376,920	349,523	2,393,035
<u>\$ 191,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,145</u>	<u>\$ 83,272</u>	<u>\$ 184,234</u>	<u>\$ -</u>	<u>\$ 569,089</u>	<u>\$ 421,503</u>	<u>\$ 1,836,286</u>

NORTHAMPTON TOWNSHIP

COMBINING STATEMENT OF NET POSITION -
FIDUCIARY FUNDS

For the Year Ended December 31, 2019

	<u>Pension Trust Funds</u>		<u>Total Fiduciary Funds</u>
	<u>Police Pension</u>	<u>Non-Uniform Pension</u>	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 775,511	\$ 739,505	\$ 1,515,016
Investments			
DROP account	391,426	-	391,426
US Government & agency securities	2,574,385	1,401,063	3,975,448
Bond and bond funds	5,505,770	3,004,972	8,510,742
Asset backed securities	406,194	216,169	622,363
Equities and stock funds	9,874,828	5,355,457	15,230,285
Exchange traded products	7,042,212	3,814,129	10,856,341
Total Investments	<u>25,794,815</u>	<u>13,791,790</u>	<u>39,586,605</u>
 TOTAL ASSETS	 <u>26,570,326</u>	 <u>14,531,295</u>	 <u>41,101,621</u>
 <u>LIABILITIES</u>			
Refund of member contributions payable	13,116	3,046	16,162
Benefits payable	6,278	-	6,278
TOTAL LIABILITIES	<u>19,394</u>	<u>3,046</u>	<u>22,440</u>
 <u>NET POSITION</u>			
Restricted for Pension Benefits	<u>\$ 26,550,932</u>	<u>\$ 14,528,249</u>	<u>\$ 41,079,181</u>

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2019

	<u>Pension Trust Funds</u>		Total
	<u>Police</u>	<u>Non-Uniform</u>	Fiduciary
	<u>Pension</u>	<u>Pension</u>	<u>Funds</u>
Additions			
Contributions			
Member contributions	\$ 237,641	\$ -	\$ 237,641
Employer contributions	570,203	554,890	1,125,093
State contributions	384,898	374,620	759,518
Total Contributions	<u>1,192,742</u>	<u>929,510</u>	<u>2,122,252</u>
Investment Earnings			
Net appreciation (depreciation) in fair value of investments	4,246,835	2,283,380	6,530,215
Interest and dividends	7,867	5,909	13,776
Total Investment Earnings	4,254,702	2,289,289	6,543,991
Less investment expense	(84,874)	(46,960)	(131,834)
Net Investment Earnings	<u>4,169,828</u>	<u>2,242,329</u>	<u>6,412,157</u>
Total Additions	<u>5,362,570</u>	<u>3,171,839</u>	<u>8,534,409</u>
Deductions			
Benefits	1,013,404	549,313	1,562,717
Miscellaneous expense	11,384	-	11,384
Actuary fees	775	2,975	3,750
Total Deductions	<u>1,025,563</u>	<u>552,288</u>	<u>1,577,851</u>
Change in Net Assets	4,337,007	2,619,551	6,956,558
Net Position Restricted for Pension Benefits:			
Beginning of Year	<u>22,213,925</u>	<u>11,908,698</u>	<u>34,122,623</u>
End of Year	<u>\$ 26,550,932</u>	<u>\$ 14,528,249</u>	<u>\$ 41,079,181</u>