

**NORTHAMPTON TOWNSHIP  
BUCKS COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**YEAR ENDED DECEMBER 31, 2021**



NORTHAMPTON TOWNSHIP

FINANCIAL STATEMENTS

December 31, 2021

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936 Easton Rd., PO Box 754, Warrington, PA 18976 | 70 W. Oakland Ave., Doylestown, PA 18901  
130 Almshouse Rd. Suite 201A, Richboro, PA 18954  
215-343-2727 | [www.bbco-cpa.com](http://www.bbco-cpa.com)

## INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors  
Northampton Township  
Richboro, PA

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business 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, 2021, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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 activities, each major fund, and the aggregate remaining fund information of Northampton Township, Bucks County, Pennsylvania, as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof, 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.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northampton Township, Bucks County, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northampton Township, Bucks County, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northampton Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northampton Township, Bucks County, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

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

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northampton Township, Bucks County, Pennsylvania's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

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

*Bee, Bergvall & Co.*

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

Warrington, PA  
August 23, 2022

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

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, 2021. 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 \$161,101,007 (*net position*). Of this amount, -\$15,124,204 (*unrestricted net position*) represents a negative balance and may not be used to meet the Township's ongoing obligations to citizens and creditors. Additionally, \$38,882,165 (*restricted net position*) represents a positive balance and must be used to meet the Township's existing capital obligations and other restricted whether imposed by grantors or real estate taxes.

*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 \$40,943,748, an increase of \$34,701,216 (84%) when compared to the prior year. The majority of this increase is attributed to the addition of a \$30,365,000 GOB to fund the construction of 2 new Fire Stations in the Township. 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 \$2,423,554 or 13.87% of total general fund expenditures, \$17,465,983. This is an increase of \$1,014,299 for the year.



# NORTHAMPTON TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

### **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, 2021

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Northampton Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

***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 \$161,001,007 at the close of the most recent fiscal year. This represents a \$5,591,078 or 3.36% reduction from previous year. This change is mostly attributable to a depreciable reduction (\$8,265,003) in Assets.

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, 2021

**THE TOWNSHIP AS A WHOLE**

The following table reflects the condensed statement of net position:

**Table 1**  
**Statement of Net Position - December 31, 2021**  
**(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 47,726	\$ 9,863	\$ 878	\$ 784	\$ 48,604	\$ 10,647
Capital assets	191,544	198,752	13,163	13,602	204,707	212,354
Total Assets	<u>239,270</u>	<u>208,615</u>	<u>14,041</u>	<u>14,386</u>	<u>253,311</u>	<u>223,001</u>
Long term liabilities	64,043	32,358	15,212	15,289	79,255	47,647
Other liabilities	11,395	7,180	1,562	1,481	12,957	8,661
Total Liabilities	<u>75,438</u>	<u>39,538</u>	<u>16,774</u>	<u>16,770</u>	<u>92,212</u>	<u>56,308</u>
 Net Position						
Invested in capital assets, net of debt	137,343	173,195	-	-	137,343	173,195
Restricted	38,882	4,761	-	-	38,882	4,761
Unrestricted	(12,392)	(8,880)	(2,732)	(2,384)	(15,124)	(11,264)
Total Net Position	<u>\$ 163,833</u>	<u>\$ 169,076</u>	<u>\$ (2,732)</u>	<u>\$ (2,384)</u>	<u>\$ 161,101</u>	<u>\$ 166,692</u>

A large portion of the Township's net position (\$38,882,165) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (-\$15,124,204) shows a negative balance which is primarily due to the pension liability and post-employment benefit liability. GASB allows the financial statement reader to consider short-term and long-term analysis. The Township's net position decreased by \$5,591,078 during the current fiscal year as discussed below. Total Assets were increased by \$30.3 million primarily due to the GOB 2021 Bond and offset by the Depreciation Expense. Total Liabilities were increased overall by \$35.9 million due to annual debt payments on new and existing GOB obligations offset by decreases in the pension liability.

NORTHAMPTON TOWNSHIP

MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

A comparison of 2021 vs. 2020 shows an increase in Total Revenues (\$7,146,000 or 22.05%) due to recovery and re-opening of facilities previously limited by Covid-19, and an increase in Total Operating Expenses (\$2,671,000 or 6.28%) to support those services. Total Net Position, while improving from 2020 figures, had decreased by \$5,590,000 by year-end 2021.

**Table 2**  
**Changes in Net position - 2021**  
**(in thousands)**

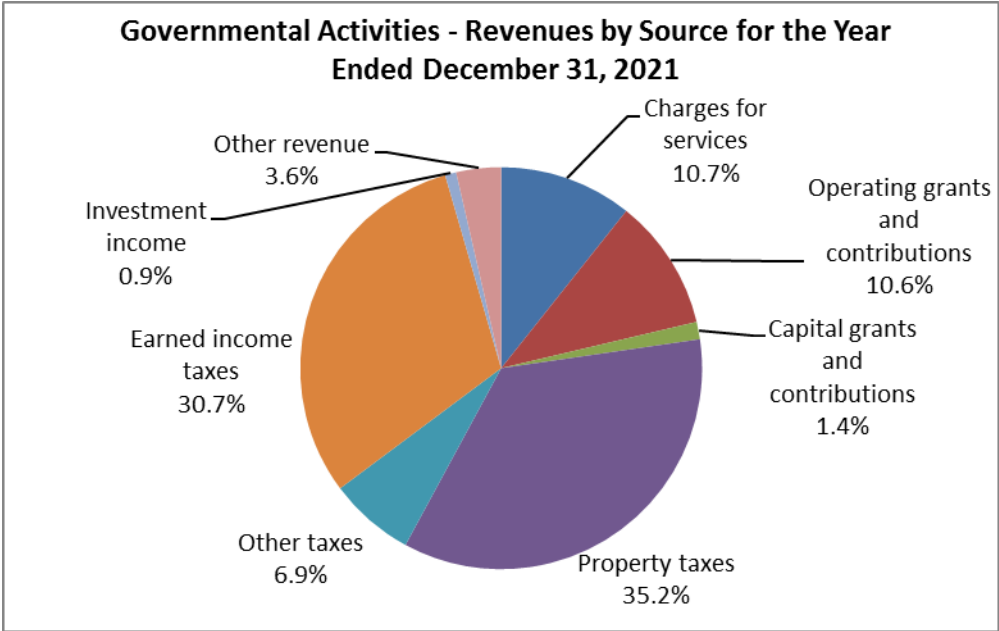
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 3,258	\$ 1,913	\$ 8,539	\$ 6,101	\$ 11,797	\$ 8,014
Operating grants and contributions	2,710	3,386	412	367	3,122	3,753
Capital grants and contributions	957	249	-	-	957	249
General revenues:						
Property taxes	10,746	10,695	-	-	10,746	10,695
Other taxes	11,460	8,314	-	-	11,460	8,314
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Investment income	268	248	2	4	270	252
Miscellaneous	1,200	1,129	-	-	1,200	1,129
Net transfers	201	-	(201)	-	-	-
<b>Total Revenues</b>	<u>30,800</u>	<u>25,934</u>	<u>8,752</u>	<u>6,472</u>	<u>39,552</u>	<u>32,406</u>
<b>EXPENSES</b>						
General government	6,043	5,212	-	-	6,043	5,212
Code enforcement	731	652	-	-	731	652
Public safety	12,294	10,253	-	-	12,294	10,253
Sanitation	-	-	4,345	4,364	4,345	4,364
Public works	11,501	12,228	-	-	11,501	12,228
Culture and recreation	3,877	4,052	4,754	4,298	8,631	8,350
Debt service	1,597	1,412	-	-	1,597	1,412
<b>Total Expenses</b>	<u>36,043</u>	<u>33,809</u>	<u>9,099</u>	<u>8,662</u>	<u>45,142</u>	<u>42,471</u>
Change in Net Position	(5,243)	(7,875)	(347)	(2,190)	(5,590)	(10,065)
Net Position - Beginning	<u>169,076</u>	<u>176,951</u>	<u>(2,384)</u>	<u>(194)</u>	<u>166,692</u>	<u>176,757</u>
Net Position - Ending	<u>\$ 163,833</u>	<u>\$ 169,076</u>	<u>\$ (2,731)</u>	<u>\$ (2,384)</u>	<u>\$ 161,102</u>	<u>\$ 166,692</u>

NORTHAMPTON TOWNSHIP

MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

For the fiscal year ended December 31, 2021, revenues for governmental activities totaled \$30,599,000, an increase of \$4,665,000 (17.98%) over 2020. Positively affected areas: Earned Income Tax, Transfer Tax, and Charges for Services. Sources of revenue for the fiscal year 2021 are comprised of the following items:

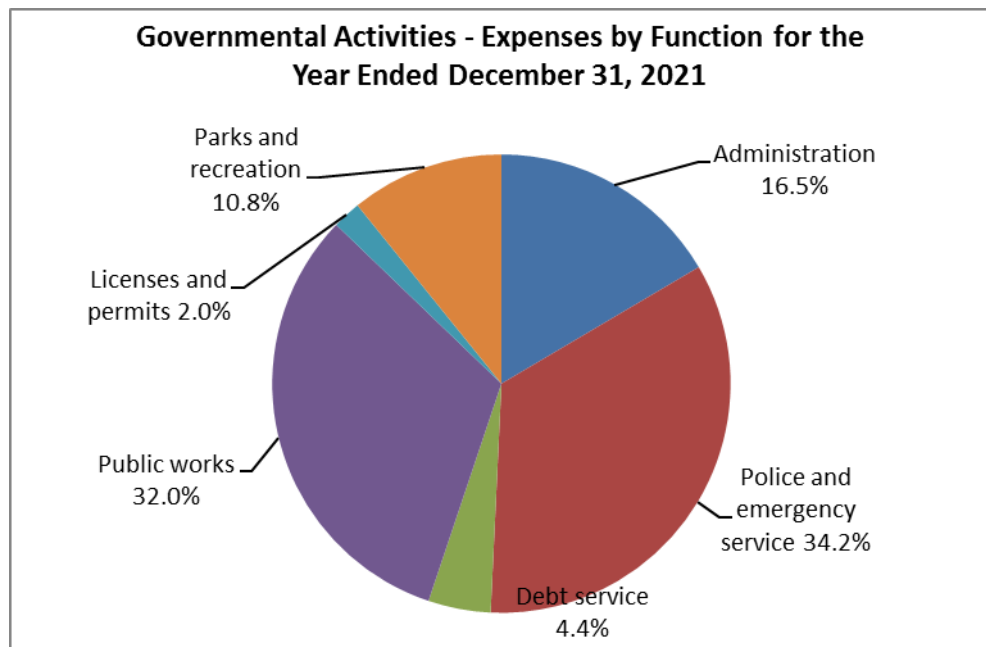


NORTHAMPTON TOWNSHIP

MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

For the 2021 fiscal year, expenses for government activities totaled \$36,043,000, a \$2,234,000 increase over 2020. This is mainly due to the re-opening of facilities and removing limits forced by Covid-19, in addition to realizing the increased costs of operating in a new environment caused by the pandemic.



The change in net position reflects the difference between total revenues and total expenses. For governmental and business-type activities in fiscal 2021, total expenses (\$45,142,000) exceeded total revenues (\$39,522,000) by \$5,590,000 resulting in a decrease in net position by that amount. The year ended with total Net Position of \$161,102,000.

**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, 2021

As of the end of the current fiscal year, the Township's total governmental funds reported combined ending fund balances of \$40,943,748, an increase of \$34,701,216 or (84%) in comparison with the prior year. This increase is primarily due to the addition of the Debt Fire Fund, which carried a year end Fund Balance of \$34,578,673.

The total fund balance for all funds (\$40,943,748) constitutes a Restricted Fund balance of \$38,810,821, an Assigned Fund balance of \$249,087, and an Unassigned Fund balance of \$1,883,840 (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 \$2,423,554. Unreserved/Unassigned Fund balance represents 13.87% of total General Fund expenditures. This represents an increase over the 2020 percentage of 8.6%.

**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 gain of \$1,753,282 (10.2%) when compared to the 2021 Budget. Transfer Taxes were \$441,339 (34.7%) over a conservative budget. Earned Income Taxes were \$1,047,422 (12.9%) over budget. Fees & Licenses & Permits were \$81,731 (8.4%) under a flat budget. Interest & Rents were \$23,637 (9.3%) under a flat budget. Intergovernmental Revenues were \$68,992 (6.2%) under budget. Charges for Services were \$412,773 (31.2%) over a conservative 2021 budget. Other General Fund revenues were \$41,009 (26.6%) over a conservative 2021 budget.

General Fund Total Expenditures completed 2021 higher than the budget by \$329,983 or 1.9%. This can be attributed in part to the increase in cost of materials and services for road repair and weather maintenance in the Township.

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, 2021

**Park & Recreation Fund Budget Highlights**

With lingering uncertainties still felt from the devastating blow the Park & Recreation Department had from Covid-19, the 2021 budget was calculated conservatively, but with a positive outlook. Tax revenues remained stable coming in just slightly over budget at \$945,663, however the other areas of revenue were not able to reach their mark. Fees/Charges for Services were more than doubled at \$1,104,956, a \$636,915 increase from 2020, yet still fell short of its 2021 budgeted amount by \$322,044 (22.56%). Revenues from Interest & Rents also suffered, down \$1,852 (92%), primarily due to historically low interest rates. Total Revenues were down \$329,324 or 13.8% of the projected budget.

In line with Fees/Charges for Services revenues coming in under budget, expenses came in under as well. Total Expenses were \$48,652 or 21.1% under budget. However, the reduction in expenses was not enough to keep up with the loss in expected revenues, causing a reduction in the Fund Balance. At year end, the Fund Balance experienced a reduction of \$193,447, coming in at a final amount of -\$293,578.

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, 2021, amounts to \$204,708,000 (*net of accumulated depreciation \$160,051,000*). This investment in capital assets includes: land, buildings and system improvements, machinery and equipment, park facilities, infrastructure, etc. A total (gross) increase (\$2,647,000) in the Township's investment in capital assets for the current fiscal year was the result of the purchase of various capital equipment (\$720,000), land and building improvements (\$339,000), Infrastructure (\$411,000), and the construction-in-progress (\$1,177,000) for the multiple capital projects in the Township.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

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

	Beginning Balance <u>January 1, 2021</u>	Net Additions/ <u>Deletions</u>	Ending Balance <u>December 31, 2021</u>
<b>Non-Depreciable Assets</b>			
Land	\$ 1,898	\$ -	\$ 1,898
Construction in progress	1,770	1,177	2,947
<b>Other Capital Assets</b>			
Machinery, vehicles and equipment	10,517	720	11,237
Land improvements	4,377	19	4,396
Buildings and improvements	31,824	320	32,144
Library	95	-	95
Infrastructure	311,631	411	312,042
Accumulated depreciation on capital assets	<u>(149,759)</u>	<u>(10,292)</u>	<u>(160,051)</u>
<b>Totals</b>	<u>\$ 212,353</u>	<u>\$ (7,645)</u>	<u>\$ 204,708</u>

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

This year's major capital improvements/additions include:

Construction in progress	\$ 1.177 million
Machinery, vehicles & equipment	720 thousand
Building & Improvements	320 thousand
Land Improvements	19 thousand
Infrastructure	411 thousand

The \$1,176,743 represents the Construction-in-progress for the various Capital projects occurring in the Township. \$719,882 represents the new Machinery & Equipment purchased through capital lease financing. \$19,265 reflects land improvements in Parks & Recreation. \$319,717 is a combination of improvements to Township buildings and Country Club facilities. The increase of \$411,457 Infrastructure is attributable to road, curb, storm sewer and bridge projects during the year.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

**Long-term Debt**

At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$67,065,000. Of this amount, \$66,415,000 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 2021 with total outstanding debt of \$38,530,000. In June, a 25-year GOB of \$30,365,000 was added to the total debt in order to fund the building of 2 new fire stations. After making principal payments (\$1,830,000), the outstanding debt balance at year-end is \$67,065,000.

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, 2021</u>	<u>New Debt</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Balance December 31, 2021</u>
2010	\$ 16,410,000	variable - 3.02%	2021	\$ 1,775,000	\$ -	\$ 1,775,000	\$ 44,375	\$ -
2015A	3,050,000	variable - 2.75%	2022	800,000	-	-	22,000	800,000
2015B	2,255,000	5.00%	2023	2,205,000	-	25,000	109,250	2,180,000
2015	10,955,000	variable - 5.00%	2035	10,855,000	-	25,000	414,150	10,830,000
2018	650,000	0%	2043	650,000	-	-	-	650,000
2018	22,250,000	variable -4.00%	2043	22,245,000	-	5,000	830,700	22,240,000
2021	30,365,000	variable -4.00%	2046	-	30,365,000	-	406,328	30,365,000
				<u>\$ 38,530,000</u>	<u>\$30,365,000</u>	<u>\$ 1,830,000</u>	<u>\$1,826,803</u>	<u>\$ 67,065,000</u>

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

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

2021 was a year of recovery and learning to operate in a new environment left by the Covid-19 pandemic. We experienced, and continue to experience, issues with labor and materials shortages that both delay projects and increase the expenses. The Township has a solid Real Estate Tax base that remained relatively consistent through everything. However, a tax increase is included in the 2022 budget: 1) 2.85 mill increase in the General Fund to support a new collective bargaining agreement with the Police Benevolent Association, additional costs for a growing career Fire Department, and several Capital Improvement projects and 2) 0.25 mill increase to the Ambulance Fund responding to the need for additional funding for employee retention.

The federal government announced Covid relief funding through the American Rescue Plan Act, through which the Township was awarded \$4,099,265 to replace lost revenue caused by the pandemic. Half of the funding arrived in July 2021, with the other half expected 12 months later. A portion of the funds has been allocated to the Fire Fund and The Park & Recreation Fund in 2022, The Township has until 2026 to allocate the rest of the award.

**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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 41,682,079	\$ 320,073	\$ 42,002,152
Taxes receivable	3,963,818	-	3,963,818
Accounts receivable	611,798	484,513	1,096,311
Prepaid expenses	38,157	-	38,157
Inventory	-	73,569	73,569
Net pension asset	937,283	-	937,283
Land	1,897,956	-	1,897,956
Construction in progress	1,314,271	1,632,183	2,946,454
Other capital assets (net of accumulated depreciation)	<u>188,332,224</u>	<u>11,531,276</u>	<u>199,863,500</u>
Total Assets	<u>238,777,586</u>	<u>14,041,614</u>	<u>252,819,200</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows for pension	309,377	-	309,377
Deferred outflows for OPEB	<u>183,936</u>	<u>-</u>	<u>183,936</u>
Total deferred outflows of resources	<u>493,313</u>	<u>-</u>	<u>493,313</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	1,395,153	478,766	1,873,919
Interest payable	207,706	71,970	279,676
Deferred Revenue	-	889,145	889,145
Non-current liabilities:			
Due within one year	2,410,669	121,664	2,532,333
Due after one year	<u>64,043,467</u>	<u>15,211,985</u>	<u>79,255,452</u>
Total Liabilities	<u>68,056,995</u>	<u>16,773,530</u>	<u>84,830,525</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows for pension	5,222,659	-	5,222,659
Deferred revenue	<u>2,158,322</u>	<u>-</u>	<u>2,158,322</u>
Total deferred inflows of resources	<u>7,380,981</u>	<u>-</u>	<u>7,380,981</u>
<u>NET POSITION</u>			
Net investment in capital assets	137,343,046	-	137,343,046
Restricted for			
Public safety	37,292,865	-	37,292,865
Public works	653,629	-	653,629
Culture and recreation	152,315	-	152,315
Debt service	783,356	-	783,356
Unrestricted	<u>(12,392,288)</u>	<u>(2,731,916)</u>	<u>(15,124,204)</u>
Total Net Position	<u>\$ 163,832,923</u>	<u>\$ (2,731,916)</u>	<u>\$ 161,101,007</u>

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

NORTHAMPTON TOWNSHIP

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General Government	\$ 6,043,362	\$ 99,302	\$ 815,326	\$ -
Code Enforcement	731,315	1,487,174	-	-
Public Safety	12,294,400	325,636	478,218	14,111
Public Works	11,500,691	161,048	1,246,204	395,116
Culture and Recreation	3,876,541	1,184,394	170,598	548,209
Debt Service	<u>1,597,241</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Government Activities	<u>36,043,550</u>	<u>3,257,554</u>	<u>2,710,346</u>	<u>957,436</u>
Business -Type Activities				
Refuse	4,345,422	3,828,599	411,900	-
Country Club	4,754,075	4,710,554	-	-
Street Light	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>9,099,497</u>	<u>8,539,153</u>	<u>411,900</u>	<u>-</u>
Total Primary Government	<u>45,143,047</u>	<u>11,796,707</u>	<u>3,122,246</u>	<u>957,436</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				
Transfers				
Total General Revenues and Transfers				
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>
\$ (5,128,734)	\$ -	\$ (5,128,734)
755,859	-	755,859
(11,476,435)	-	(11,476,435)
(9,698,323)	-	(9,698,323)
(1,973,340)	-	(1,973,340)
(1,597,241)	-	(1,597,241)
<u>(29,118,214)</u>	<u>-</u>	<u>(29,118,214)</u>
-	(104,923)	(104,923)
-	(43,521)	(43,521)
-	-	-
<u>-</u>	<u>(148,444)</u>	<u>(148,444)</u>
<u>(29,118,214)</u>	<u>(148,444)</u>	<u>(29,266,658)</u>
10,745,714	-	10,745,714
1,713,339	-	1,713,339
9,351,123	-	9,351,123
395,562	-	395,562
299	-	299
268,209	1,559	269,768
-	-	-
1,199,775	-	1,199,775
<u>200,678</u>	<u>(200,678)</u>	<u>-</u>
<u>23,874,699</u>	<u>(199,119)</u>	<u>23,675,580</u>
(5,243,515)	(347,563)	(5,591,078)
<u>169,076,438</u>	<u>(2,384,353)</u>	<u>166,692,085</u>
<u>\$ 163,832,923</u>	<u>\$ (2,731,916)</u>	<u>\$ 161,101,007</u>

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

NORTHAMPTON TOWNSHIP

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2021

	<u>General</u>	<u>Park &amp; Recreation</u>	<u>Capital Asset Fire</u>
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 2,360,863	\$ -	\$ 2,670,605
Taxes receivable	2,259,977	13,599	-
Accounts receivable	413,143	35,200	-
Prepaid expenses	-	-	-
Due from other funds	293,729	-	-
Total Current Assets	5,327,712	48,799	2,670,605
TOTAL ASSETS	\$ 5,327,712	\$ 48,799	\$ 2,670,605
<u>LIABILITIES</u>			
Accounts payable and accrued wages	\$ 817,934	\$ 38,552	\$ -
Accrued expenses	-	-	-
Due to other funds	-	293,729	-
Deposits	-	-	-
Total Liabilities	817,934	332,281	-
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	36,466	10,096	-
Unavailable revenue - ARPA funds	2,049,758	-	-
Total Deferred Inflows of Resources	2,086,224	10,096	-
<u>FUND BALANCES</u>			
Restricted for:			
Public safety	-	-	2,670,605
Public works	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Assigned for:			
Capital projects	-	-	-
Culture and recreation	-	-	-
Unassigned	2,423,554	(293,578)	-
Total Fund Balances	2,423,554	(293,578)	2,670,605
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,327,712	\$ 48,799	\$ 2,670,605



<u>Debt Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 34,578,673	\$ 2,071,938	\$ 41,682,079
-	70,366	2,343,942
-	163,455	611,798
-	38,157	38,157
-	169,086	462,815
<u>34,578,673</u>	<u>2,513,002</u>	<u>45,138,791</u>
<u>\$ 34,578,673</u>	<u>\$ 2,513,002</u>	<u>\$ 45,138,791</u>
\$ 351,478	\$ 187,190	\$ 1,395,154
-	-	-
-	169,086	462,815
-	169,410	169,410
<u>351,478</u>	<u>525,686</u>	<u>2,027,379</u>
-	71,344	117,906
-	-	2,049,758
-	71,344	2,167,664
34,227,195	384,275	37,282,075
-	647,101	647,101
-	137,669	137,669
-	743,976	743,976
-	-	-
-	-	-
-	249,087	249,087
-	(246,136)	1,883,840
<u>34,227,195</u>	<u>1,915,972</u>	<u>40,943,748</u>
<u>\$ 34,578,673</u>	<u>\$ 2,513,002</u>	<u>\$ 45,138,791</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, 2021

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). \$ 40,943,748

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

Cost of capital assets	\$ 349,312,220	
Accumulated depreciation	<u>(157,767,769)</u>	191,544,451

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds. 1,619,876

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. 178,746

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

Difference between expected and actual experience on pension plan liability & OPEB	(1,940,501)	
Change in assumptions on pension plan liability and OPEB	360,552	
Net difference between projected and actual earnings on pension plan investments	<u>(3,149,390)</u>	(4,729,339)

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	(56,289,988)	
Capital leases payable	(2,090,881)	
Interest payable	(207,706)	
Net pension liability	(724,687)	
Total post-employment benefits liability	(3,883,267)	
Compensated absences	<u>(3,465,313)</u>	<u>(66,661,842)</u>

Net Position of governmental activities (page 18). \$ 162,895,640

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, 2021

	<u>General</u>	<u>Park &amp; Recreation</u>	<u>Capital Asset Fire</u>
Revenues			
Taxes:			
Real estate	\$ 3,494,451	\$ 945,663	\$ -
Transfer	1,713,339	-	-
Earned income tax	9,190,422	-	-
Local service tax	395,562	-	-
Fees, licenses and permits	891,269	-	-
Investment income and rent	230,363	148	3,235
Intergovernmental revenues	1,045,008	-	14,111
Fines and forfeitures	53,086	-	-
Charges for services	1,733,773	1,104,956	-
Other	195,009	5,909	-
Total Revenues	<u>18,942,282</u>	<u>2,056,676</u>	<u>17,346</u>
Expenditures			
Current:			
General government	2,107,086	-	-
Public safety	9,370,856	-	36,200
Highways and roads	2,946,201	-	-
Culture and recreation	42,720	2,248,348	-
Miscellaneous	2,999,120	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other	-	-	-
Total Expenditures	<u>17,465,983</u>	<u>2,248,348</u>	<u>36,200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,476,299</u>	<u>(191,672)</u>	<u>(18,854)</u>
Other Financing Sources (Uses)			
Debt issuance	-	-	-
Transfers in	374,000	-	300,000
Transfers out	<u>(836,000)</u>	<u>(1,775)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(462,000)</u>	<u>(1,775)</u>	<u>300,000</u>
Net Change in Fund Balances	1,014,299	(193,447)	281,146
Fund Balance - Beginning	<u>1,409,255</u>	<u>(100,131)</u>	<u>2,389,459</u>
Fund Balance - Ending	<u>\$ 2,423,554</u>	<u>\$ (293,578)</u>	<u>\$ 2,670,605</u>

<u>Debt</u> <u>Fire</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ -	\$ 6,302,420	\$ 10,742,534
-	-	1,713,339
-	-	9,190,422
-	-	395,562
-	-	891,269
30,094	4,369	268,209
-	2,042,826	3,101,945
-	-	53,086
-	343,594	3,182,323
-	598,074	798,992
<u>30,094</u>	<u>9,291,283</u>	<u>30,337,681</u>
97,795	891,783	3,096,664
902,089	2,385,980	12,695,125
-	2,411,885	5,358,086
-	1,166,887	3,457,955
-	377,685	3,376,805
-	2,636,821	2,636,821
406,328	1,170,383	1,576,711
-	19,602	19,602
<u>1,406,212</u>	<u>11,061,026</u>	<u>32,217,769</u>
<u>(1,376,118)</u>	<u>(1,769,743)</u>	<u>(1,880,088)</u>
35,603,313	777,313	36,380,626
-	1,125,385	1,799,385
-	(760,932)	(1,598,707)
<u>35,603,313</u>	<u>1,141,766</u>	<u>36,581,304</u>
34,227,195	(627,977)	34,701,216
-	2,543,949	6,242,532
<u>\$ 34,227,195</u>	<u>\$ 1,915,972</u>	<u>\$ 40,943,748</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, 2021

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).	\$	34,701,216
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 2,470,683		
Depreciation expense	<u>(9,678,269)</u>		(7,207,586)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		163,881
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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.		110,097
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issuance	(31,895,108)		
Capital leases	795,058		
Debt premiums and discounts	(5,182,781)		
Interest payable	(87,480)		
Repayment of debt	<u>2,496,667</u>		(33,873,644)

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	2,307,021		
Compensated absences	(279,290)		
Total OPEB Liability and deferred items	<u>(1,165,210)</u>		<u>862,521</u>

Change in net position of governmental activities (pages 19-20).	\$	<u>(5,243,515)</u>
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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, 2021

	GENERAL FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes:				
Real estate	\$ 3,492,000	\$ 3,492,000	\$ 3,494,451	\$ 2,451
Transfer	1,272,000	1,272,000	1,713,339	441,339
Earned income tax	8,143,000	8,143,000	9,190,422	1,047,422
Local service tax	400,000	400,000	395,562	(4,438)
Per Capita	1,000	1,000	-	(1,000)
Fees, licenses and permits	973,000	973,000	891,269	(81,731)
Interest and rent	254,000	254,000	230,363	(23,637)
Intergovernmental revenues	1,114,000	1,114,000	1,045,008	(68,992)
Fines and forfeitures	65,000	65,000	53,086	(11,914)
Charges for services	1,321,000	1,321,000	1,733,773	412,773
Other	154,000	154,000	195,009	41,009
Total Revenues	17,189,000	17,189,000	18,942,282	1,753,282
Expenditures				
Current:				
General government	2,116,500	2,116,500	2,107,086	(9,414)
Public safety	9,290,000	9,290,000	9,370,856	80,856
Highways and roads	2,599,500	2,599,500	2,946,201	346,701
Culture and recreation	28,000	28,000	42,720	14,720
Miscellaneous	3,102,000	3,102,000	2,999,120	(102,880)
Total Expenditures	17,136,000	17,136,000	17,465,983	329,983
Excess (Deficiency) of Revenues Over Expenditures	53,000	53,000	1,476,299	1,423,299
Other Financing Sources (Uses)				
Transfers in	424,000	424,000	374,000	(50,000)
Transfers out	(836,000)	(836,000)	(836,000)	-
Total Other Financing Sources (Uses)	(412,000)	(412,000)	(462,000)	(50,000)
Net Change in Fund Balances	(359,000)	(359,000)	1,014,299	\$ 1,373,299
Fund Balance, Beginning of Year			1,409,255	
Fund Balance, End of Year			\$ 2,423,554	

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, 2021

	PARK & RECREATION FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes	\$ 945,000	\$ 945,000	\$ 945,663	\$ 663
Interest and rent	2,000	2,000	148	(1,852)
Charges for services	1,427,000	1,427,000	1,104,956	(322,044)
Other	12,000	12,000	5,909	(6,091)
Total Revenues	2,386,000	2,386,000	2,056,676	(329,324)
Expenditures				
Current:				
Culture and recreation	2,297,000	2,297,000	2,248,348	(48,652)
Total Expenditures	2,297,000	2,297,000	2,248,348	(48,652)
Excess (Deficiency) of Revenues Over Expenditures	89,000	89,000	(191,672)	(280,672)
Other Financing Sources (Uses)				
Transfers out	-	-	(1,775)	(1,775)
Total Other Financing Sources (Uses)	-	-	(1,775)	(1,775)
Net Change in Fund Balances	89,000	89,000	(193,447)	\$ (282,447)
Fund Balance, Beginning of Year			(100,131)	
Fund Balance, End of Year			\$ (293,578)	

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

NORTHAMPTON TOWNSHIP  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2021

	MAJOR		
	Refuse	Country Club	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 320,073	\$ -	\$ 320,073
Accounts receivable	474,641	9,872	484,513
Inventory	-	73,569	73,569
Total Current Assets	794,714	83,441	878,155
Noncurrent Assets			
Construction in progress	-	1,632,183	1,632,183
Capital assets	-	13,815,939	13,815,939
Less accumulated depreciation	-	(2,284,663)	(2,284,663)
Total Noncurrent Assets	-	13,163,459	13,163,459
Total Assets	\$ 794,714	\$ 13,246,900	\$ 14,041,614
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 381,773	\$ 96,993	\$ 478,766
Interest payable	-	71,970	71,970
Deferred Revenue	132,303	756,842	889,145
Total Current Liabilities	514,076	925,805	1,439,881
Non-current liabilities:			
Due within one year	-	121,664	121,664
Due after one year	-	15,211,985	15,211,985
Total Noncurrent Liabilities	-	15,333,649	15,333,649
Total Liabilities	514,076	16,259,454	16,773,530
<u>NET POSITION</u>			
Net investment in capital assets	-	-	-
Unrestricted	280,638	(3,012,554)	(2,731,916)
Total Net Position	\$ 280,638	\$ (3,012,554)	\$ (2,731,916)

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, 2021

	Refuse	Country Club	Total
Operating Revenues			
Charges for services	\$ 3,828,599	\$ 4,598,581	\$ 8,427,180
Other revenues	-	51,973	51,973
Total Operating Revenues	3,828,599	4,650,554	8,479,153
Operating Expenses			
Solid waste collection and disposal	4,345,422	-	4,345,422
Culture and recreation	-	3,796,716	3,796,716
Total Operating Expenses	4,345,422	3,796,716	8,142,138
Operating Income Before Depreciation	(516,823)	853,838	337,015
Depreciation and Amortization Expense	-	670,306	670,306
Operating Income (Loss)	(516,823)	183,532	(333,291)
Nonoperating Revenues (Expense)			
Intergovernmental revenue	411,900	60,000	471,900
Interest expense	-	(287,053)	(287,053)
Net earnings on investments	1,460	99	1,559
Total Nonoperating Revenues (Expenses)	413,360	(226,954)	186,406
Income (Loss) Before Operating Transfers	(103,463)	(43,422)	(146,885)
Operating transfers in	-	270,725	270,725
Operating transfers out	-	(471,403)	(471,403)
Total Net Transfers	-	(200,678)	(200,678)
Change in Net Position	(103,463)	(244,100)	(347,563)
Net Position - Beginning	384,101	(2,768,454)	(2,384,353)
Net Position - Ending	\$ 280,638	\$ (3,012,554)	\$ (2,731,916)

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, 2021

	Business-type Activities		
	Refuse	Country Club	Total
Cash flows from operating activities			
Cash received from customers	\$ 3,789,510	\$ 4,662,322	\$ 8,451,832
Cash paid to employees for services	(246,104)	(1,789,985)	(2,036,089)
Cash paid to suppliers for goods and services	(3,966,294)	(2,057,448)	(6,023,742)
Net cash provided by (used in) operating activities	(422,888)	814,889	392,001
Cash flows from non-capital financing activities			
Due from/to funds	50,578	(45,333)	5,245
Transfers to other funds	-	(200,678)	(200,678)
Intergovernmental revenues	411,900	-	411,900
Net cash provided by (used in) non-capital financing activities	462,478	(246,011)	216,467
Cash flows from capital and related financing activities			
Debt proceeds	-	1,255	1,255
Payments of long-term debt	-	(72,755)	(72,755)
Interest paid on long-term debt	-	(287,053)	(287,053)
Acquisition and construction of capital assets	-	(237,862)	(237,862)
Net cash provided by (used in) capital and related financing activities	-	(596,415)	(596,415)
Cash flows from investing activities			
Interest and dividends on investments	1,460	99	1,559
Net cash provided by (used in) investing activities	1,460	99	1,559
Net increase (decrease) in cash and cash equivalents	41,050	(27,438)	13,612
Beginning cash and cash equivalents	279,023	27,438	306,461
Ending cash and cash equivalents	\$ 320,073	\$ -	\$ 320,073
<b>Reconciliation of Net Operating Income (Loss)</b>			
<b>to Net Cash Provided By (Used in) Operating Activities</b>			
Net operating income (loss)	\$ (516,823)	\$ 183,532	\$ (333,291)
Adjustments to reconcile net operating income (loss)			
to net cash provided by (used in) operating activities:			
Depreciation and amortization	-	670,306	670,306
Changes in assets and liabilities			
(Increase) decrease in receivables	(39,089)	(4,613)	(43,702)
(Increase) decrease in inventory	-	(19,436)	(19,436)
Increase (decrease) in accounts payable	721	(2,657)	(1,936)
Increase (decrease) accrued wages	-	(3,352)	(3,352)
Increase (decrease) compensated absences	-	(25,272)	(25,272)
Increase in deferred revenue	132,303	16,381	148,684
Net adjustments	93,935	631,357	725,292
Cash provided by (used in) operating activities	\$ (422,888)	\$ 814,889	\$ 392,001

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

NORTHAMPTON TOWNSHIP  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

December 31, 2021

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,429,449	\$ 703,000
Investments		
DROP account	414,414	-
US Government & agency securities	5,246,507	-
Bond and bond funds	11,150,544	-
Asset backed securities	383,139	-
Equities and stock funds	22,207,792	-
Exchange traded products	10,657,135	-
Total Investments	<u>50,059,531</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 51,488,980</u>	<u>\$ 703,000</u>
<u>LIABILITIES</u>		
Refund of member contributions payable	\$ 1,732	\$ -
Benefits payable	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,732</u>	<u>-</u>
<u>NET POSITION</u>		
Restricted for		
Assets held in trust for pension	51,487,248	-
Developer	<u>-</u>	<u>703,000</u>
Total net position	<u>\$ 51,487,248</u>	<u>\$ 703,000</u>

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

NORTHAMPTON TOWNSHIP

STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS

For the Year Ended December 31, 2021

	Pension Trust Funds	Custodial Funds
Additions		
Contributions		
Member contributions	\$ 246,132	\$ -
Employer contributions	1,279,990	-
State contributions	791,551	-
Escrow receipts	-	492,223
Total Contributions	<u>2,317,673</u>	<u>492,223</u>
Investment Earnings		
Net appreciation (depreciation) in fair value of investments	5,427,633	-
Interest and dividends	87	-
Total Investment Earnings	5,427,720	-
Less investment expense	(158,031)	-
Net Investment Earnings	<u>5,269,689</u>	<u>-</u>
Total Additions	<u>7,587,362</u>	<u>492,223</u>
Deductions		
Benefits	1,804,600	-
Escrow disbursements	-	719,077
Actuary fees	20	-
Total Deductions	<u>1,804,620</u>	<u>719,077</u>
Change in Net Position	5,782,742	(226,854)
Net Position		
Beginning of Year	<u>45,704,506</u>	<u>929,854</u>
End of Year	<u>\$ 51,487,248</u>	<u>\$ 703,000</u>

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

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

***A. Financial Reporting Entity***

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

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

***B. Government-wide Financial Statements***

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

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, 2021

**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.

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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

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.

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.



NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

***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”.

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

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

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

***4. Inventories***

Inventory is valued at cost (first-in, first-out) in the proprietary funds. It is comprised of food, beverages, chemical supplies and other supplies for the country club.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

5. *Prepaid expenses*

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

6. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$7,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

***7. Compensated absences***

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

***8. Long-term obligations***

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

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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

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

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

*Net difference between projected and actual earnings on 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 expected and actual experience on plan liability* is reported in the government-wide statement. A net difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*Unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and banquet deposits. These amounts are deferred and recognized in the period that the amounts become available. This amount includes the first half of the fund receives under ARPA but not used yet.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

*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).

**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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

***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.

***E. Pending Pronouncements***

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

***A. Budgetary information***

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

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

For the year ended December 31, 2021, expenditures exceeded appropriation in the general fund categories of public safety, highways and roads, and culture and recreation by \$80,856, \$346,701, and \$14,720 respectively due to higher than expected payroll and contracted services.

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

Governmental Activities had a deficit unrestricted net position balance of \$12,392,288 due to the recognition of pension liabilities and changes in deferred inflows of resources. The Country Club had a deficit unrestricted net position balance of \$3,012,554 primarily due to the closure of the Country Club through part of 2021 because of COVID. The Park and Recreation Fund has a negative fund balance of \$293,578 due to the closure of most park programs because of COVID. The deficits related to COVID are expected to be eliminated through future revenues. The capital reserve fund has a negative fund balance of \$246,136 that is expected to be funded through grants that are in process.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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.

The Township has the following recurring fair value measurements as of December 31, 2021:

	<u>Fair Value</u>	<u>Level 1</u>
PRIMARY GOVERNMENT		
Cash accounts	\$ 2,713,045	\$ 2,713,045
Money market	<u>40,740,985</u>	<u>40,740,985</u>
Total	<u>\$ 43,454,030</u>	<u>\$ 43,454,030</u>
FIDUCIARY FUNDS		
Money market	\$ 1,843,863	\$ 1,843,863
US Government & agency securities	5,246,507	5,246,507
Corporate debt	6,592,658	6,592,658
Bond and bond funds	4,557,886	4,557,886
Asset backed securities	383,139	383,139
Equities and stock funds	22,207,792	22,207,792
Exchange traded products	<u>10,657,135</u>	<u>10,657,135</u>
Total Fiduciary Funds	<u>\$ 51,488,980</u>	<u>\$ 51,488,980</u>

*Custodial Credit Risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Deposits are considered cash equivalents because of their short maturity dates and are included in deposits. The Township's bank deposits are covered by FDIC insurance or collateralized on a pooled basis as required by the Commonwealth's 2<sup>nd</sup> Class Township Code. As of December 31, 2021, the government's carrying amount of deposits was \$42,002,152 and the bank balance was \$43,454,030. Of the bank balance, \$1,000,000 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.



NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

The Township's cash equivalent investments in PLGIT are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The Township's position in the external investment pool is the same as the value of the pool shares and is reported at amortized cost which approximates fair value. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. There were no balances in PLGIT at year end.

The Township can withdraw funds from the external investment pool without limitation or fee upon adequate notice. The investment pool was rated AAAM by Standard & Poor's and has average maturities of less than 30 days. The Investment Pool operates in accordance with appropriate state laws and regulations.

*Custodial Credit Risk - Investments.* For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The risks of default are eliminated due to constraints imposed upon allowable investment instruments through state limitations as discussed in Note 1, D, 1.

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

	<u>Fair Value</u>	<u>Maturities in Years</u>			
		<u>&lt; 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>over 10 years</u>
Fiduciary Funds					
US Government Securities	\$ 5,246,507	\$ 936,395	\$ 3,921,272	\$ 388,840	\$ -
Corporate Debt	6,592,658	80,241	3,215,446	3,138,916	158,055
Municipal Debt	419,027	-	230,774	-	188,253
Fixed Income Funds	4,138,859	-	2,716,694	-	1,422,165
Asset Backed Securities	383,139	-	22,418	-	360,721
Total Fiduciary Funds	<u>\$ 16,780,190</u>	<u>\$ 1,016,636</u>	<u>\$ 10,106,604</u>	<u>\$ 3,527,756</u>	<u>\$ 2,129,194</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

*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:

	Fair Value	Ratings				
		AAA	AA+/AA/AA-	A+/A/A-	BBB+/BBB/BBB-	Not rated
<b>FIDUCIARY FUNDS</b>						
Corporate Bonds	\$ 6,592,658	\$ 169,621	\$ 467,255	\$ 4,321,716	\$ 1,634,066	\$ -
Municipal Debt	419,027	-	419,027	-	-	-
Fixed Income Funds	4,138,859	-	-	-	-	4,138,859
Asset Backed Securities	383,139	150,126	-	-	-	233,013
Total Fiduciary Funds	<u>\$ 11,533,683</u>	<u>\$ 319,747</u>	<u>\$ 886,282</u>	<u>\$ 4,321,716</u>	<u>\$ 1,634,066</u>	<u>\$ 4,371,872</u>

**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, 2021, 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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

*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, 2021 the Township's Pension Funds had the following investments in any one issuer that represent 5% or more of Fiduciary Net Position:

I shares Core S&P 500	6,554,319
Vanguard Index Midcap	4,102,816

**B. *Receivables***

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

	<u>General</u>	<u>Park &amp; Recreation</u>	<u>Nonmajor and Other Funds</u>	<u>Total Governmental</u>
Receivables:				
Taxes	\$ 2,259,977	\$ 13,599	\$ 70,366	\$ 2,343,942
Accounts	<u>413,143</u>	<u>35,200</u>	<u>163,455</u>	<u>611,798</u>
Total Receivables	<u>\$ 2,673,120</u>	<u>\$ 48,799</u>	<u>\$ 233,821</u>	<u>\$ 2,955,740</u>

	<u>Country Club</u>	<u>Refuse</u>	<u>Total Proprietary</u>
Receivables:			
Accounts	\$ 9,872	\$ 474,641	\$ 484,513
Total Receivables	<u>\$ 9,872</u>	<u>\$ 474,641</u>	<u>\$ 484,513</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

***C. Capital assets***

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Government-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,897,956	\$ -	\$ -	\$ 1,897,956
Construction in progress	<u>256,853</u>	<u>1,057,418</u>	<u>-</u>	<u>1,314,271</u>
Total capital assets, not being depreciated	<u>2,154,809</u>	<u>1,057,418</u>	<u>-</u>	<u>3,212,227</u>
Capital assets, being depreciated:				
Land improvements	4,376,600	19,265	-	4,395,865
Buildings and improvements	31,060,587	300,394	-	31,360,981
Vehicles and equipment	10,081,834	682,150	-	10,763,984
Library	95,201	-	-	95,201
Infrastructure	<u>299,072,506</u>	<u>411,457</u>	<u>-</u>	<u>299,483,963</u>
Total capital assets, being depreciated	<u>344,686,728</u>	<u>1,413,266</u>	<u>-</u>	<u>346,099,994</u>
Less accumulated depreciation for:				
Land improvements	1,513,002	106,527	-	1,619,529
Buildings and improvements	9,370,803	858,946	-	10,229,749
Vehicles and equipment	6,686,836	611,848	-	7,298,684
Library	75,319	2,456	-	77,775
Infrastructure	<u>130,443,540</u>	<u>8,098,492</u>	<u>-</u>	<u>138,542,032</u>
Total accumulated depreciation	<u>148,089,500</u>	<u>9,678,269</u>	<u>-</u>	<u>157,767,769</u>
Total capital assets, being depreciated, net	<u>196,597,228</u>	<u>(8,265,003)</u>	<u>-</u>	<u>188,332,225</u>
Total Government Type Capital Assets	<u>\$ 198,752,037</u>	<u>\$ (7,207,585)</u>	<u>\$ -</u>	<u>\$ 191,544,452</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,512,858	\$ 119,325	\$ -	\$ 1,632,183
Total capital assets, not being depreciated	<u>1,512,858</u>	<u>119,325</u>	<u>-</u>	<u>1,632,183</u>
Capital assets, being depreciated:				
Country Club	11,858,326	19,323	-	11,877,649
Vehicles	24,920	-	-	24,920
Equipment and improvements	<u>1,875,638</u>	<u>37,732</u>	<u>-</u>	<u>1,913,370</u>
Total	<u>13,758,884</u>	<u>57,055</u>	<u>-</u>	<u>13,815,939</u>
Less accumulated depreciation for:				
Country Club	1,374,770	473,432	-	1,848,202
Truck	8,158	3,560	-	11,718
Equipment and improvements	<u>287,076</u>	<u>137,667</u>	<u>-</u>	<u>424,743</u>
Total accumulated depreciation	<u>1,670,004</u>	<u>614,659</u>	<u>-</u>	<u>2,284,663</u>
Total capital assets, being depreciated, net	<u>12,088,880</u>	<u>(557,604)</u>	<u>-</u>	<u>11,531,276</u>
Total Business Type Capital Assets	<u>\$ 13,601,738</u>	<u>\$ (438,279)</u>	<u>\$ -</u>	<u>\$ 13,163,459</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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	\$ 59,522
Public Safety	658,615
Public Works	8,435,825
Culture and Recreation	<u>524,307</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 9,678,269</u></u>
Business-type Activities	
Culture and Recreation	<u>\$ 614,659</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 614,659</u></u>

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

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

	Due From	Due To
	<u>Other Funds</u>	<u>Other Funds</u>
General Fund	\$ 293,729	\$ -
Park and Rec Fund	-	293,729
Nonmajor Funds	<u>169,086</u>	<u>169,086</u>
Total	<u><u>\$ 462,815</u></u>	<u><u>\$ 462,815</u></u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

The Township uses unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2021, consisted of the following amounts:

	Transfers from <u>Other Funds</u>	Transfers to <u>Other Funds</u>
General	\$ 374,000	\$ 836,000
Park & Recreation	-	1,775
Capital Asset Fire	300,000	-
Nonmajor Funds	1,125,385	760,932
Country Club	<u>270,725</u>	<u>471,403</u>
Total	<u>\$ 2,070,110</u>	<u>\$ 2,070,110</u>

Interfund transfers are primarily the result of:

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

***E. Leases***

Operating Leases

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

Capital Leases

The assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>	Business <u>Activities</u>
Asset:		
Machinery and equipment	\$ 5,169,274	\$ 438,971
Less: Accumulated depreciation	<u>(3,364,947)</u>	<u>(263,383)</u>
Total	<u>\$ 1,804,327</u>	<u>\$ 175,588</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

***E. Leases (continued)***

Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

Year <u>Ending Dec 31</u>	Governmental <u>Activities</u>	Business <u>Activities</u>
2022	\$ 789,059	\$ 113,274
2023	505,057	52,206
2024	359,343	-
2025	359,343	-
2026	180,370	-
2027		
Total minimum lease payments	2,193,172	165,480
Less: amounts representing interest	<u>(102,291)</u>	<u>(2,559)</u>
Present value of minimum lease payments	<u>\$ 2,090,881</u>	<u>\$ 162,921</u>

***F. Debt***

General Obligation Bonds and Notes

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 \$51,985,524.

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



NORTHAMPTON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

***F. Debt (continued)***

General Obligation Bonds and Notes

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	2.0 to 5.0%	\$ <u>51,985,524</u>
Business-type Activities:	1.9 to 4.0%	\$ <u>15,079,476</u>

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

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,496,610	\$ 2,011,298	\$ 3,390	\$ 563,172
2023	1,901,610	1,951,887	3,390	563,095
2024	1,759,278	1,857,028	440,722	557,547
2025	1,824,107	1,792,590	450,893	544,991
2026	1,883,766	1,731,649	471,234	529,689
2027-2031	10,653,716	7,420,227	2,661,284	2,349,583
2032-2036	11,908,637	5,144,879	3,461,363	1,792,933
2037-2041	9,929,480	3,009,739	5,200,520	995,549
2042-2046	<u>10,628,320</u>	<u>954,884</u>	<u>2,386,680</u>	<u>96,416</u>
	<u>\$ 51,985,524</u>	<u>\$ 25,874,181</u>	<u>\$ 15,079,476</u>	<u>\$ 7,992,975</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

***F. Debt (continued)***

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning			Ending	Due Within
	<u>Balance, Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 23,447,134	\$ 30,365,000	\$ 1,826,610	\$ 51,985,524	\$ 1,496,610
Deferred amounts:					
For issuance premiums	144,349	5,395,336	218,492	5,321,193	-
For issuance discounts	<u>(996,269)</u>	<u>(212,555)</u>	<u>(67,095)</u>	<u>(1,141,729)</u>	<u>-</u>
Total bonds payable	22,595,214	35,547,781	1,978,007	56,164,988	1,496,610
Capital leases	2,109,589	776,350	795,058	2,090,881	789,059
Net pension liability	4,470,636	-	3,745,949	724,687	-
Total OPEB liability	2,664,965	1,218,302	-	3,883,267	-
Compensated absences	<u>3,186,022</u>	<u>1,680,000</u>	<u>1,275,709</u>	<u>3,590,313</u>	<u>125,000</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 35,026,426</u>	<u>\$ 39,222,433</u>	<u>\$ 7,794,723</u>	<u>\$ 66,454,136</u>	<u>\$ 2,410,669</u>

	Beginning			Ending	Due Within
	<u>Balance, Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
<b>Business-type Activities:</b>					
General obligation bonds	\$ 15,082,866	\$ -	\$ 3,390	\$ 15,079,476	\$ 3,390
Deferred amounts:					
For issuance premiums	30,494	61,974	4,203	88,265	-
For issuance discounts	<u>(68,832)</u>	<u>-</u>	<u>(5,987)</u>	<u>(62,845)</u>	<u>-</u>
Total bonds payable	15,044,528	61,974	1,606	15,104,896	3,390
Capital leases	269,517	1,255	107,851	162,921	113,274
Compensated absences	<u>91,104</u>	<u>70,000</u>	<u>95,271</u>	<u>65,833</u>	<u>5,000</u>
	<u>\$ 15,405,149</u>	<u>\$ 133,229</u>	<u>\$ 204,728</u>	<u>\$ 15,333,650</u>	<u>\$ 121,664</u>

Debt service for general obligation bonds is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences and OPEB liabilities 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.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

***F. Debt (continued)***

In 2018, the Township entered into a Purchase Money Promissory Note with the Authority in the sum of \$650,000, without interest, and shall be payable in full within 25 years from the July 11, 2018. The Authority recorded a discount on the note based on the Township's long-term borrowing rate of 3.67% totaling \$386,011. The discount is amortized each year. The balance at December 31, 2021 is \$355,866.

During the year the Township borrowed \$30,365,000 to build a new fire station. The loan matures in 2046.

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, 2021, the bonds have been fully paid off. The principal amount of the bonds outstanding, but considered defeased is \$0. Accordingly, such defeased obligations do not appear as liabilities on the balance sheet as of December 31, 2021.

During the year, the Township borrowed a \$2.5 million tax anticipation note at the rate of 0.8% which was paid off by May 15, 2021.

**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, 2021 was \$340,301. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2021 there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which Northampton's share was \$22,910.

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, 2021 was \$450,092. The Trust declared a dividend in 2021. Northampton Township's share of the dividend distribution was \$44,650. As the result of the 2021 payroll audit, Northampton Township received \$6,883. At December 31, 2021, there were no additional assessments due or anticipated. Instead, an audit of the reported 2021 payroll will be performed during the first quarter of 2022.

The Township is also a member in the Delaware Valley Health Trust pool. The insurance expense for the year ended December 31, 2021 was \$2,655,859. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2021 there were no additional assessments due or anticipated.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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, 2021. 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, 2021

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

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

Plan Membership

At December 31, 2021, Northampton Township Pension Plans consisted of the following:

	<u>Police</u>	<u>Non- Uniformed</u>
Inactive employees (or their beneficiaries) currently receiving benefits	41	33
Inactive employees entitled to benefits but not yet receiving them	3	23
Active employees	<u>40</u>	<u>44</u>
	<u>84</u>	<u>100</u>

Three 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 their normal retirement date, their pension does not start until they actually retire. 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 the surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had they been retired at the time of death.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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 their accrued benefit.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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 2021. For Non-uniform, no member contributions were required in 2021. 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, 2021

**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 \$791,551 for the pensions for the year ended December 31, 2021.

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, 2021, the annual money-weighted rate of return on Plan investments, net of investment expense was 12.03% for Police and 11.89% 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, 2021

**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, 2021 were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 32,049,378	\$ 19,225,274
Plan fiduciary net position	<u>(32,986,661)</u>	<u>(18,500,587)</u>
Net pension liability	<u>\$ (937,283)</u>	<u>\$ 724,687</u>
Plan fiduciary net position as a percentage of the total pension liability	102.9%	96.2%

*Actuarial Assumptions:* The total pension liability in the January 1, 2021 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, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2020.

The net pension liability for the Plans was measured as of January 1, 2021 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement. There were no changes to assumptions or benefit terms.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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%	4.09%-9.06%
International Equity	15%	4.62%-10.49%
Fixed Income	30%	.88-4.96%
Alternative Investments	10%	.44%-4.76%
Cash	5%	0-.53%

**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, 2021

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

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

**Net Pension Liability (continued)**

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<b><u>Police Pension Plan</u></b>			
Balance at December 31, 2020	\$ 31,099,537	\$ 29,382,073	\$ 1,717,464
Changes for the year:			
Service cost	647,288	-	647,288
Interest	2,276,741	-	2,276,741
Change of benefit terms	-	-	-
Differences between expected and actual experience	(827,097)	-	(827,097)
Change of assumptions	-	-	-
Contributions - employer	-	1,097,770	(1,097,770)
Contributions - employee	-	246,132	(246,132)
Net investment income	-	3,509,626	(3,509,626)
Benefit payments, including refunds of employee contributions	(1,147,091)	(1,147,091)	-
Administrative expense	-	(101,849)	101,849
Other changes	-	-	-
Net Changes	<u>949,841</u>	<u>3,604,588</u>	<u>(2,654,747)</u>
Balance at December 31, 2021	<u>\$ 32,049,378</u>	<u>\$ 32,986,661</u>	<u>\$ (937,283)</u>

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<b><u>Non-Uniformed Pension Plan</u></b>			
Balance at December 31, 2020	\$ 19,075,605	\$ 16,322,433	\$ 2,753,172
Changes for the year:			
Service cost	293,574	-	293,574
Interest	1,364,649	-	1,364,649
Change of benefit terms	-	-	-
Differences between expected and actual experience	(851,045)	-	(851,045)
Change of assumptions	-	-	-
Contributions - employer	-	973,771	(973,771)
Contributions - employee	-	-	-
Net investment income	-	1,918,094	(1,918,094)
Benefit payments, including refunds of employee contributions	(657,509)	(657,509)	-
Administrative expense	-	(56,202)	56,202
Other changes	-	-	-
Net Changes	<u>149,669</u>	<u>2,178,154</u>	<u>(2,028,485)</u>
Balance at December 31, 2021	<u>\$ 19,225,274</u>	<u>\$ 18,500,587</u>	<u>\$ 724,687</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

Net Pension Liability (continued)

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:* The following presents the net pension liability of participating entities calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability			
Police	\$ 3,027,771	\$ (937,283)	\$ (4,235,681)
Non-uniformed	2,801,584	724,687	(1,047,467)

*Deferred Outflows and Inflows of Resources:* For the year ended December 31, 2021, the Township recognized pension (income) expense of \$(258,036) for Police Pension and \$22,550 for Non-Uniformed Pension. At December 31, 2021, 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	\$ -	\$ 1,239,696
Changes in assumptions	155,043	-
Net difference between projected and actual earnings on pension plan investments	-	2,054,809
Total	<u>\$ 155,043</u>	<u>\$ 3,294,505</u>
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ -	\$ 833,566
Changes in assumptions	154,334	-
Net difference between projected and actual earnings on pension plan investments	-	1,094,581
Total	<u>\$ 154,334</u>	<u>\$ 1,928,147</u>

NORTHAMPTON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**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>
2022	\$ (603,222)	\$ (365,533)
2023	(1,248,610)	(796,008)
2024	(738,054)	(450,750)
2025	(435,494)	(161,522)
2026	(114,082)	-
Thereafter	-	-
Total	<u>\$ (3,139,462)</u>	<u>\$ (1,773,813)</u>

*Payable to the Pension Plan:* For the year ended December 31, 2021, 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, 2021, the DROP account balance of \$414,414 is held by the plan pursuant to the DROP.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

**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, 2021, 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, 2021. 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 they 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, 2021

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

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

Employees Covered by Benefit Terms

As of December 31, 2021, the most recent actuarial valuation, plan membership is as follows:

	<u>OPEB</u>
Inactive employees (or their beneficiaries) currently receiving benefits	2
Inactive employees entitled to benefits but not yet receiving them	0
Active employees	<u>43</u>
	<u>45</u>

The Township's total OPEB liability of \$2,462,899 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:* The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation and salary	3.0%
Healthcare Cost Trend Rates	Medical trend rate assumption for 2022 and future years is 5% Dental trend rate assumption for 2022 and future years is 3% Prescription drug trend rate assumption for 2022 is 7% and declines by 1/2 % each year to 2026 and then remains at 5%
Pension Retirement Age	If hired before January 1, 1992, age 51 with 25 years of service. If hired on or after January 1, 1992, age 55 with 25 years of service

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

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

There were no benefit or assumption changes since the valuation date. The valuation was a rollforward of the period January 1, 2021.

NORTHAMPTON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

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

Change in the Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
<b><u>OPEB Plan</u></b>	
Balance at December 31, 2020	\$ 2,664,965
Changes for the year:	
Service cost	202,959
Benefit payments	(92,703)
Interest	114,465
Changes in benefit terms	918,246
Changes in assumptions or other inputs	8,326
Differences between expected and actual experience	67,009
Net Changes	1,218,302
Balance at December 31, 2021	\$ 3,883,267

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 3.00 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 (2.00 percent) or one percentage point higher (4.00 percent) than the current rate:

	1% Decrease <u>(2.00%)</u>	Current Discount <u>Rate (3.00%)</u>	1% Increase <u>(4.00%)</u>
Total OPEB liability \$	4,207,694	\$ 3,883,267	\$ 3,585,765

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates (see assumption table for healthcare cost trend rate):

	Valuation Rates -1%	Valuation Rates	Valuation Rates +1%
Total OPEB liability \$	3,516,700	\$ 3,883,267	\$ 4,312,911



NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

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

For the year ended December 31, 2021, the Township recognized OPEB expense of \$1,257,913. At December 31, 2021, there deferred outflows and inflows of resources related to OPEB are as follows:

<u>OPEB Plan</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 132,761
Changes in assumptions	51,175
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>
Total	<u>\$ 183,936</u>

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

Year Ended	Governmental- Activities
<u>December 31:</u>	<u>OPEB</u>
2022	\$ 22,243
2023	22,243
2024	22,243
2025	22,243
2026	22,243
Thereafter	<u>72,721</u>
Total	<u>\$ 183,936</u>

***E. Escrow cash deposits and investments***

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. At December 31, 2021, \$703,000 represents the balance of these monies held in escrow.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

***F. Risks and Uncertainties***

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amount, if any, to be immaterial. In the normal course of business, there are various relatively minor claims and suits pending against the Township, none of which materially affect the financial position of the Township.

***G. Subsequent events***

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available for release.

In February 2022, the Board authorized lease debt of up to \$750,000 over 5 years at a rate of 1.59% for public works equipment.

In June 2021, the Township was notified that its share of the American Rescue Plan Act of 2021 funds was a maximum allocation of up to \$4,099,265.02. The Township has received half of that allocation during 2021 and will received the remainder in 2022. The funds can be used for specific purposes as outlined in the Act. The funds are available for use through December 31, 2026.

No other items for disclosure were noted.

**REQUIRED  
SUPPLEMENTAL INFORMATION**

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Police Pension Plan

For the Year Ended December 31, 2021

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total pension liability</b>			
Service cost	\$ 647,288	\$ 597,819	\$ 569,351
Interest	2,276,741	2,214,356	2,097,590
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(827,097)	-	(847,387)
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	<u>(1,147,091)</u>	<u>(1,256,441)</u>	<u>(1,024,787)</u>
Net change in total pension liability	949,841	1,555,734	794,767
Total pension liability - beginning	<u>31,099,537</u>	<u>29,543,803</u>	<u>28,749,036</u>
Total pension liability - ending (a)	<u>\$ 32,049,378</u>	<u>\$ 31,099,537</u>	<u>\$ 29,543,803</u>
 <b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,097,770	\$ 984,333	\$ 955,101
Contributions - employee	246,132	240,816	237,641
Net investment income	3,509,626	2,943,310	4,254,701
Benefit payments, including refunds of employee contributions	(1,147,091)	(1,256,441)	(1,024,787)
Administrative expense	(101,849)	(80,877)	(85,649)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	3,604,588	2,831,141	4,337,007
 <b>Plan fiduciary net position - beginning</b>	<u>29,382,073</u>	<u>26,550,932</u>	<u>22,213,925</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 32,986,661</u>	<u>\$ 29,382,073</u>	<u>\$ 26,550,932</u>
 <b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ (937,283)</u>	<u>\$ 1,717,464</u>	<u>\$ 2,992,871</u>
 Plan fiduciary net position as a percentage of the total pension liability	102.9%	94.5%	89.9%
 Covered payroll	\$ 4,693,872	\$ 4,834,046	\$ 4,539,717
 Net pension liability as a percentage of covered payroll	-20.0%	35.5%	65.9%
 Annual money-weighted return, net of investment expenses	12.03%	11.23%	19.43%

**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.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 518,869	\$ 494,161	\$ 477,534	\$ 487,208	\$ 540,849
2,041,520	1,933,198	1,821,268	1,728,973	1,706,486
-	-	-	-	-
-	(571,070)	-	-	(989,104)
-	751,373	-	-	-
<u>(1,007,279)</u>	<u>(1,008,271)</u>	<u>(998,558)</u>	<u>(954,062)</u>	<u>(857,230)</u>
1,553,110	1,599,391	1,300,244	1,262,119	401,001
<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>
<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>

\$ 854,000	\$ 833,727	\$ 861,904	\$ 935,752	\$ 888,000
222,306	208,622	202,677	210,328	199,170
(1,351,722)	2,819,161	1,375,025	(397,947)	703,085
(1,007,279)	(1,008,271)	(998,558)	(954,062)	(857,230)
(78,242)	(86,249)	(70,546)	(76,228)	(6,519)
-	-	-	-	-
<u>(1,360,937)</u>	<u>2,766,990</u>	<u>1,370,502</u>	<u>(282,157)</u>	<u>926,506</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>
<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>\$ 6,535,111</u>	<u>\$ 3,621,064</u>	<u>\$ 4,788,663</u>	<u>\$ 4,858,921</u>	<u>\$ 3,314,645</u>
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77.3%	86.7%	81.3%	80.0%	85.6%
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\$ 4,446,895	\$ 4,205,973	\$ 3,989,739	\$ 4,079,367	\$ 3,818,254
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147.0%	86.1%	120.0%	119.1%	86.8%
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-5.76%	13.62%	7.04%	-2.02%	4.14%
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NORTHAMPTON TOWNSHIP

Required Supplemental Information - Police Pension Plan

For the Year Ended December 31, 2021

**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>	(1)	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2012	\$ 703,105	\$ 634,774	\$ 68,331	\$ 3,860,005	(1)	16.4%
2013	881,042	882,032	(990)	3,860,005	(1)	22.9%
2014	887,837	888,000	(163)	3,818,254		23.3%
2015	935,752	935,752	-	4,079,367		22.9%
2016	853,878	861,905	(8,027)	3,989,739		21.6%
2017	833,727	833,727	-	4,205,973		19.8%
2018	853,433	854,000	(567)	4,446,895		19.2%
2019	955,096	955,101	(5)	4,539,717		21.0%
2020	984,310	984,333	(23)	4,834,046		20.4%
2021	1,097,770	1,097,770	-	4,693,872		23.4%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	8 years aggregate
Asset valuation method	4-year smoothing
Inflation	3%
Projected salary increases	5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Later of age 51 or 26 years of service for participants hired before January 1, 1992 and later of age 55 or 26 years of service for those hired after January 1, 1992, or attained age if currently eligible to retire.

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

Change in assumptions: None since 1/1/2019

(1) - covered payroll taken from 1/1/2012 through 1/1/2013 actuarial valuations

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Non-Uniformed Employees Pension Plan

For the Year Ended December 31, 2021

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total pension liability</b>			
Service cost	\$ 293,574	\$ 318,629	\$ 333,377
Interest	1,364,649	1,354,955	1,280,944
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(851,045)	-	(330,661)
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	<u>(657,509)</u>	<u>(678,554)</u>	<u>(549,313)</u>
Net change in total pension liability	149,669	995,030	734,347
Total pension liability - beginning	<u>19,075,605</u>	<u>18,080,575</u>	<u>17,346,228</u>
Total pension liability - ending (a)	<u>\$ 19,225,274</u>	<u>\$ 19,075,605</u>	<u>\$ 18,080,575</u>
 <b>Plan fiduciary net position</b>			
Contributions - employer	\$ 973,771	\$ 929,407	\$ 929,510
Contributions - employee	-	-	-
Net investment income	1,918,094	1,594,254	2,289,288
Benefit payments, including refunds of employee contributions	(657,509)	(678,554)	(549,313)
Administrative expense	(56,202)	(50,923)	(49,935)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	2,178,154	1,794,184	2,619,550
 <b>Plan fiduciary net position - beginning</b>	<u>16,322,433</u>	<u>14,528,249</u>	<u>11,908,699</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 18,500,587</u>	<u>\$ 16,322,433</u>	<u>\$ 14,528,249</u>
 <b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ 724,687</u>	<u>\$ 2,753,172</u>	<u>\$ 3,552,326</u>
 Plan fiduciary net position as a percentage of the total pension liability	96.2%	85.6%	80.4%
 Covered payroll	\$ 3,577,525	\$ 3,515,707	\$ 3,487,914
 Net pension liability as a percentage of covered payroll	20.3%	78.3%	101.8%
 Annual money-weighted return, net of investment expenses	11.89%	11.06%	19.28%

**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.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 355,587	\$ 338,654	\$ 335,522	\$ 341,598	\$ 321,375
1,227,862	1,151,841	1,036,959	972,524	908,895
-	-	-	-	-
-	(379,098)	-	-	19,124
-	1,011,734	-	-	-
<u>(497,282)</u>	<u>(490,455)</u>	<u>(463,034)</u>	<u>(435,288)</u>	<u>(407,680)</u>
1,086,167	1,632,676	909,447	878,834	841,714
<u>16,260,061</u>	<u>14,627,385</u>	<u>13,717,938</u>	<u>12,839,104</u>	<u>11,997,390</u>
<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>

\$ 762,000	\$ 767,088	\$ 801,499	\$ 780,088	\$ 742,000
-	-	-	-	-
(739,182)	1,428,195	660,603	(189,522)	332,310
(497,282)	(490,455)	(463,034)	(435,288)	(407,680)
(43,104)	(46,637)	(36,810)	(43,739)	(6,488)
-	-	-	-	-
<u>(517,568)</u>	<u>1,658,191</u>	<u>962,258</u>	<u>111,539</u>	<u>660,142</u>
<u>12,426,267</u>	<u>10,768,076</u>	<u>9,805,818</u>	<u>9,694,279</u>	<u>9,034,137</u>
<u>\$ 11,908,699</u>	<u>\$ 12,426,267</u>	<u>\$ 10,768,076</u>	<u>\$ 9,805,818</u>	<u>\$ 9,694,279</u>
<u>\$ 5,437,529</u>	<u>\$ 3,833,794</u>	<u>\$ 3,859,309</u>	<u>\$ 3,912,120</u>	<u>\$ 3,144,825</u>

68.7%	76.4%	73.6%	71.5%	75.5%
\$ 3,864,377	\$ 3,743,396	\$ 3,721,891	\$ 4,034,906	\$ 3,941,799
140.7%	102.4%	103.7%	97.0%	79.8%
-5.98%	13.20%	6.64%	-1.97%	4.05%



NORTHAMPTON TOWNSHIP

Required Supplemental Information - Non-Uniformed Employees Pension Plan

For the Year Ended December 31, 2021

**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>
2012	\$ 528,505	\$ 479,001	\$ 49,504	\$ 3,476,663	(1) 13.8%
2013	733,265	734,063	(798)	3,476,663	(1) 21.1%
2014	741,199	742,000	(801)	3,941,799	18.8%
2015	780,088	780,088	-	4,034,906	19.3%
2016	794,035	801,499	(7,464)	3,721,891	21.5%
2017	767,088	767,088	-	3,743,396	20.5%
2018	761,231	762,000	(769)	3,864,377	19.7%
2019	929,489	929,510	(21)	3,487,914	26.6%
2020	929,371	929,407	(36)	3,515,707	26.4%
2021	973,771	973,771	-	3,577,525	27.2%

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	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	8 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 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 1/1/2012 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, 2021

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>					
Service cost	\$ 202,959	\$ 126,142	\$ 122,766	\$ 111,764	\$ 108,773
Interest	114,465	96,703	89,849	77,953	73,772
Differences between expected and actual experience	67,009	-	100,050	-	-
Changes in benefit terms	918,246				
Changes of assumptions	8,326	-	60,362	-	-
Benefit payments, including refunds of employee contributions	<u>(92,703)</u>	<u>(20,779)</u>	<u>(45,445)</u>	<u>(42,370)</u>	<u>(105,166)</u>
Net change in total OPEB liability	1,218,302	202,066	327,582	147,347	77,379
Total OPEB liability - beginning	<u>2,664,965</u>	<u>2,462,899</u>	<u>2,135,317</u>	<u>1,987,970</u>	<u>1,910,591</u>
Total OPEB liability - ending	<u>\$ 3,883,267</u>	<u>\$ 2,664,965</u>	<u>\$ 2,462,899</u>	<u>\$ 2,135,317</u>	<u>\$ 1,987,970</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 4,834,046	\$ 4,786,606	\$ 4,539,717	\$ 3,989,739	\$ 3,989,739
Total OPEB liability as a percentage of covered payroll	80.3%	55.7%	54.3%	53.5%	49.8%

**Notes to Schedule:**

Medical trend rate assumption for 2022 and future years at 5%

Dental trend reate assumption for 2022 and future years at 3%

Prescription drug trend rate assumption for 2022 is 7% and declines by 1/2 % each year to 2026 and then remains at 5%

**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, 2021

	Special Revenue Funds					Total
	Ambulance Squad	Fire Protection	Library	Senior Center	Highway Aid Fund	
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 5,105	\$ 184,388	\$ 145,000	\$ 41,770	\$ 321,301	\$ 697,564
Taxes receivable	1,115	9,283	14,510	-	-	24,908
Accounts receivable	-	-	-	-	-	-
Prepaid expenses	-	38,157	-	-	-	38,157
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	\$ 6,220	\$ 231,828	\$ 159,510	\$ 41,770	\$ 321,301	\$ 760,629
<u>LIABILITIES</u>						
Liabilities						
Accounts payable	\$ -	\$ 45,916	\$ 49,420	\$ 15,970	\$ -	\$ 111,306
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Total Liabilities	-	45,916	49,420	15,970	-	111,306
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - property taxes	1,167	9,623	14,646	-	-	25,436
Total Deferred Inflows of Resources	1,167	9,623	14,646	-	-	25,436
<u>FUND BALANCES</u>						
Restricted for						
Public safety	5,053	176,289	-	-	-	181,342
Public works	-	-	-	-	321,301	321,301
Culture and recreation	-	-	95,444	-	-	95,444
Debt service	-	-	-	-	-	-
Assigned for						
Culture and recreation	-	-	-	25,800	-	25,800
Unassigned	-	-	-	-	-	-
Total Fund Balances	5,053	176,289	95,444	25,800	321,301	623,887
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,220	\$ 231,828	\$ 159,510	\$ 41,770	\$ 321,301	\$ 760,629

Capital Projects Funds								Total Nonmajor	
Capital Asset Recreation	Capital Reserve	GOB-2018 Fund	Road Maintenance	Capital Road Equipment	Capital Asset Library	Capital Asset Senior Ctr	Total	GOB Debt Service	Governmental Funds
\$ 276,595	\$ -	\$ 79,465	\$ 10,248	\$ 153,640	\$ 42,225	\$ 67,875	\$ 630,048	\$ 744,326	\$ 2,071,938
-	-	-	3,129	3,299	-	-	6,428	39,030	70,366
-	39,987	123,468	-	-	-	-	163,455	-	163,455
-	-	-	-	-	-	-	-	-	38,157
-	-	-	169,086	-	-	-	169,086	-	169,086
<u>\$ 276,595</u>	<u>\$ 39,987</u>	<u>\$ 202,933</u>	<u>\$ 182,463</u>	<u>\$ 156,939</u>	<u>\$ 42,225</u>	<u>\$ 67,875</u>	<u>\$ 969,017</u>	<u>\$ 783,356</u>	<u>\$ 2,513,002</u>
\$ 19,858	\$ 48,952	\$ -	\$ 7,074	\$ -	\$ -	\$ -	\$ 75,884	\$ -	\$ 187,190
-	169,086	-	-	-	-	-	169,086	-	169,086
<u>101,325</u>	<u>68,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,410</u>	<u>-</u>	<u>169,410</u>
<u>121,183</u>	<u>286,123</u>	<u>-</u>	<u>7,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>414,380</u>	<u>-</u>	<u>525,686</u>
-	-	-	3,180	3,348	-	-	6,528	39,380	71,344
-	-	-	3,180	3,348	-	-	6,528	39,380	71,344
-	-	202,933	-	-	-	-	202,933	-	384,275
-	-	-	172,209	153,591	-	-	325,800	-	647,101
-	-	-	-	-	42,225	-	42,225	-	137,669
-	-	-	-	-	-	-	-	743,976	743,976
155,412	-	-	-	-	-	67,875	223,287	-	249,087
-	(246,136)	-	-	-	-	-	(246,136)	-	(246,136)
<u>155,412</u>	<u>(246,136)</u>	<u>202,933</u>	<u>172,209</u>	<u>153,591</u>	<u>42,225</u>	<u>67,875</u>	<u>548,109</u>	<u>743,976</u>	<u>1,915,972</u>
<u>\$ 276,595</u>	<u>\$ 39,987</u>	<u>\$ 202,933</u>	<u>\$ 182,463</u>	<u>\$ 156,939</u>	<u>\$ 42,225</u>	<u>\$ 67,875</u>	<u>\$ 969,017</u>	<u>\$ 783,356</u>	<u>\$ 2,513,002</u>

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2021

	Special Revenue Funds					Total
	Ambulance Squad	Fire Protection	Library	Senior Center	Highway Aid Fund	
<b>Revenues</b>						
Real estate	\$ 289,703	\$ 1,735,217	\$ 1,004,705	\$ -	\$ -	\$ 3,029,625
Investment income and rent	75	579	493	50	1,039	2,236
Intergovernmental revenue	-	248,536	128,832	13,500	1,246,204	1,637,072
Charges for services	-	-	19,258	60,180	102,299	181,737
Other	-	-	20,230	2,279	-	22,509
Total Revenues	<u>289,778</u>	<u>1,984,332</u>	<u>1,173,518</u>	<u>76,009</u>	<u>1,349,542</u>	<u>4,873,179</u>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	289,941	1,683,113	-	-	-	1,973,054
Highways and roads	-	-	-	-	1,324,726	1,324,726
Culture and recreation	-	-	987,662	-	-	987,662
Miscellaneous	-	-	-	377,685	-	377,685
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Expenditures	<u>289,941</u>	<u>1,683,113</u>	<u>987,662</u>	<u>377,685</u>	<u>1,324,726</u>	<u>4,663,127</u>
<b>Excess (Deficiency) of Revenues</b>						
Over Expenditures	<u>(163)</u>	<u>301,219</u>	<u>185,856</u>	<u>(301,676)</u>	<u>24,816</u>	<u>210,052</u>
<b>Other Financing Sources (Uses)</b>						
Debt issuance	-	-	-	-	-	-
Transfers in	-	-	-	275,000	-	275,000
Transfers out	-	(300,000)	(174,000)	-	(200,000)	(674,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(300,000)</u>	<u>(174,000)</u>	<u>275,000</u>	<u>(200,000)</u>	<u>(399,000)</u>
Net Change in Fund Balances	(163)	1,219	11,856	(26,676)	(175,184)	(188,948)
Fund Balance - Beginning	<u>5,216</u>	<u>175,070</u>	<u>83,588</u>	<u>52,476</u>	<u>496,485</u>	<u>812,835</u>
Fund Balance - Ending	<u>\$ 5,053</u>	<u>\$ 176,289</u>	<u>\$ 95,444</u>	<u>\$ 25,800</u>	<u>\$ 321,301</u>	<u>\$ 623,887</u>

Capital Projects Funds									Total Nonmajor
Capital Asset Recreation	Capital Reserve	GOB-2018 Fund	Road Maintenance	Capital Road Equipment	Capital Asset Library	Capital Asset Senior Ctr	Total	GOB Debt Service	Governmental Funds
\$ -	\$ -	\$ -	\$ 289,703	\$ 331,232	\$ -	\$ -	\$ 620,935	\$ 2,651,860	\$ 6,302,420
64	288	-	371	93	54	85	955	1,178	4,369
-	395,116	-	-	-	-	10,638	405,754	-	2,042,826
-	161,857	-	-	-	-	-	161,857	-	343,594
537,571	20,500	-	-	-	350	299	558,720	16,845	598,074
537,635	577,761	-	290,074	331,325	404	11,022	1,748,221	2,669,883	9,291,283
-	891,783	-	-	-	-	-	891,783	-	891,783
-	351,243	61,683	-	-	-	-	412,926	-	2,385,980
-	413,183	-	227,574	446,402	-	-	1,087,159	-	2,411,885
172,651	-	166	-	-	702	5,706	179,225	-	1,166,887
-	-	-	-	-	-	-	-	-	377,685
124,892	368,973	-	-	316,346	-	-	810,211	1,826,610	2,636,821
11,711	-	133,751	-	19,821	-	-	165,283	1,005,100	1,170,383
-	-	-	-	-	-	-	-	19,602	19,602
309,254	2,025,182	195,600	227,574	782,569	702	5,706	3,546,587	2,851,312	11,061,026
228,381	(1,447,421)	(195,600)	62,500	(451,244)	(298)	5,316	(1,798,366)	(181,429)	(1,769,743)
21,410	258,174	-	-	497,729	-	-	777,313	-	777,313
1,775	561,000	-	-	-	-	-	562,775	287,610	1,125,385
-	-	(86,932)	-	-	-	-	(86,932)	-	(760,932)
23,185	819,174	(86,932)	-	497,729	-	-	1,253,156	287,610	1,141,766
251,566	(628,247)	(282,532)	62,500	46,485	(298)	5,316	(545,210)	106,181	(627,977)
(96,154)	382,111	485,465	109,709	107,106	42,523	62,559	1,093,319	637,795	2,543,949
\$ 155,412	\$ (246,136)	\$ 202,933	\$ 172,209	\$ 153,591	\$ 42,225	\$ 67,875	\$ 548,109	\$ 743,976	\$ 1,915,972

NORTHAMPTON TOWNSHIP

COMBINING STATEMENT OF NET POSITION -  
FIDUCIARY FUNDS

For the Year Ended December 31, 2021

	<u>Pension Trust Funds</u>			<u>Custodial</u>
	<u>Police</u>	<u>Non-Uniform</u>	<u>Total</u>	<u>Escrow</u>
	<u>Pension</u>	<u>Pension</u>		<u>Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 529,604	\$ 899,845	\$ 1,429,449	\$ 703,000
Investments				
DROP account	414,414	-	414,414	-
US Government & agency securities	3,314,078	1,932,429	5,246,507	-
Bond and bond funds	7,240,983	3,909,561	11,150,544	-
Asset backed securities	252,906	130,233	383,139	-
Equities and stock funds	14,351,064	7,856,728	22,207,792	-
Exchange traded products	6,885,344	3,771,791	10,657,135	-
Total Investments	<u>32,458,789</u>	<u>17,600,742</u>	<u>50,059,531</u>	<u>703,000</u>
 TOTAL ASSETS	 <u>32,988,393</u>	 <u>18,500,587</u>	 <u>51,488,980</u>	 <u>703,000</u>
<u>LIABILITIES</u>				
Refund of member contributions payable	1,732	-	1,732	-
Benefits payable	-	-	-	-
TOTAL LIABILITIES	<u>1,732</u>	<u>-</u>	<u>1,732</u>	<u>-</u>
<u>NET POSITION</u>				
Restricted for				
Assets held in trust for pension	32,986,661	18,500,587	51,487,248	-
Developer	-	-	-	703,000
Total net position	<u>\$ 32,986,661</u>	<u>\$ 18,500,587</u>	<u>\$ 51,487,248</u>	<u>\$ 703,000</u>



NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2021

	<u>Pension Trust Funds</u>			<u>Custodial</u>
	<u>Police</u>	<u>Non-Uniform</u>	<u>Total</u>	<u>Escrow</u>
	<u>Pension</u>	<u>Pension</u>		
Additions				
Contributions				
Member contributions	\$ 246,132	\$ -	\$ 246,132	\$ -
Employer contributions	678,304	601,686	1,279,990	-
State contributions	419,466	372,085	791,551	-
Escrow receipts	-	-	-	492,223
Total Contributions	<u>1,343,902</u>	<u>973,771</u>	<u>2,317,673</u>	<u>492,223</u>
Investment Earnings				
Net appreciation (depreciation) in fair value of investments	3,509,594	1,918,039	5,427,633	-
Interest and dividends	<u>32</u>	<u>55</u>	<u>87</u>	<u>-</u>
Total Investment Earnings	3,509,626	1,918,094	5,427,720	-
Less investment expense	<u>(101,829)</u>	<u>(56,202)</u>	<u>(158,031)</u>	<u>-</u>
Net Investment Earnings	<u>3,407,797</u>	<u>1,861,892</u>	<u>5,269,689</u>	<u>-</u>
Total Additions	<u>4,751,699</u>	<u>2,835,663</u>	<u>7,587,362</u>	<u>492,223</u>
Deductions				
Benefits	1,147,091	657,509	1,804,600	-
Escrow disbursements	-	-	-	719,077
Actuary fees	<u>20</u>	<u>-</u>	<u>20</u>	<u>-</u>
Total Deductions	<u>1,147,111</u>	<u>657,509</u>	<u>1,804,620</u>	<u>719,077</u>
Change in Net Position	3,604,588	2,178,154	5,782,742	(226,854)
Net Position				
Beginning of Year	<u>29,382,073</u>	<u>16,322,433</u>	<u>45,704,506</u>	<u>929,854</u>
End of Year	<u>\$ 32,986,661</u>	<u>\$ 18,500,587</u>	<u>\$ 51,487,248</u>	<u>\$ 703,000</u>